Ebro Puleva

EBRO PULEVA, S.A. GROUP

CONSOLIDATED FINANCIAL STATEMENTS AND DIRECTORS' REPORT

for the year ended 31 December 2009 prepared in accordance with International Financial Reporting Standards as adopted by the European Union

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Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 32). In the event of a discrepancy, the Spanish-language version prevails

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 32). In the event of a discrepancy, the Spanish-language version prevails.

EBRO PULEVA CONSOLIDATED GROUP
CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2009 AND 2008
THOUSANDS OF EUROS

	Notes	12/31/2009	12/31/2008
NON-CURRENT ASSETS			
Intangible assets	9	295,522	300,295
Property, plant and equipment	10	544,729	557,360
Investment property	11	32,152	30,526
Financial assets	12	62,229	21,836
Investments in associates	13	6,786	13,293
Deferred tax assets	25	52,412	46,688
Goodwill	14	801,686	836,412
Other non-current assets		0	6
		1,795,516	**1,806,416**
CURRENT ASSETS			
Inventories	15	277,528	357,531
Trade and other receivables	16	341,682	423,504
Current tax assets	25	28,650	1,508
Tax receivables	25	36,715	61,869
Derivatives and other financial instruments	28	203	283
Other current assets		4,241	15,139
Cash and cash equivalents	17	199,930	117,584
		888,949	**977,418**
Non-current assets classified as held for sale	7	0	639,078
TOTAL ASSETS		**2,684,465**	**3,422,912**

	Notes	12/31/2009	12/31/2008
EQUITY		**1,298,160**	**1,228,686**
Equity attributable to shareholders of the Parent			
Share capital	18	92,319	92,319
Share premium	18	4	34,333
Restricted reserves	18	21,633	21,633
Unrestricted reserves (retained earnings)	18	1,229,166	1,174,383
Translation differences	18	(55,073)	(57,506)
Treasury shares	18	(7,727)	(62,031)
		1,280,322	**1,203,131**
Non-controlling interests		**17,838**	**25,555**
NON-CURRENT LIABILITIES			
Deferred income	19	14,793	15,591
Provisions for pensions and similar obligations	20	40,953	39,060
Other provisions	21	73,784	20,310
Financial liabilities	22	521,520	718,550
Other non-financial payables	23	61	118
Deferred tax liabilities	25	144,839	136,199
		795,950	**929,828**
CURRENT LIABILITIES			
Financial liabilities	22	235,281	378,432
Derivatives and other financial instruments	28	350	547
Trade and other payables	24	324,788	444,486
Current tax liabilities	25	3,443	16,017
Tax payables	25	13,687	16,863
Other current liabilities		12,806	10,929
		590,355	**867,274**
Liabilities associated with assets classified as held for sale	7	0	397,124
TOTAL EQUITY AND LIABILITIES		**2,684,465**	**3,422,912**

The accompanying Notes 1 to 32 are an integral part of the consolidated balance sheet at 31 December 2009.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 32). In the event of a discrepancy, the Spanish-language version prevails.

EBRO PULEVA CONSOLIDATED GROUP
CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008
THOUSANDS OF EUROS

	Notes	2009	2008
Revenue	6	2,197,731	2,367,902
Changes in inventories of finished goods and work in progress		(25,236)	18,140
Capitalised expenses of Group work on non-current assets		2,036	2,549
Other operating income	8	43,541	39,371
Cost of materials used and other external expenses	6	(1,166,594)	(1,423,864)
Staff costs	8	(272,975)	(275,212)
Depreciation and amortisation charge	9, 10 and 11	(68,044)	(70,000)
Other operating expenses	8	(488,141)	(464,096)
PROFIT FROM OPERATIONS		**222,318**	**194,790**
Finance income	8	23,701	14,546
Finance costs	8	(44,208)	(84,232)
Impairment of goodwill	14	(28,146)	(7,358)
Share of results of associates	13	(674)	(14,292)
CONSOLIDATED PROFIT BEFORE TAX		**172,991**	**103,454**
Income tax	25	(43,356)	(29,549)
CONSOLIDATED PROFIT (continuing operations)		**129,635**	**73,905**
Net profit from discontinued operations	7	43,188	57,965
CONSOLIDATED PROFIT FOR THE YEAR		**172,823**	**131,870**
Attributable to:			
Shareholders of the Parent		**176,539**	**130,637**
Non-controlling interests		(3,716)	1,233
		172,823	**131,870**

	Notes	12/31/2009	12/31/2008
Earnings per share (euros):	18		
- Continuing operations			
Basic		0.883	0.484
Diluted		0.883	0.484
- Total profit			
Basic		1.169	0.871
Diluted		1.169	0.871

The accompanying Notes 1 to 32 are an integral part of the consolidated income statement for the year ended 31 December 2009.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 32). In the event of a discrepancy, the Spanish-language version prevails.

EBRO PULEVA CONSOLIDATED GROUP
CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008
(THOUSANDS OF EUROS)

	Notes	2009	2008
Revaluation gains (losses) on available-for-sale financial assets		-51	-102
Translation differences		2,375	-9,439
Translation differences recognised in profit or loss for the year		0	-328
Actuarial gains and losses		-1,883	-14,260
Tax effect of items recognised in or transferred from equity		694	5,257
Net profit (loss) recognised in equity		**1,135**	**-18,872**
Net profit for the year		**172,823**	**131,870**
Total income and expense recognised in the year	18	**173,958**	**112,998**
Attributable to:			
Shareholders of the Parent	18	177,732	109,988
Non-controlling interests	18	-3,774	3,010
		173,958	**112,998**

The accompanying Notes 1 to 32 are an integral part of the consolidated statement of recognised income and expense for the year ended 31 December 2009.

EBRO PULEVA CONSOLIDATED GROUP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008
THOUSANDS OF EUROS

	Equity	Non-controlling interests	Equity attributable to the shareholders of the Parent			Restricted reserves		Unrestricted reserves			
			Total	Share capital	Share premium	Revaluation reserve	Legal reserve	Retained earnings	Profit (Loss) for the year	Translation differences	Treasury shares
Balance at 31 December 2007	1,222,238	23,993	1,198,245	92,319	34,333	3,169	18,464	1,016,085	90,577	-45,962	-10,740
- Distribution of profit for 2007	0	0	0	0	0	0	0	90,577	-90,577	0	0
- Dividends paid	-57,008	-1,617	-55,391	0	0	0	0	-55,391	0	0	0
- Purchase/sale of treasury shares (net)	-51,291	0	-51,291	0	0	0	0	0	0	0	-51,291
- Gains and losses on sales of treasury shares	9	0	9	0	0	0	0	9	0	0	0
- Changes in the scope of consolidation	169	169	0	0	0	0	0	0	0	0	0
- Other changes	1,571	0	1,571	0	0	0	0	1,571	0	0	0
Total distribution of profit and transactions with shareholders	-106,550	-1,448	-105,102	0	0	0	0	36,766	-90,577	0	-51,291
- Net profit for 2008	131,869	1,232	130,637	0	0	0	0	0	130,637	0	0
- Changes in translation differences	-9,438	1,778	-11,216	0	0	0	0	0	0	-11,216	0
- Sale and/or exclusion of companies from the scope of consolidation	-328	0	-328	0	0	0	0	0	0	-328	0
- Fair value of financial instruments:											
1. Unrealised gains	-102	0	-102	0	0	0	0	-102	0	0	0
- Change due to actuarial gains and losses	-14,260	0	-14,260	0	0	0	0	-14,260	0	0	0
- Tax effect of gains and losses recognised in equity	5,257	0	5,257	0	0	0	0	5,257	0	0	0
- Other changes	0	0	0	0	0	0	0	0	0	0	0
Total profit for the year	112,998	3,010	109,988	0	0	0	0	-9,105	130,637	-11,544	0
Balance at 31 December 2008	1,228,686	25,555	1,203,131	92,319	34,333	3,169	18,464	1,043,746	130,637	-57,506	-62,031
- Distribution of profit for 2008	0	0	0	0	0	0	0	130,637	-130,637	0	0
- Dividends paid	-112,883	-2,100	-110,783	0	0	0	0	-110,783	0	0	0
- Purchase/sale of treasury shares (net)	11,507	0	11,507	0	0	0	0	0	0	0	11,507
- Gains and losses on sales of treasury shares	-1,149	0	-1,149	0	0	0	0	-1,149	0	0	0
- Changes in the scope of consolidation	-1,843	-1,843	0	0	0	0	0	0	0	0	0
- Treasury shares distributed as stock dividends	-116	0	-116	0	-34,329	0	0	-8,584	0	0	42,797
Total distribution of profit and shareholder transactions	-104,484	-3,943	-100,541	0	-34,329	0	0	10,121	-130,637	0	54,304
- Net profit for 2009	172,823	-3,716	176,539	0	0	0	0	0	176,539	0	0
- Changes in translation differences	2,375	-58	2,433	0	0	0	0	0	0	2,433	0
- Fair value of financial instruments:											
1. Unrealised gains	-51	0	-51	0	0	0	0	-51	0	0	0
- Change due to actuarial gains or losses	-1,883	0	-1,883	0	0	0	0	-1,883	0	0	0
- Tax effect of gains and losses recognised in equity	694	0	694	0	0	0	0	694	0	0	0
- Other changes	0	0	0	0	0	0	0	0	0	0	0
Total profit for the year	173,958	-3,774	177,732	0	0	0	0	-1,240	176,539	2,433	0
Balance at 31 December 2009	1,298,160	17,838	1,280,322	92,319	4	3,169	18,464	1,052,627	176,539	-55,073	-7,727

The accompanying Notes 1 to 32 are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2009.

EBRO PULEVA CONSOLIDATED GROUP
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR
THE YEARS ENDED 31 DECEMBER 2009 AND 2008

THOUSANDS OF EUROS	2009	2008
Proceeds from sales and services	2,561,509	3,374,954
Payments to suppliers and employees	(2,233,182)	(3,174,476)
Interest paid	(26,939)	(65,722)
Interest received	3,077	2,625
Dividends received	1,852	693
Other collections/payments in operating activities	17,101	19,382
Income taxes paid	(77,610)	(13,753)
Total net cash flows from operating activities	**245,808**	**143,703**
Investments in non-current assets	(87,571)	(100,948)
Disposals of non-current assets	14,422	3,585
Investments in financial assets	(2,658)	(48,867)
Disposals of financial assets	356,182	40,873
Other proceeds/payments relating to investing activities	18,250	40,084
Total net cash flows from investing activities	**298,625**	**(65,273)**
Treasury share transactions	9,441	(51,283)
Dividends paid to shareholders	(110,483)	(55,440)
Bank borrowing drawdowns	12,371	137,975
Repayment of bank borrowings	(378,672)	(86,150)
Other financial collections/payments and grants related to assets	922	2,819
Total net cash flows from financing activities	**(466,421)**	**(52,079)**
Translation differences on cash flows from foreign operations	(739)	(150)
INCREASE (DECREASE) in cash and cash equivalents	**77,273**	**26,201**
Cash and cash equivalents at beginning of year	122,390	94,599
Effect of year-end exchange rate on beginning balance	267	1,590
Cash and cash equivalents at end of year	**199,930**	**122,390**

The consolidated statement of cash flows for 2008 includes the cash flows relating to the discontinued operations of the Azucarera Ebro Group. The main aggregates are as follows

Total net cash flows from operating activities	19,399
Total net cash flows from investing activities	8,022
Total net cash flows from financing activities	30,271

The reconciliation of the cash and cash equivalents to the balance sheets at 31 December 2008 and 2009 is as follows

Cash and cash equivalents in the consolidated balance sheet	199,930	117,584
Cash and cash equivalents corresponding to discontinued operations	0	4,806
	199,930	122,390

The accompanying Notes 1 to 32 are an integral part of the consolidated statement of cash flows for the year ended 31 December 2009.

1. GROUP ACTIVITIES AND GENERAL INFORMATION

The Spanish public limited liability company Ebro Puleva, S.A. (“the Parent”) arose from the merger by absorption of Puleva, S.A. into Azucarera Ebro Agrícolas, S.A. on 1 January 2001. As a result of that transaction, the post-merger company’s name was changed from Azucarera Ebro Agrícolas, S.A. to Ebro Puleva, S.A.

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

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

a) The production, preparation, sale, research, export and import of all manner of food and dietary products for both human and animal consumption, in addition to energy food products, including their by-products and waste, and, in particular, of agricultural products, dairy products, rice, pasta and all manner of nutritional products, including enteral diets for clinical feeding and special formulas, products and compounds for sale in the pharmaceutical, healthcare, veterinary and biofuel industries.

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

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

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

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

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

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

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

The consolidated financial statements for 2008 were approved by the shareholders at the Annual General Meeting of Ebro Puleva, S.A. on 28 April 2009 and were filed at the Madrid Mercantile Registry.

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

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

a) Basis of presentation

1. General accounting principles

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

The consolidated financial statements for the year ended 31 December 2009, which were authorised for issue by the Parent’s directors on 25 March 2010, have not yet been approved by the shareholders at the Annual General Meeting, although it is considered that they will be approved without any changes (similarly, the 2009 financial statements of Ebro Puleva, S.A. and of its subsidiaries and associates have not yet been approved by the shareholders at the related Annual General Meetings).

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

2. Use of estimates and assumptions

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

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

- The measurement of assets and goodwill to ascertain whether there are any impairment losses thereon (see Notes 3-f, 3-g and 3-h).

- The assumptions used in the actuarial calculation of the retirement benefit and similar liabilities and obligations (see Notes 3-n and 20).

- The useful life of the property, plant and equipment and intangible assets (see Notes 3-e and 3-f).

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

- The probability of occurrence and the amount of liabilities of uncertain amount or of contingent liabilities (see Note 3-o).

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

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

b) Comparative information

For comparison purposes the Group presents, in addition to the figures for the year ended 31 December 2009 for each item in the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of recognised income and expense and notes to the consolidated financial statements, the figures for the year ended 31 December 2008.

No changes were required in the presentation of the data relating to the year ended 31 December 2008 in these consolidated financial statements for 2009 with respect to those included in the consolidated financial statements for 2008.

c) Changes in the scope of consolidation

The main changes in the scope of consolidation in 2009 and 2008 and the consolidation or accounting method used in each case are shown in Notes 4 and 5.

3. ACCOUNTING POLICIES

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

a) Basis of consolidation

Subsidiaries

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

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

The Group accounts for acquisitions of additional ownership interests in subsidiaries and disposals of ownership interests in subsidiaries in which effective control of the subsidiaries is not lost as follows:

- Acquisitions of additional ownership interests: the difference between the acquisition cost and the carrying amount of the non-controlling interests is recognised as an addition to goodwill.
- Disposals of ownership interests without loss of control: the difference between the selling price and the carrying amount of the ownership interest sold, including any goodwill, is recognised in the consolidated income statement.

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

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

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

Associates

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

b) Translation methods

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

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

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

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

c) Foreign currency

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

d) Cash and cash equivalents

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

e) Property, plant and equipment and investment property

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

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

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

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

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property are recognised in profit or loss in the period of the retirement or disposal. When factors indicating the possible obsolescence of these assets are detected, the corresponding impairment losses are recognised.

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

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

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

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

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

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

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

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

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

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

- <u>Computer software</u>: “Computer Software” includes the amounts paid for title to or the right to use computer programs and the costs incurred in developing the software in-house, only when the software is expected to be used over several years. Computer software is amortised on a straight-line basis over the years of its useful life, which is generally taken to be around three years. Computer software maintenance costs are charged directly to the consolidated income statement for the year in which they are incurred.

g) Goodwill

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

When payment for new investments is deferred, the acquisition cost includes the present value of the amount of the deferred payment. When the definitive amount of the deferred price may be affected by future events, the amount of the deferred price is estimated at the date of acquisition and is recognised as a liability. Subsequent changes in the deferred price will give rise to an adjustment to the goodwill in the year in which the change in estimate is made, and the related liability is also adjusted.
Goodwill is not amortised but rather is tested for impairment at least once a year. Any impairment disclosed by these tests is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill must not be reversed in a subsequent period.

Also, negative goodwill is recognised in profit or loss once the fair value of the net assets acquired has been established.

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

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

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

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

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

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

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

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

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

j) Financial assets (investments)

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

- Investments

Investment are classified as either available for sale or held for trading and, after their initial recognition, they are subsequently measured at fair value. Changes in the fair value of available-for-sale investments are recognised directly in reserves until the investments are sold, at which time the cumulative gains or losses are recognised in the net profit or loss for the year. However, changes in the fair value of held-for-trading investments are always recognised in the consolidated income statement.

Fair value is determined as follows:

1. Securities officially listed on an active market: fair value is taken to be the market price at year-end.
2. Securities not officially listed on an active market: fair value is obtained using valuation techniques, which include discounted cash flow analysis, option pricing models or reference to comparable transactions. When fair value cannot be determined reliably, these investments are measured at cost.

- Other receivables

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

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

k) Trade and other receivables

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

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

l) Inventories

Inventories are measured at weighted average acquisition or production cost.

