Audit Report

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

AUDIT REPORT ON THE FINANCIAL STATEMENTS

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

1. We have audited the financial statements of Ebro Puleva, S.A., which consist of the balance sheet at December 31, 2008, the income statement, the cash flow statement, the statement of changes in equity and the notes thereto for the year then ended, the preparation of which is the responsibility of the directors of the company. Our responsibility is to express an opinion on the aforementioned 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 financial statements, and the evaluation of their presentation, of the accounting principles applied, and of the estimates made.

2. The accompanying 2008 financial statements are the first prepared by the directors under Spanish GAAP, enacted by Royal Decree 1514/2007. In this regard, in accordance with section 1 of Transitional Provision Four of said Royal Decree, these financial statements have been considered as first-time financial statements and, therefore, no comparative figures are included. Note 21 to the financial statements, "Issues relating to the transition to new accounting principles," provides the balance sheet and profit and loss account included in the approved 2007 financial statements, which were prepared in accordance with generally accepted accounting principles and standards in force in Spain at that time. In addition, there is an explanation of the main differences between the accounting criteria applied in 2007 and those currently applicable, as well as quantification of the impact on equity at January 1, 2008 (the date of transition)caused by the change in accounting criteria. Our opinion refers only to the financial statements for 2008. On March 26, 2008, we issued our audit report on the 2007 financial statements, prepared in accordance with the accounting principles and standards in force that year, in which we expressed an unqualified opinion.

3. In our opinion, the accompanying 2008 financial statements give a true and fair view, in all material respects, of the equity and financial position of Ebro Puleva, S.A. at December 31, 2008 and the results of its operations, changes in equity and cash flow for the year then ended, and contain the required information necessary for their adequate interpretation and understanding, in conformity with the applicable accounting principles and standards generally accepted in Spain.

4. The accompanying 2008 management report contains such explanations as the directors consider appropriate concerning the situation of the Company, the evolution of its business and other matters; however, it is not an integral part of the financial statements. We have checked that the accounting information included in the report mentioned above agrees with the annual financial statements for the year ended December 31, 2008. Our work as auditors is limited to verifying the 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 Company's accounting records.

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

José Luis Ruiz

March 26, 2009

Ebro Puleva

FINANCIAL STATEMENTS AND MANAGEMENT REPORT

FOR THE YEAR ENDED

DECEMBER 31, 2008

EBRO PULEVA, S.A.

CONTENTS

EBRO PULEVA, S.A.
BALANCE SHEET AT DECEMBER 31, 2008
Thousands of euros

ASSETS	Notes	12/31/2008
A) NON-CURRENT ASSETS		**1,473,808**
I. Intangible assets	**5**	**5,515**
3. Patents, licenses, trademarks, et al.		5,515
II. Property, plant and equipment	**6**	**9,397**
1. Land and buildings		7,468
2. Plant and other PP&E items		1,929
3. Property, plant and equipment under construction and prepayments		0
III. Investment property	**7**	**9,647**
1. Land		4,864
2. Buildings		4,783
IV. Investment in group companies and associates	**8**	**1,433,466**
1. Equity instruments		1,322,658
2. Loans to companies	**8 & 17**	110,808
V. Financial investments	**9**	**151**
1. Equity instruments		1
5. Other financial assets		150
VI. Deferred tax assets	**15**	**15,632**
B) CURRENT ASSETS		**200,243**
I. Non-current assets held for sale	**8**	**148,481**
III. Trade and other receivables	**9 & 10**	**49,347**
1. Trade receivables		24,035
2. Trade receivables from group companies and associates	**17**	22,791
3. Other receivables		2,189
4. Receivable from employees		12
5. Current income tax assets	**15**	0
6. Other receivables from public administrations	**15**	320
VI. Accruals		**2,399**
VII. Cash and cash equivalents	**11**	**16**
1. Cash at banks and in hand		16
TOTAL ASSETS		**1,674,051**

EBRO PULEVA, S.A.
BALANCE SHEET AT DECEMBER 31, 2008
Thousands of euros

EQUITY AND LIABILITIES	Notes	12/31/2008
A) EQUITY		**763,970**
A.1) CAPITAL AND RESERVES	**12**	**763,970**
I. Share capital		**92,319**
1. Issued capital		92,319
II. Share premium		**34,334**
III. Reserves		**711,932**
1. Legal and statutory reserves		18,464
2. Other reserves		693,468
IV. Treasury shares and equity investments		**(62,031)**
VII. Profit (Loss) for the year		**(12,584)**
A.2) UNREALIZED GAINS (LOSSES) RESERVE		**0**
A.3) GRANTS, DONATIONS AND LEGACIES		**0**
B) NON-CURRENT LIABILITIES		**723,122**
I. Provisions	**14**	**4,575**
1. Provisions for long-term employee benefits		2,327
4. Other provisions		2,248
II. Borrowings	**9**	**522,332**
2. Bank borrowings	**13**	522,303
5. Other financial liabilities		29
III. Borrowings from group companies and associates	**17**	**168,966**
IV. Deferred tax liabilities	**15**	**27,249**
C) CURRENT LIABILITIES		**186,959**
I. Liabilities relating to non-current assets held for sale	**17**	**45,878**
III. Borrowings:	**9**	**127,994**
2. Bank borrowings	**13**	125,824
5. Other financial liabilities		2,170
IV. Payables to group companies and associates	**17**	**620**
V. Trade and other payables:	**9**	**12,467**
1. Suppliers		2,830
2. Suppliers, group companies and associates		4,594
4. Employee benefits payable		2,257
5. Current income tax liabilities	**15**	1,035
6. Other payables to public administrations	**15**	1,751
TOTAL EQUITY AND LIABILITIES		**1,674,051**

EBRO PULEVA, S.A. INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2008 Thousands of euros CONTINUING OPERATIONS	Notes	2008
Other operating income		**4,412**
Ancillary income		4,412
Employee benefits expenses		**(9,344)**
Wages, salaries, et al		(7,227)
Social security costs, et al.		(776)
Provisions		(1,341)
Other operating expenses		**(10,699)**
External services		(7,723)
Taxes		(755)
Other operating expenses		(2,221)
Depreciation and amortization		**(344)**
Impairment losses and gains (losses) on disposal of non-current assets		**(119)**
Gains (losses) on disposal and other gains and losses		(119)
OPERATING LOSS		**(16,094)**
Finance revenue		**31,618**
From equity investments		
In group companies and associates	8	26,327
From marketable securities and other financial instruments		
Of group companies and associates		5,096
Of third parties		195
Finance costs		**(50,798)**
Borrowings from group companies and associates		(18,074)
Third-party borrowings		(32,724)
Exchange gains (losses)	9	**102**
Impairment and gains (losses) on disposal of financial instruments		**4,073**
Impairment losses and losses		(7,469)
Gains (losses) on disposal and other gains and losses	8	11,542
FINANCE COST		**(15,005)**
LOSS BEFORE TAX		**(31,099)**
Income tax	15	**18,515**
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(12,584)**
DISCONTINUED OPERATIONS		
Profit / (Loss) after tax for the year from discontinued operations		**0**
LOSS FOR THE YEAR		**(12,584)**

EBRO PULEVA, S.A. STATEMENT OF RECOGNIZED INCOME AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2008 Thousands of euros	Notes	2008
A) Loss for the period		**(12,584)**
B) Total income and expense recognized directly in equity		**0**
C) Total amounts transferred to income statement		**0**
TOTAL RECOGNIZED INCOME AND EXPENSE (Loss)		**(12,584)**

EBRO PULEVA, S.A.
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008
Thousands of euros

	Notes	2008
CASH FLOWS FROM OPERATING ACTIVITIES		**98**
1. Profit before tax		**(31,099)**
Adjustments to profit		**18,998**
a) Depreciation and amortization	5, 6 & 7	344
b) Impairment losses (+/-)	8	7,469
c) Changes in provisions (+/-)	14	3,530
e) Gains (losses) from derecognition and disposals of non-current assets (+/-)	7	119
f) Gains (losses) from derecognition and disposal of financial instruments (+/-)	8	(11,542)
g) Finance income (-)		(31,618)
h) Finance costs (+)		50,798
i) Exchange gains (losses) (+/-)	9.1	(102)
3. Change in working capital		**(859)**
b) Trade and other receivables (+/-)		(306)
d) Trade and other payables (+/-)		(553)
4. Other cash flows from operating activities		**13,058**
a) Interest paid (-)		(40,138)
b) Dividends received (+)	8	26,327
c) Interest received (+)		4,580
d) Income tax receipts (payments) (+/-)		22,289
CASH FLOWS FROM INVESTING ACTIVITIES		**16,407**
6. Payments on investments (-)		**(752)**
c) Property, plant and equipment	6	(625)
d) Investment property	7	(111)
e) Other financial assets		(16)
7. Proceeds from disposals (+)		**17,159**
a) Group companies and associates		15,647
c) Property, plant and equipment		1,142
d) Investment property		48
e) Other financial assets		1
g) Other assets		321
CASH FLOWS FROM FINANCING ACTIVITIES		**(16,458)**
9. Proceeds from and payments on equity instruments		**(51,282)**
c) Acquisition of own equity instruments (-)		(52,854)
d) Disposal of own equity instruments (+)		1,572
10. Proceeds from and payments of financial liabilities		**88,645**
a) Issues		**142,288**
2. Bank borrowings (+)		49,171
3. Borrowings from group and associated companies (+)		93,117
b) Repayment and redemption of		**(53,643)**
2. Bank borrowings (-)		(71,000)
3. Borrowings from group and associated companies (+)		17,357
11. Dividends paid and payments on other equity instruments		**(53,821)**
a) Dividends (-)		(53,821)
NET FOREIGN EXCHANGE DIFFERENCE		**(77)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**(30)**
Cash and cash equivalents at January 1		**46**
Cash and cash equivalents at December 31		**16**

EBRO PULEVA, S.A.
TOTAL STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2008

Thousands of euros	Issued capital	Share premium	Reserves	Treasury shares	Retained earnings	Profit (Loss) for the year	Other equity instruments	Net unrealized gains (losses) reserve	Grants, donations and bequests received	TOTAL
BALANCE AT 1/1/08	**92,319**	**34,333**	**770,056**	**0**	**0**	**0**	**0**	**0**	**0**	**896,708**
Adjustment for conversion to new accounting principles (Note 21)			(4,311)	(10,740)						(15,051)
ADJUSTED BALANCE AT 1/1/2008	**92,319**	**34,333**	**765,745**	**(10,740)**	**0**	**0**	**0**	**0**	**0**	**881,657**
I. Total recognized income and expense						**(12,584)**				**(12,584)**
II. Transactions with shareholders and owners	**0**	**0**	**(55,382)**	**(51,291)**	**0**	**0**	**0**	**0**	**0**	**(106,673)**
- Capital increases.										0
- Capital decreases										0
- Conversion of financial liabilities into equity										0
- Dividends paid			(55,391)							(55,391)
- Transactions with treasury shares or own			9	(51,291)						(51,282)
- Other transactions with shareholders and										0
III. Other changes in equity		1	1,569							**1,570**
BALANCE AT 12/31/2008	**92,319**	**34,334**	**711,932**	**(62,031)**	**0**	**(12,584)**	**0**	**0**	**0**	**763,970**

1. ACTIVITY

Ebro Puleva, S.A. (the Company) is the outcome of the merger by takeover by Azucarera Ebro Agricola 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 Agrícola, S.A. to Ebro Puleva, S.A. effective as of January 1, 2001.

Its current registered address is in Madrid (28046), Paseo de la 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 products 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 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.

Ebro Puleva, S.A. is the parent company of a consolidated group formed by the Company and its subsidiaries and associates. Consolidated financial statements for 2008 were drawn up and submitted separately by the directors of Ebro Puleva S.A. on March 25, 2009. This should be taken into account when assessing the purely circumstantial negative working capital in Ebro Puleva, S.A.’s individual financial statements at year end. As the Group's parent company, Ebro Puleva S.A. has the necessary financing through its dividends policy, among other options.

The principal consolidated balance sheet and income statement headings in the 2008 consolidated financial statements, which have been prepared in keeping with the Eleventh Final Provision of Law 62/2003, dated December 30, applying the International Financial Reporting Standards approved by the European Commission, are the following:

2008		
Total Assets		3,422,912
Equity:		1,228,686
- Parent company	1,203,131	
- Minority interests	25,555	
Income		2,367,902
Profit (Loss) for the year		131,870
- Parent company	130,637	
- Minority interests	1,233	

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the new accounting principles approved by Royal Decree 1514/2007 of November 16 and prevailing mercantile law.

The figures shown in these financial statements are presented in thousands of euros unless otherwise indicated.

True and fair view

The accompanying financial statements have been prepared from the Company's auxiliary accounting records in accordance with prevailing accounting legislation to give a true and fair view of its equity, financial position and results. The cash flow statement has been prepared to present fairly the origin and usage of monetary assets such as cash and cash equivalents.

These financial statements have been prepared by the directors of the Company and will be submitted for approval by the shareholders in general meeting. It is expected that they will be approved without modification.

Comparison of information

The financial statements for the year ended December 31, 2008 are the first prepared based on the new Spanish GAAP, approved by Royal Decree 1514/2007, of 16 November and the Company has made the transition to the new accounting principles pursuant to said Royal Decree.

The Company has taken January 1, 2008 as the date of transition and, accordingly, presents no comparative figures in these financial statements.

In addition to an explanation of the main differences between the accounting principles applied in the previous year and those currently applied, Note 21, "Issues related to the transition to the new accounting principles," provides the balance sheet and profit and loss account included in the 2007 financial statements.