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

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

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

m) Deferred income - Grants

Grants received are accounted for as follows:

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

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

n) Retirement benefit and similar obligations

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

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

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

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

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

Pursuant to the current collective agreement and other agreements, Ebro Puleva, S.A. and Puleva Food, S.L. (mainly) are obliged to pay annual supplementary payments of various kinds and other bonuses for long service and retirement of certain of their permanent employees who retire at the legally stipulated age or who take early retirement. The provision recognised represents the present value, calculated by an independent actuary, of the possible future payment obligations of the companies concerned to their former and current employees in connection with the aforementioned retirement bonus obligations. This provision was externalised in accordance with current legislation (see Note 20). Since 2002 the companies concerned have been obliged to make annual contributions to external pension funds in order to re-adjust the contributions to the possible obligations vested at the end of each reporting period. In any case, these re-adjustments are not material with respect to consolidated profit or loss.

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

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

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

o) Other provisions

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

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

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

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

p) Financial liabilities – Loans and credit facilities

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

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

q) Income tax

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

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

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

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

r) Financial instruments

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

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

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

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

s) Revenue recognition

Revenue and expenses are recognised on an accrual basis. Revenue is recognised when the gross inflow of economic benefits arising in the course of the Group's ordinary activities in the year occurs, provided that this inflow of economic benefits results in an increase in equity that is not related to contributions from equity participants and that these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable arising therefrom.

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

The Group excludes from the revenue figure gross inflows of economic benefits received when it acts as an agent or commission agent on behalf of third parties, and only recognises as revenue economic benefits received for its own account.

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

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

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

t) Information on environmental issues

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

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

u) CO_2 emission allowances

The Group recognises CO_2 emission allowances as intangible assets with indefinite useful lives. The allowances received at zero cost under the related national allocation plans are measured at the market price prevailing when they are received, and an item of deferred income is recognised for the same amount.

In 2008 a new five-year national zero-cost emission allowance allocation plan commenced in Spain, with a total allocation for the period from 2008 to 2012 of 930,225 tonnes.

In 2009 and 2008 the Group received at zero cost emission allowances equal to 186,045 tonnes each year, under the national allocation plans approved in Spain. These plans also provide for the allocation at zero cost of emission allowances for 2010 equal to 186,045 tonnes. In 2009 and 2008 the Group consumed 176,358 and 173,722 tonnes of emission allowances, respectively.

These allowances are initially recognised as an intangible asset and an item of deferred income at their market value when they are received, and they are allocated to “Other Operating Income” in the consolidated income statement as the CO_2 emissions that they are intended to cover are made. Since 2005 companies that make CO_2 emissions in the course of their business activities have had to deliver in the first few months of the following year CO_2 emission allowances equal to the emissions made during the year. The obligation to deliver emission allowances for the CO_2 emissions made during the year is recognised under “Non-Current Liabilities – Other Provisions” in the consolidated balance sheet, and the related cost was recognised under “Cost of Materials Used and Other External Expenses” in the consolidated income statement.

This obligation is measured at the same amount as that at which the CO_2 emission allowances to be delivered to cover the obligation are recognised under “Intangible Assets” in the consolidated balance sheet.

If at the consolidated balance sheet date the Group does not hold all the CO_2 emission allowances required to cover the emissions made, the cost and the provision for this portion is recognised on the basis of the best estimate of the price that the Group will have to pay to acquire them. When a more appropriate estimate does not exist, the estimated acquisition price for the allowances not held by the Group is the market price at the consolidated balance sheet date.

At 31 December 2009, the provision recognised in the consolidated balance sheet in relation to the emissions made by the Group in that year amounted to EUR 2,420 thousand (2008: EUR 2,659 thousand). This amount will be covered by the emission allowances received under the related national allocation plans.

v) Treasury shares

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

w) New IFRSs and IFRICs

The measurement bases (accounting policies) adopted in preparing the consolidated financial statements for 2009 are consistent with those applied in preparing the consolidated financial statements for 2008, except for the following new IFRSs and IFRICs and changes to existing standards or interpretations that came into force from 1 January 2009:

- IFRS 8, Operating Segments-

  The main new development introduced by this new standard, which replaces IAS 14, is that it requires an entity to adopt a management approach when reporting on the financial performance of its business segments. Therefore, generally, financial information is required to be reported on the same basis as is used internally by management for evaluating operating segment performance and deciding how to allocate resources to operating segments.

  The application of IFRS 8 did not lead to the redefinition of the operating segments reported by the Group and did not have any impact on the Group's results or financial position.

- Revision of IAS 23, Borrowing Costs-
  The principal change in this new revised version of IAS 23 is the elimination of the option of immediate recognition as an expense of borrowing costs associated with an asset that takes a substantial period of time to get ready for its intended use or sale. This new standard was applied prospectively. The application of this standard entail a change in the Group's accounting policies since the policy already followed for these borrowing costs was to expense them as they arose. The impact of this change, which was applied prospectively from 1 January 2009, was not material.

- Revision of IAS 1, Presentation of Financial Statements-

  The purpose of the fundamental changes to this standard is to improve the presentation of the information so that users of consolidated financial statements can analyse changes in consolidated equity arising from transactions with the owners acting in their capacity as owners (e.g. dividends and the repayment of capital) separately from non-owner changes (e.g. transactions with third parties or income and expenses recognised directly in consolidated equity). The revised standard provides the option of presenting all the income and expenses in one statement with subtotals or in two statements (a separate consolidated income statement and a statement of recognised income and expense). The Group chose the latter option.

  IAS 1 also introduces new reporting requirements (presenting the consolidated balance sheet at an additional date) when the entity applies an accounting policy retrospectively, makes a restatement or reclassifies items in previously issued consolidated financial statements. This requirement did not have any impact on 2009 as this circumstance did not arise. It also requires the inclusion of a consolidated statement of changes in equity (the information in this statement was included in 2008 in a specific note and not as a statement).

- Amendments to IFRS 2, Share-based Payment-

  The objective of the amendments to IFRS 2 is basically to clarify in the standard the concepts of vesting conditions and cancellations in share-based payments.

In view of the nature of these amendments, they did not have any effect on these consolidated financial statements.

- Amendments to IAS 32 and IAS 1, Puttable Financial Instruments and Obligations Arising on Liquidation-

  The amendments relate to the classification of certain financial instruments issued that prior to the amendments had to be classified as financial liabilities because, among other characteristics, for example, they were redeemable even though because of their nature they could be considered to represent a residual interest in the entity. The amendments permit some of these financial instruments to be classified as equity provided they meet certain requirements including that of being subordinate to all other classes of instruments and that they represent a residual interest in the net assets of the entity.

  The entry into force of these amendments did not have any impact on these consolidated financial statements.

- Amendments to IFRS 7, Financial Instruments – Disclosures-

  The fundamental amendments to IFRS 7 relate to the requirement to provide enhanced disclosures about fair value measurements and liquidity risk, the most significant of the former being the obligation to make disclosures about financial instruments measured at fair value using a fair value hierarchy.

- Amendments to IAS 39 and IFRIC 9, Reassessment of Embedded Derivatives-

  These amendments require that, on reclassification of a financial asset out of the fair value through profit or loss category, the embedded derivative be reassessed and, where appropriate, separated from the host contract. Prior to the amendments, IFRIC 9 prohibited any reassessment after the initial assessment of the contract.

  In view of the nature of these amendments, they did not have any effect on the consolidated financial statements.

- IFRIC 13, Customer Loyalty Programmes-

  This interpretation addresses accounting by an entity that grants loyalty bonuses in the form of award credits (through “points”, “kilometres”, etc.) to customers that buy goods or services (granted through “points”, “kilometres”, etc.) to customers who redeem those points. The interpretation requires entities to allocate a portion of the revenue from the initial sale to award credits, recognising them as revenue only when they fulfil their obligations, supplying those awards or paying third parties to do so.

  The application of this interpretation did not have any impact on the consolidated financial statements.

- IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction-

  IFRIC 14 provides general guidelines on how to check the limit provided for in IAS 19, Employee Benefits on the amount of the surplus that can be recognised as an asset. It also explains how the pension plan assets or liabilities might be affected when there is a statutory or contractual minimum funding requirement, establishing the need to recognise an additional liability if the entity has a contractual obligation to make additional contributions to the plan and its capacity to recover them is restricted. The interpretation standardises existing practices and ensures that all entities recognise an asset in relation to a surplus on a consistent basis.

  The application of this interpretation did not have a material impact on the consolidated financial statements.

- IFRIC 16, Hedges of a Net Investment in a Foreign Operation-

  This interpretation addresses three main issues. Firstly, it states that hedge accounting may not be applied to the foreign exchange differences arising between the functional currency of the foreign operation and the parent entity's presentation currency, and that it can only be applied to the foreign exchange differences arising between the functional currency of the foreign operation and the parent entity's functional currency. It also clarifies that a hedge of a net investment in a foreign operation may be held by any entity within the group, and not necessarily by the parent entity of the foreign operation. Lastly, it explains how to determine the amounts to be reclassified from equity to profit or loss when a hedged foreign operation is disposed of.

  The Company's accounting practice in transactions of this nature is in line with the interpretation issued and, therefore, the entry into force of the interpretation did not have any impact on the consolidated financial statements.

(THOUSAND OF EUROS)

Also, at the date of formal preparation of these consolidated financial statements the following IFRSs and IFRICs had been issued but had not yet come into force:

Standards and amendments to standards		Obligatory application in periods beginning on or after
Approved for use in the European Union		
Revision of IFRS 3	Business Combinations	1 July 2009
Amendments to IAS 27	Changes in Ownership Interests	1 July 2009
Amendments to IAS 39	Eligible Hedged Items	1 July 2009
Amendments to IAS 32	Classification of Rights Issues	1 February 2010
IFRIC 12 (1)	Service Concession Arrangements	1 April 2009
IFRIC 15 (1)	Agreements for the Construction of Real Estate	1 January 2010
IFRIC 17 (1)	Distributions of Non-cash Assets to Owners	1 November 2009
IFRIC 18 (1)	Transfers of Assets from Customers	1 November 2009
Not yet approved for use in the European Union (2)		
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2013
2009 improvements to IFRSs	Non-urgent amendments to IFRSs	Various (mainly 1 January 2010)
Amendments to IFRS 2	Share-based Payment Transactions among Group Entities	1 January 2010
Revision of IAS 24	Related Party Disclosures	1 January 2011
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

(1) Date of obligatory application as approved in the Official Journal of the European Union, which differs from the original date set by the IASB.

(2) Standards and interpretations not yet adopted by the European Union.

The directors have assessed the potential impact of the future application of the aforementioned standards and interpretations and consider that their entry into force will not have a material effect on the consolidated financial statements, although the following changes are worthy of mention:

- Revision of IFRS 3, Business Combinations and amendments to IAS 27, Consolidated and Separate Financial Statements-

  The revised IFRS 3 and the amendments to IAS 27 give rise to very significant changes in several matters relating to accounting for business combinations which, in general, place greater emphasis on the use of fair value. Some of the most significant changes relate to the treatment of transaction costs, which will be accounted for as expenses rather than considered an increase in the cost of the business combination as per the current accounting treatment; step acquisitions, in which the acquirer revalues the existing investment at fair value on the date it obtains control; or the option to measure the non-controlling interests in the acquiree at fair value rather than measure them at the proportional part of the fair value of the net assets acquired as per the current accounting treatment.

Since the standard will be applied prospectively, in general the directors do not expect any significant changes to arise in connection with the business combinations performed.

- IFRIC 17, Distribution of Non-cash Assets to Owners-

  This interpretation applies to the accounting treatment of distributions of non-cash assets to an entity's owners ("dividends payable") although distributions of assets within the same group or between entities under common control are excluded from its scope. The interpretation states that an entity must measure such liabilities at the fair value of the asset to be distributed and that any difference between the carrying amount of the dividend payable and the carrying amount of the asset distributed must be recognised in profit or loss.

  The directors consider that the entry into force of this interpretation will not affect the consolidated financial statements since the Company has applied policies that were in line with those that have now been established in the interpretation when it has performed a transaction of this nature.

(THOUSAND OF EUROS)

4. SUBSIDIARIES AND ASSOCIATES

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

SUBSIDIARIES AND ASSOCIATES	% of ownership 12/31/2009	12/31/2008	Parent	Location	Line of business
Azucarera Ebro S.L. (Group) (AE) **(A)**	0.0%	100.0%	EP	Madrid (Spain)	Sugar production
Dosbio 2010, S.L.	100.0%	100.0%	EP	Madrid (Spain)	Flour production
Fincas e Inversiones Ebro, S.A.	100.0%	100.0%	EP	Madrid (Spain)	Farming
Arotz Foods, S.A.	100.0%	99.9%	EP	Madrid (Spain)	Production and preservation of vegetables
Puleva Food, S.L. (Group) (PF)	100.0%	100.0%	EP	Granada (Spain)	Production of dairy products
Lactimilk, S.A. (Group) (LACT)	100.0%	100.0%	EP	A Coruña (Spain)	Production of dairy products
Puleva Biotech, S.A. (Group) (PB) (C)	50.90%	51.10%	EP	Granada (Spain)	Development and marketing of new products
Jiloca Industrial, S.A.	100.0%	100.0%	EP	Teruel (Spain)	Production of organic fertilizer
Biocarburantes de C. y León, S.A. **(B)**	0.0%	50.0%	Dosbio	Seville (Spain)	Production of bioethanol
Beira Terrace Ltda.	100.0%	100.0%	EP	Porto (Portugal)	Real estate
Riviana Foods Inc (Group) (Riviana)	100.0%	100.0%	EP	Houston (Texas-US)	Production and sale of rice
Panzani, SAS (Group) (Panzani)	100.0%	100.0%	EP	Lyon (France)	Production and sale of pasta and sauces
New World Pasta Comp. (Group) (NWP)	100.0%	100.0%	EP	Harrisburg (US)	Production and sale of pasta and sauces
Birkel Teigwaren GmbH (Birkel)	100.0%	100.0%	EP	Germany	Production and sale of pasta and sauces
Azucarera Energías, S.L.	60.0%	60.0%	EP	Madrid (Spain)	Combined heat and power generation
Lince Insurance Ltd. **(D)**	100.0%	100.0%	EP	Dublin (Ireland)	Insurance - In liquidation
Agroteo, S.A. **(A)**	0.0%	73.0%	AE	Benavente (Spain)	Services for farmers
Unión Azucarera, A.I.E. **(A)**	0.0%	98.9%	AE	Madrid (Spain)	Economic Interest Grouping
Compañía de Melazas, S.A. **(A)**	0.0%	50.0%	AE	Madrid (Spain)	Sale of molasses
Sucran France, SAS **(A)**	0.0%	100.0%	AE	Lyon (France)	Sale of sugar
Nueva Comercial Azúcarera, S.A. **(A)**	0.0%	87.5%	AE	Madrid (Spain)	Sale of sugar
Puleva Networks, S.A.	100.0%	100.0%	PF	Granada (Spain)	Development and provision of IT services
Puleva Salud, S.A.	91.25%	91.25%	PF	Granada (Spain)	Internet
Grelva, S.L.	100.0%	100.0%	PF	Granada (Spain)	Combined heat and power generation
Yofres, S.A.	100.0%	100.0%	PF	Granada (Spain)	Sale of fermented dairy products
Miguel Sancho Puleva, S.A.	100.0%	100.0%	PF	Granada (Spain)	Dormant
Edda, S.A.	100.0%	100.0%	PF	Granada (Spain)	Dormant
Uniasa, S.A.	100.0%	100.0%	PF	Granada (Spain)	Dormant
Formalac, S.L.	100.0%	100.0%	PF	Granada (Spain)	Dormant
Nutrilac, S.L.	100.0%	100.0%	PF	Granada (Spain)	Dormant
Fundación Puleva	100.0%	100.0%	PF	Granada (Spain)	Foundation
JJ. Software de Medicina, S.A. **(B)**	26.8%	26.8%	PF	Madrid (Spain)	Sale of software
Castillo Castelló, S.A.	80.0%	80.0%	LACT	Lleida (Spain)	Sale of dairy products
Eurodairy, S.L.	100.0%	100.0%	LACT	Barcelona (Spain)	Sale of dairy products
Innovalact El Castillo, S.A.	100.0%	100.0%	LACT	Lleida (Spain)	Sale of dairy products
El Castillo Madibic, S.L.	50.0%	50.0%	LACT	Barcelona (Spain)	Sale and development of services relating to livestock farming
Herba Foods, S.L. (HF)	100.0%	100.0%	EP	Madrid (Spain)	Investment management
Herba Ricemills, S.L (HR)	100.0%	100.0%	EP	Madrid (Spain)	Production and sale of rice
Herba Nutrición, S.L (HN)	100.0%	100.0%	EP	Madrid (Spain)	Production and sale of rice
Fallera Nutrición, S.L.	100.0%	100.0%	HN	Valencia (Spain)	Production and sale of rice
S&B Herba Foods Ltda. (Group)	100.0%	100.0%	HF / R. Int.	London (UK)	Production and sale of rice
Herba Germany, GmbH	100.0%	100.0%	HF	Hamburg (Germany)	Ownership of trademarks
Riceland Magyarorszag	100.0%	100.0%	HF /EP	Budapest (Hungary)	Production and sale of rice

(THOUSAND OF EUROS)

SUBSIDIARIES AND ASSOCIATES	% of ownership 12/31/2009	12/31/2008	Parent	Location	Line of business
Danrice A.S.	100.0%	100.0%	HF	Orbaek (Denmark)	Production and sale of rice
Boost Nutrition C.V. (Boost)	100.0%	100.0%	HF / N.C.	Merksem (Belgium)	Production and sale of rice
Euryza	100.0%	100.0%	Boost	Stuttgart (Germany)	Production and sale of rice
Mundi Riso S.R.L.	100.0%	100.0%	HF	Vercelli (Italy)	Production and sale of rice
Herba Hellas, S.A.	75.0%	75.0%	HF	Thessalonica (Greece)	In liquidation
Mundi Riz, S.A.	100.0%	100.0%	HF	Larache (Morocco)	Production and sale of rice
Agromeruan	100.0%	100.0%	HF	Larache (Morocco)	Farmland concession operator
Rivera del Arroz, S.A.	100.0%	100.0%	HF	Larache (Morocco)	Rice production
Mundi Vap	100.0%	100.0%	HF	Larache (Morocco)	Production and distribution of rice
Katania Magreb, Ltda.	100.0%	50.0%	HF	Larache (Morocco)	Production and distribution of legumes
Arrozeíras Mundiarroz, S.A.	100.0%	100.0%	HF	Lisbon (Portugal)	Production and sale of rice
Joseph Heap Properties, Ltda.	100.0%	100.0%	HF	Liverpool (UK)	Investment management and administration
Risella OY	100.0%	100.0%	HF	Helsinki (Finland)	Sale of rice
Bosto Poland, S.L.	100.0%	100.0%	HF	Warsaw (Poland)	Sale of rice
Herba Bangkok	100.0%	100.0%	HF	Bangkok (Thailand)	Production and sale of rice
Herba Egypt	100.0%	100.0%	HF	Egypt	Production and sale of rice
Herba de Puerto Rico	100.0%	100.0%	HF	Puerto Rico	Sale of rice
Herba Ricemills Rom, SRL	100.0%	100.0%	HF	Romania	Sale of rice
Herba Ukraine, LLC	0.0%	100.0%	HF	Kiev (Ukraine)	Sale of rice
Herba India	100.0%	100.0%	HF	New Delhi, India	Production and sale of rice
Nuratri, S.L.	100.0%	100.0%	HR	Granada (Spain)	Dormant
Nutramas, S.L.	100.0%	100.0%	HR	Granada (Spain)	Dormant
Nutrial, S.L.	100.0%	100.0%	HR	Granada (Spain)	Dormant
Pronatur, S.L.	100.0%	100.0%	HR	Granada (Spain)	Dormant
Vitasan, S.L.	100.0%	100.0%	HR	Granada (Spain)	Dormant
Riviana International Inc (R. Int.)	100.0%	100.0%	Riviana	Houston (US)	Investment management
Riviana of Puerto Rico, Inc.	100.0%	100.0%	R. Int.	San Juan (P. Rico)	Sale of rice
Ebro Puleva de Guatemala, S.A.	100.0%	100.0%	R. Int.	Guatemala	Investment management
Ebro Puleva de Costa Rica, S.A.	100.0%	100.0%	R. Int.	San José (Costa Rica)	Investment management
Rivland, Inc **(B)**	50.0%	50.0%	Riviana	Houston (US)	Production and sale of rice
South La Fourche, Inc **(B)**	50.0%	50.0%	Riviana	Houston (US)	Farmland
Jonesboro Gasifier, Inc	0.0%	100.0%	Riviana	Houston (US)	Combined heat and power generation
Jonesboro Power Island, Inc	0.0%	49.0%	Riviana	Houston (US)	Combined heat and power generation
Stuttgart Power Island, Inc	0.0%	51.0%	Riviana	Houston (US)	Combined heat and power generation
N&C Boost N. V. (N.C. Boost)	100.0%	100.0%	R. Int.	Antwerp (Belgium)	Investment management
Mahatma Foods Ltd Australia	100.0%	100.0%	Riviana	Australia	Dormant
Lastarmco Inc. (Louisiana)	100.0%	100.0%	Riviana	Louisiana (US)	Dormant
River Brand Rice Mills Inc. (Texas)	100.0%	100.0%	Riviana	Texas (US)	Dormant
Arkansas State Rice Milling Co	100.0%	100.0%	Riviana	Delaware (US)	Dormant
Louisiana State Rice Milling Co	100.0%	100.0%	Riviana	Delaware (US)	Dormant
Lustucru Riz	99.8%	99.8%	Panzani	Lyon (France)	In liquidation
Lustucru Frais	99.8%	99.8%	Panzani	Lyon (France)	Production and sale of fresh pasta
Grands Moulins Maurel	99.8%	99.8%	Panzani	Lyon (France)	Production and sale of flour and semolina
Silo de la Madrague	100.0%	100.0%	Panzani	Lyon (France)	Production and sale of flour and semolina
Rizerie Franco Americaine et Col., S.A.	100.0%	100.0%	Panzani	Paris (France)	Production and sale of rice
Alp'imprim	0.0%	100.0%	Panzani	Lyon (France)	Printing
Española de I+D, S.A.	60.0%	60.0%	Biotech	Valencia (Spain)	Development and sale of new products
Bosto Panzani Benelux, S.A.	100.0%	100.0%	Boost/Pzni	Merksem (Belgium)	Sale of rice and pasta
Ronzoni Pty.	100.0%	100.0%	NWP	Montreal (Canada)	Production and sale of pasta and sauces
T.A.G. Nahrungsmittel GmbH	100.0%	100.0%	Birkel	Stuttgart (Germany)	Dormant
Bertolini Import Export GmbH	100.0%	100.0%	Birkel	Mannheim (Germany)	Dormant
Mowe Teigwaren GmbH	100.0%	100.0%	Birkel	Waren (Germany)	Production and sale of pasta and sauces

(A) These companies made up the sugar business which was sold in 2009 and discontinued in 2008 (see Note 7).

(B) Associates accounted for using the equity method.

(C) The Parent's directors consider that the percentage of direct control currently held by Ebro Puleva, S.A. over Puleva Biotech, S.A. (50.90%) is a controlling interest and, therefore, Puleva Biotech, S.A. was fully consolidated.

(D) Company in the process of being liquidated. Although this is an investment in a subsidiary, it was accounted for using the equity method. The effect of fully consolidating this investment would not be material (see Note 13).

None of the subsidiaries or associates are officially listed, except for Puleva Biotech, S.A., whose shares are traded on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. All of the company's shares are officially listed. The shares were admitted to trading on 17 December 2001 and their market price at 31 December 2009 was EUR 0.94 per share (2008: EUR 0.89 per share).

The financial statements of all the consolidated companies were at 31 December 2009 and 2008.

(THOUSAND OF EUROS)

5. MOST SIGNIFICANT CORPORATE TRANSACTIONS (BUSINESS COMBINATIONS, SALES, ETC.) IN 2009 AND 2008 AND EFFECT ON COMPARABILITY

5.1 Intra-Group transactions in 2008

There were no significant intra-Group corporate transactions in 2008.

5.2 Intra-Group transactions in 2009

Effective 1 January 2009, Exxentia Grupo Fitoterapeútico, S.A. was merged into (absorbed by) Puleva Biotech, S.A. In 2009 there were no other significant intra-Group corporate transactions.

5.3 Corporate transactions affecting the scope of consolidation in 2009 and 2008 and effect on comparability. Changes in the scope of consolidation

In 2008 there were various changes in the scope of consolidation, the most significant of which were as follows:

Inclusions in the scope of consolidation in 2008:			
Company affected	**Subgroup**	**%**	**Comments**
Exxentia, Grupo Fitoterapeútico, S.A.	Other	100.0	Acquired by P. Biotech, S.A.
Bosto Panzani Benelux, S.A.	Herba	100%	Incorporation
Herba India	Herba	100%	Incorporation
Exclusions from the scope of consolidation in 2008:			
Company affected	**Subgroup**	**%**	**Comments**
Azucarera Ebro, S.L. and subsidiaries composing the sugar business	Sugar	100%	Prior agreement for its sale formalised in the first few months of 2009 (a)
Herto, N.V. (Belgium)	Herba	66,7%	Sale of entire ownership interest
SIEPA (France)	Pasta	100%	Sale of entire ownership interest
Puleva Biotech, S.A.	Other	11.01%	Sale of this % of ownership

(a) The assets and liabilities of this segment (sugar business) were classified as held for sale in the accompanying consolidated balance sheet for 2008, and its income and expenses for 2008 were reclassified and presented in the accompanying consolidated income statement as net profits or losses from discontinued operations (see Note 7).

Of the changes in the foregoing table, the disposals in 2008, except for the discontinuation of the sugar business (see Note 7), did not have a significant effect on comparability, and the most significant impact concerning the comparability of the consolidated financial statements relates to the acquisition of the Exxentia Group. The following table shows the effects of its inclusion in the scope of consolidation in 2008.

Acquisition of al the shares of Exxentia Thousands of euros	Date of inclusion 02/01/08 Carrying amount	 Fair value
Intangible assets	156	3,826
Property, plant and equipment	4,676	8,181
Investment property	357	573
Investments in associates	42	42
Financial assets	86	86
Deferred tax assets	88	88
Other non-current assets	0	0
Inventories	2,721	2,721
Other current assets	5,155	5,155
Total assets	**13,281**	**20,672**
Deferred income	1,716	1,716
Non-current financial liabilities	74	74
Deferred tax liabilities	0	2,217
Current financial liabilities	4,931	4,931
Trade payables	2,447	2,447
Other current liabilities	943	943
Total liabilities	**10,111**	**12,328**
Total net assets and liabilities	**3,170**	**8,344**
Goodwill generated		25,728
Total investment		**34,072**
Financed with borrowings		33,738
Direct transaction costs paid		334
Total investment		**34,072**
Net cash acquired with the subsidiary		-4,442
Revenue (*)		9,412
Net loss contributed (*)		-1,080

(*) From the date of inclusion in the Group. The loss and revenue estimated for the whole of 2008 would have been the same amount as that indicated.

In 2009 there were no changes in the way this investment was accounted for with respect to its initial recognition.

(THOUSAND OF EUROS)

In 2009, except for the merger described in Note 5.2 above, there were other changes in the scope of consolidation, the most significant of which were as follows:

Inclusions in the scope of consolidation in 2009:			
Company affected	**Subgroup**	**%**	**Comments**
Katania Magreb, Ltda.	Herba	50%	Acquisition up to 100%
Exclusions from the scope of consolidation in 2009:			
Company affected	**Subgroup**	**%**	**Comments**
Azucarera Ebro, S.L. and subsidiaries composing the sugar business	Sugar	100%	Sale of entire ownership interest (see Note 7)
Jonesboro Gasifier, Inc. / Jonesboro Power island, Inc. / Stuttgart Power Island, Inc.	Riviana	100%. 49% and 51%	Sale of entire ownership interest in these companies (combined heat and power generation)
Biocarburantes de Castilla y León, S.A.	Other	50%	Sale of entire ownership interest
Puleva Biotech, S.A.	Other	0.2%	Sale of this % of ownership

Of the charges shown in the table above, the exclusions in 2009, except for the sale of the sugar business (see Note 7), did not have any significant effects on comparability with 2008. The inclusions in 2009 did not have a significant effect.

6. SEGMENT REPORTING

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

As indicated in Note 7, in 2009 the sugar business was sold. Following this sale, the Ebro Puleva Group continued to be divided into the following lines of business and/or activities:

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

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

Rice business

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

It has a portfolio of trademarks that include the most successful and prestigious in the market. It is a rice group with a multi-brand strategy. In addition, the Group acts as a rice supplier for the leading European food companies:

- ✓ Beverage industries.
- ✓ Industrial rice companies.
- ✓ Infant food: cereals, babyfood, etc.
- ✓ Pre-cooked ready meals: non-refrigerated, dehydrated, frozen, etc.
- ✓ Animal and pet food.

Through the Herba Group, the Group is the leader in the Spanish market (Herba Nutrición) and in part of Europe (Herba Foods) in rice for direct consumption and industrial uses.

Riviana Group: this is the Group's unit that specialises in the rice business in the US through Riviana Inc., the largest rice company in the US.

Riviana is the leading seller of rice in 19 of the 20 largest consumer markets in the US. Through its extensive distribution network, the company markets its products under several brand names, including "Mahatma," the top selling brand of the last ten years.

Pasta business

Panzani Group and Birkel Group: this unit specialises in the pasta and sauce business. The French Group Panzani is the leader in France in pastas, rice, semolina and sauces. The German Birkel Group is the leader in the German pasta sector.

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

In the semolina business, Panzani is the market leader in terms of volume and operates with the Regia and Ferrero brand names. The German Group operates in the pasta business with the Birkel and 3Glocken brand names.

New World Pasta Group: New World Pasta is a leading company in the dry pasta sector in the US and Canada with an extensive, complementary and solid portfolio of brand names with market shares of 28.5% and 40.9%, respectively.

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

Dairy product business

This business unit specialises in the dairy product business. The Group is the leader in the milk market in Spain and in certain of the other dairy product markets in which it operates, namely milkshakes, cream and butter.

Puleva's strategy is based on R&D, as a technological differentiating factor; on its positioning in the functional food market; and on brand strength, promoting itself as a company associated with wellbeing, health and quality. Through Puleva Food, the Group is the undisputed market leader in nutritional milk products and its leadership of the milkshake market has been strengthened.

Other businesses and/or activities:

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

Puleva Biotech, S.A.:

This unit engages in biotechnology, the development and marketing of new products based on natural substances with positive effects on human health; products which enhance the quality of life for the population as a whole by reducing the incidence of certain illnesses.

The R&D projects are the Group's basis for creating value. The ultimate aim of these R&D projects is to make the Group number one in the development of natural products for the functional and pharmaceutical food market.

Asset management:

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

Basis and methodology for segment reporting

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

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

Inter-segment transactions

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

6.1 Geographical information

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

- In Spain – the dairy product and rice businesses of Herba.
- In the rest of Europe – basically the businesses of Herba, Panzani and Birkel.
- In the Americas – the businesses of Riviana and NWP.
- Rest of the world – basically the rice business of Herba, plus a portion of the exports of Panzani.

(THOUSAND OF EUROS)

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

2008 - Geographical area	Spain	Europe	Americas	Other	TOTAL
Segment revenue	670,145	1,083,397	675,492	58,212	2,487,246
Inter-segment sales	-27,700	-60,992	-30,718	66	-119,344
Total revenue	**642,445**	**1,022,405**	**644,774**	**58,278**	**2,367,902**
Intangible assets	23,045	123,308	153,901	41	300,295
Property, plant and equipment	207,311	195,120	132,401	22,528	557,360
Other assets	445,921	873,087	587,099	20,072	1,926,179
Total continuing operations	676,277	1,191,515	873,401	42,641	2,783,834
Non-current assets classified as held for sale	639,078	0	0	0	639,078
Total assets	**1,315,355**	**1,191,515**	**873,401**	**42,641**	**3,422,912**
Non-current asset additions	**27,038**	**16,372**	**20,012**	**6,261**	**69,683**

2009 - Geographical area	Spain	Europe	Americas	Other	TOTAL
Segment revenue	573,546	985,396	690,583	57,803	2,307,328
Inter-segment sales	-23,024	-60,198	-26,375	0	-109,597
Total revenue	**550,522**	**925,198**	**664,208**	**57,803**	**2,197,731**
Intangible assets	21,783	118,749	154,912	78	295,522
Property, plant and equipment	185,894	186,854	151,337	20,644	544,729
Other assets	482,777	791,553	542,436	27,448	1,844,214
Total continuing operations	690,454	1,097,156	848,685	48,170	2,684,465
Non-current assets classified as held for sale	0	0	0	0	0
Total assets	**690,454**	**1,097,156**	**848,685**	**48,170**	**2,684,465**
Non-current asset additions	**15,664**	**18,597**	**54,983**	**877**	**90,121**

6.2 Operating segments

The following tables present information on the revenue and profit or loss of the continuing operations and certain information on assets and liabilities relating to the Group's operating segments for the years ended 31 December 2009 and 2008:

INFORMATION ON OPERATING SEGMENTS - CONTINUING OPERATIONS

EBRO PULEVA GROUP

(In thousands of euros)