Critical issues concerning the assessment of uncertainty

The directors have prepared the financial statements using estimates based on historical experience and other factors considered reasonable under the circumstances. The carrying amount of assets and liabilities, which is not readily apparent from other sources, was established on the basis of these estimates. The Company periodically reviews these estimates. However, given the uncertainty inherent in them, the need may arise to make significant adjustments to the carrying amounts of assets and liabilities affected in future periods should changes occur in the hypotheses or circumstances on which the resulting values were based.

The key assumptions regarding the future, in addition to other relevant information regarding uncertainty estimation at the reporting date, which represent a considerable risk that the carrying amounts of assets and liabilities may require significant adjustments in the following financial year, are as follows:

Taxes

In accordance with prevailing tax legislation, tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period has elapsed. The directors consider that no significant additional liabilities would arise in the event of a tax inspection (Note 15).

Impairment of non-financial assets

The Company annually analyzes whether impairment indicators exist for non-financial assets. Intangible assets with indefinite useful lives are tested for impairment at least annually and at other times when such indicators exist. Non-financial assets are tested for impairment when impairment indicators exist (Note 5).

Deferred tax assets

Deferred tax assets are recognized based on future estimates carried out by the company related to the extent it is probable that taxable profit will be available (Note 15).

Provisions

Risk provisions are recognized as per the accounting criteria described in Note 4. The Company has made judgments and estimates as to the likelihood that risks will materialize as well as the corresponding amounts. A provision is recognized when the risk is considered probable, estimating the cost that would be generated by the obligating event (Note 14).

(Thousands of euros)

Corporate Transactions carried out in 2008 affecting the basis of presentation:

No corporate transactions were carried out in 2008 that would affect the comparison of 2008 figures with those of prior years. However, the following is a description of the corporate transactions carried out in prior years which relate to data which by law must included in the financial statements of subsequent years.

a) Takeover merger of Productos La Fallera, S.A.:

(See 2003 financial statements)

b) Dissolution of Azucarera Ebro Agrícolas Gestión de Patrimonio, S.L. (GDP), transferring all its assets and liabilities to Ebro Puleva, S.A.:

(See 2003 financial statements)

3. APPROPRIATION OF PROFIT

	Amount
Proposed appropriation	
Freely distributable reserves	693,468
Loss for the year	(12,584)
	680,884

On March 25, 2009, Ebro Puleva, S.A.'s Board of Directors proposed that the following distribution of 2008 profit be submitted to the General Meeting of Shareholders 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 8.a) 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.

<u>Limitations on the distribution of dividends</u>

The Company is obliged to transfer 10% of the profit for the year to a legal reserve until this reserve reaches an amount at least equal to 20% of share capital. Unless the balance of the reserve exceeds this amount, it cannot be distributed to shareholders (Note 12.c).

Once the legal and company bylaw requirements have been met, dividends may only be distributed against profit for the year or, freely distributable reserves, if the value of equity is not lower than capital or, would not become lower than capital as a result of distributing dividends. Accordingly, profit recognized directly in equity cannot be directly or indirectly distributed. Where losses exist from previous years that reduce the Company's equity to below the amount of share capital, profit must be allocated to offset these losses.

4. RECOGNITION AND MEASUREMENT ACCOUNTING POLICIES

a) <u>Intangible assets</u>

Intangible assets are initially measured at either acquisition or production cost. The cost of intangible assets acquired in a business combination is fair value as of the date of acquisition.

Following initial measurement, they are stated at cost less accumulated amortization and any impairment loss.

The Company assesses the intangible asset's useful life to be either finite or indefinite.

Intangible assets having finite useful lives are amortized on a straight-line basis over their remaining estimated useful lives and residual value. Amortization methods and periods are reviewed at year end and adjusted prospectively where applicable. Intangible assets are tested for impairment at least at year end and are written down where applicable.

Intangible assets with indefinite useful lives are not amortized and are assessed for impairment at least annually. The assessment of the indefinite useful life of these assets is reviewed annually.

<u>Patents, licenses, trademarks, et al.</u>

These items are stated at cost and are amortized on a straight-line basis over their estimated useful life, generally four years of finite useful lives.

<u>Software</u>

These items are stated at cost and are amortized on a straight-line basis over their estimated useful life, generally four years.

(Thousands of euros)

b) Property, plant and equipment:

Property, plant, and equipment are initially measured at either acquisition or production cost. The cost of property, plant, and equipment acquired in a business combination is fair value as of the date of acquisition. Following initial measurement, they are stated at cost less accumulated depreciation and any recognized impairment loss.

The cost of assets acquired or produced subsequent to January 1, 2008 with installation periods exceeding one year includes financial expenses accrued prior to putting the assets to use when these expenses meet capitalization requirements.

"Property, plant, and equipment" likewise includes the initial estimate of the present value of asset dismantling or retirement obligations and other associated costs, such as the cost of restoring assets when these obligations lead to recognizing provisions.

Expenses for repairs which do not prolong the useful life of the assets, as well as maintenance expenses, are taken to the income statement in the year incurred. Expenses incurred for expansion or improvements which increase the productivity or prolong the useful life of the asset are capitalized as an increase in the value of the item.

Depreciation expense is recognized in the income statement. The assets are depreciated from the moment they are available for use. Property, plant and equipment are depreciated by the straight-line method, based on the estimated useful life of the asset, taking into account impairment of value due to actual use, as shown below:

Depreciation rates	
Buildings	1.0% to 3.0%
Machinery, installations and tools	2.0% to 8.0%
Furniture and fixtures	10.0% to 25.0%
Transport equipment	5.5% to 16.0%

At each financial year end, the Company reviews the assets' residual values, useful lives and depreciation methods and adjusts them prospectively where applicable.

c) Investment properties

Investment properties consist of land and buildings leased to third parties or not in use. Buildings are depreciated on a straight-line basis over an estimated useful life of 50 years.

The measurement bases applied to property, plant and equipment are fully applicable to investment properties.

Transfers are only made to investment properties when there has been a change in their use.

d) <u>Swaps</u>

Assets acquired through the exchange of other assets are analyzed individually to determine whether the related transaction has commercial substance.

When the transaction has commercial substance, the asset received is measured at the fair value of the asset given up, plus any monetary compensation where applicable, unless the fair value of the asset received is more evident. Valuation differences arising upon recognition of the asset given up are taken to the income statement.

When the exchange does not have commercial substance or when fair value cannot be reliably measured, the asset received is measured at the carrying value of the asset given up, plus any monetary compensation, where applicable.

e) <u>Impairment of non-current and non-financial assets</u>

The Company assesses at each year end, if not more often, whether there is an indication that a non-current non-financial asset or, where applicable, a cash-generating unit may be impaired. If any indication exists and in any case, for goodwill and intangible assets with indefinite useful lives the Company estimates the asset's recoverable amount.

The recoverable amount is the higher of the cash-generating unit's (CGU) fair value less cost to sell and value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired. To assess value in use, expected future cash flows are discounted to their present value using risk free market rates, adjusted by the risks specific to the asset. For those assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount is determined for the cash-generating units to which the asset belongs.

Impairment loss and its reversion are recognized in the income statement. Impairment loss is reversed only if the circumstances giving rise to it have ceased to exist, except those relating to goodwill. The reversal is limited to the carrying amount that would have been determined had no impairment loss been recognized for the asset.

f) <u>Leases</u>

Leases are considered to be financial leases when, based on the economic terms of the arrangement, all risks and rewards incidental to ownership of the leased item are substantially transferred to the Company. All other lease arrangements are classified as operating leases.

Company as lessee

Assets acquired under financial lease arrangements are recognized, based on their nature, at the fair value of the leased item or, if lower, the present value at the commencement of the lease of the minimum lease payments. A financial liability is recorded for the same amount. Lease payments are apportioned between finance charges and reduction of the lease liability. These assets are depreciated, impaired, and derecognized using the same criteria applied to assets of a similar nature.

Operating lease payments are recognized as expenses in the income statement when accrued.

Company as lessor

Rental income from operating leases is recognized in the income statement when accrued. Direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and are recognized as expense over the term of the lease on the same basis as rental income.

g) Financial assets

1) Recognition and measurement

1.1) Loans and receivables

The Company recognizes in this category trade and non-trade receivables, which include financial assets with fixed or determinable payments not quoted on active markets and for which the Company expects to recover the full initial investment, except, where applicable, in cases of credit deterioration.

Upon initial recognition in the balance sheet, they are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration paid plus directly attributable transaction costs.

Following initial recognition, these financial assets are measured at amortized cost.

Nevertheless, non-trade receivables which mature within less than one year with no contractual interest rate, as well as advances and loans to personnel, receivable dividends and called-up payments on equity instruments, the amount of which is expected in the short term, are carried at nominal value both at initial and subsequent measurement, when the effect of not discounting cash flows is not significant.

The difference between fair value and amounts paid for operating lease security deposits is recognized in the income statement as an advance lease payment over the lease term. When assessing the fair value of security deposits, the period remaining to the end of the lease is determined based on the minimum term as per the current lease agreement.

1.2) Held-to-maturity investments

Held-to-maturity investments include debt instruments with fixed maturities and fixed or determinable payments traded on active markets which the Company has the positive intention and the ability to hold to maturity.

Upon initial recognition in the balance sheet, they are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration paid plus directly attributable transaction costs.

Following initial recognition, these financial assets are measured at amortized cost.

1.3) Equity investments in group companies, joint ventures, and associates

This category includes investments in companies in which the entity exercises control, joint control via company bylaw requirements or contractual arrangement, or has significant influence.

Upon initial recognition in the balance sheet, they are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration paid plus directly attributable transaction costs. In the case of non-monetary contributions to a Group company for the purpose of a business, however, the investment is measured at the carrying amount of the assets constituting the business. The initial value includes preferential subscription and similar rights.

Following initial measurement, these financial assets are stated at cost, less any accumulated impairment loss.

When an investment is classified as an investment in a Group company, joint venture or associate, cost value is deemed to be the asset's recognized carrying amount, whereas previously recognized value adjustments are shown in equity until the investment is either sold or impaired.

Where preferential subscription or similar rights are sold or separated for the purpose of exercising them, the cost of these rights decreases the carrying amount of the respective assets.

1.4) Financial assets held for trading

This category includes financial assets created or acquired for the purpose of obtaining profit in the short term. This category also includes derivatives that have not been designated as hedging instruments.

Upon initial recognition in the balance sheet, they are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price. Direct attributable transactions costs are recognized in the income statement. For equity instruments, initial value includes preferential subscription and similar rights.

Following initial recognition, financial assets held for trading are recognized at fair value without deducting transaction costs relating to the sale of these assets. Changes in fair value are taken to the income statement.

1.5) Available-for-sale financial assets

This category includes debt securities and equity instruments that have not been classified in any of the preceding categories.

Upon initial recognition in the balance sheet, they are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration paid plus directly attributable transaction costs. For equity instruments, initial value includes preferential subscription and similar rights.

After initial recognition, these assets are stated at fair value including any transaction costs relating to their sale. Changes in fair value are recognized directly in equity until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is taken to the income statement. However, foreign exchange gains and losses on monetary assets denominated in foreign currency are recognized in the income statement.

Equity instruments whose fair value cannot be reliably determined are measured at cost, less any cumulative impairment.

Where preferential subscription or similar rights are sold or separated for the purpose of exercising them, the cost of these rights decreases the carrying amount of the respective assets.

1.6) Hedging derivatives

This category includes derivatives classified as hedging instruments.

Financial instruments which have been designated as hedging instruments are measured as indicated in Note 4.j.

2) Cancelation

Financial assets are derecognized when the contractual rights to related cash flows have expired or when the assets are transferred, provided that related risks and rewards are substantially transferred.

If the Company has not substantially transferred or retained the risks and rewards incidental to ownership of the financial asset, it is derecognized if control over the asset has not been retained. If control over the asset is retained, the Company continues to recognize it to the extent to which it is exposed to changes in the value of the transferred asset, i.e. due to its continuing involvement, recognizing as well the associated liability.

The difference between the consideration received, net of attributable transaction costs, including any new financial asset obtained less any liability assumed, plus any cumulative gain or loss directly recognized in equity, determines the gain or loss generated upon derecognition, and is included in the income statement in the year to which it relates.

The Company does not derecognize financial assets in the sale of financial assets in which it has retained substantially the risks and rewards incidental to ownership, such as discounted bills, factoring, disposals of financial assets under repurchase agreements at fixed prices or at the sale price plus interest, and securitizations of financial assets in which the seller retains subordinate financing or other types of guarantees which substantially absorb estimated losses. In these cases, it recognizes a financial liability at an amount equal to the compensation received.

3) Interest and dividends received on financial assets

Interest and dividends from financial assets accrued subsequent to acquisition are recognized as income. Interest must be recognized using the effective interest rate method; dividends are recognized when the right to receive them is established.

Financial assets are recognized separately on initial measurement based on maturity, accrued explicit interest receivable at that date, and the proposed dividends up to the date the assets are acquired. Explicit interest refers to the contract interest rate applied to the financial instrument.

In addition, when distributed dividends are derived unmistakably from profit generated prior to the date of acquisition given that the amounts of distributed dividends exceeded the profit generated by the associate since acquisition, the dividends are not recognized as income and decrease the cost of the investment.

h) Impairment of financial assets

The carrying amount of financial assets is adjusted against the income statement when there is objective evidence of actual impairment.

To determine impairment loss, the Company assesses the potential loss of individual as well as groups of assets with similar risk characteristics.

Debt instruments

There is objective evidence that debt instruments (trade receivables, loans and debt securities) are impaired when an event has occurred after the initial recognition of the instrument that has a negative impact on related estimated future cash flows.