BALANCE SHEET	TOTAL CONSOLIDATED FIGURES 12/31/2009	TOTAL CONSOLIDATED FIGURES 12/31/2008	Rice business 12/31/2009	Rice business 12/31/2008	Pasta business 12/31/2009	Pasta business 12/31/2008	Dairy product business 12/31/2009	Dairy product business 12/31/2008	EP holding company 12/31/2009	EP holding company 12/31/2008	Other businesses and consolidation adjustments 12/31/2009	Other businesses and consolidation adjustments 12/31/2008
Intangible assets	295,522	300,295	107,509	115,665	166,511	161,703	7,604	8,310	9,175	9,175	4,723	5,442
Property, plant and equipment	544,729	557,360	198,300	179,262	204,351	219,531	102,568	109,707	9,149	9,397	30,361	39,463
Investment property	32,152	30,526	25,883	24,437	317	318	9,110	8,965	9,604	9,647	-12,762	-12,841
Financial assets	62,229	21,836	2,261	2,109	482	447	3,093	4,426	1,401,449	1,518,023	-1,345,056	-1,503,169
Investments in associates	6,786	13,293	35,879	28,589	421	421	0	4	0	0	-29,514	-15,721
Deferred tax assets	52,412	46,688	9,763	12,033	7,431	8,249	4,587	6,752	22,067	13,977	8,564	5,677
Goodwill	801,686	836,412	230,601	238,081	505,159	518,290	54,178	54,185	0	0	11,748	25,856
Other non-current assets	0	6	0	0	0	6	0	0	0	0	0	0
Receivable from Group companies	0	0	27,410	36,717	17,852	37,482	69,349	136,879	44,147	134,409	-158,758	-345,487
Other current assets	888,949	977,418	309,806	403,787	344,103	381,223	149,699	118,316	53,092	28,869	32,249	45,223
	2,684,465	**2,783,834**	**947,412**	**1,040,680**	**1,246,627**	**1,327,670**	**400,188**	**447,544**	**1,548,683**	**1,723,497**	**-1,458,445**	**-1,755,557**
Non-current assets classified as held for sale	0	639,078									0	639,078
Total assets	**2,684,465**	**3,422,912**									**-1,458,445**	**-1,116,479**
Total equity	1,298,160	1,228,686	550,826	504,252	894,130	828,790	306,815	283,430	867,020	794,524	-1,320,631	-1,182,310
Deferred income	14,793	15,591	2,199	2,942	0	0	6,674	7,342	0	0	5,920	5,307
Provisions for pensions and similar obligations	40,953	39,060	13,590	13,570	22,385	21,381	450	0	4,151	3,766	377	343
Other provisions	73,784	20,310	507	951	4,354	6,916	4,170	4,737	65,193	6,175	-440	1,531
Non-current and current financial liabilities	756,801	1,096,982	183,350	254,449	66,386	119,460	20,646	64,680	484,301	649,056	2,118	9,337
Other non-financial accounts payable	61	118	61	118	0	0	0	0	0	0	0	0
Deferred tax liabilities	144,839	136,199	45,295	39,492	50,710	52,494	608	809	48,248	40,775	-22	2,629
Payable to Group companies	0	0	22,233	74,509	57,131	65,159	5,701	10,571	69,098	219,158	-154,163	-369,397
Other current liabilities	355,074	488,842	129,351	150,397	151,531	233,470	55,124	75,975	10,672	10,043	8,396	18,957
	2,684,465	**3,025,788**	**947,412**	**1,040,680**	**1,246,627**	**1,327,670**	**400,188**	**447,544**	**1,548,683**	**1,723,497**	**-1,458,445**	**-1,513,603**
Liabilities associated with assets classified as held for sale	0	397,124									0	397,124
Total equity and liabilities	**2,684,465**	**3,422,912**									**-1,458,445**	**-1,116,479**
Investments in the year	90,121	69,683	56,925	26,012	17,196	20,144	9,301	14,425	129	625		
Capital employed	1,176,282	1,335,238	495,768	556,299	469,915	511,570	159,043	182,363	-3,681	34,327		
ROCE	20.4	15.1	19.7	19.0	23.2	14.8	32.8	19.2	-	39.8		
Gearing	55.9%	100.0%										
Average headcount for the year	5,693	5,829										
Stock market data:												
Number of shares	153,865,392	153,865,392										
Market capitalisation at year-end	2,235,664	1,507,881	Thousands of euros									
Earnings per share	1.17	0.87										
Dividend per share	0.94	0.36										
Underlying carrying amount per share	8.32	7.82										

INFORMATION ON OPERATING SEGMENTS - CONTINUING OPERATIONS												
EBRO PULEVA GROUP (In thousands of euros)	TOTAL CONSOLIDATED FIGURES		Rice business		Pasta business		Dairy product business		EP holding company		Other businesses and consolidation adjustments	
INCOME STATEMENT	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008
External revenue	2,197,731	2,367,902	791,452	843,417	909,797	977,048	443,968	505,532	69	45	52,445	41,860
Net inter-segment revenue			45,697	47,552	19,198	16,649	451	532	75,448	27,598	-140,794	-92,331
Total revenue	**2,197,731**	**2,367,902**	**837,149**	**890,969**	**928,995**	**993,697**	**444,419**	**506,064**	**75,517**	**27,643**	**-88,349**	**-50,471**
Changes in inventories	-25,236	18,140	-31,296	16,057	856	-1,023	6,329	2,439	0	0	-1,125	667
Capitalised expenses of Group work on non-current assets	2,036	2,549	13	15	171	183	1,843	2,328	0	0	9	23
Other operating income	43,541	39,371	5,594	9,622	3,748	4,087	7,913	8,714	140,628	12,077	-114,342	4,871
Materials consumed and other expenses	-1,166,594	-1,423,864	-472,397	-555,013	-473,178	-573,715	-261,921	-335,292	0	0	40,902	40,156
Staff costs	-272,975	-275,212	-82,336	-85,977	-125,371	-121,796	-47,319	-48,298	-8,515	-8,991	-9,434	-10,150
Depreciation and amortisation charge	-68,044	-70,000	-21,009	-20,836	-28,253	-30,412	-14,886	-15,142	-360	-344	-3,536	-3,266
Other operating expenses	-488,141	-464,096	-153,529	-146,972	-202,763	-205,708	-86,684	-89,241	-33,206	-18,336	-11,959	-3,839
Profit or loss from operations	**222,318**	**194,790**	**82,189**	**107,865**	**104,205**	**65,313**	**49,694**	**31,572**	**174,064**	**12,049**	**-187,834**	**-22,009**
Net finance income or costs	-20,507	-69,686	-5,124	-18,246	-3,274	-8,544	1,286	1,924	-12,762	-45,406	-633	586
Impairment losses on goodwill	-28,146	-7,358	-185	-523	-15,953	-6,827	-8	-8	0	0	-12,000	0
Share of results of associates	-674	-14,292	1,638	1,489	-11	-3,589	0	0	0	0	-2,301	-12,192
Consolidated profit or loss before tax	**172,991**	**103,454**	**78,518**	**90,585**	**84,967**	**46,353**	**50,972**	**33,488**	**161,302**	**-33,357**	**-202,768**	**-33,615**

7. DISCONTINUED OPERATIONS

On 15 December 2008, Ebro Puleva, S.A., which owned all the shares of Azucarera Ebro, S.L., and Associated British Foods (ABF), which owns all the shares of British Sugar, executed the agreement for the sale of Azucarera Ebro, S.L. The sale took place, following the approval of the competition authorities, on 30 April 2009.

The terms and conditions of the transaction that took place on 30 April 2009 were as follows:

- ABF acquired the sugar business for a debt-free amount of EUR 385 million. The amount of the debt discounted was that existing at the date on which the transaction was concluded.
- Also, Ebro Puleva received approximately EUR 150 million of other compensation relating mainly to the restructuring funds provided for in the reform of the common organisation of the markets (CMO) in the sugar sector.
- In addition, the agreement states that two Group companies wholly owned by Ebro Puleva, S.A. have added to their real estate assets, through acquisitions, more than 200 hectares of land of various urban zoning classifications from Azucarera Ebro, S.L., valued at an estimated EUR 42 million.

Based on all the foregoing, and in accordance with current accounting legislation, the assets and liabilities of this segment (sugar business), which at 31 December 2008 had been classified as held for sale in the consolidated balance sheet, were derecognised in 2009. In addition, its income and expenses for the first four months of 2009 and for 2008 were reclassified and presented in the accompanying consolidated income statements for the two periods as net profit from discontinued operations, the impact of which is summarised in the table below:

Thousands of euros	2009 4 months	2008 12 months
- Income (revenue)	155,017	548,783
- Changes in inventories	(18,028)	(61,618)
- Capitalised expenses of Group work on non-current assets	975	3,967
- Other operating income	2,825	57,439
	140,789	548,571
- Materials consumed and other expenses	(100,933)	(330,506)
- Staff costs	(19,734)	(57,231)
- Depreciation and amortisation charge	(2,024)	(27,070)
- Outside services	(19,350)	(60,739)
- Other operating expenses	(4,422)	(16,375)
	(146,463)	(491,921)
Profit (Loss) from operations	**(5,674)**	**56,650**
Net finance costs	(2,998)	23,099
Financial profit (loss)	**(2,998)**	**23,099**
Results of associates	0	17
Consolidated profit (loss) before tax	**(8,672)**	**79,766**
Income tax	5,039	(21,801)
Consolidated profit (loss)	**(3,633)**	**57,965**
- Gain on the sale of the sugar business before income tax	114,489	0
- Decrease in profit due to guarantees provided to the buyer in connection with the resolution of litigation outstanding for the sugar business (provision) - see Note 21	-57,387	0
- Income tax on the gain on the sale	-10,281	0
Total net profit from discontinued operations	**43,188**	**57,965**

(THOUSAND OF EUROS)

8. OTHER INCOME AND EXPENSES

8.1 Other operating income

		2009		2008
Government grants (related to income and to assets)		6,682		6,637
Income from CO_2 emission allowances		2,420		2,582
Other current operating income		5,512		7,951
Gains on non-current asset disposals		9,111		837
Gains on disposals of investment property		538		0
Gains on disposals of equity investments		14,027		13,077
Income from reversals of impairment losses on non-current assets		385		4,372
Other income		4,866		3,915
Employee benefit obligations: rebates and reversals of provisions	36		34	
Income from litigation (provisions recovered)	3,826		2,780	
Other more minor items of income	1,004		1,101	
		43,541		39,371

The other operating income in 2009 includes the following non-recurrent items:

- A gain of EUR 9,111 thousand on the sale of property, plant and equipment (mainly one of the properties in northern Spain).
- A gain of EUR 13,980 thousand on the sale of the entire ownership interest in the associate Biocarburantes de Castilla y León, S.A. (see Note 13).
- Reversals of provisions for disputes amounting to EUR 3,826 thousand (see Note 21).
- The rest of the other operating income relates to grants, income from CO_2 emission allowances and other more minor amounts of operating income.

The other operating income in 2008 includes the following non-recurrent items:

- A gain of EUR 13,077 thousand on the sale of a block of shares of Puleva Biotech, S.A., of Herto N.V. (Belgium) and of SIEPA, S.A. (France).
- Reversals of impairment losses on intangible assets and of provisions for disputes amounting to EUR 7,152 thousand.

(THOUSAND OF EUROS)

8.2 Other operating expenses

		2009		2008
External expenses and outside services		(322,415)		(321,382)
Advertising expenditure		(92,891)		(85,913)
Research and development expenditure		(8,315)		(8,211)
Expenses relating to CO_2 emission allowances		(2,420)		(2,582)
Taxes other than income tax		(15,044)		(14,708)
Losses on disposals of non-current assets and impairment losses		(37,026)		(17,261)
Other expenses and provisions recognised		(10,030)		(14,039)
Provision for litigation and disputes	(3,383)		(6,021)	
Sundry industrial restructuring costs	(2,895)		(5,916)	
Other more minor expense items	(3,752)		(2,102)	
		(488,141)		(464,096)

The other operating expenses in 2009 include the following non-recurrent items:

- Losses of EUR 5,576 thousand on the derecognition or disposal of various items of industrial equipment and fixtures. The most significant is the loss of EUR 2,389 thousand on the sale of industrial combined heat and power generation equipment.
- Recognition of an impairment loss of EUR 13,442 thousand on property, plant and equipment (see Note 10).
- Recognition of an impairment loss of EUR 5,000 thousand on intangible assets. This impairment loss relates to one of the trademarks the value of which is expected to recover in the future (see Note 9).
- Period provision of EUR 3,383 thousand for certain legal proceedings in process.
- Expenses of EUR 2,895 thousand arising from various labour force restructuring processes.
- Expense (reduction in sale proceeds) of EUR 12,877 thousand arising from the out-of-court settlement in June 2009 with the buyer of the land of the former sugar refinery in Alagón –Zaragoza- (see Note 11).

The other operating expenses in 2008 include the following non-recurrent items:

- Losses of EUR 7,580 thousand on the derecognition or disposal of various items of industrial equipment, fixtures and computer software.
- Recognition of an impairment loss of EUR 7,500 thousand on property, plant and equipment as a result of the cancellation of the project to build a biodiesel plant in Jédula (Cádiz).
- Recognition of an impairment loss of EUR 2,188 thousand on property, plant and equipment at the Houston (US) plant as a result of investments in the new Memphis (US) plant.
- Period provision of EUR 6,021 thousand for certain legal proceedings in process.
- Expenses of EUR 5,916 thousand arising from labour force restructuring processes at various companies.

(THOUSAND OF EUROS)

8.3 Finance costs and income (continuing operations)

	2009	2008
Finance costs		
On payables to third parties	(26,715)	(70,589)
Losses on derecognition or disposal of financial assets and liabilities	(160)	(1)
Impairment losses on financial assets recognised	(2,031)	(3,095)
Expenses and losses relating to derivatives and financial instruments	(835)	(2,243)
Exchange losses	(14,467)	(8,304)
	(44,208)	**(84,232)**
Finance income		
From investments in non-Group companies	5,344	3,478
Gains on derecognition or disposal of financial assets and liabilities	92	34
Impairment losses on financial assets reversed	1,269	546
Gains on derivatives and financial instruments	578	4,568
Exchange gains	16,418	5,920
	23,701	**14,546**
Net finance costs	**(20,507)**	**(69,686)**

8.4 Staff costs (continuing operations)

	2009	2008
Wages and salaries	(208,981)	(210,251)
Other employee benefit costs	(15,231)	(17,455)
Social security and similar costs	(40,911)	(42,619)
Termination benefits	(126)	(320)
Post-employment benefit and similar costs	(7,726)	(4,567)
	(272,975)	**(275,212)**

The detail of the average number of employees in 2009 and 2008 and of the 2009 and 2008 year-end headcounts at the Group companies (taking into account the changes on the scope of consolidation during the period) is as follows:

(THOUSAND OF EUROS)

AVERAGE NUMBER	MEN		WOMEN		
2008	PERMAN-ENT	TEMPORARY	PERMAN-ENT	TEMPORARY	TOTAL
Executives	150	0	44	0	194
Supervisors	458	9	183	15	665
Clerical staff	502	19	433	22	976
Assistants	526	6	245	11	788
Sales personnel	228	8	81	5	322
Other staff	1,759	551	505	69	2,884
	3,623	593	1,491	122	5,829
Sugar business (discontinued)	815	107	93	39	1,054
TOTAL	4,438	700	1,584	161	6,883

AVERAGE NUMBER	MEN		WOMEN		
2009	PERMAN-ENT	TEMPORARY	PERMAN-ENT	TEMPORARY	TOTAL
Executives	136	0	49	0	185
Supervisors	462	9	181	12	664
Clerical staff	384	23	395	32	834
Assistants	91	8	40	8	147
Sales personnel	217	9	83	5	314
Other staff	2,408	547	546	48	3,549
TOTAL	3,698	596	1,294	105	5,693

YEAR-END HEADCOUNT	MEN		WOMEN		
2008	PERMAN-ENT	TEMPORARY	PERMAN-ENT	TEMPORARY	TOTAL
Executives	140	0	42	0	182
Supervisors	435	6	178	15	634
Clerical staff	474	17	420	22	933
Assistants	128	6	38	8	180
Sales personnel	213	6	76	3	298
Other staff	2,222	375	567	56	3,220
	3,612	410	1,321	104	5,447
Sugar business (discontinued)	776	239	88	98	1,201
TOTAL	4,388	649	1,409	202	6,648

YEAR-END HEADCOUNT	MEN		WOMEN		
2009	PERMAN-ENT	TEMPORARY	PERMAN-ENT	TEMPORARY	TOTAL
Executives	136	0	50	0	186
Supervisors	475	10	181	16	682
Clerical staff	382	18	396	35	831
Assistants	91	7	41	9	148
Sales personnel	218	11	82	7	318
Other staff	2,340	446	537	39	3,362
TOTAL	3,642	492	1,287	106	5,527

9. INTANGIBLE ASSETS

The detail of the consolidated Group's intangible assets at 31 December 2009 and 2008, of the related accumulated amortisation and impairment losses and of the changes therein each year is as follows (in thousands of euros):

Carrying amounts	Development expenditure	Trademarks and patents	Computer software	CO_2 emission allowances and other	Intangible assets in progress	Total
Balance at 31 December 2007	2,772	271,411	12,669	95	2,153	**289,100**
Balance at 31 December 2008	4,070	284,847	8,061	2,799	518	**300,295**
Balance at 31 December 2009	4,192	279,357	8,481	2,555	937	**295,522**