The Company classifies as impaired assets (doubtful exposures) debt instruments for which there is objective evidence of impairment, which refers basically to the existence of unpaid balances, non-compliance issues, refinancing and data which evidences the possible irrecoverability of total agreed-upon future cash flows or collection delays.

For financial assets measured at amortized cost, impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the current market rate upon initial recognition. For financial assets with floating interest rates, the effective interest rate at the balance sheet date is used. For trade and other receivables, the Company considers balances including items more than six months past due for which collection is uncertain, as well as balances of companies having declared a payment's moratorium, to be doubtful assets. The fair value is used instead of the present value of estimated future cash flows in the case of quoted instruments provided that it is considered sufficiently reliable.

When there is objective evidence of a decline in the fair value of “Available-for-sale financial assets” due to impairment, the underlying capital losses recognized as “Unrealized gains (losses) reserve” in equity are taken to the income statement.

The reversal of an impairment loss is recognized in the income statement. Such reversal is limited to the carrying amount of the financial asset that would have been recognized on the reversal date had no impairment loss been recognized.

Equity instruments

There is objective evidence that equity instruments are impaired when one or more events have occurred after initial recognition that indicate that the cost of the investment in equity instruments may not be recovered due to a prolonged or significant decline in fair value. Accordingly, in all cases, the Company considers that equity instruments are impaired when their value has decreased over 18 months and by 40% of their initial quoted price without having recovered their initial value.

In the case of equity instruments measured at fair value and included in the available-for-sale financial asset portfolio, impairment losses are measured as the difference between acquisition cost and fair value, less any impairment loss previously recognized in the income statement. Underlying capital losses recognized in equity as "Unrealized gains (losses) reserve" are recorded in the income statement when it is determined that the decline in the fair value is due to impairment. If, in a subsequent period, impairment losses are partially or totally recovered, the related amount is recognized in equity as "Unrealized gains (losses) reserve."

In the case of equity instruments included in "Available-for-sale financial assets" and "Investments in group companies, joint ventures and associates," impairment loss is measured as the difference between the carrying amount of the financial asset and the recoverable amount, which is the greater of the asset's fair value, less costs to sell, and the present value of future cash flows derived from the investment. Unless better evidence is available, impairment of this type of asset is estimated taking into account the equity of the subsidiary, adjusted by any unrealized capital gain existing on the measurement date. Such losses are recorded in the income statement as a direct decline in value of the equity instrument.

For investments in group companies, joint ventures and associates, the reversal of an impairment loss is recognized in the income statement and is limited to the carrying value of the investment that would have been recognized on the reversal date had the original impairment not occurred, whereas an impairment loss recognized in previous years from available-for-sale financial assets measured at cost cannot be reversed.

i) <u>Financial liabilities</u>

1) <u>Recognition and measurement</u>

1.1) Trade and other payables

This category includes financial liabilities generated by the purchase of goods and services arising from trade transactions, and non-trade payables that are not derivative instruments.

Upon initial recognition in the balance sheet, they are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration received, adjusted by directly attributable transaction costs.

Following initial recognition, these financial liabilities are measured at amortized cost. Interest is recognized in the income statement using the effective interest rate method.

Nevertheless, trade payables which mature within less than one year with no contractual interest rate, as well as called-up payments on shares, the amount of which is expected in the short term, are carried at the nominal value when the effect of not discounting cash flows is not significant.

The difference between fair value and amounts received for operating lease security deposits is recognized in the income statement as an advance lease payment over the lease term. When assessing the fair value of security deposits, the period remaining to the end of the lease is determined based on the minimum term as per the current lease agreement.

1.2) Financial liabilities held-for-trading:

This category includes financial liabilities issued with the intention of repurchasing them in the short term and derivative instruments that have not been designated as hedging instruments.

These financial liabilities are recognized and measured using the same criteria as applied to financial assets held for trading.

1.3) Hedging derivatives

This category includes derivatives classified as hedging instruments.

Financial instruments which have been designated as hedging instruments are measured as indicated in Note 4.j.

2) <u>Cancelation</u>

The Company derecognizes a financial liability when the obligation under the liability is extinguished.

When debt instruments are exchanged, provided that their contractual terms are substantially different, the original financial liability is derecognized and the new financial liability is recognized. Financial liabilities whose contractual terms are substantially modified are treated in the same manner.

The difference between the carrying amount of the derecognized financial asset (or part of it) and the compensation paid, including any attributable transaction costs, which also includes any new asset transferred other than cash or liability assumed, is recognized in the income statement in the year to which it relates.

When debt instruments are exchanged whose contractual terms are not substantially different, the original financial liability is not derecognized, and the commissions paid are recognized as an adjustment to the carrying amount. The new amortized cost of a financial liability is determined by applying the effective interest rate, which equates the carrying amount of the financial liability on the modification date to the cash flows to be paid as per the new terms.

j) <u>Accounting hedges</u>

The Company uses fair value hedges for trade receivables denominated in foreign currency, cash-flow hedges for loans received at floating interest rates and hedges of a net investment in the US subsidiaries.

Transactions are only deemed hedges when they eliminate efficiently any risk inherent to the hedged item or position throughout the duration of the hedge, which implies that at the inception of the contract, the hedging item is highly effective (prospective effectiveness) and there is sufficient evidence that the hedge was effective throughout the life of the hedged item or position (retrospective effectiveness).

The Company adequately documents the hedge, including how it intends to achieve and measure its effectiveness under its current risk management policy.

The hedge effectiveness is measured by testing to verify that the differences arising from changes in the value of the hedged item and the corresponding hedging instrument remain within a range of 80% to 125% over the remaining term to maturity, and comply with forecasts established at the related contract dates.

If at any time financial derivatives do not qualify to be treated as hedges, they are reclassified as held-for-trading derivatives.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges: When hedging the risk of exposure to changes in the fair value of trade receivables due to interest rate fluctuations. Changes in the fair value of the hedging instrument and the hedged item as a result of exchange differences are recognized in the income statement.

- Cash flow hedges: When hedging exposure to variability in cash flows that is attributable to changes in interest rates on loans received. Swaps are entered into to change from floating to fixed rates. The portion of the gain or loss of the hedging instrument that is determined to be an effective hedge is recognized temporarily in equity; gains or losses are taken to the income statement in the year or years in which the hedged item affects profit or loss.

- Hedge of a net investment in foreign subsidiaries. Hedges exchange rate risk relating to a net investment in the US subsidiaries. Loans in dollars that financed the acquisition of that investment are used as a hedge. Value adjustments to instruments due to exchange rate effects and investments in group companies are recognized in the income statement.

k) Treasury shares

Treasury shares are recognized in equity as a decrease in “Capital and reserves” when acquired. No loss or gain is shown in the income statement on sale or cancelation. Expenses incurred in connection with transactions with treasury shares are recognized directly in equity as a decrease in reserves.

l) Cash and cash equivalents

This heading includes cash, current accounts, short-term deposits and purchases of assets under resale agreements which meet the following criteria:

- They are readily convertible to cash.
- They mature within less than three months from the acquisition date.
- The risk of change in value is insignificant.
- They are part of the Company's standard cash management strategy.

In terms of the cash flow statement, occasional bank overdrafts used as part of the Company's cash management strategy are recognized as a decrease in cash and cash equivalents.

m) Grants

Grants are recognized as non-repayable when the requirements established for receiving them are met and are recognized directly in equity, net of the corresponding tax effect.

Repayable grants are recognized as liabilities until they meet the criterion for being considered non-repayable. No income is recorded until this criterion is met.

Grants received to finance specific expenses are released to the income statement in the year in which the expenses which they are intended to compensate are incurred. Grants received to acquire property, plant, and equipment are released to income in proportion to the depreciation charged for the related assets.

n) Provisions and contingencies

Provisions are recognized in the balance sheet when the Company has a present obligation (derived from a contract through its explicit or implicit terms, legislation or other operation of law) as a result of past events and it is probable that a quantifiable outflow of resources will be required to settle the obligation.

Provisions are measured at the present value of the best estimate of the amount that an entity would rationally pay to settle the obligation at the balance sheet date or to transfer it to a third party at that time, recognizing provision discount adjustments as a finance cost as they accrue. No discounts are made on those provisions falling due within twelve months that do not have a significant financial effect. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

o) Provisions for long-term employee benefits

Under the applicable collective labor agreement and based on voluntary agreements reached with its employees, the Company is obligated to pay various types of annual supplements and seniority bonuses. Where applicable, it is also required to pay retirement bonuses to its permanent employees who retire early or who retire at the legal retirement age. At present, the Company only has these potential agreements with part of its active employees.

The provision recognized for seniority bonuses represents the current value, as per independent actuarial studies, of the Company's potential future commitments with its employees in this regard.

The provision for potential retirement and other similar commitments was externalized, as per prevailing legislation. As of the externalization dates, the Company has a commitment to make annual contributions to the pension plan, for an estimated annual amount that is not significant for the group of employees to whom the Company has such commitments.

In addition, the Company voluntarily gives its employees certain retirement bonuses of unquantified amounts. Those gifts, of scant materiality, are recognized as expenses upon payment.

p) Income tax expense

Income tax expense for the year is calculated as the sum of current tax resulting from applying the corresponding tax rate to taxable profit for the year, less any applicable rebates and tax credits, taking into account changes during the year in recognized deferred tax assets and liabilities. The corresponding tax expense is recognized in the income statement, except when it relates to transactions recognized directly in equity, in which case the corresponding tax expense is likewise recognized in equity and in business combinations in which it is recorded with a charge or credit to goodwill.

Deferred income tax is recognized using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. The tax base of an asset or liability is the amount attributed to it for tax purposes.

The tax effect of temporary differences is included in "Deferred tax assets" or "Deferred tax liabilities" on the balance sheet, as applicable.

Deferred tax liabilities are recognized for all temporary differences, except where disallowed by prevailing tax legislation.

The Company recognizes deferred tax assets for all deductible temporary differences, unused tax credits and unused tax loss carryforwards, to the extent that it is probable that future taxable profit will be available against which these assets may be utilized, except where disallowed by prevailing tax legislation.

At each financial year end, the Company assesses the deferred tax assets recognized and those that have not yet been recognized. Based on this analysis, the Company derecognizes the asset recognized previously if it is no longer probable that it will be recovered, or it recognizes any deferred tax asset that had not been recognized previously, provided that it is probable that future taxable profit will be available against which these assets may be utilized.

Deferred tax assets and liabilities are measured at the tax rate expected to apply to the period in which they reverse, as required by enacted tax laws and in the manner in which it reasonably expects to recover the asset's carrying value or settle the liability.

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

q) <u>Non-current assets and disposal groups held for sale</u>

This Company classifies as "Non-current assets held for sale" assets whose carrying amount is expected to be realized through a sale transaction, rather than through continuing use, when the following criteria are met:

- When they are immediately available for sale in their present condition, subject to the normal terms of sale; and
- When it is highly probable that they will be sold.

Non-current assets held for sale are accounted for at the lower of their carrying amount and fair value less cost to sell, except deferred tax assets, assets arising from employee benefits and financial assets which do not correspond to investments in group companies, joint ventures and associates, which are measured according to specific criteria. These assets are not depreciated and, where necessary, the corresponding impairment loss is recognized to ensure that the carrying amount does not exceed reasonable value less costs to sell.

Disposal groups held for sale are accounted for using the same criteria described above. The disposal group as a whole is then remeasured at the lower of the carrying amount and fair value less cost to sell. .

Related liabilities are classified as "Liabilities associated with non-current assets held for sale."

r) <u>Classification of current and non-current assets and liabilities</u>

Assets and liabilities are classified in the balance sheet as current and non-current. Accordingly, assets and liabilities are classified as current when they are associated with the Company's operating cycle and it is expected that they will be sold, consumed, realized or settled within the normal course of that cycle; if they differ from the aforementioned assets, and are expected to mature, to be sold or settled within one year; if they are held for trading or are cash and cash equivalents the use of which is not restricted to more than one year.

s) Income and expenses

In accordance with the accruals principle, income and expenses are recognized when the goods or services represented by them take place, regardless of when actual payment or collection occurs

Trade receivables

Income is recognized when it is probable that the profit or economic benefits from the transaction will flow to the entity and the amount of income and costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, less any discounts, rebates, and other similar items given by the Company, and any interest included in the nominal amount of loans. Applicable indirect taxes on transactions which are reimbursed by third parties are not included.

Revenue is accounted for based on the substance of the transaction and is recognized when all the following criteria have been met:

a) The company has transferred to the buyer the significant risks and rewards of ownership of the goods.

b) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

c) The amount of revenue can be measured reliably.

d) It is probable that the economic benefits associated with the transaction will flow to the entity; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

t) Discontinued operations

Income and expenses from this business activity is shown separately as a one-line item, net of the tax effect, as “Profit (loss) after tax for the year from discontinued operations.” This item also includes profit or loss after taxes recognized for measuring assets and disposal groups from discontinued operations at fair value.

u) Transactions in foreign currency

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

Transactions in foreign currency are initially translated at the spot rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated at the spot rate prevailing at the balance sheet date. All exchange gains or losses arising from translation as well as those resulting on settlement of balance sheet items are recognized in the income statement.

Non-monetary items measured at historical cost are translated at the exchange rate prevailing on the date of the transaction. As an exception to this general criterion, as described in Note 4.j, fluctuations in value due to exchange rate effects in investments in US subsidiaries are recognized with value adjustments as debits or credits on the income statement.