Gross cost	Development expenditure	Trademarks and patents	Computer software	CO_2 emission allowances and other	Intangible assets in progress	Total
Balance at 31 December 2007	**6,169**	**279,677**	**36,659**	**95**	**2,153**	**324,753**
Business combination		3,809	17			3,826
Disposals of businesses		(427)	(149)			(576)
Increases in the year	3,372	684	1,577	7,777	(1,543)	11,867
Decreases in the year	(767)		(3,801)	(18)		(4,586)
Translation differences		6,691	170			6,861
Assets classified as held for sale		(188)	(5,720)	(5,052)	(92)	(11,052)
Transfers			(30)	16		(14)
Balance at 31 December 2008	**8,774**	**290,246**	**28,723**	**2,818**	**518**	**331,079**
Business combination						0
Sales of businesses						0
Increases in the year	1,368	3,487	4,384	2,528	922	12,689
Decreases in the year	(246)	(195)	(784)	(2,768)		(3,993)
Translation differences		(3,607)	(292)		(8)	(3,907)
Assets classified as held for sale						0
Transfers	518		99		(495)	122
Balance at 31 December 2009	**10,414**	**289,931**	**32,130**	**2,578**	**937**	**335,990**

Accumulated amortisation and impairment losses	Development expenditure	Trademarks and patents	Computer software	CO_2 emission allowances and other	Intangible assets in progress	Total
Balance at 31 December 2007	**(3,397)**	**(8,266)**	**(23,990)**	**0**	**0**	**(35,653)**
Business combination						0
Disposals of businesses			141			141
Increases in the year	(1,722)	(461)	(4,250)	(3)		(6,436)
Decreases in the year	163	3,500	2,522			6,185
Translation differences		75	(59)			16
Assets classified as held for sale			4,962			4,962
Transfers	252	(247)	12	(16)		1
Balance at 31 December 2008	**(4,704)**	**(5,399)**	**(20,662)**	**(19)**	**0**	**(30,784)**
Business combination						0
Business disposals						0
Increases in the year	(1,410)	(5,509)	(3,928)	(4)		(10,851)
Decreases in the year	140	195	720			1,055
Translation differences		9	144			153
Assets classified as held for sale						0
Transfers	(248)	130	77			(41)
Balance at 31 December 2009	**(6,222)**	**(10,574)**	**(23,649)**	**(23)**	**0**	**(40,468)**

The trademarks and patents included in intangible assets were acquired directly or through business combinations. Substantially all these intangible assets were regarded as having an indefinite useful life and they were measured using the cost model. In 2009 and 2008 the most significant of these assets were tested for impairment (by independent valuers -American Appraisal-) and their values were allocated to the following cash-generating units:

- EUR 15,043 thousand (2008: EUR 20,043 thousand) of the carrying amount of the trademarks were allocated to the Herba Germany cash-generating unit of the Herba rice business segment.
- EUR 84,082 thousand (2008: EUR 87,277 thousand) of the carrying amount of the trademarks were allocated to the cash-generating unit of the US Riviana rice business segment.
- EUR 83,182 thousand (2008: EUR 83,182 thousand) of the carrying amount of the trademarks were allocated to the cash-generating unit of the French Panzani pasta business segment.
- EUR 9,150 thousand (2008: EUR 9,150 thousand) of the carrying amount of the trademarks were allocated to the Puleva Infantil cash-generating unit as part of the dairy product business segment.
- EUR 65,725 thousand (2008: EUR 63,485 thousand) of the carrying amount of the trademarks were allocated to the cash-generating unit of the US NWP pasta business segment.
- EUR 13,408 thousand (2008: EUR 13,047 thousand) of the carrying amount of the trademarks were allocated to the cash-generating unit of the European Birkel pasta business segment.
- EUR 3,752 thousand (2008: EUR 3,809 thousand) of the carrying amount of the trademarks and other similar intangible assets were allocated to the Puleva Biotech cash-generating unit.
- EUR 4,000 thousand (2008: EUR 4,000 thousand) of the carrying amount of the trademarks were allocated to the Risella (Finland) cash-generating unit as part of the Herba rice business segment.

The recoverable amount of these trademarks, or of the cash-generating units to which they belong, was determined on the basis of their value in use, using cash flow projections based on five-year budgets. The discount rates used in the cash flow projections range from 9.00% to 9.68%, depending on the geographical area in which the trademark or cash-generating unit is located, and the cash flows for periods beyond the five-year period are extrapolated using a growth rate equal to the average long-term growth rate of the unit in question, which is usually between 0.0% and 2% depending on the business concerned.

As regards the assumptions used in calculating the value in use of these trademarks, it is considered that in no case would any reasonable and possible change in any of the assumptions used increase the carrying amount of these trademarks to above their recoverable amount.

Changes in the year

2008 saw the addition of the Exxentia Group trademarks (acquired by Puleva Biotech, S.A.) effective 1 January 2008. Also, in 2008 significant amounts continued to be invested in computer software in order to adapt the equipment of the US subsidiaries to the systems habitually used by the Group, and the development expenditure increased in relation to new products, above all in the dairy product business. The decreases related to the replacement of computer software.

In 2009 the most significant changes in “Intangible Assets” were as follows:

- Increase of EUR 12,689 thousand relating to new intangible assets: acquisition of the Cateli trademark by NWP (US), the White Tower trademark by S&B (UK), computer software (EUR 4,384 thousand) and CO_2 emission rights (EUR 2,528 thousand).
- Net decrease of EUR 3,754 thousand due to translation differences.

In 2009 CO_2 emission rights amounting to EUR 2,768 thousand were derecognised and there were other non-material additions and reductions.

Therefore, at 31 December 2009, “Trademarks” included mainly:

- those acquired in 2003 and 2004 (Reis Fit, Puleva Infantil and Risella);
- those contributed by the Riviana Group in 2004 (basically the seven most significant trademarks with which it operates);
- those contributed by the Panzani Group in 2005 (the four most significant trademarks);
- those contributed by the NWP Group in 2006 (its eight main trademarks);
- the acquisition in October 2006 of the US Minute Rice rice trademarks;
- the two trademarks of the German Birkel Group acquired in 2007;
- the trademarks and similar intangible assets of the Exxentia Group acquired in 2008; and
- the trademarks acquired in 2009: acquisition of the Cateli trademark by NWP (US) and the White Tower trademark by S&B (UK).

The charges (and, where appropriate, credits) to the consolidated income statements for 2009 and 2008 in relation to these intangible assets were as follows: EUR 5,851 thousand and EUR 6,436 thousand, respectively, of amortisation; EUR 5,000 thousand and EUR 0 thousand, respectively, of impairment losses; EUR 0 thousand and EUR 1,883 thousand, respectively, of losses on the derecognition of these assets; and credits of EUR 0 thousand and EUR 3,500 thousand, respectively, relating to the reversal of impairment losses on one of the trademarks as a result of the recovery of its value due to the sound performance of the market for the related products.

It should be taken into account that EUR 327 thousand of the aforementioned amortisation charge for 2008 should be deducted in relation to the assets of the sugar business, whose income and expense were reclassified to discontinued operations (see Note 7).

10. PROPERTY, PLANT AND EQUIPMENT

The detail of the consolidated Group's property, plant and equipment at 31 December 2009 and 2008, of the related accumulated depreciation and impairment losses and of the changes therein each year is as follows (in thousands of euros):

Carrying amounts	Land	Buildings	Plant and machinery	Other fixtures, tools and furniture	Other items of plant and equipment	Property, plant and equipment in the course of construction	Total
Balance at 31 December 2007	99,331	203,717	444,207	21,826	6,956	24,009	**800,046**
Balance at 31 December 2008	75,362	126,394	298,791	18,380	7,494	30,939	**557,360**
Balance at 31 December 2009	75,411	141,442	275,630	17,386	7,688	27,172	**544,729**

Gross cost	Land	Buildings	Plant and machinery	Other fixtures, tools and furniture	Other items of plant and equipment	Property, plant and equipment in the course of construction	Total
Balance at 31 December 2007	**99,331**	**387,500**	**1,367,116**	**50,483**	**27,890**	**24,331**	**1,956,651**
Business combination	331	276	6,082	136	355	1,001	8,181
Disposals of businesses	(2,713)	(14,013)	(31,376)	(2,954)		(172)	(51,228)
Increases in the year	546	10,886	49,009	2,354	3,604	40,844	107,243
Decreases in the year	1,780	(58,130)	(308,840)	(614)	(617)		(366,421)
Translation differences	296	32	2,144	(26)	(271)	511	2,686
Assets classified as held for sale	(10,502)	(88,855)	(356,479)	(3,726)	(8,953)	(27,754)	(496,269)
Transfers	(13,707)	(3,803)	(16)		31		(17,495)
Balance at 31 December 2008	**75,362**	**233,893**	**727,640**	**45,653**	**22,039**	**38,761**	**1,143,348**
Business combination			95				95
Disposals of businesses							0
Increases in the year	4,489	28,852	40,615	2,821	2,064	(5)	78,836
Decreases in the year	(3,788)	(2,825)	(19,768)	(826)	(1,631)		(28,838)
Translation differences	(270)	(1,169)	(2,046)	(9)	56	(505)	(3,943)
Assets classified as held for sale							0
Transfers	(382)	(2,141)	193	527	(613)	(542)	(2,958)
Balance at 31 December 2009	**75,411**	**256,610**	**746,729**	**48,166**	**21,915**	**37,709**	**1,186,540**

Accumulated depreciation and impairment losses	Land	Buildings	Plant and machinery	Other fixtures, tools and furniture	Other items of plant and equipment	Property, plant and equipment in the course of construction	Total
Balance at 31 December 2007	**0**	**(183,783)**	**(922,909)**	**(28,657)**	**(20,934)**	**(322)**	**(1,156,605)**
Business combination							0
Disposals of businesses		5,308	20,606	2,759			28,673
Increases in the year		(12,228)	(83,200)	(3,935)	(2,212)	(7,500)	(109,075)
Decreases in the year		54,828	306,187	827	438		362,280
Translation differences		28	(436)	36	113		(259)
Assets classified as held for sale		28,328	250,837	1,721	8,060		288,946
Transfers		20	66	(24)	(10)		52
Balance at 31 December 2008	**0**	**(107,499)**	**(428,849)**	**(27,273)**	**(14,545)**	**(7,822)**	**(585,988)**
Business combination			(17)				(17)
Business disposals							0
Increases in the year		(9,114)	(56,769)	(3,736)	(3,059)	(2,715)	(75,393)
Decreases in the year		870	13,067	569	3,115		17,621
Translation differences		155	1,140	10	(23)		1,282
Assets classified as held for sale							0
Transfers		420	329	(350)	285		684
Balance at 31 December 2009	**0**	**(115,168)**	**(471,099)**	**(30,780)**	**(14,227)**	**(10,537)**	**(641,811)**

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

The additions to “Property, Plant and Equipment in the Course of Construction” include the amounts relating to the manufacture of new product lines and, in general, to the improvement of the quality of industrial processes, products and environmental conditions.

In relation to certain investments made by various Group companies in 2009 and prior years, grants were obtained from public agencies, the amounts of which are indicated in Note 19.

None of the property, plant and equipment retired from service relate to significant amounts.

Changes in 2008

The acquisition of the Exxentia Group in 2008 gave rise to property, plant and equipment additions amounting to EUR 8,181 thousand. The decreases in 2008 were due to several factors:

- On the one hand, the disposals of property, plant and equipment through the sale of Herto (Belgium), Siepa (France) and the soft wheat business of GMM. These operations formed part of the rice and pasta businesses, but overall did not account for a significant proportion thereof.
- On the other, the disposals of property, plant and equipment as a result of the closure of the Peñafiel, Guadalcacín and Rinconada sugar refineries, in accordance with the reform of the CMO in the sugar sector, and other more minor disposals at other workplaces because the related assets had been fully depreciated and were no longer in use.

The net transfers of EUR 15,355 thousand in 2008 relate mainly to the land at the sugar refineries closed in the context of the reform of the CMO in the sugar sector which had been classified as investment property. The other transfers amounting to EUR 2,088 thousand relate to the additional impairment losses recognised in 2008 in relation to the plants closed down as an adjustment to the impairment losses already recognised at 2007 year-end.

Changes in the year

The most significant Changes in “Property, Plant and Equipment” in 2009 were as follows:

- Net decrease of EUR 2,661 thousand due to translation differences.
- Increase of EUR 78,836 thousand due to the investments in 2009. They relate basically to the new plant of the rice business in the US and the technical improvements and new fixtures at the plants in Denmark and France and of Puleva Biotech.
- Decrease due to the depreciation charge for the year of EUR 61,951 thousand.
- Decrease due to the impairment losses recognised in the year amounting to EUR 13,442 thousand (see Note 8.2).
- Decrease due to transfers to investment property amounting to EUR 2,247 thousand.
- In 2009 the net disposals amounted to EUR 11,217 thousand.

The depreciation charges and impairment losses relating to these items of property, plant and equipment amounted to EUR 61,951 thousand and EUR 13,442 thousand, respectively in 2009 (2008: EUR 90,552 thousand and EUR 18,523 thousand, respectively).

It should be taken into account that in 2008 EUR 26,743 thousand and EUR 8,728 thousand, respectively, should be deducted from the aforementioned depreciation charge and impairment losses, respectively, in relation to the assets of the sugar business the income and expenses of which were reclassified to discontinued operations (see Note 7).

Of the impairment losses recognised in 2008 on property, plant and equipment, EUR 8,728 thousand related to the effect of the restructuring of the sugar business, EUR 7,500 thousand arose from the cancellation of the biodiesel plant project in Jédula (Cádiz) and EUR 2,118 thousand related to impairment losses recognised for the assets of the Houston (US) plant as a result of their future relocation to the new Memphis (US) plant.

Of the impairment losses recognised for property, plant and equipment in 2009, the most significant amount, EUR 6,189 thousand, related to the closure of the Houston plant (US) in the next twelve months, and EUR 2,715 thousand and EUR 2,255 thousand related to biodiesel equipment and to combined heat and power generation equipment, respectively.

Also, in 2009 losses of EUR 5,576 thousand (2008: EUR 5,276 thousand) were incurred on the derecognition or disposal of property, plant and equipment.

11. INVESTMENT PROPERTY

The detail of the consolidated Group's investment property at 31 December 2009 and 2008, of the related accumulated depreciation and impairment losses and of the changes therein each year is as follows (in thousands of euros):

Valores netos	Terrenos	Edificios	Total
Saldo al 31 de diciembre de 2007	5,659	8,847	**14,506**
Saldo al 31 de diciembre de 2008	19,101	11,425	**30,526**
Saldo al 31 de diciembre de 2009	18,595	13,557	**32,152**

	Gross cost			Accumulated depreciation and impairment losses		
	Land	Buildings	Total	Land	Buildings	Total
Balance at 31 December 2007	**5,659**	**12,792**	**18,451**	**0**	**(3,945)**	**(3,945)**
Business combination	122	451	573			0
Increases in the year	111	617	728	(421)	(82)	(503)
Decreases in the year	(103)	(89)	(192)		218	218
Translation differences		(204)	(204)		6	6
Transfers	13,733	3,777	17,510		(2,116)	(2,116)
Balance at 31 December 2008	**19,522**	**17,344**	**36,866**	**(421)**	**(5,919)**	**(6,340)**
Business combination			0			0
Increases in the year	611	513	1,124		(242)	(242)
Decreases in the year	(1,361)	(606)	(1,967)		416	416
Translation differences		50	50		(2)	(2)
Transfers	381	2,600	2,981	(137)	(597)	(734)
Balance at 31 December 2009	**19,153**	**19,901**	**39,054**	**(558)**	**(6,344)**	**(6,902)**

Investment property is carried at cost. For information purposes, the fair value of the most significant investment property amounts to between EUR 60 million and EUR 90 million. The value of most of the properties was determined on the basis of appraisals conducted in the last four years. The fair value represents the amount for which the assets can be exchanged on the date of the appraisal by two willing parties in an arm's length transaction, as provided for by International Valuation Standards.

In 2009 the depreciation charge for 2009 amounted to EUR 242 thousand (2008: EUR 82 thousand) and impairment losses amounting to EUR 0 thousand (2008: EUR 421 thousand) were recognised.

The decreases relate to sales of properties to third parties. The transfers in 2008 related mainly to the land at the sugar refineries closed in the context of the reform of the CMO in the sugar sector (mentioned in Note 10 above) which was not sold with the sugar business and which had been classified as investment property.

Except as indicated below, there are no restrictions on the realisation of the investment property, on the collection of the income therefrom or on the funds obtained from its disposal.

One of the sale agreements, entered into at the end of 2006, which gave rise to a pre-tax gain of EUR 28 million in that year, was subject to the effective approval of the modification of the urban zoning classification by the Alagón (Zaragoza) Municipal Council. Under this sale agreement, after the change of urban zoning classification approved by the Alagón Municipal Council had been published in November 2008 and because the buyer did not attend the execution of the public deed of sale for the payment of the outstanding amount of EUR 24,000 thousand (recognised under “Trade and Other Receivables”), in January 2009 a claim was filed against the buyer demanding fulfilment of its obligations in relation to the formalisation and payment of the outstanding amounts. However, in June 2009 an out-of-court settlement was reached with the buyer of the land of the old sugar refinery in Alagón (Zaragoza) resolving the dispute.

Through this agreement, Ebro Puleva, S.A. recovered 40% of the land sold (which was recognised at the historical acquisition cost prior to the sale) as consideration for 40% of the total original price of the transaction. The rest of the price, net of the amount already received, was deferred and secured with a bank guarantee. The balance receivable of EUR 12,000 thousand will be paid in five annual instalments of EUR 2,400 thousand each, the first of which was collected in July 2009. This transaction gave rise to an expense (reduction in the proceeds from the sale) of EUR 12,877 thousand, which was recognised under “Other Operating Expenses” in the accompanying consolidated income statement for 2009 (see Note 8.2).

12. FINANCIAL ASSETS

The detail of “Financial Assets” in the consolidated balance sheets at 31 December 2009 and 2008 is as follows (in thousands of euros):

	12/31/2009	12/31/2008
Activos mantenidos para negociación:	149	223
Inversiones mantenidas hasta el vencimiento:		
- Depósitos y fianzas	2,279	1,923
Préstamos y créditos:		
- Préstamos y créditos a empresas asociad	0	12,117
- Préstamos y créditos a terceros	59,801	7,573
	59,801	19,690
TOTAL ACTIVOS FINANCIEROS	62,229	21,836

Loans and receivables - associates

The loans to associates related mainly to the loan of EUR 9 million granted in 2008 to Biocarburantes de Castilla y León, S.A. (a 50%-owned associate) of which EUR 5 million were repaid in the first half of 2009. At 2009 year-end the balance was zero. In the second half of 2009 the loan and the entire ownership interest in this associate were transferred to third parties outside the Ebro Puleva Group.

Loans and receivables - third parties

The balance of “Loans and Receivables - Third Parties” at 31 December 2009 and 2008 included mainly the following:

- EUR 3,920 thousand in 2009 and EUR 7,573 thousand in 2008 relating to financing granted to livestock farmers (dairy product business) and other companies for more minor amounts.

- EUR 31,800 thousand relating to the deferred portion of the selling price of the sugar business (see Note 7), earning explicit interest tied to Euribor.

- EUR 9,054 thousand relating to the deferred portion of the selling price of the Alagón land (see Note 11), earning implicit interest at 2.5%.

- EUR 15,027 thousand relating to the deferred portion of the selling price of the investment in Biocarburantes de Castilla y León, S.A., earning implicit interest at 2.5%.

Of the total balance of this line item in 2009 and 2008, EUR 59,319 thousand and EUR 7,078 thousand, respectively, were denominated in euros and EUR 482 thousand and EUR 495 thousand, respectively, were denominated in US dollars.

The following amounts fall due each year from 2010 onwards: EUR 23,064 thousand, EUR 31,609 thousand, EUR 2,384 thousand and EUR 2,207 thousand, with the remaining EUR 537 thousand falling due from 2014 onwards.

13. INVESTMENTS IN ASSOCIATES

The changes in 2009 and 2008 were as follows (in thousands of euros):

Associate	Balance at 12/31/2007	Increases due to acquisitions	Decreases due to sales	Dividends paid	Profit (Loss) for the year	Translation differences	Other changes	Balance at 12/31/2008
Biocarburantes de Castilla y León, S.A	9,281	8,500			(12,685)			5,096
Lince Insurance, Ltd.	3,594				493			4,087
Associates of Riviana Foods Inc.	2,321			(682)	1,496	157		3,292
Associates of Azucarera	172				17		(189)	0
Associates of Dosbio 2010, S.L.	0	306						306
Associates of P. Biotech Group	0	42					(4)	38
Associates of Herba	89				(7)	1		83
Associates of Panzani in liquidation	610	3,589			(3,589)		(219)	391
	16,067	**12,437**	**0**	**(682)**	**(14,275)**	**158**	**(412)**	**13,293**

Associate	Balance at 12/31/2008	Increases due to acquisitions	Decreases due to sales	Dividends paid	Profit (Loss) for the year	Translation differences	Other changes	Balance at 12/31/2009
Biocarburantes de Castilla y León, S.A	5,096		(2,546)		(2,550)			0
Lince Insurance, Ltd. (in liquidation)	4,087				249		(919)	3,417
Associates of Riviana Foods Inc.	3,292			(1,850)	1,640	(104)		2,978
Associates of Dosbio 2010, S.L.	306		(306)					0
Associates of P. Biotech Group	38		(38)					0
Associates of Herba	83				(2)		(81)	0
Associates of Panzani in liquidation	391	11			(11)			391
	13,293	**11**	**(2,890)**	**(1,850)**	**(674)**	**(104)**	**(1,000)**	**6,786**

Except for Biocarburantes de Castilla y León, S.A. (see additional information on this company in Notes 12, 26 and 27.2), none of the aforementioned companies have significant assets, income, financial debt and/or material guarantees granted by the Ebro Puleva Group.

Also, the Ebro Puleva Group’s ownership interest in Biocarburantes de Castilla y León, S.A. (50% of its share capital) was sold in full in September 2009 to the other shareholder with a 50% ownership interest in that company (not related to the Ebro Puleva Group). The sale gave rise to a gain before income tax of EUR 13,980 thousand in 2009 (see Note 8.1).

Although the Group owns all the shares of Lince Insurance, Ltd. (which managed the Group's non-current asset insurance policies), this investment was accounted for using the equity method because the failure to fully consolidate it does not have a material effect on the Group's consolidated financial statements and, in addition, it is currently in the process of being liquidated. However, following is a detail of this company's main assets and liabilities:

Lince Insurance, Ltd.	12/31/2009	12/31/2008
Current assets	58	280
Cash and cash equivalents	3,536	4,937
Provisions (insurance)	0	(1,021)
Current liabilities	(177)	(109)
Net assets	3,417	4,087
Total revenue	135	1,764
Net profit for the year	249	493

14. GOODWILL

The changes in 2009 and 2008 in "Goodwill" were as follows (in thousands of euros):

Segment	Cash-generating unit or group of cash-generating units	Balance at 12/31/2007	Increases	Decreases and other	Decrease due to impairment	Translation differences	Balance at 12/31/2008
Herba Rice	Danrice (Denmark)	14,524					14,524
Herba Rice	Vogan (UK)	1,438				(331)	1,107
Herba Rice	Riceland (Hungary)	2,126					2,126
Herba Rice	Steve & Brotherton (UK)	611					611
Herba Rice	Mundiriz (Morocco)	2,612			(523)	25	2,114
Dairy	Puleva Food (FC merger)	53,754					53,754
Dairy	Lactimilk, S.L.	437			(8)		429
US Riviana	US Riviana Group	80,813				4,663	85,476
US Riviana	Minute Rice	124,914				7,209	132,123
Panzani France	Panzani Group	417,449					417,449
US pasta	NWP Group	107,739			(6,827)	(70)	100,842
Other	Jiloca, S.A.	129					129
Other	P. Biotech Group	0	25,728				25,728
		806,546	25,728	0	(7,358)	11,496	836,412

Segment	Cash-generating unit or group of cash-generating units	Balance at 12/31/2008	Increases	Decreases and other	Decrease due to impairment	Translation differences	Balance at 12/31/2009
Herba Rice	Danrice (Denmark)	14,524					14,524
Herba Rice	Vogan (UK)	1,107				81	1,188
Herba Rice	Riceland (Hungary)	2,126					2,126
Herba Rice	Steve & Brotherton (UK)	611					611
Herba Rice	Mundiriz (Morocco)	2,114	9		(185)	(26)	1,912
Dairy	Puleva Food (FC merger)	53,754		1	(8)		53,747
Dairy	Lactimilk, S.L.	429					429
US Riviana	US Riviana Group	85,476				(2,891)	82,585
US Riviana	Minute Rice	132,123				(4,468)	127,655
Panzani France	Panzani Group	417,449					417,449
US pasta	NWP Group	100,842			(15,953)	2,822	87,711
Other	Jiloca, S.A.	129					129
Other	P. Biotech Group	25,728		(2,108)	(12,000)		11,620
		836,412	9	(2,107)	(28,146)	(4,482)	801,686

In 2009 there were no business combinations that gave rise to significant goodwill, and in 2008 the Exxentia Group was acquired (see Note 5).

The goodwill arose from business combinations or the acquisition of intangible assets. On 31 December 2009 and 2008, these assets were tested for impairment (by independent valuers -American Appraisal-), and their value was allocated to the cash-generating units or groups of units shown in the preceding table. The recoverable amount of the cash-generating units to which the goodwill corresponds was determined on the basis of their value in use, using cash flow projections based on five-year budgets.

The discount rates used in the cash flow projections range from 7.5% to 8.5%, depending on the geographical area in which trademark or cash-generating unit is located, and the cash flows for periods beyond the five-year period are extrapolated using a growth rate equal to the average long-term growth rate of the unit in question, which is usually between 0.5% and 1.5% depending on the case.

It was considered that no reasonable and possible change in any of the assumptions used in calculating the recoverable amount of the cash-generating unit to which the goodwill was allocated would cause its carrying amount to exceed its recoverable amount.

15. INVENTORIES

The detail of “Inventories” at 31 December 2009 and 2008 is as follows (in thousands of euros):

	12/31/2009	12/31/2008
Goods held for resale	12,977	13,924
Raw materials	84,801	120,986
Consumables and spare parts	8,004	8,524
Containers	16,311	18,096
Work in progress	27,390	60,762
Finished goods	113,613	123,112
By-products and waste	5,979	6,639
Advances to suppliers	11,259	14,076
TOTAL GROSS INVENTORIES	**280,334**	**366,119**
Inventory write-downs	(2,806)	(8,588)
TOTAL NET INVENTORIES	**277,528**	**357,531**

At 2009 (2008) year-end the balance of “Advances to Suppliers” in the consolidated balance sheet included EUR 7,957 (10,536) thousand relating to payments made to rice growers and there were firm paddy rice purchase agreements amounting to EUR 10,805 (22,936) thousand. Also, the Riviana Group has raw material purchase commitments totalling approximately EUR 15,266 thousand (2008: EUR 20,873 thousand).

The Panzani Group has semolina purchase commitments for 55 thousand tonnes per year until 1 December 2013 for a fixed price consisting of the production cost plus a margin that is revised each year on the basis of various parameters. Also, the Panzani Group has commitments to a single supplier until 28 February 2014 for package purchases from a closed list of products.

In 2009 the inventory write-downs recognised and reversed amounted to EUR 7,934 thousand and EUR 13,765 thousand, respectively (2008: EUR 5,071 thousand and EUR 313 thousand, respectively).

16. TRADE AND OTHER RECEIVABLES

The detail of “Trade and Other Receivables” at 31 December 2009 and 2008 is as follows (in thousands of euros):

	12/31/2009	12/31/2008
Trade receivables	321,694	409,089
Receivable from associates	0	288
Sundry accounts receivable	31,375	26,576
Allowances	(11,387)	(12,449)
TOTAL	341,682	423,504

The terms and conditions applicable to the accounts receivable from related parties are disclosed in Note 27. The trade receivables are not interest earning and generally mature at between 30 and 90 days. The detail of the age of the trade receivables at 31 December 2009 is as follows:

Age of the receivables	Amount
Less than 6 months	313,948
Between 6 and 12 months	3,348
Between 12 and 18 months	294
Between 18 and 24 months	390
More than 24 months	3,714
	321,694

In 2009 the provision recognised for trade and other receivables amounted to EUR 1,602 thousand, the allowances used in this connection amounted to EUR 2,607 thousand and the related translation differences amounted to EUR 57 thousand.

17. CASH AND CASH EQUIVALENTS

The detail of “Cash and Cash Equivalents” at 31 December 2009 and 2008 is as follows (in thousands of euros):

	12/31/2009	12/31/2008
Cash on hand and at banks	144,950	68,969
Short-term deposits and similar	54,980	48,615
TOTAL	199,930	117,584

The cash at banks earns floating interest based on the daily interest rate for bank deposits. The maturities of the short-term deposits range from one day to three months depending on the Group’s immediate liquidity needs; the deposits earn interest at the rates applied. The fair value of the cash and cash equivalents was EUR 199,930 thousand at 2009 year-end (2008 year-end: EUR 117,584 thousand).

During the year the companies invested their specific cash surpluses in debt repos and other similar instruments in order to obtain returns on them. All these investments are denominated in euros, except for a very small amount denominated in US dollars. In 2009 these investments earned annual average interest of around 3.0% (2008: 3.0%).

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

18.1 Share capital and reserves

Share capital

At 31 December 2009 and 2008, the share capital was represented by 153,865,392 fully subscribed and paid bearer shares of EUR 0.60 par value each traded on the Spanish Stock Exchanges.

Per the most up-to-date information available, the total direct and indirect ownership interests in the share capital of Ebro Puleva, S.A. held by companies owning more than 5% of the capital at 31 December 2009 were 15.721% held by Instituto Hispánico del Arroz, S.A (2008: 15.344%), owned 8.831% directly (2008: 8.620%) and 6.889% indirectly (2008: 6.724%) through Hispafoods Invest, S.L.; 8.654% held by Alimentos y Aceites, S.A. (2008: 8.446%); 6.309% held by Casa Grande de Cartagena, S.L. (2008: 6.158%); 6.158% held by Caja de Ahorros de Salamanca y Soria (2008: 6.01%); 5.161% held indirectly by Caja España (2008: 5.037%) through Invergestión, Sociedad de Inversiones y Gestión, S.A.; and 6.694% held by Corporación Económica DAMM, S.A. (2008: 5.011%).

Share premium

The Consolidated Spanish Public Limited Liability Companies Law permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use. The share premium was distributed substantially in full in 2009 (see Note 18.3).

Restricted reserves

Also, Spanish companies that report a profit for the year must transfer 10% of that net profit to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed except in the event of dissolution but it can be used to offset losses, provided that sufficient other reserves are not available for this purpose, and to increase capital, provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. At 31 December 2009 and 2008, the Parent's legal reserve had reached the legally required minimum.

Noteworthy regarding the restrictions on the reserves of the subsidiaries is the existence of legal reserves of Spanish subsidiaries amounting to approximately EUR 25.6 million (2008: EUR 25.3 million), which are subject to the same restrictions as those described in the preceding paragraph on the Parent's legal reserve. The portion of these reserves that arose in the consolidation process is presented under "Retained Earnings".

The consolidated equity includes EUR 38,531 thousand and EUR 38,531 thousand in 2009 and 2008, respectively relating to Herba Foods S.L. Any distribution of these profits would be subject to income tax. In this connection, the tax point is considered to arise when the decision is taken to distribute the profits, which is not expected to occur at short or medium term.

Also, as a result of the revaluations made by Puleva, S.A. pursuant to Royal Decree-Law 7/1996, of 7 June, revaluation reserves amounting to EUR 3,169 thousand were recognised.

This balance can be used, free of tax, to offset accounting losses (both prior years' accumulated losses and current year losses) or losses which might arise in the future, and to increase share capital. From 1 April 2007, the balance of this account can be taken to unrestricted reserves, provided that the monetary surplus has been realised. The surplus will be deemed to have been realised in respect of the portion on which depreciation has been taken for accounting purposes or when the revalued assets have been transferred or derecognised. If the balance of this account were used in a manner other than that provided for in Royal Decree-Law 7/1996, it would be subject to tax.

Translation differences – Reserve due to translation of foreign currency

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

The detail, by company, of the translation differences at 31 December 2009 and 2008 is as follows (in thousands of euros):

	12/31/2009	12/31/2008
Herba business companies	(8,941)	(9,859)
RIVIANA Group	(26,194)	(25,136)
NWP Group	(19,938)	(22,511)
TOTAL	**(55,073)**	**(57,506)**

Treasury shares

In 2008 the Company made treasury share purchases and sales pursuant to authorisations granted by the shareholders at the Annual General Meetings held on 18 April 2007 and 9 June 2008 and, in accordance with current legislation, the Spanish National Securities Market Commission (CNMV) was notified accordingly. In 2008 4,483,601 treasury shares were acquired and 126,521 were sold. At 2008 year-end the Company held 5,078,735 treasury shares representing 3.301% of its share capital.

In 2009 the Parent made treasury share purchases and sales pursuant to authorisations granted by the shareholders at the Annual General Meetings held on 28 April 2009 and 9 June 2008 and, in accordance with current legislation, the CNMV was notified accordingly. In 2009 1,064,871 treasury shares were acquired and 1,849,002 were sold and, in addition, 3,628,135 shares were distributed in the form of an extraordinary stock dividend (see Note 18.3).

(THOUSAND OF EUROS)

At 2009 year-end the Company held 666,469 treasury shares representing 0.43% of its share capital. No decision had been taken regarding the specific use to which these treasury shares would be put.

18.2 Earnings per share

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

Diluted earnings per share are calculated by dividing the net profit or loss attributable to ordinary shareholders of the Parent (after deducting interests in non-cumulative redeemable and convertible preference shares –of which there were none at Ebro Puleva, S.A. at 31 December 2009 and 2008–) by the average number of ordinary shares outstanding in the year (plus the average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares –of which there were none at Ebro Puleva, S.A. at 31 December 2009 and 2008–).