Non-monetary items measured at fair value are translated at the exchange rate prevailing when the fair value is determined. When a gain or loss on a non-monetary item is recognized directly in equity, any exchange component of that gain or loss shall be recognized directly in equity. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss shall be recognized in the income statement.

v) Environmental assets and liabilities

Expenses relating to decontamination and restoration work in contaminated areas, as well as the elimination of waste and other expenses incurred to comply with environmental protection legislation, are expensed in the year to which they relate, unless they correspond to purchases of assets incorporated in equity to be used over an extended period, in which case they are recognized in the corresponding line of “Property, plant, and equipment” and depreciated using the same criteria.

x) Related-party disclosures

Related-party disclosures are measured as described above, except for the following transactions:

- Non-monetary contributions to a Group company are measured at the carrying value of the assets and liabilities constituting the business.
- In mergers, spin-offs, and non-monetary contributions of a direct or indirect subsidiary, acquired assets are carried at the amount at which they are stated in the consolidated financial statements, once the transaction is completed. If the transaction is carried out with a Group company which is not a direct or indirect subsidiary, acquired assets are measured at the carrying amount at which they were recognized prior to the transaction in the separate financial statements. Any differences are recognized in reserves.

(Thousands of euros)

5. INTANGIBLE ASSETS

The breakdown of the movements in “Intangible assets” in 2008 is as follows:

Net amounts	Brands and patents	Soft- -ware	Total
Balance at January 1, 2008	5,515	0	**5,515**
Balance at December 31, 2008	5,515	0	**5,515**

Gross amounts	Brands and patents	Soft- -ware	Total
Balance at January 1, 2008	**12,210**	**94**	**12,304**
Additions			0
Disposals			0
Transfers			0
Balance at December 31, 2008	**12,210**	**94**	**12,304**

Accumulated amortization	Brands and patents	Soft- -ware	Total
Balance at January 1, 2008	**(6,695)**	**(94)**	**(6,789)**
Additions			0
Disposals			0
Transfers			0
Balance at December 31, 2008	**(6,695)**	**(94)**	**(6,789)**

At December 31, 2008 fully amortized patents and trademarks amounted to 3,036 thousand euros. None of the intangible assets is located abroad. At December 31, 2008, there are no firm commitments to purchase intangible assets.

One of the brands included under "Intangible assets" is considered to have an indefinite useful life. This brands is leased (granted for use) to one of Ebro Puleva, S.A.’s wholly owned subsidiaries.

The tax and carrying values of this brand are 5,490 and 4,575 thousand euros, respectively.

As of January 1, 2008, given that its useful life is considered indefinite, this brand is no longer amortized for accounting purposes (although it is amortized for tax purposes in keeping with financial criteria in line with prior years). However, this brand is tested for impairment annually to assess its recoverable amount. In 2008 the test was performed by independent experts.

Notes to the financial statements for the year ended December 31, 2008 (Thousands of euros)

In 2008, the recoverable amount of the brand was determined based on a value-in-use calculation using cash flow projections from financial budgets approved by Management for a five-year period. The pre-tax discount rate applied to cash flow projections is 9.7% and cash flows beyond the five-year period are extrapolated using 2.0%, which is the long-term average growth rate for this type of product (lower than expected for the five previous years).

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.

6. PROPERTY, PLANT AND EQUIPMENT

The breakdown of the movements in “Property, plant and equipment” in 2008 is as follows:

Net amounts	Land	Buildings	Plant and other PP&E items	Under construction and prepayments	Total
Balance at January 1, 2008	6,498	874	1,759	42	**9,173**
Balance at December 31, 2008	6,711	757	1,929	0	**9,397**

Gross amounts	Land	Buildings	Plant and other PP&E items	Under construction	Total
Balance at January 1, 2008	**6,498**	**2,329**	**2,459**	**42**	**11,328**
Additions	213		412		625
Disposals					0
Transfers		(96)		(42)	(138)
Balance at December 31, 2008	**6,711**	**2,233**	**2,871**	**0**	**11,815**

Accumulated amortization	Land	Buildings	Plant and other PP&E items	Under construction	Total
Balance at January 1, 2008	**0**	**(1,455)**	**(700)**	**0**	**(2,155)**
Additions		(44)	(242)		(286)
Disposals					0
Transfers		23			23
Balance at December 31, 2008	**0**	**(1,476)**	**(942)**	**0**	**(2,418)**

There were no significant movements in “Property, plant and equipment” in 2008.

According to the judgments and estimates made by the Company’s directors, the Company has not identified any impairment of property, plant and equipment.

The Company has arranged insurance policies to cover the carrying amount of these assets.

Notes to the financial statements for the year ended December 31, 2008 (Thousands of euros)

The breakdown of fully depreciated items of property, plant and equipment at December 31, 2008 was the following:

	Amount
Other installations, tools and furniture	185
Other PP&E items	152

The Company did not have any firm commitments to purchase new property, plant and equipment items for significant amounts at year end. None of the PP&E items is located abroad.

Operating leases

The Company has entered into an operating lease on its office headquarters in Madrid until April 6, 2015. The lease is automatically renewed if neither party notifies the other to the contrary. Expenses related to this agreement totaled 932 thousand euros in 2008. The future minimum payments under non-cancelable operating leases at December 31, 2008 are as follows:

	12/31/2008
Within one year	950
Between one and five years	3,800
More than 5 years	1,900
	6,650

7. INVESTMENT PROPERTY

The breakdown of the movements in "Investment properties" in 2008 is as follows:

Net amounts	Land	Buildings	Total
Balance at January 1, 2008	4,814	4,847	**9,661**
Balance at December 31, 2008	4,864	4,783	**9,647**

Gross amounts	Land	Buildings	Total
Balance at January 1, 2008	**4,814**	**5,749**	**10,563**
Additions	111		111
Disposals	(103)	(89)	(192)
Transfers	42	96	138
Balance at December 31, 2008	**4,864**	**5,756**	**10,620**

Accumulated amortization	Land	Buildings	Total
Balance at January 1, 2008	**0**	**(902)**	**(902)**
Additions		(58)	(58)
Disposals		10	10
Transfers		(23)	(23)
Balance at December 31, 2008	**0**	**(973)**	**(973)**

(Thousands of euros)

The Company disposed of investment property items with a net carrying amount of 182 thousand euros in 2008. The loss on these disposals was 119 thousand euros.

The amount of investment property items located outside Spain is 82 thousand euros, related to Paraguay headquarters offices not in use. Fully amortized items amounted to 81 thousand euros.

Expenses associated with investment property relate to annual depreciation and maintenance expenses. The latter amounted to 468 thousand euros in 2008. All expenses are taken to the income statement based on the accruals principle. There are no contractual obligations to purchase, construct, develop, repair, maintain or enhance investment property.

The future minimum rentals receivable under non-cancellable operating leases are as follows:

	12/31/08
Within one year	28
Between one and five years	139
More than five years	28
	195

There are 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 sales contracts which was signed at the end of 2006 and which generated a capital gain of 28 million euros before taxes in 2006, 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 million 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.

(Thousands of euros)

8. INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

The breakdown and movement under “Investments in group companies” in 2008 is as follows:

CONCEPT	BALANCE AT 12/31/2007	Additions	Disposals	Transfers	BALANCE AT 12/31/2008
Equity instruments in group companies	1,727,775	24,723	(267,551)	(148,481)	1,336,466
Equity instruments in associates	0	0	0	0	0
Impairment losses	(6,339)	(7,469)	0	0	(13,808)
	1,721,436	**17,254**	**(267,551)**	**(148,481)**	**1,322,658**
Loans to group companies	80,599	44,567	(17,475)	0	107,691
Loans to associates	2,946	171	0	0	3,117
	83,545	**44,738**	**(17,475)**	**0**	**110,808**
TOTAL INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES	**1,804,981**	**61,992**	**(285,026)**	**(148,481)**	**1,433,466**

a) Equity investments in group companies:

Increases and decreases in the year relate principally to:

1. Decrease of 4,438 thousand euros: Sale of 11.09% of the holding in Puleva Biotech, S.A. generating 11,542 thousand euros in profit.

2. Increase of 10,880 thousand euros: The historical cost of acquisition of the investment in Riviana Foods Inc. is 240,753 thousand euros. However, this asset is entirely hedged by the liability that finances it, and therefore, it is remeasured in accordance with exchange rate fluctuations between its original currency (the US dollar) and the euro and historical cost is adjusted accordingly. In 2008 the adjustment increased its value by 10,880 thousand euros charged to the income statement for the year, with a total cumulative negative adjustment at December 31, 2008 of 24,780 thousand euros.

3. Increase of 13,843 thousand euros: The historical cost of acquisition of the investment in New World Pasta Co. is 285,884 thousand euros. However, this asset is entirely hedged by the liability that finances it, and therefore, it is remeasured in accordance with exchange rate fluctuations between its original currency (the US dollar) and the euro and historical cost is adjusted accordingly. In 2008 the adjustment increased its value by 13,843 thousand euros charged to the income statement for the year, with a total cumulative negative adjustment at December 31, 2008 of 16,647 thousand euros.

4. Decrease of 263,113 thousand euros: In December 2008, Azucarera Ebro, S.L. approved the distribution of a portion of its issue premium to its sole shareholder, Ebro Puleva, S.L. amounting to 263,113 thousand euros. This amount was recognized by the Company, decreasing the value of its investment in Azucarera Ebro, S.L.

5. Transfer of 148,481 thousand euros: This corresponds to the transfer to "Non-current assets held for sale” of the investment in Azucarera Ebro, S.L. On December 15, 2008, the Company, 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. The price includes the value of all the sugar brands that are currently legally owned by Ebro Puleva, S.A.

- In addition, Ebro Puleva will earn approximately 141 million euros ones 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.

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

b) Non-current loans to group companies:

At December 31, 2008 the most significant loans under "Loans to group companies" (Note 17) were those granted to: Panzani SAS in 2005, a wholly owned French company; Beira Terrace Soc. de Construçoes Ltda. in 2001, a wholly owned Portuguese subsidiary, to purchase buildings in Portugal; Birkel, GMBH in 2008, a wholly owned German company; and in 2008 to the wholly owned Spanish subsidiaries Dosbio 2010, S.L. and Herba Ricemills, S.L. None of the above loans have established maturity dates and they bear interest at three-month Euribor plus an annual spread of 0.3%.

c) Non-current loans to associates:

At December 31, 2008, the only outstanding loan was a participative loan granted in 2004 to Biocarburantes de Castilla y León, S.A. No maturity date has been established for this loan, which bears interest at Euribor plus an annual spread of 0.2%.

d) Impairment losses:

Increases are related to the impairment losses on investments in Beira Terrace Soc. de Construçoes, Ltda. and Dosbio 2010, S.L.

Profit/ (Loss) for the year for group companies as shown on the following chart are related entirely to continuing operations. However, it must be taken into account that the investment in Azucarera Ebro, S.L. has been reclassified under "Non-current assets held for sale" (see paragraph 5 above).

None of the companies is listed except Puleva Biotech, S.A., listed on the stock exchange since December 17, 2001. The average listed price per share for the last quarter and last trading session in 2008 was 1.20 and 0.89 euros, respectively.

In accordance with article 86 of the revised text of the Spanish Corporation Law, the Company has duly notified the abovementioned subsidiaries of the acquisitions of share capital.

(Thousands of euros)

Ebro Puleva, S.A.'s direct shareholdings in group companies and associates are shown below:

SUBSIDIARIES	Investment	PROVISION	% of equity interest	Registered address	Business	(a) Capital and reserves	(a) Profit (loss) 2008	Dividend paid for the year	Total Capital and reserves	Operating profit (loss)
Azucarera Ebro S.L. (Group)	148,481	-	100.00%	Madrid (Spain)	Production and sale of sugar	215,426	70,110	(6,161)	279,375	71,920
Dosbio 2010, S.L.	21,519	(7,104)	100.00%	Madrid (Spain)	Agriculture	23,572	(9,157)	-	14,415	(12,891)
Fincas e Inversiones Ebro, S.A.	4,926	-	100.00%	Madrid (Spain)	Real estate investment	13,206	126	-	13,332	162
Arotz Foods, S.A.	22,849	-	99.94%	Madrid (Spain)	Vegetable preserves	27,637	1,717	-	29,354	415
Puleva Food, S.L. (Group)	180,612	-	100.00%	Granada (Spain)	Dairy products	256,564	16,692	(14,818)	258,438	19,209
Lactimilk, S.A. (Group)	10,292	-	100.00%	Granada (Spain)	Dairy products	18,988	6,004	-	24,992	9,975
Herba Foods S.L.	50,676	-	100.00%	Madrid (Spain)	Investment management	80,706	1,659	-	82,365	(390)
Herba Ricemills S.L	69,078	-	100.00%	Madrid (Spain)	Production and sale of rice	73,180	2,372	-	75,552	10,131
Herba Nutrición S.L	526	-	100.00%	Madrid (Spain)	Production and sale of rice	2,752	12,327	(5,098)	9,981	10,292
Puleva Biotech, S.A. (Group)	20,412	-	51.02%	Granada (Spain)	Development and sale of new products	37,086	(135)	-	36,951	689
Jiloca Industrial, S.A.	1,500	-	100.00%	Teruel (Spain)	Production of organic fertilizer	1,305	612	(250)	1,667	533
Beira Terrace Soc.de Construçoes, Ltda.	3,360	(2,412)	100.00%	Oporto (Portugal)	Real estate investment	1,313	(365)	-	948	(50)
Riceland, Ltda. (*)	597	-	20.00%	Budapest (Hungary)	Production and sale of rice	1,209	(5)	-	1,204	200
Riviana Foods Inc (Group) (**)	215,973	-	75.00%	Houston, TX (USA)	Production and sale of rice	265,769	30,734	-	296,503	45,871
Panzani, SAS (Group)	440,838	-	100.00%	Lyon (France)	Production and sale of pasta and sauces	504,213	14,829	-	519,042	38,580
New World Pasta Comp. (Group)	269,237	-	100.00%	Harrisburg, PA (USA)	Production and sale of pasta and sauces	274,669	17,719	-	292,388	26,031
Lince Insurance Ltd.	3,500	-	100.00%	Dublin (Ireland)	Insurance activity	3,594	493	-	4,087	352
Birkel Teigwaren Gmbh (Group)	20,571	(4,292)	100.00%	Germany	Production and sale of pasta and sauces	17,660	(151)	-	17,509	933
TOTAL	**1,484,947**	**(13,808)**						**(26,327)**		
Reclassification of investment in Azucarera Ebro to non-current assets held for sale	(148,481)									
	1,336,466									

(a) When the name of the subsidiary is followed by "(Group)" the figures under issued capital, reserves and profit / (loss) for the year relate to the consolidated information for that company and its subsidiaries and associates, prior to the dividend paid in 2008. To standardize the data, the information presented on the various companies or Groups with regard to capital, reserves and results was obtained by applying International Financial Reporting Standards (IFRS) endorsed by the European Union.