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

	12/31/2009	12/31/2008
Net profit attributable to the ordinary shareholders of the Parent from continuing operations	133,351	72,672
Profit attributable to the ordinary shareholders of the Parent from discontinued operations	43,188	57,965
Net profit attributable to the ordinary shareholders of the Parent	176,539	130,637
Interests in non-cumulative redeemable convertible preference shares	0	0
Net profit attributable to the ordinary shareholders of the Parent adjusted by the effect of the non-cumulative redeemable convertible preference shares	176,539	130,637

	2009	2008
	Thousands	Thousands
Weighted average ordinary shares for basic earnings per share (*)	151,072	153,576
Dilutive effect:		
Share options	0	0
Redeemable preference shares	0	0
Weighted average ordinary shares adjusted by dilutive effect	151,072	153,576

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

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

18.3 Dividends

	2009	2008
Declared and paid in the year (thousands of euros):		
Dividends on ordinary shares:		
Final dividend for 2008: 94 euro cents (2007: 36 euro cents)	145,111	55,391
Interim dividend for 2009: 0 euro cents (2008: 0 euro cents)	0	0
	145,111	55,391
Proposal for approval by the shareholders (not recognised as a liability at 31 December)		
Dividends on ordinary shares:		
Final ordinary dividend for 2009: 40 euro cents (2008: 36 euro cents)	61,546	55,391
Final extraordinary dividend for 2009: 0 euro cents (2008: 36 euro cents)	0	55,391
Extraordinary stock dividend (using treasury shares)	0	34,329
	61,546	145,111

The dividend distribution approved by the shareholders at the Annual General Meeting held on 28 April 2009 was as follows:

a) As a result of the consolidated profit for 2008 of the Ebro Puleva Group, the distribution of an ordinary dividend payable in cash out of unrestricted reserves of EUR 0.36 per share was approved, payable in four quarterly payments of EUR 0.09 each, on 2 April, 2 July, 2 October and 22 December 2009, for a total of EUR 55,391 thousand.

b) Also, on an independent basis, following the success of the sale of the sugar business (Azucarera Ebro, S.L. and certain of its subsidiaries) the following extraordinary dividend was approved:

b.1) Extraordinary dividend payable in cash out of unrestricted reserves of EUR 0.36 per share (in addition to the ordinary dividend) payable in three payments of EUR 0.12 each in 2009, on the same dates as the last three ordinary dividend payments (2 July, 2 October and 22 December), for a total of EUR 55,391 thousand.

b.2) Extraordinary stock dividend consisting of the delivery of treasury shares until the existing share premium has been used up (EUR 34,329 thousand) with a delivery ratio based on a market price of EUR 9.43 per share, of 1 new share for every 40.73 old shares, which entailed the delivery of approximately 3.6 million shares (around 2.36% of the share capital). The delivery ratio was established at the Board Meeting held immediately prior to the Annual General Meeting once the closing market price on the preceding day became known. This extraordinary stock dividend was paid in early May 2009.

(THOUSAND OF EUROS)

19. DEFERRED INCOME

This account includes essentially grants related to assets and CO_2 emission allowances received. The changes in 2009 and 2008 were as follows:

	Government grants		Other deferred income		TOTAL	
	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008
Beginning balance	15,201	14,137	390	162	15,591	14,299
Increases due to business combinations	0	1,716		0	0	1,716
Grants written off	(742)	(2,201)		0	(742)	(2,201)
Grants received	4,332	7,624		0	4,332	7,624
Increase due to CO2 emission allowances		0	2,529	7,736	2,529	7,736
Other increases/decreases		0	(70)	213	(70)	213
Translation differences	6	(28)	0	0	6	(28)
Transfers to profit from continuing operations	(4,183)	(4,953)	(2,670)	(2,670)	(6,853)	(7,623)
Transfers to profit from discontinued operations		(195)		(4,150)	0	(4,345)
Reclassification to non-current assets held for sale		(899)		(901)	0	(1,800)
Ending balance	**14,614**	**15,201**	**179**	**390**	**14,793**	**15,591**

"Deferred Income" at 31 December 2009 and 2008 relates to grants related to assets granted to various Group companies in relation to investments in property, plant and equipment (to date these companies have met all the terms and conditions associated with the grants), the value assigned to the CO_2 emission allowances received under the related national plans and other more minor items..

In 2008 Centro para el Desarrollo Tecnológico Industrial (CDTI) awarded a grant to the consortium made up of 16 companies led by Puleva Biotech, S.A. for the implementation of a CENIT research project aimed at weight control and the prevention of obesity. This project has an estimated duration of four years (2008-2011).

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

GOVERNMENT GRANTS	Amount not yet allocated to profit or loss			
	< 1 year	2-5 years	> 5 years	Total
Detail of ending balance by due date	4,796	8,241	1,577	14,614

20. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The changes in "Provisions for Pensions and Similar Obligations" at the Group in 2009 were as follows (in thousands of euros):

	12/31/2009	12/31/2008		
	Total	Continuing operations	Discontinued operations	Total
Balance at 1 January	**39,060**	**24,600**	**10,786**	**35,386**
Translation differences	(231)	(526)	0	(526)
Business combinations	0	0	0	0
Amounts used and payments	(9,231)	(6,634)	(1,984)	(8,618)
Transfers from other accounts	608	2,768	0	2,768
Excessive provisions and termination benefits	(36)	(543)	0	(543)
Charge for the year - actuarial changes	1,883	14,260	0	14,260
Charge for the year to financial profit or loss	993	52	379	431
Charge for the year to staff costs	7,726	4,567	1,546	6,113
Charge for the year to other operating expenses	181	516	0	516
Reclassification to liabilities associated with assets classified as held for sale	0	0	(10,727)	(10,727)
Balance at 31 December	**40,953**	**39,060**	**0**	**39,060**

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

	12/31/2009	12/31/2008
Defined benefit obligations	23,134	25,414
Retirement bonus and similar obligations	9,710	10,048
Senior executive incentive plan (see Note 27.6)	8,109	3,598
TOTAL	**40,953**	**39,060**

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

	Defined contribution pension obligations	Defined benefit pension obligations	Other defined benefit obligations	Retirement bonus obligations	Long-service bonus obligations	Termination benefit obligations
Ebro Puleva, S.A.	Yes (a)				Yes (b)	
Puleva Food Group				Yes (a)		
Riviana Group (US)		Yes (c)	Yes (c)			
NWP (US and Canada)		Yes (c)	Yes (c)			
Panzani Group (France)				Yes (b)	Yes (b)	
Boost (Herba) (Belgium)	Yes (d) 2007	Yes (d) 2006				Yes (b)
BPB (Belgium)						Yes (b)
Mundiriso (Herba) (Italy)						Yes (b)
Euryza (Herba) (Germany)		Yes (b)				
S&B Group (Herba) (UK)	Yes (e)	Yes (c) (e)				
Birkel Group (Germany)		Yes (b)		Yes (b)		

(THOUSAND OF EUROS)

(a) Obligations externalised through an insurance policy. These obligations were originally defined benefit obligations, but as a result of the externalisation they became defined contribution obligations since they met the minimum requirements for being considered as such.
(b) Unexternalised obligations. In-house provisions and management.
(c) External management of these obligations. The administration, management and investment decisions relating to these assets are performed by an Administration Committee that is independent of Company management.
(d) In 2007 they became defined contribution obligations.
(e) In 2007 all obligations to current employees became defined contribution obligations, whereas the obligations to former employees continued to be defined benefit obligations.

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

20.1 Retirement bonus and other similar obligations

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

	12/31/2009	12/31/2008
Ebro Puleva, S.A. (EP)	352	168
Dairy Group	0	0
Panzani France Group (Panzani)	8,268	8,477
Herba Rice Group (Herba)	709	717
BIRKEL Group	204	343
Dosbio 2010, S.L.	0	171
BPB (Belgium)	177	172
SUBTOTAL	**9,710**	**10,048**

20.1.1 Ebro Puleva, S.A.

As indicated in Note 3-n, some of the employees of Ebro Puleva, S.A. are beneficiaries of various supplementary pension payments which until 2002 were covered by an in-house provision.

In accordance with current legislation, Ebro Puleva, S.A. complied with the obligation to externalise these pension obligations before 16 November 2002, including the amounts reimbursed in the event of death in service.

Each year subsequent to the arrangement of the externalised policies, the adjustments are made that could be required to regularise the policies as a result of the obligations vested each year by current employees and of the changes in their personal and salary conditions with respect to those envisaged in the technical bases detailed in the notes to the consolidated financial statements for 2001. As a result of the possible adjustments to the coverage of these policies, the related premiums are paid to the insurance company so that the obligations to the employees are adequately covered on a permanent basis. The premiums paid for 2009 and 2008 were for very small amounts and were recognised under “Staff Costs”.

As a result of the aforementioned externalisation, in 2002 the in-house provisions were eliminated from liabilities.

The balance of the account at 31 December 2009 of Ebro Puleva, S.A. totalling EUR 352 thousand (31 December 2008: EUR 168 thousand) relates to the provision to meet the possible long-service bonus obligations to employees that do not have to be externalised. The expense for 2009 was EUR 184 thousand (2008: EUR 42 thousand).

20.1.2 Puleva Food Group

The collective agreement applicable to the Granada, Jerez de la Frontera and Seville plants belonging to the former Puleva, S.A. provides for early retirement bonus obligations to employees who have served at the company for more than ten years and who request early retirement (with a maximum of seven employees per year).

In accordance with current legislation, these companies complied with the obligation to externalise these obligations before 16 November 2002. As a result of the aforementioned externalisation, the related in-house provisions were eliminated from liabilities. The premium paid less the rebates received in 2009 led to net income of EUR 47 thousand (2008: EUR 100 thousand).

20.1.3 Panzani Group companies

The Panzani Group companies have obligations to employees, basically for retirement bonuses (provisions of EUR 7,236 thousand and EUR 7,463 thousand at the end of 2009 and 2008, respectively) and for long-service bonuses (provisions of EUR 1,032 thousand and EUR 1,014 thousand at the end of 2009 and 2008, respectively). The aforementioned provisions were recorded on the basis of in-house actuarial calculations. The related expense in 2009 was EUR 294 thousand (2008: EUR 895 thousand). These provisions are in-house provisions and are not invested in specific assets.

20.1.4 Herba Rice Group companies

The collective agreement applicable to the Italian and Belgian subsidiaries provides for termination obligations (voluntary or otherwise) to their employees. The related provisions were recognised on the basis of in-house actuarial calculations. At 2009 year-end the provisions amounted to EUR 549 thousand (2008 year-end: EUR 543 thousand). The related expense in 2009 was EUR 57 thousand (2008: EUR 88 thousand).

Also, certain Herba Group subsidiaries (S&B Herba in the UK, Boost in Germany, Herto in Belgium -a company sold in 2008-, Danrice in Denmark and Herba de Puerto Rico) have defined contribution pension obligations to certain of their employees, on the basis of an annual contribution based on a percentage of their salaries. The related expense in 2009 was EUR 516 thousand (2008: EUR 642 thousand).

Lastly, pursuant to the collective agreement for the rice sector, Herba Ricemills, S.L. has retirement bonus obligations for a scantly material amount externalised through an insurance policy.

20.1.5 Birkel Group (Germany)

In addition to the defined benefit obligations discussed in the section below, the Birkel Group companies have obligations to their employees, basically in connection with retirement bonuses (provisions of EUR 204 thousand and EUR 343 thousand at the end of 2009 and 2008, respectively). The related provisions were recorded on the basis of in-house actuarial calculations. These provisions are in-house provisions and are not invested in specific assets.

20.2 Defined benefit pension and other obligations

The detail, by company, is as follows:

Defined benefit obligations	12/31/2009			12/31/2008		
In thousands of euros	Pension obligations	Other obligations	Total	Pension obligations	Other obligations	Total
Riviana Group (US)	8,723	-2,126	6,597	9,371	-1,095	8,276
NWP Group (US and Canada)	7,288	1,264	8,552	8,565	964	9,529
Boost (Herba) (Belgium)	214		214	185		185
Euryza (Herba) (Germany)	2,970		2,970	2,932		2,932
S&B Group (Herba) (UK)	2,074		2,074	1,460		1,460
Birkel Group (Germany)	2,727		2,727	3,032		3,032
	23,996	**-862**	**23,134**	**25,545**	**-131**	**25,414**

The changes in 2009 and 2008 in the obligations included in the foregoing table, broken down by geographical area (since this is the most appropriate and uniform basis for reporting obligations of this nature), were as follows:

	Riviana Group		NWP Group		European companies	
Thousands of euros	12/31/09	12/31/08	12/31/09	12/31/08	12/31/09	12/31/08
Provision for pensions - obligations						
Balance at beginning of year	26,547	25,493	25,760	25,580	14,588	17,964
Business combinations					0	0
Period provisions	3,313	3,254	1,776	2,055	1,084	959
Actuarial changes	2,304	-376	831	870	3,491	-1,072
Payments in the year	-3,046	-3,295	-6,874	-1,866	-4,165	-561
Labour force restructuring	0	12	323	-220	0	-94
Estimated unrecognised losses	0	0	0	190	0	-327
Translation differences	-983	1,459	537	-849	-21	-2,281
Balance at 31 December	28,135	26,547	22,353	25,760	14,977	14,588
Provision for pensions - plan assets						
Balance at beginning of year	-18,271	-24,890	-16,231	-20,340	-7,312	-10,870
Business combinations					0	0
Return on plan assets	-4,487	6,876	-2,126	3,568	-1,087	1,241
Company contributions	-2,580	-2,333	-2,011	-1,727	-2,576	-99
Payments in the year	3,046	3,295	6,874	1,603	3,962	329
Translation differences	754	-1,219	-307	665	21	2,087
Balance at 31 December	-21,538	-18,271	-13,801	-16,231	-6,992	-7,312
Net balance at 31 December	**6,597**	**8,276**	**8,552**	**9,529**	**7,985**	**7,276**
Deferred recognition of net differences: (losses) gains	0	0	0	0	0	333
Net balance sheet balance at 31 December	**6,597**	**8,276**	**8,552**	**9,529**	**7,985**	**7,609**

	Riviana Group		NWP Group		European companies	
Annual net cost by component	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008
Annual service cost	1,720	1,684	499	618	139	63
Interest cost	1,592	1,545	1,277	1,437	858	738
Return on plan assets	-1,179	-1,782	-949	-1,488	-391	-744
Labour force restructuring	0	0	0	0	0	0
Estimated unrecognised losses	7	-85	0	25	119	-116
	2,140	**1,362**	**827**	**592**	**725**	**-59**
Actuarial changes recognised directly in consolidated equity (losses) gains	678	-8,623	-275	-5,637	-2,286	0

Actuarial assumptions	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008
Discount rate	6.00%	6.25%	5.38%	5.40%	5% al 5.80%	5.50%
Salary increase rate	3.50%	3.50%	0.00%	0.00%	2.5% al 3.5%	3.50%
Return on plan assets	7.75%	8.00%	7.00%	7.43%	6.80%	7.00%

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

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

Lastly, the Riviana and NWP Groups have voluntary contribution plans for all their employees in the US. The companies contribute a total amount equal to a percentage of the contribution of the employees. The total expense relating to these plans in 2009 was EUR 721 thousand (2008: EUR 876 thousand).

21. OTHER PROVISIONS

The changes in “Other Provisions” in 2009 and 2008 were as follows (in thousands of euros):

Changes in other provisions		12/31/2008		
	12/31/2009 Total	Continuing operations	Discontinued operations	Total
Beginning balance	20,310	17,137	171,957	189,094
Translation differences	(4)	20	0	20
Business combinations	0	0	0	0
Transfers	(1,639)	1,520	2,659	4,179
Amounts used and payments	(9,201)	(7,862)	(16,178)	(24,040)
Charge for the year: Expense relating to the COM sugar reform	0	0	2,578	2,578
Reduction in charge for the year: Expense relating to the COM sugar reform	0	0	(6,385)	(6,385)
Charge for the year for other provisions	8,337	9,585	4,066	13,651
Charge for the year for CO_2	2,420	2,648	4,150	6,798
Charge for the year for sale of Azucarera Ebro, S.L. (Note 7)	57,387			
Amounts credited to profit or loss due to provisions released (Note 8)	(3,826)	(2,738)	(62,088)	(64,826)
Reclassification to liabilities associated with assets classified as held for sale	0	0	(100,759)	(100,759)
Ending balance	**73,784**	**20,310**	**0**	**20,310**

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

	12/31/2009	12/31/2008
Summary of provisions by item covered		
Litigation and disputes	11,558	15,599
Outcome of litigation relating to sale of the sugar business	59,077	0
Modernisation and restructuring plan	601	1,108
CO_2 emission allowances	2,281	2,653
Contingencies of subsidiaries	165	633
Other sundry contingencies of non-material amounts	102	317
	73,784	20,310

	12/31/2009	12/31/2008
Ebro Puleva, S.A.	65,193	6,175
Panzani Group	4,266	6,613
Azucarera Energías, S.A.	754	3,248
Puleva Food Group	2,801	2,966
Arotz Foods, S.A.	55	54
Herba Rice Group companies	507	951
Puleva Biotech, S.A.	120	0
NWP Group	88	303
TOTAL CONTINUING OPERATIONS	73,784	20,310

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

The provision for the outcome of litigation relating to the sale of the sugar business relates to the guarantees provided to the buyer of the business which, in the event of an unfavourable outcome of the litigation, would lead to a reduction in the selling price of the sugar business. The provision recognised constitutes an adjustment to the selling price and, therefore, it was recognised, on the one hand, as a reduction in the gain on the transaction (see Note 7) and, on the other, as an interest cost as a result of the use of discounting in relation to these provisions in the period from the date on which the business was sold to 31 December 2009.