(*) Ebro Puleva, S.A. wholly owns this Group, 20% directly and 80% indirectly through Hereba Foods, S.L.

(**) Ebro Puleva, S.A. wholly owns this company, 75% directly and 25% indirectly through the wholly owned subsidiary Riviana.

(Thousands of euros)

9. FINANCIAL INSTRUMENTS

9.1 Financial assets

The breakdown of financial assets, except for the investments in group companies, joint ventures and associates (Note 8), at December 31 is as follows:

NON-CURRENT FINANCIAL ASSETS	Equity instruments	Debt securities	Loans, derivatives and other financial assets	Total
Categories	12/31/08	12/31/08	12/31/08	12/31/08
Assets at fair value through profit and loss				
a) Financial assets held for trading	1			1
b) Other non-current financial assets				0
Held-to-maturity investments				0
Loans and receivables			110,958	110,958
Available-for-sale financial assets				
a) Measured at fair value				0
b) Measured at cost				0
Hedging derivatives				0
TOTAL	**1**	**0**	**110,958**	**110,959**

CURRENT FINANCIAL ASSETS	Equity instruments	Debt securities	Loans, derivatives and other financial assets	Total
Categories	12/31/08	12/31/08	12/31/08	12/31/08
Assets at fair value through profit and loss				
a) Financial assets held for trading				0
b) Other non-current financial assets				0
Held-to-maturity investments		0		0
Loans and receivables			49,347	49,347
Available-for-sale financial assets				
a) Measured at fair value				0
b) Measured at cost				0
Hedging derivatives				0
TOTAL	**0**	**0**	**49,347**	**49,347**

Loans and receivables	12/31/08
Non-current financial instruments	
Receivables from group companies (Notes 8 & 17)	110,808
Loans to third parties	0
Long-term guarantees received	150
	110,958
Current financial instruments	
Trade and other receivables (Note 10)	49,347
Loans to third parties	0
	49,347
TOTAL	**160,305**

(Thousands of euros)

Exchange differences included in the income statement

The breakdown of exchange differences recognized in the 2008 income statement for each type of financial instrument is as follows:

Exchange differences included in the income statement as (loss) / gains on:	Loans and receivables 2008	Equity instruments group comp. 2008	Loans and payables 2008	TOTAL
- Transactions settled during the financial year	-324	0	-737	-1,061
- Transactions pending settlement at year end	-7	0	966	959
- Exchange rate hedges	0	-24,723	24,723	0
Total expenses / (income) recognized in the income statement	**-331**	**-24,723**	**24,952**	**-102**

9.2 Financial liabilities

The breakdown of "Financial liabilities" for 2008 is as follows:

NON-CURRENT FINANCIAL LIABILITIES	Bank bor-row-ings	Bonds and other financial securities	Derivatives and other financial liabilities	Total
Categories	12/31/08	12/31/08	12/31/08	12/31/08
Trade and other payables	522,303		168,995	691,298
Liabilities at fair value through profit or loss				
a) Held for trading				0
b) Other				0
Hedging derivatives			0	0
Total	**522,303**	**0**	**168,995**	**691,298**

CURRENT FINANCIAL LIABILITIES	Bank bor-row-ings	Bonds and other financial securities	Derivatives and other financial liabilities	Total
Categories	12/31/08	12/31/08	12/31/08	12/31/08
Trade and other payables	125,824		15,257	141,081
Liabilities at fair value through profit or loss				
a) Held for trading				0
b) Other				0
Hedging derivatives			0	0
Total	**125,824**	**0**	**15,257**	**141,081**

a) Bank borrowings: Note 13

b) Derivatives and other payables:

The breakdown of "Financial liabilities- Derivatives and other payables" is as follows:

(Thousands of euros)

	12/31/2008
Non-current	
Derivatives	0
Security deposits received	29
Borrowings from group companies and associates (Note 17)	168,966
	168,995
Current	
Derivatives	0
Trade and other payables	14,637
Borrowings from group companies and associates (Note 17)	620
	15,257

c) Information on type and level of risk arising from financial instruments

The main objective of the capital management policy is to guarantee a financial structure based on compliance with prevailing regulations in the countries where the company operates, while maintaining an optimal debt to equity ratio to create value for its shareholders.

The main financial risks arising from the business and operations of the Company are foreign currency risk, interest rate risk and other.

Interest rate risk: The Company's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates. The Company's policy is to manage its interest cost using a mix of fixed and variable interest rates. To achieve this, interest rate fluctuations are closely monitored with the help of qualified experts.

When necessary, Ebro Puleva contracts interest rate swaps in which it agrees to swap during certain periods the difference between the amount of fixed and variable interest rates, calculated based on a notional amount of principal agreed-upon between the parties. These swaps are designed to cover the underlying payment commitments.

Currency risk: As a result of significant investment transactions in the United States, the Company's balance sheet can be affected significantly by movements in the US/EUR exchange rate. In order to mitigate the effect of its currency risk, the Company obtains loans in US loans. 100% of its investment in the US is hedged in this manner.

"Non-current borrowings" at December 31, 2008 includes two loans for a total of 630 million US dollars (Note 13) that serve as hedges of net investments in US subsidiaries and are used to hedge the Company's exposure to currency risk on these investments. Gains and losses on the translation to euros of these loans are recognized on the income statement, offsetting gains and losses recognized in the translation of net investments in the subsidiaries (Note 9.1).

(Thousands of euros)

Liquidity risk: As far as liquidity risk is concerned, the Group manages the risk of a temporary shortage of funds using a liquidity planning tool. This tool takes into account the maturities of financial investments and financial assets, as well as projected cash flows from operations.

10. TRADE AND OTHER RECEIVABLES

The breakdown of "Trade receivables" for 2008 is as follows:

	12/31/08
Trade receivables (Note 7)	24,035
Receivable from group companies and associates (Note 17)	22,791
Other receivables	2,189
Receivables from employees	12
Current income tax assets (Note 15)	0
Other receivables from public administrations (Note 15)	320
	49,347

Impairment losses: The balance of "Trade receivables" is shown net of impairment loss allowances of 15 thousand euros, which had no movement in 2008.

The entire balance of "Trade receivables" is denominated in euros.

11. CASH AND CASH EQUIVALENTS

Cash equivalents usually correspond to bank deposits falling due within less than three months upon acquisition.

Cash and cash equivalents are unrestricted.

12. CAPITAL AND RESERVES

a) Issued capital: Issued capital at December 31, 2008 consisted of 153,865,392 bearer shares with a nominal value of 0.60 euros each, fully subscribed and paid, that are listed on Spanish stock exchanges. All shares are the same type and bear the same rights.

According to the latest data available, the total shares held directly and indirectly by companies with stakes of more than 5% of Ebro Puleva, S.A.'s share capital at December 31, 2008 are: Instituto Hispánico del Arroz, S.A. holds 15.344% (8.620% directly and 6.724% indirectly through Hispafoods Invest. S.L.), Alimentos and Aceites, S.A. holds 8.446%, Casa Grande de Cartagena. S.L. holds 6.158%, Caja de Ahorros de Salamanca and Soria holds 6.01%, Grupo Caja España holds 5.037%, and Corporación Económica DAMM, S.A. holds 5.011%.

b) Share premium: The revised text of the Spanish Corporation Law expressly enables companies to use the balance of the share premium account to increase capital and does not place any limit on the amount of the balance which may be used for this purpose.

c) Legal reserve: Companies are obliged to transfer 10% of the profit for the year to a legal reserve until such reserve reaches an amount equal to 20% of the share capital. Except in the event of liquidation, this reserve cannot be distributed. However, this reserve can be used to offset losses, if there are no other reserves available for this purpose, or to increase capital by the amount exceeding 10% of the new capital after the increase. At December 31, 2008, the legal reserve represents 20% of subscribed capital.

d) Retained earnings: This reserve is freely distributable, with restrictions as per mercantile regulations referring to research and development expenses pending repayment.

e) The Revaluation Reserve (R.D.L. 7/1996, of June 7): Due to past revaluations carried out by Sociedad General Azucarera de España, S.A. and Puleva S.A. under the provisions of Royal Decree-Law 7/96, dated June 7, revaluation reserves were recorded amounting to 21,767 thousand euros. Of this amount, 3,169 thousand euros (recognized under "Other reserves") remain in the Company's balance sheet following the segregation of the sugar activity in 2001 and the dissolution of GDP in 2003.

This balance may be used, tax free, to offset accumulated losses from previous years, as well as losses incurred in the current or future years. It may also be used to increase capital. As of April 1, 2007, it can be taken to freely distributable reserves, provided that the monetary capital gain has been realized. The capital gain will be considered realized for the amount of depreciation recognized or when the revalued assets have either been sold or eliminated from the accounting records. The balance of this account would be deemed liable to tax in the event it is used for purposes other than those prescribed by Royal Decree-Law 7/1996.

f) Treasury shares: In 2008, the Company purchased and sold shares as authorized by the shareholders in their general meetings held on April 18, 2007 and June 9, 2008. These transactions were communicated to the National Securities Market Commission as required by prevailing regulations. The Company purchased 4,483,601 shares and sold 126,521 shares. At year end 2008, the Company holds 5,078,735 of its own shares which correspond to 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 3, the Company has not yet decided on the final use of these shares.

13. BANK BORROWINGS

The movements in the items composing "Non-current and current borrowings" at December 31, 2008 are as follows (in thousands of euros):

	Non-current	Current
Non-current drawn-down bank loans in euros	70,942	71,000
Non-current drawn-down bank loans in US dollars	451,361	-
Current borrowing facilities in euros	-	52,562
Accrued interest pending maturity	-	2,262
TOTAL	**522,303**	**125,824**

Non-current borrowing facilities have been used to finance investments in Riviana Inc (2004), Panzani SAS (2005) and the New Word Pasta Company (2006). These non-current borrowing facilities 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 syndicated loan agreement signed in November 2004, renewed in May 2005, and again in November 2006 amounting to 287.9 million euros. At December 31, 2008, a balance of 142 million euros was pending repayment, the principal of which is being repaid in 8 quarterly installments of 35.5 million euros beginning May 2007. The annual interest rate on the loan in euros is one-, three-, six-, or twelve-month EURIBOR plus a market spread.

- A syndicated loan agreement signed on May 2005 amounting to 440 million US dollars and renewed in November 2006, the principal of which will be repaid in 6 quarterly installments of 73.33 million dollars as of October 2011. The annual interest rate on the loan in euros is one-, three-, six-, or twelve-month LIBOR 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 May 2015. The annual interest rate on the loan in dollars is one-, three-, six-, or twelve-month LIBOR plus a market spread.

Over the term of the loan, the Company must meet a series of ratios calculated based on the consolidated financial statements of the Group of which it is the parent. 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.

(Thousands of euros)

In addition, at December 31, 2008, the Company had borrowing facilities at banks amounting to 59 million euros secured by personnel guarantees. The amount drawn down on these facilities at year end was 52,562 thousand euros. The average annual interest rate on these debts, excluding non-current syndicated loans, is three-month EURIBOR plus an average market spread of 0.424%.

There are also other bank guarantees granted to the Company amounting to 10,000 thousand euros. The amount drawn down on these guarantees at December 31, 2008 amounted to 9,930 thousand euros. In addition, a bank guarantee was arranged amounting to 860 thousand US dollars (618 thousand euros) to cover guarantees given to the buyer in the sale of the Guatemalan business in 2006 (Note 16). This 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 the first three years as of the date of the sale (up to August 10, 2009).

The maturity schedule of non-current borrowings is as follows:

2009 installment	71,000 thousand euros
2010 installment	70,942 thousand euros
2011 installment	73,333 thousand US dollars (52,539 thousand euros at 12/31/08)
2012 installment	146,666 thousand US dollars (105,078 thousand euros at 12/31/08)
2013 installment	146,666 thousand US dollars (105,078 thousand euros at 12/31/08)
2014 to 2016 installment	263,335 thousand US dollars (188,666 thousand euros at 12/31/08)

14. NON-CURRENT PROVISIONS

The breakdown of the movements in “Provisions” in 2008 is as follows:

NON-CURRENT PROVISIONS	Provisions for employee benefits			Other	
	Long-service benefits	Non-current compensation	Total	For contingencies	**Total**
Balance at: January 1, 2008	140	859	999	59	1,058
Allowances	41	1,235	1,276	2,189	3,465
Utilized	-13	0	-13	0	-13
Adjustments	0	65	65		65
Balance at: December 31, 2008	168	2,159	**2,327**	**2,248**	**4,575**

Provision for contingencies

The balance at December 31, 2008 of "Non-current provisions" is mainly related to provisions for certain contingencies and other minor claims. The Company’s directors do not expect additional significant liabilities to arise as a result of these contingencies and claims.

Provision for long-service benefits

Some employees of Ebro Puleva, S.A. are beneficiaries of bonuses for service of 25 and 40 years provided by an internal fund the Company has. The 168,000 thousand euro provision recognized at December 31, 2008 for long-service bonuses represents the current value, as per independent actuarial studies, of the Company's potential future commitments with its employees in this regard. Hypotheses used for making the most recent actuarial calculations at December 31, 2008 were as follows:

a) Discount rate at an annual rate of 3.61%
b) Wage increases: Cumulative annual increase of 3%
c) Mortality and survival tables PERM/F 2000P charts

Provision for non-current compensation

(Note 18.6)

15. TAXES

The breakdown of balances with public administrations at December 31, 2008 is as follows:

Thousands of euros	12/31/2008
Current	
Current income tax assets	0
Other receivables from public administrations	320
Current tax liabilities	-1,035
Other payables to public institutions	-1,751
	-2,466
Non-current	
Deferred tax assets	15,632
Deferred tax liabilities	-27,249
	-11,617

According to current legislation, tax returns may not be considered final until either they have been inspected by tax authorities or until the inspection period has expired.

The Company is open to inspection of all taxes to which it is liable for the last four years. The company's directors consider that no provision is necessary for potential additional contingent liabilities arising due to varying interpretations of tax regulations, as they believe that in the event of an inspection, they have sufficient grounds to justify the company's interpretation.

(Thousands of euros)

Under prevailing tax legislation, a 30 % tax rate is applied to taxable income.

15.1. The tax group filing a consolidated return in 2008 is comprised of the following companies:

- Ebro Puleva, S.A. (head of the tax group)
- Fincas e Inversiones Ebro, S.A.
- Azucarera Ebro S.L. (Group)
- Dosbio 2010, S.L.
- Arotz Foods, S.A.
- Puleva Food, S.L. (Group)
- Lactimilk, S.A. (Group)
- Herba Foods, S.L.
- Herba Ricemills, S.L (Group)
- Herba Nutrición, S.L
- Fallera Nutrición, S. L.
- Jiloca, S.A.

15.2 The reconciliation of net income and expenses and taxable income (tax results) for 2008 is as follows:

Profit/(loss) before tax from continuing operations			**(31,099)**
	Increase	*Decrease*	
Permanent differences	368	109	259
Permanent differences generated by consolidation adjustments		26,077	(26,077)
Adjusted accounting results			**(56,917)**
Temporary differences arising in 2008	3,517	915	2,602
Temporary differences arising in prior years	7,500	20,737	(13,237)
Temporary differences generated by consolidation adjustments	7,104		7,104
2007 loss carryforwards		15,036	(15,036)
Adjustment for conversion to new accounting principles (Note 21.2)		14,283	(14,283)
Taxable income			**(89,767)**
TOTAL TAXABLE INCOME OF EBRO PULEVA, S.A.			**(89,767)**

	Accrued	*Receivables*	*Deferred*	*Deferred tax assets*
Corporation income tax rate (30%)	(17,075)	26,929	(7,928)	(1,926)
Tax payable	**(17,075)**	**26,929**	**(7,928)**	**(1,926)**
Deductions	**(1,460)**	**5,449**	**0**	**(3,989)**
2008 CORPORATE INCOME TAX	**(18,535)**	**32,378**	**(7,928)**	**(5,915)**
Permanent establishment tax	**19**			
Adjustment to 2007 corporation income tax	**1**			
TOTAL CORPORATE INCOME TAX	**(18,515)**			

The reconciliation of corporation income tax payable with the tax payable by Ebro Puleva, S.A.'s tax group is the following:

(Thousands of euros)

	Amount
Tax payable by Ebro Puleva, S.A.	32,378
Payments made on account during the fiscal year	282
Withholdings	48
Tax payable by the remaining companies of the tax group	(33,743)
Amount receivable (payable) by the tax group	**(1,035)**

15.3 The reconciliation between tax expense and the result of multiplying the accounting loss by the applicable tax rate, differentiating the income statement balance, is as follows:

	2008 Income statement
Profit/(loss) before tax from continuing operations	-31,099
Income tax rate	30%
Theoretical tax	**-9,330**
Effect of:	
Non-deductible expenses	110
Dividends within tax group	-7,823
Deductions and other items	-1,472
	-18,515
Tax expense (breakdown):	
Current	-32,378
Deferred	13,843
Adjustment	20
Tax expense (income)	**-18,515**

15.4 The breakdown of temporary differences in 2008 in Ebro Puleva, S.A. is as follows:

Increase	**AMOUNT**
Allowances to provision for non-current compensation	1,328
Allowance provision for contingencies	2,189
Accrual deduction foreign investment	7,500
Impairment allowance tax group companies	7,104
TOTAL	**18,121**

Decrease	**AMOUNT**
Tax amortization of merger goodwill	2,007
Temporary difference for tax amortization of goodwill	18,730
Brands, tax amortization	915
TOTAL	**21,652**

(Thousands of euros)

15.5 The breakdown of permanent differences in 2008 in Ebro Puleva, S.A. is as follows:

	AMOUNT
Increase	
Fines and penalties	5
Donations	350
Other non-deductible expenses	13
TOTAL	**368**
Decreases	
Adjustments for dividends of subsidiaries of the tax group	26,077
Tax amortization of goodwill	109
TOTAL	**26,186**

15.6 In Ebro Puleva, S.A. deductions on its 2008 income tax return relate mainly to double taxation of dividends, donations and reinvestments of capital gains from the sale of assets. The amount committed for reinvestment by the tax group to have the right to apply the tax deduction for reinvestment of capital gains generated in 2008 amounted to 16.2 million euros. This amount has already been invested by the tax group in 2008 (11.2 million, 76.3 million, 87 million, 65 million, 25 million and 33.6 million euros, respectively, in 2007, 2006, 2005, 2004, 2003, and 2002). The remaining requirements for taking these deductions have already been met.

15.7 Movements in “Deferred tax assets and liabilities" of Ebro Puleva, S.A. are as follows:

	01/01/2008	Increases	Decreases	Adjustments	12/31/2008
Deferred tax assets					
- Merger goodwill	7,223		-602		6,621
- Intangible assets: Brands	3,308				3,308
- Property, plant, and equipment: Land	129				129
- Provisions for non-current compensation	0	390		258	648
- Provisions for long-service bonuses	43	9			52
- Provisions for contingencies	0	656			656
- Impairment allow. tax group companies		2,131			2,131
- Tax credit for 2007 taxable income	4,784		-4,511	-273	0
- Tax credit for 2007 unused deductions	6,172		-3,989	-96	2,087
	21,659	**3,186**	**-9,102**	**-111**	**15,632**
Deferred tax liabilities					
- Goodwill tax amortization	-16,470	-5,619		12	-22,077
- Brands, tax amortization	0	-274			-274
- Accrual deduction foreign investment	-6,750		2,250		-4,500
- Capital gains tax deferment	-398				-398
- Exchange differences	4,285		-4,285		0
	-19,333	**-5,893**	**-2,035**	**12**	**-27,249**

16. COMMITMENTS

At December 31, 2008 the following bank guarantee commitments had been arranged:

	AMOUNT
Bank guarantees received and deposited	
With courts and public organisms related to administrative appeals and deferment of tax	2,907
With third parties to ensure compliance of normal trade transactions	1,023
With third parties to ensure compliance with contractual clauses	6,618
Guarantees given by Ebro Puleva, S.A.	
Other guarantees given to banks on behalf of associates	60,491

To ensure compliance with contractual clauses with third parties, a bank guarantee was arranged in 2006 amounting to 5,160 thousand US dollars (3,918 thousand of euros), which was reduced to 860 thousand US dollars (618 thousand euros) in 2008, to cover guarantees given to the purchaser of the business of the Guatemalan subsidiary. This 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, the Company has extended guarantees amounting to 6 million euros for the transaction of land in Alagón (Note 7).

Guarantees given to banks to cover the transactions of associated companies correspond to the guarantee given by Ebro Puleva, S.A. on behalf of its associated company (indirectly through Dosbio 2010, S.L.) 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 each of the shareholders of Biocarburantes de Castilla y León, S.A. Consequently, the maximum amount guaranteed by Ebro Puleva, S.A. is 60.5 million euros.

The Company does not expect that any liability will arise from the abovementioned guarantees.

(Thousands of euros)

17. BALANCES WITH GROUP COMPANIES AND ASSOCIATES

Note 8 includes a list of Ebro Puleva, S.A.'s subsidiaries and associates. No significant transactions with associates were carried out in 2008 except the aforementioned in Note 16, related to the loans and guarantees granted by Ebro Puleva, S.A. to Biocarburantes de Castilla y León, S.A.

The main transactions with group companies and associates in 2008 are as follows:

	Group companies	Associates
External services	1,389	0
Employee benefits expenses	0	0
Finance costs	18,059	15
Total purchases and expenses	**19,448**	**15**
Other operating income	4,335	0
Finance revenue	4,887	209
Proceeds from dividends	26,327	0
Total sales and income	**35,549**	**209**

Ebro Puleva, S.A.'s balances with group companies and associates at December 31, 2008 are as follows:

BALANCES WITH GROUP COMPANIES AND ASSOCIATES	Non-current loans	Receivables companies	Payables		Companies Suppliers
			Non-current	Current	
Panzani SAS	40,838	56			(427)
Beira Terrace Soc. de Construçoes, Ltda.	7,965				
Azucarera Ebro, S.L.		15,108			(155)
Herba Foods, S.L.		160			(5)
Dosbio 2010, S.L.	16,594	469			(3,968)
Herba Ricemills, S.L.	27,899	1,807			(5)
Herba Nutrición, S. L.		37			(1)
Fincas e inversiones Ebro, S.A.		54	(2,392)		(19)
Arotz Foods, S.A.		236	(25,610)	(242)	(4)
Puleva Foods, S.L. (Group)		3,769	(121,773)	(283)	(7)
Lactimilk, S.L. (Group)		695			
Riviana Group (Central America)		62	(18,291)	(95)	
New World Pasta Company, Inc (Group)		93			
Birkel Teigwaren Gmbh (Group)	14,395	12			
Nueva Comercial Azúcarera, S.L.		80			
Biocarburantes de Castilla y León, S.A.	3,117				
Fallera Nutrición, S.L.					(3)
Jiloca, S.A.		153			
Lince, Ltd.			(900)		
	110,808	**22,791**	**(168,966)**	**(620)**	**(4,594)**
Balances with Azucarera Ebro, S.L. in non-current assets/liabilities held for sale	0	0	0	45,878	0

Non-current payables to group companies do not have an established maturity date.

The Company has a mercantile current account agreement with the majority of its Spanish and foreign subsidiaries, which guarantees that all their financing needs are covered and also, where applicable, compensation for their surplus cash, all of the above generally at market interest rates.

18. TRANSACTIONS WITH RELATED PARTIES

Related-party transactions are carried out on an arm's length basis. Balances related to business transactions at year end are unsecured, bear no interest, and are settled in cash. Except for the matter described in Note 16 related to Biocarburantes de Castilla y León, S.A., the Company has neither provided nor received any other guarantees for any related party receivables and payables.

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

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

Note 12 includes a list of companies with a significant equity interest in Ebro Puleva, S.A.'s capital.

The summary of transactions, excluding dividends, with these significant shareholders (unless they are Directors, in which case they are shown in Note 18.2) is as follows:

None in 2008.

18.2 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	Type of transaction	Amount (Thousands of euros) 2008
CAJA DE AHORROS DE SALAMANCA Y SORIA	Financing agreements: Loan borrower	Drawable amount 55,792 Amount drawn down 55,792
CAJA ESPAÑA DE INVERSIONES CAJA DE AHORROS Y MONTE DE PIEDAD	Financing agreements: Loan borrower	Drawable amount 27,927 Amount drawn down 27,927
CAJA ESPAÑA DE INVERSIONES CAJA DE AHORROS Y MONTE DE PIEDAD	Financing agreements: Loan borrower	Drawable amount 6,000 Amount drawn down 3,880

18.3 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 (in thousands of euros):

Dividends 2008:

- Dividends, significant shareholders: 14,677
- Dividends, directors and executives:11,594

18.4 Board of Directors' remuneration

The total remuneration earned by the Board of Directors of Ebro Puleva, S.A. in 2008 amounted to 3,915 thousand euros, as per the following breakdown (in thousands of euros):

BOARD OF DIRECTORS' REMUNERATION AND OTHER BENEFITS	2008
COMPENSATION	
Attendance fees	253
By-law stipulated profit-sharing	2,055
Total external board members	**2,308**
Wages, salaries and professional fees	1,592
Dismissal indemnities	0
Total executive Directors	**1,592**
TOTAL REMUNERATION	**3,900**
OTHER BENEFITS	
Life insurance and retirement benefits	0

The Company bylaws stipulate a 2.5% profit share of net consolidated profit for the year, provided that the legal reserve is covered and that shareholders have been paid a dividend of 4% of capital.

Ebro Puleva's Board of Directors, at their meeting on February 26, 2009, decided for the second consecutive year to propose the freezing of their 2008 by-law stipulated profit sharing, keeping it at its 2006 and 2007 amount (2,055,000 euros), which means they will propose to the General Shareholders' Meeting that a percentage of 1.57% of the Company's 2008 consolidated profit be applied. They also decided to maintain attendance fees at the amount of 1,400 euros for attendance at the Ebro Puleva Board of Directors and 700 euros for attendance at various Commissions, which amounts to a total of 253 thousand euros in 2008.

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

In addition, no member of the Board of Directors holding an executive position since 2006 is entitled to life or retirement insurance supplements.

The Company has not granted any advances to the members of the Board of Directors nor does it have any commitments with respect to pensions and life insurance with current Board members.

18.5 Article 127 ter, paragraph 4, TRLSA.

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:

➢ Mr. Antonio Hernández Callejas:

- He directly owns 16.666% of Instituto Hispánico del Arroz, S.A. He does not hold any position.
- He owns an indirect 3.620% share of Casarone Agroindustrial, S.A. He does not hold any position.

➢ Mr. Félix Hernández Callejas:

- He directly owns 16.666% of Instituto Hispánico del Arroz, S.A. He does not hold any position.
- He owns an indirect 3.620% share of Casarone Agroindustrial, S.A. He does not hold any position.
- He directly owns 0.002% of Rivera del Arroz, S.A. He holds the position of Board Member.
- He directly owns 0.002% of Mundi Riz, S.A. He holds the position of Board Member.

➢ Ms. Blanca Hernández Rodríguez:

- She directly owns 16.666% of Instituto Hispánico del Arroz, S.A. She does not hold any position.
- She owns an indirect 3.020% share of Casarone Agroindustrial, S.A. She does not hold any position.

(Thousands of euros)

Mr. Antonio Hernández Callejas, Mr. Félix Hernández Callejas and Ms. Blanca Hernández Rodríguez indirectly own part of Ebro Puleva, S.A. through the 15.344% share in the latter held by Instituto Hispánico del Arroz, S.A., directly and through Hispafoods Invest, S.L.

- Caja de Ahorros de Salamanca y Soria:

- This entity holds a 40% share of Barrancarnes Industrial. It holds the position of Board Member.
- It also holds a 40% share of Jamones Burgaleses, S.A. It holds the position of Board Member.
- It holds a 41.29% share of Leonesa Astur de Piensos, S.A. It holds the position of Board Member.
- It holds a 27.0101% share of Dibaq Diproteg, S.A. It holds the position of Board Member.
- It holds a 50% share of Marcos Soterrano, S.A. It does not hold any position.
- It holds a 26.469% share of Qualia Lácteos, S.L. It does not hold any position.

- Caja España de Inversiones y Monte de Piedad:

- This entity holds a 100% share of Campo de Inversiones, S.A. Vocal of the Board of Directors.

- Mr. Domingo Ortega Martínez:

- He owns an indirect 60.69% share of 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 the directors in other Ebro Puleva Group companies in which none of them hold a share:

Name of Board member	Ebro Puleva Group company	Position
Mr. José Barreiro Seoane	Dosbio 2010, S.L.U.	Board Member
Mr. Jaime Carbó Fernández	Panzani, S.A.S.	Board Member
Mr. Jaime Carbó Fernández	Dosbio 2010, S.L.U.	Board Member
Mr. Jaime Carbó Fernández	Riviana Foods, Inc.	Board Member
Mr. Jaime Carbó Fernández	Ebro America, inc.	Board Member
Mr. Jaime Carbó Fernández	El Castillo Debic Food Service, S.L.	Board Member
Mr. Jaime Carbó Fernández	New World Pasta Company	Board Member
Mr. Jaime Carbó Fernández	N&C Boost, N.V.	Board Member
Mr. Jaime Carbó Fernández	Boost Nutrition, C.V:	Board Member
Mr. Jaime Carbó Fernández	Herba Germany GMBH	Joint and several Director
Mr. Fernando Castelló Clemente	Castillo Castelló, S.A.	Chairman
Mr. Fernando Castelló Clemente	El Castillo Debic Food Service, S.L.	Chairman
Mr. Fernando Castelló Clemente	Lactimilk, S.A.	Chairman
Mr. Antonio Hernández Callejas	Panzani, S.A.S.	Board Member
Mr. Antonio Hernández Callejas	New World Pasta Company	Board Member
Mr. Antonio Hernández Callejas	Riviana Foods, Inc.	Board Member
Mr. Antonio Hernández Callejas	Dosbio 2010, S.L.U.	Chairman

Name of Board member	Ebro Puleva Group company	Position
Mr. Antonio Hernández Callejas	Puleva Biotech, S.A.	Board Member
Mr. Antonio Hernández Callejas	Azucarera Ebro, S.L.U.	Chairman
Mr. Antonio Hernández Callejas	Ebro America, Inc.	Chairman
Mr. Antonio Hernández Callejas	N&C Boost, N.V.	Board Member
Mr. Antonio Hernández Callejas	Boost Nutrition, C.V:	Board Member
Mr. Antonio Hernández Callejas	Danrice, A/S	Board Member
Mr. Antonio Hernández Callejas	Josehp Heap&Sons Limited	Board Member
Mr. Antonio Hernández Callejas	S&Herba Foods Limited	Board Member
Mr. Antonio Hernández Callejas	Anglo Australian Rice Limited	Board Member
Mr. Antonio Hernández Callejas	Vogan & Co Limited	Board Member
Mr. Antonio Hernández Callejas	A W Mellish Limited	Joint and several Director
Mr. Antonio Hernández Callejas	Josehp Heap Property Limited	Joint and several Director
Mr. Antonio Hernández Callejas	Heap Comet Limited	Joint and several Director
Mr. Antonio Hernández Callejas	Herba Germany GMBH	Joint and several Director
Mr. Antonio Hernández Callejas	Arrozeiras Mudiarroz, S.A.	Chairman
Mr. Félix Hernández Callejas	Herba Ricemills, S.L.U	Chief Executive Officer
Mr. Félix Hernández Callejas	Herba Foods, S.L.U.	Joint and several Director
Mr. Félix Hernández Callejas	Herba Nutrición, S.L.U.	Joint and several Director
Mr. Félix Hernández Callejas	Fallera Nutrición, S.L.U.	Joint and several Director
Mr. Félix Hernández Callejas	Nuratri, S.L.U.	Joint and several Director
Mr. Félix Hernández Callejas	Nutrial, S.L.U.	Joint and several Director
Mr. Félix Hernández Callejas	Nutramas, S.L.U.	Joint and several Director
Mr. Félix Hernández Callejas	Pronatur, S.L.U.	Joint and several Director
Mr. Félix Hernández Callejas	Vitasan, S.L.U.	Joint and several Director
Mr. Félix Hernández Callejas	Risella, Oy	Board Member
Mr. Félix Hernández Callejas	S&B Herba Foods, Ltd.	Board Member
Mr. Félix Hernández Callejas	Anglo Australian Rice, Ltd.	Board Member
Mr. Félix Hernández Callejas	Joseph Heap&Sons, Ltd.	Board Member
Mr. Félix Hernández Callejas	Vogan&Co, Ltd	Board Member
Mr. Félix Hernández Callejas	Danrice A/S	Board Member
Mr. Félix Hernández Callejas	Herba Egypt Ricemills, Co.	Board Member
Mr. Félix Hernández Callejas	Arrozeiras Mundiarroz, S.A.	Board Member
Mr. Félix Hernández Callejas	Riviana Foods, Inc.	Board Member
Mr. Félix Hernández Callejas	Herba de Puerto Rico, LLC	Board Member
Mr. Félix Hernández Callejas	Herto, N.V.	Chairman
Mr. Félix Hernández Callejas	Boost Nutrition, C.V.	Board Member
Mr. Félix Hernández Callejas	Rivera del Arroz, S.A.	Board Member
Mr. Félix Hernández Callejas	Mundi Riz, S.A.	Board Member
Mr. Félix Hernández Callejas	Herba Rice India, PVT, LTD	Joint and several Director
Mr. Félix Hernández Callejas	Herba Hellas, S.A.	Adjuster
Mr. Félix Hernández Callejas	Puleva Biotech, S.A.	Board Member
Mr. Félix Hernández Callejas	Española de I+D, S.A.	Board Member
Mr. Juan Domingo Ortega Martínez	Dosbio 2010, S.L.U.	Board Member
Mr. Eugenio Ruiz-Gálvez Priego	Azucarera Ebro, S.L.	Chief Executive Officer
Mr. Eugenio Ruiz-Gálvez Priego	Compañía de Melazas, S.A.	Vice Chairman
Mr. 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 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 business, nor have they conducted any transactions which were not at arm's length.

18.6 Remuneration earned by executive management

The management of Ebro Puleva, S.A. at year end 2008 totaled 7 members, who received total compensation in 2008 of 1,360 thousand euros in wages and salaries. There were no indemnities.

The contracts of three of these 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 two three years' annual remuneration. In the remaining cases, the indemnity contemplated in cases of unfair dismissal would be paid as per prevailing employment legislation in Spain.

In addition, in 2006 the Board of Directors 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, is 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 3, 2009, as well as meeting EBITDA, EVA and other qualitative objectives established in the Group's Strategic Plan.

The Selection and Compensation Committee proposed, as agreed by Ebro Puleva's Board of Directors, the amount allocated in the 2008 individual financial statements to "Provisions for employee benefits: non-current compensation" (Note 14), in accordance with fulfillment of the objectives set forth in the Medium Term Incentive Plan, amounts to 1,235 thousand euros. In accordance with the general terms of the Incentive Plan, that amount is a provisional estimate recognized in the accounting records and does not grant the right to be paid that amount. To be paid, except in cases of death or disability, the employee must be on the Company payroll 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 taken out a policy to provide civil liability insurance to the directors and executives of Ebro Puleva, S.A. and all of its subsidiaries, with a 45 million euro limit of annual compensation. The annual cost of the policy is 84,410 euros and provides coverage up to April 30, 2009. It is currently in the process of being renewed.

(Thousands of euros)

19. OTHER DISCLOSURES

a) Foreign currency transactions

Except for the loans denominated in US dollars described in Note 13, and the guarantee described in Note 16, the Company normally carries out its transactions in euros.

b) Employees

	At year end Male	At year end Female	Average number
Executives	9	2	11
Middle management	7	9	17
Administrative personnel	4	9	12
	20	20	40

c) Audit fees

Audit fees relating to the financial statements for the year ended 2008 amount to 260 thousand euros.

In addition, the fees paid in the year for other services performed by the Company's statutory auditors in 2008 totaled 185 thousand euros.

d) Environmental information

The activities carried out by Ebro Puleva Group companies require investments to manage and control environmental risk. Related investments that additionally provide greater productivity of plant and equipment are recognized and depreciated on a straight-line basis based on their estimated useful lives. As a holding company, Ebro Puleva, S.A. is not responsible for monitoring such risks, and therefore these investments and expenses are made and incurred by each group company.

Extensive work in this field has been carried out in recent years, especially related to proper control of wastewater, gas and dust emissions, and inert solid and organic waste and garbage.

The Company's directors consider that no significant contingencies exist with respect to environmental protection and improvement and therefore, no provision has been made in that respect.

20. EVENTS AFTER THE BALANCE SHEET DATE

Except for the matter explained below, no significant events have occurred from December 31, 2008 to the date on which these financial statements were approved.

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 8.a) 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.

21. TRANSITION TO THE NEW ACCOUNTING PRINCIPLES

The annual financial statements for 2008 will be presented in compliance with the new General Chart of Accounts approved by Royal Decree 1514/2007, of November 16. January 1, 2008 has been taken as the date of transition. In this regard, in accordance with section one of Transitional Provision Four of said Plan, January 1, 2008 has been taken as the transition date and, therefore, no comparative figures for 2007 are included for each of the headings in the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes thereto in addition to the figures for 2008.

The following information is included in compliance with the requirements of Additional Provision 4, section 1 of Royal Decree 1514/2007, of November 16:

a) Explanation of the main differences between the accounting policies applied in the previous year and the current year.

b) Reconciliation of equity at the date of the opening balance sheet for the prior year.

21.1 Explanation of the main differences between the accounting policies applied in the previous year and the current year.

The differences between the accounting criteria applied at December 31, 2008 and for the prior year are as follows:

- Reclassifications

  The change in accounting policies has led to multiple reclassifications on the balance sheet and the income statement. The most significant of them are as follows:

  - Amortization, depreciation and impairment of assets are shown on the balance sheet, less the acquisition cost of the related assets and liabilities, whereas under the former accounting standards, they were shown separately.

  - Investment property PP&E items (Land and buildings) owned by the Company to lease to third parties or obtain future capital gains were recognized according to the former accounting policy under “Property, plant and equipment". Under the new accounting policies, those assets are recognized as "Investment property" under “Non-current assets” on the balance sheet.

- New statements in the annual financial statements:

  The new accounting policy has added two new statements to the annual financial statements:

  a) The statement of changes in equity, which is now presented in two documents: the statement of recognized income and expense, and the statement of changes in equity.

  b) The cash flow statement.

  Therefore, the directors have included those statements in the financial statements for the year ended December 31, 2008.

- Changes in recognition and measurement:

  The recognition and measurement bases used by the Company in preparing the financial statements for the year ended December 31, 2008 are explained in greater detail in section 4 of the accompanying notes to the financial statements and are pursuant to the new accounting policies approved by Royal Decree 1514/2007. The main differences between these recognition and measurement bases and those applied by the Company under the previous accounting policy are as follows:

  a) Exchange gains (losses): In compliance with former accounting standards, transactions in foreign currency were recognized at the prevailing exchange rate on the transaction date. Balances receivable and payable in foreign currency were adjusted at year end based on the rates prevailing at that date. Exchange losses were taken to profit and loss immediately while exchange gains were recorded as deferred income until realized. Under the current accounting standards, transactions are recognized at the exchange rate prevailing at the transition date: monetary assets and liabilities denominated in foreign currency are translated at the prevailing exchange rate at the balance sheet date. All exchange gains or losses arising from translation as well as those resulting on settlement of balance sheet items are recognized in the income statement.

  b) Hedges of currency risk on net investments in foreign subsidiaries: Under the new accounting policy, hedges of a net investment in foreign businesses through holdings in group companies are treated as fair value hedges given the exchange rate component and therefore, lead to an adjustment in the heading where the value of the holding is recognized, with a charge or credit to the income statement, for the portion of the hedge that meets the criteria to be considered an effective hedge. Under the former accounting policy, that adjustment was not made.

(Thousands of euros)

c) Provisions for investments in group companies: Under the former accounting policy, equity investments in group companies were recognized at the lower of cost and the underlying book value of the investment, adjusted for unrealized capital gains existing upon acquisition which prevailed at the subsequent valuation date. Under the new accounting policy, the amount of the adjustment for impairment is the difference between the carrying amount and recoverable amount, taken to be the higher of fair value less selling costs and the current value of estimated future cash flows from the investment.

d) Treasury shares: Under the former accounting policy, the Company recognized its treasury shares as an asset valued at the lower of cost, market value, or underlying carrying value. Under the current accounting policy, they are recognized in equity as a decrease in reserves valued at acquisition cost.

21.2 Reconciliation of equity

The impact of adjustments made to comply with first-time application was recognized in equity pursuant to the Second Transitional Provision of Royal Decree 1514/2007. The reconciliation of net equity on the balance sheet included in the financial statements at December 31, 2007 and the opening balance sheet at January 1, 2008, which includes the above-mentioned changes, is as follows:

		Amount
Equity at December 31, 2007 – according to former accounting standards (see below this chart)		**896,708**
Plus:		
- Unrealized exchange differences at year end 2007, net of the related tax effect	36,308	
Less:		
- Value adjustment of investments in foreign subsidiaries at the effective hedge (exchange rate), net of the related tax effect	(46,306)	
- Reclassification of treasury shares at net value	(4,546)	
- Tax effect of the elimination of the provision for treasury shares	(507)	
Total net adjustments as per new accounting policy		**(15,051)**
Equity at January 1, 2008 – according to new accounting standards		**881,657**

Pursuant to the Fourth Transitory Provision of Royal Decree 1514/2007, the balance sheet and income statement included in the 2007 financial statements are presented below. Those financial statements and therefore the balance sheet and income statement included therein were approved on March 26, 2008 in accordance with the former accounting policy:

EBRO PULEVA, S.A.
BALANCE SHEETS AT DECEMBER 31, 2007
(Thousands of euros)

ASSETS	12.31.07
FIXED ASSETS	**1,911,374**
INTANGIBLE ASSETS	**5,515**
Patents and trademarks	12,210
Software	94
Amortization and provisions	(6,789)
TANGIBLE ASSETS	**18,834**
Land and buildings	19,391
Technical installations and machinery	1,363
Other installations, tools and furniture	840
Other tangible assets	256
Construction in progress	42
Depreciation and provisions	(3,058)
INVESTMENTS	**1,882,479**
Equity investments in Group companies	1,793,926
Receivables from group companies	80,599
Equity investments in associated companies	1
Receivables from associated companies	2,946
Other accounts receivable	1
Long-term guarantees and deposits	134
Provisions	(6,339)
Long-term deferred tax assets	11,211
OWN SHARES	**4,546**
DEFERRED EXPENSES	**1,828**
CURRENT ASSETS	**46,329**
DEBTORS	**42,953**
Trade receivables	24,077
Accounts receivable, group companies	4,080
Personnel	8
Public administrations	14,803
Provisions	(15)
SHORT-TERM FINANCIAL INVESTMENTS	**3,330**
Other loans	3,330
CASH IN HAND AND AT BANKS	**46**
TOTAL	**1,959,531**

LIABILITIES	12.31.07
CAPITAL AND RESERVES	**896,708**
Subscribed capital	92,319
Share premium	34,333
Revaluation reserves	3,169
RESERVES	**758,203**
Legal reserve	18,464
Reserve for own shares	4,546
Other reserves	735,193
Profit for the year	8,684
DEFERRED INCOME	**51,868**
Other deferred income	51,868
PROVISIONS FOR LIABILITIES AND CHARGES	**199**
Provisions for pension and other commitments with personnel	140
Other provisions	59
LONG-TERM LIABILITIES	**920,677**
Amounts owed to credit institutions	569,960
Amounts owed to Group companies	327,072
Other accounts payable	27
Deferred tax liabilities	23,618
CURRENT LIABILITIES	**90,079**
AMOUNTS OWED TO CREDIT INSTITUTIONS	**77,997**
Loans and other liabilities	74,391
Accrued interest on liabilities with credit Institutions	3,606
SHORT-TERM AMOUNTS OWED TO GROUP AND ASSOCIATED COMPANIES	**4,257**
Accounts payable to Group companies	4,257
Accounts payable to associated companies	0
TRADE CREDITORS	**2,144**
OTHER NON-TRADE ACCOUNTS PAYABLE	**5,681**
Public administrations	1,809
Other accounts payable	1,295
Wages and salaries payable	2,577
TOTAL	**1,959,531**

(in thousands of euros)

EBRO PULEVA, S.A.
PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2007
(thousands of euros)

DEBIT	2007	CREDIT	2007
EXPENSES		**INCOME**	
PERSONNEL COSTS	**7,604**	**OTHER OPERATING INCOME**	**4,911**
Wages, salaries, et al.	6,906	Ancillary income	4,758
Social security costs	698	Capital grants	12
		Write-down of provisions for liabilities and charges	141
DEPRECIATION EXPENSE	**1,180**		
OTHER OPERATING EXPENSES	**10,113**		
External services	9,417		
Taxes	696		
		OPERATING LOSS	**(13,986)**
FINANCIAL AND OTHER SIMILAR CHARGES	**52,462**	**INCOME FROM EQUITY INVESTMENTS**	**53,736**
From liabilities with Group companies	13,129	Group companies	53,736
From other liabilities	39,333		
		INCOME FROM OTHER MARKETABLE SECURITIES AND LONG-TERM RECEIVABLES	**0**
		OTHER INTEREST AND SIMILAR INCOME	**5,552**
		From Group and associated companies	5,186
		Other interest	366
EXCHANGE LOSSES	**498**	**EXCHANGE GAINS**	**489**
NET FINANCIAL INCOME	**6,817**		
PROFIT ON ORDINARY ACTIVITIES		**LOSSES FROM ORDINARY ACTIVITIES**	**(7,169)**
Losses From Sales Of Fixed Assets	445	Profit From Sale Of Tangible Assets And Securities Portfolio	2,554
Losses From Sales Of Own Shares	184	Profit From Sales Of Own Shares	83
Change In Provisions For Intangible Assets And Equity investments	9,160		
Other Extraordinary Expenses	2,486	Other Extraordinary Income	1,774
EXTRAORDINARY PROFIT		**EXTRAORDINARY LOSSES**	**(7,864)**
PROFIT BEFORE TAXES		**LOSSES BEFORE TAXES**	**(15,033)**
Corporate Income Tax	23,717		
PROFIT FOR THE YEAR	**8,684**		

On November 20, 2007 Royal Decree 1514/2007 was published approving the new accounting principles in Spain, which went into effect on January 1, 2008 and whose application is mandatory for all financial years beginning on or after that date. The information included in this management report has been obtained from the Company's accounting records and complies with this decree.

1. BUSINESS REVIEW

Ebro Puleva, S.A. is the parent company of the Ebro Puleva Group, the leading Spanish food group. Through its subsidiaries, it operates in the milk, rice, pasta, biotechnology and biofuels markets in Europe, North America and, increasingly, in other countries.

In 2008, the Group completed the concentration of its core businesses with the disposal of the sugar business, thereby achieving one of the main objectives of the Strategic Plan.

The economic environment in 2008 was shaped by the crisis. What began as a financial crisis gradually spread to other sectors, pushing a large number of OECD countries into recession in the last quarter of the year. This situation had a knock-on effect on other markets, leading to a merry-go-round of prices and widespread uncertainty. Nonetheless, the Company managed to shore up its core businesses during the year, posting significant growth in both revenue and operating profit.

The management report on the consolidated annual financial statements includes information on business trends and the activity carried out in 2008 by the various business lines and segments of the companies comprising the Ebro Puleva Group.

2. OVERVIEW OF EBRO PULEVA, S.A. IN 2008

Significant events in the year

In early January 2008, Puleva Biotech, S.A. completed the acquisition of 100% of the Spanish group, Exxentia, for 34 million euros. Simultaneously, the sellers of the Exxentia shares acquired an 11.09% shareholding in Puleva Biotech, S.A. from Ebro Puleva, S.A. at a price of 2.5 euros per share, for a total of 16 million euros. This left Ebro Puleva, S.A. with 51.02% of the share capital of Puleva Biotech, S.A.

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 transaction are as follows:

- 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. The price includes the value of all the sugar brands legally owned by Ebro Puleva, S.A.

- Ebro Puleva will receive approximately 141 million euros in other compensation, mainly the restructuring funds envisaged under the CMO sugar reform.

- Two Ebro Puleva Group companies, which are wholly owned by Ebro Puleva, S.A., will also add to their real estate assets more than 200 hectares of land classified for various uses from Azucarera Ebro, S.L., valued at 42 million euros.

The transaction is subject to approval by the pertinent authorities and will most likely be carried out in the first months of 2009.

Business trends

Revenue at Ebro Puleva, S.A. mainly comes from dividends from subsidiaries and transactions with investment property. The main expenses are borrowing costs on debt held as the parent of the Ebro Puleva Group. In addition, investment provisions are recorded or released in accordance with changes in the equity investments in subsidiaries.

The Company reported an operating loss in 2008 of 16,094 thousand euros, compared with a loss of 10,385 thousand euros in 2007. The increase mainly stems from the change in provisions of non-current assets.

The Company had a net finance cost of 15,005 thousand euros, compared to 1,338 thousand euros the year before. The difference was due to the decline in dividends received, although this was partially offset by the proceeds from the sale of Puleva Biotech (see Point 2 of this report).

The loss after tax was 12,584 thousand euros.

3. OUTLOOK FOR THE COMPANY

Shaping Ebro Puleva’s earnings going forward will be dividends from subsidiaries, capital gains on the sale of non-core properties and the borrowing costs on debt taken out to finance assets.

The Company's directors consider that the dividend policies established for subsidiaries will enable Ebro Puleva to obtain sufficient income to appropriately remunerate shareholders.

4. R&D ACTIVITIES

R&D activities depend largely on the projects being developed by our subsidiaries (see the consolidated management report for more information).

5. 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 3 and 20, these shares were not earmarked for any specific purpose.

6. EMPLOYEES

The principal data are included in Notes 18 and 19 of the accompanying notes to the financial statements.

7. BUSINESS RISK MANAGEMENT OBJECTIVES AND POLICIES

As the parent company of the group, Ebro Puleva is indirectly exposed to risks associated with its subsidiaries resulting from the measurement of its investment portfolio and the dividends received from its subsidiaries. The activities of the subsidiaries comprising the Ebro Puleva Group are subject to external factors which can influence trends in their operations and financial results.

The Company is therefore exposed to environmental, financial, credit, labor and technological risks. The description of these risks, along with the policies in place to detect and manage them, is provided in the consolidated management report.

8. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's principal financial instruments comprise bank loans, overdrafts, and cash and short-term deposits. The main purpose of these financial instruments is to broaden the sources of finance for the Group's activities.

The Company has also arranged derivatives to hedge interest and foreign currency risks. It is not the Company's policy to trade in financial instruments.

The principal risks from financial instruments relate to credit risk, interest rate risk from cash flows, liquidity risk and foreign currency risk.

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

Credit risk

Ebro Puleva has adequately spread out its credit risk. In addition, the Company invests cash and arranges financial instruments with entities of high solvency and credit ratings.

Cash flow interest rate risk

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

The Company's policy is to manage its interest cost using a mix of fixed and variable rate debts. The objective is to strike a balance in the structure of debt that enables the Company to minimize interest cost by reducing volatility. To achieve this, interest rate fluctuations are monitored with the help of experts. When necessary, Ebro Puleva arranges interest rate financial instruments.

Foreign currency risk

As a result of investment transactions in the United States, the Company's balance sheet can be affected significantly by movements in the US/EUR exchange rate. The Company seeks to mitigate the effect of its structural currency exposure by borrowing in US dollars. In this way, 100% of the investment in the US is hedged.

Transactions carried out between subsidiaries operating in various functional currencies are likewise exposed to exchange rate risk. In these cases, subsidiaries take out their own exchange rate insurance and arrange other hedging instruments in accordance with Group policy.

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of revolving credit policies, bank loans and short-term financial investments.

9. ENVIRONMENTAL ISSUES

Given the specific nature of the Company's business, it has no relation to the environment on its own. (See Note 19.d of the annual financial statements).

10. 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 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:

c) 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.

d) 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 Note 8.a), 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.

11. ART. 116 BIS OF THE SECURITIES MARKET 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.

(in thousands of euros)

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. (Bestinver Gestión, S.A., S.G.I.C.)	549,196	0.357
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 onwership 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.

12. ANNUAL CORPORATE GOVERNANCE REPORT

In accordance with prevailing legislation, this section of the management report includes the Annual Corporate Governance Report for 2008 of Ebro Puleva, S.A. as required by the National Securities Commission (the CNMV).