21.2 Summary of the status of other litigation and disputes

In addition to the litigation discussed in Note 21.1 above, at 31 December 2009 provisions had been recognised for other litigation and disputes amounting to EUR 11,558 thousand (31 December 2008: EUR 15,599 thousand) in relation to court proceedings in progress and other claims. The Parent's directors and internal and external legal advisers do not expect any additional material liabilities to arise in connection with the outcome of these court proceedings and claims.

The detail of the maximum risk arising from the aforementioned litigation (both that indicated in Note 21.1 and that indicated in Note 21.2) is as follows (in thousands of euros):

	12/31/2009	12/31/2008
Sundry tax and customs duty assessments signed on a contested basis	70,162	6,113
Risks relating to appeals for judicial review	3,161	5,058
Other litigation-related risks	3,190	3,036
	76,513	**14,207**

The most significant lawsuits are described below. Although some of these cases formally correspond to Azucarera Ebro, S.L., which no longer forms part of the Ebro Puleva Group, the related guarantees have been provided to the buyer by Ebro Puleva, S.A. in accordance with the terms and conditions agreed on in the sale of the sugar business and, therefore, they are disclosed here:

1.- Internal movements of sugar among production plants:

1.1. The secondary third-party liability of Azucarera Ebro, S.L. in the criminal proceeding at the National Appellate Court, for alleged fraud offences against the interests of the European Union amounting to EUR 27,600 thousand plus interest. The amount was provisioned. On 2 February 2005, the National Appellate Court handed down a judgment contrary to the company's interests in relation to the proceeding regarding alleged fictitious movements among production plants during the sugar marketing years 1996 to 1999. In a judgment of 15 December 2006, the Supreme Court upheld the cassation appeals filed by the company and the defendants, on the basis of breach of procedural formalities, and overturned the judgment of the National Appellate Court, ordering that it be reformulated and that it comply with certain requirements. The National Appellate Court handed down a new judgment on 26 November 2008 essentially maintaining the penalties and third-party liability contained in the first. A cassation appeal has been filed against this judgment. The hearing has been held and the case is awaiting judgment. Classification for accounting purposes: probable.

1.2. Also, assessments were issued in administrative proceedings in relation to export levies on the 99/00 C sugar marketing year and the amount for the compensation of storage costs for 1996/97 to 1999/00, the cumulative amount of which was EUR 10,953 thousand. Provisions were also recorded in this connection. These assessments were confirmed by a judgment of the National Appellate Court on 22 December 2008. A cassation appeal has been filed at the Supreme Court against this judgment. Amount provisioned. Classification for accounting purposes: probable.

1.3. The penalties arising from the matters described in point 1.2 amount to EUR 6,731 thousand. Amount provisioned. Classification for accounting purposes: probable.

1.4. Also in relation to internal movements of sugar among production plants, an income tax assessment was signed on a contested basis as a result of the increase in the tax base due to alleged sugar sales in 1999. Tax deficiency:

EUR 3,611 thousand. An appeal was filed at the National Appellate Court. Amount not provisioned. Classification for accounting purposes: possible.

1.5. The penalty arising from the assessment referred to in point 1.4. amounts to EUR 2,076 thousand. An appeal was also filed in this connection at the National Appellate Court. Amount not provisioned. Classification for accounting purposes: possible.

2.- Settlement of duty on alcohol related supplies delivered to two customers (Appeal number 394/06). Amount: EUR 1,813 thousand. A judgment has yet to be handed down on the cassation appeal filed by the company. Amount provisioned. Classification for accounting purposes: probable.

3.- Civil court claim filed by several sugar business customers for alleged damage and losses arising from industrial sugar price rigging in 1995 and 1996 declared by the Spanish Competition Agency in its resolution of 15 April 1999. Amount: EUR 4,105 thousand. A judgment at first instance has yet to be handed down. Amount not provisioned. Classification for accounting purposes: possible.

4.- Preliminary proceedings 206/2002 (Central Examining Court no. 5) and 323/2006 (Central Examining Court no. 4). Possible secondary third-party liability of Puleva Food, S.L.U. in two criminal proceedings currently at the examining stage at the National Appellate Court in relation to alleged fraud in connection with the supplementary milk levy in the period from 1997 to 2005. The first proceeding was brought in 2002 and the second in 2006 in response to criminal complaints filed by the Public Prosecutor's Office against several intermediary companies in the Spanish dairy product market. Proceedings are currently is progress against more intermediary companies, cooperatives and practically all the Spanish dairy product companies. In the first of the proceedings, the court-appointed experts presented a report quantifying the milk levy defrauded for the period as a whole by the Spanish dairy product industry at EUR 250,000 thousand, of which approximately EUR 35,000 thousand are attributable to Puleva or to companies absorbed by it. The amount involved in the second proceeding has not yet been quantified. The actions brought against Puleva are not expected to be successful for various reasons: (i) most of the marketing years have become statute-barred; (ii) since there was no legal concept of a milk levy in Spain until 2004, a crime relating to alleged fraudulent conduct prior to that date cannot be considered to have been committed retrospectively; and (iii) fraud cannot be deemed to have been committed when all the periodic reports submitted by Puleva to FEGA (Spanish Agricultural Guarantee Fund) have been absolutely accurate and have reflected all the milk bought both directly from farmers and indirectly from intermediaries, all of which were authorised by FEGA to operate as such. Amount not provisioned. Classification for accounting purposes: possible.

A lawsuit, the outcome of which could be favourable for Ebro Puleva, S.A., concerns a claim for amounts unduly paid over to the Spanish Treasury (EUR 6,415 thousand, of which 60% relates to farmers and the remaining 40% to the Company) in relation to the sugar production levy for the marketing years 2002/03 to 2005/06. The claim was based on a ruling issued by the Court of Justice of the European Union which rendered null and void the regulations that set rates levied for the collection of this agricultural tax. The Provincial Customs and Excise Office recently agreed to the reimbursement of only EUR 350 thousand and, therefore, the Company filed an economic-administrative claim for the difference between this amount and the amount originally claimed and submitted an application for a preliminary ruling to the Court of Justice of the European Union.

22. FINANCIAL LIABILITIES

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

Financial liabilities	At 12/31/09		At 12/31/08	
	Non-current	Current	Non-current	Current
Long-term bank loans and credit facilities	517,607	105,190	715,112	71,034
Short-term bank loans and credit facilities		129,916		307,071
Other financial liabilities	3,695	175	2,441	327
Payable to associates	0	0	900	0
Guarantees and deposits received (financial)	218		97	
TOTAL	521,520	235,281	718,550	378,432

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

Detail by segment or company of bank loans and credit facilities	12/31/2008	12/31/2009	2011	2012	2013	2014	Subsequent years
- Ebro Puleva, S.A	522,303	405,737	44,777	91,628	91,628		177,704
- US Riviana Group	159,076	102,463	34,155	34,154	34,154		
- Herba Rice Group	0	0					
- Dairy Group	33,613	9,053	9,053				
- French Panzani Group	99	64	13	13	13	13	12
- Arotz Foods, S.A.	0	261	261				
- Jiloca, S.A.	21	10	10				
- Puleva Biotech	0	19	3	16			
Long-term bank loans and credit facilities	**715,112**	**517,607**	**88,272**	**125,811**	**125,795**	**13**	**177,716**
- Ebro Puleva, S.A	125,824	78,537					
- French Panzani Group	117,478	62,161					
- Herba Rice Group	95,023	46,733					
- US Riviana Group	561	34,294					
- Dairy Group	29,080	8,351					
- Birkel Group	1,423	3,500					
- Other companies	8,716	1,530					
Short-term bank loans and credit facilities	**378,105**	**235,106**					
Total bank loans and credit facilities	**1,093,217**	**752,713**					

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

CURRENCY	12/31/2009	12/31/2008
Euro	203,176	472,742
US dollar	542,495	613,327
Pound sterling	0	183
Moroccan dirham	5,376	6,053
Thai baht	1,666	912
Total	**752,713**	**1,093,217**

(THOUSAND OF EUROS)

The long-term bank loans of Ebro Puleva, S.A. financed the investments in Riviana Inc (2004), Panzani SAS (2005) and New Word Pasta Company (2006) and are guaranteed by the subsidiaries Riviana Foods Inc. (which replaced Azucarera Ebro, S.L.), Puleva Foods, S.L., Herba Food, S.L., Herba Ricemills, S.L. and Panzani SAS, and relate to:

- A syndicated loan agreement entered into in November 2004, novated in May 2005 and again in November 2006 and April 2009, amounting to EUR 287.9 million, of which at 31 December 2009 EUR 71 million (2008: EUR 142 million) had not yet been repaid. The loan principal has been repaid in eight half-yearly instalments of EUR 35.5 million since May 2007. This euro loan bears annual interest at 1-, 3-, 6- or 12-month EURIBOR plus a market spread.

- A syndicated loan agreement entered into in May 2005, novated in November 2006 and April 2009, amounting to USD 396 million (an initial USD 440 million less USD 44 million repaid early in the April 2009 novation), the principal of which will be repaid in six half-yearly instalments of USD 66 million from October 2011 onwards. This US dollar loan bears annual interest at 1-, 3-, 6- or 12-month LIBOR plus a market spread.

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

The long-term bank loans also include the loan obtained by the Riviana Group in May 2007 to replace the bridge loan arranged in October 2006 for an initial amount of USD 246 million less USD 24.6 million repaid early in May 2009. This loan was granted for the acquisition of the Minute Rice brand and bears interest at LIBOR plus a market spread. This loan is being repaid over five years in ten equal half-yearly instalments, the first of which was paid in November 2007. It is guaranteed by the other US subsidiary NWP Inc.

In relation to the other bank borrowings, at 31 December 2009 the various Group companies had arranged unsecured credit facilities with banks with a total limit of around EUR 480 million (31 December 2008: EUR 660 million), against which a total of EUR 130 million had been drawn down at 31 December 2009 (31 December 2008: EUR 384 million). The credit facilities of the Panzani Group, with a limit of EUR 88 million in 2009 (2008: EUR 142 million) are secured by collection rights.

At 31 December 2009 and 2008, there were also note and bill discounting facilities, issues of guarantees and other bank guarantees, the detail being as follows:

At 31 December 2009 FINANCING ARRANGED	Amount drawn	Amount available	Total limit
Note and bill discounting facilities	848	1,473	2,321
Bank guarantee lines	121,827	91,618	213,445
Total consolidated Group	**122,675**	**93,091**	**215,766**

(THOUSAND OF EUROS)

At 31 December 2008 FINANCING ARRANGED	Amount drawn	Amount available	Total limit
Note and bill discounting facilities	4,682	2,123	6,805
Bank guarantee lines	135,407	109,632	245,039
Total consolidated Group	**140,089**	**111,755**	**251,844**

The average annual interest rate on the long-term loans in 2009 was 2.40% (2008: 5.58%) for the Dairy Group.

The average annual interest rates on the short-term loans in 2009 were: an average of 2.19% for Ebro Puleva, S.A., an average of 2.75% at the Herba Rice Group, 2.40% for the Dairy Group and 1.67% for the Panzani Group.

Over the term of the long-term loans of Ebro Puleva, S.A. and the loan of the Riviana Group, certain ratios based on the consolidated financial statements of the Ebro Puleva Group or the aggregate of Riviana/NWP, respectively, must be achieved at all times. The failure to achieve these ratios would increase borrowing costs and, depending on the cases, lead to a situation that could trigger the early repayment of the loans. At 31 December 2009 and 2008, all the ratios were being achieved.

23. OTHER NON-FINANCIAL PAYABLES

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

24. TRADE AND OTHER PAYABLES

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

	12/31/2009	12/31/2008
Trade payables	256,543	374,959
Other payables	30,179	32,818
Remuneration payable	36,066	36,698
Guarantees and deposits received	2,000	11
TOTAL	**324,788**	**444,486**

Trade payables do not bear interest and, in general, mature at between 60 and 90 days. The other payables are also non-interest bearing, with average maturity of six months. They relate mainly to payables on purchases of property, plant and equipment, trade discounts and rebates and commercial media and marketing payables.

25. TAX MATTERS

The detail of the tax receivables and payables at 31 December 2009 and 2008 is as follows (in thousands of euros):

	Tax receivables		Tax payables	
	12/31/2009	12/31/2008	12/31/2009	12/31/2008
VAT and personal income tax withholdings	23,297	51,373	8,800	6,772
Income tax - tax assets	0	2,087		
Social security taxes	0	5	1,884	1,910
Grants receivable	5,348	6,626		
Other tax receivables and payables	8,070	1,778	3,003	8,181
Total tax receivables and payables	**36,715**	**61,869**	**13,687**	**16,863**
Net income tax payable	**28,650**	**1,508**	**3,443**	**16,017**

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

Also, income tax rates vary from one country to another and include most notably due to their relative importance: 30% in Spain, 34.93% in France, 37.5% in the US, 30% in Germany, and between 30% and 31% in Central America. The specific line item called "Effect of Different Tax Rates (Tax Base)" in the table below shows the effects of the differences in the tax rates in each country with respect to 30%.

The detail of the tax payable by the consolidated Group for accounting purposes for the years ended 31 December 2009 and 2008 is as follows (in thousands of euros):

(THOUSAND OF EUROS)

	12/31/2009		12/31/2008	
	Accounting	Tax	Accounting	Tax
Profit before tax from continuing operations	172,991	172,991	103,454	103,454
Profit before tax from discontinued operations (Note 7)	57,102	57,102	79,766	79,766
Reclassification to expenses due to impairment of goodwill	15,953	15,953	6,827	6,827
Profit before tax recognised in equity	(1,934)	(1,934)	(14,260)	(14,260)
Foreign currency hedges recognised in translation differences	12,764	12,764	(24,723)	(24,723)
	256,876	256,876	151,064	151,064
Permanent differences of Group companies	(2,643)	(2,643)	(19,027)	(19,027)
Permanent differences due to consolidation adjustments	(15,635)	(15,635)	7,177	7,177
Tax losses for the year	6,832	6,832	8,520	8,520
Offset of individual tax losses	(1,531)	(1,531)	(75)	(75)
Adjusted accounting profit	243,899	243,899	147,659	147,659
Temporary differences of Group companies		(60,746)		(1,792)
Temporary differences due to consolidation adjustments		3,410		27,730
Tax losses for the year		12,097		1,042
Offset of tax losses		(39,833)		(24,459)
Adjusted taxable profit	243,899	158,827	147,659	150,180
Effect of different tax rates (tax base)	26,105	8,613	10,769	10,769
Taxable profit of the accounting Group	270,004	167,440	158,428	160,949
Net tax payable at 30%	81,001	50,232	47,528	48,285
Tax credits taken	(14,267)	(6,675)	(2,743)	(5,144)
Net tax payable	66,734	43,557	44,785	43,141
Adjustment of prior year's tax	1,511		200	
Adjustment of net deferred taxes	3,009		0	
Tax assessments and penalties	0		518	
Equivalent tax payable	1,471		0	
Reclassification to expenses due to impairment of goodwill	(15,953)		(6,827)	
Adjustment of prior year's net tax payable		2,567		(205)
Total tax expense	56,772	46,124	38,676	42,936
Tax expense - continuing operations	43,356		29,549	
Tax expense - discontinued operations	10,281		21,801	
Tax expense recognised in equity	-694		-5,257	
Tax expense recognised in translation differences	3,829		-7,417	
	56,772		38,676	

INCOME STATEMENT - INCOME TAX	12/31/2009	12/31/2008
Current income tax expense - continuing operations	26,422	17,296
Current income tax expense - discontinued operations	17,135	25,845
Total deferred tax expense	23,871	6,901
Reclassification to expenses due to impairment of goodwill	-15,953	-6,827
Deferred tax expense recognised in equity	-694	-5,257
Adjustment of prior year's tax	1,511	200
Adjustment of net deferred taxes	3,009	0
Equivalent tax payable	1,471	0
Tax assessments and penalties	0	518
	56,772	38,676

Tax expense recognised directly in equity	12/31/2009	12/31/2008
Expenses incurred in change of share capital of subsidiaries	0	0
Change in fair value of financial assets	-19	0
Change due to actuarial gains and losses	-675	-5,257
	-694	-5,257

"Foreign Currency Hedges Recognised in Translation Differences" relates to the effect of the exchange differences recognised directly in translation differences due to the natural hedging of the US dollar loan in relation to the investments in Riviana and NWP (see Note 28).

The total expense for tax purposes less withholdings and prepayments in 2009 resulted in income tax payable (net tax payable).

The companies' temporary differences in 2009 and 2008 were as follows:

- Net decrease of EUR 12,764 thousand (2008: increase of EUR 24,723 thousand) as a result of the net exchange losses on the hedging of the US dollar loans.
- Increase of EUR 1,956 thousand (2008: EUR 14,260 thousand) due to the effect of the actuarial changes in the pension obligations recognised directly in equity.
- Decrease of EUR 14,938 thousand (2008: EUR 11,591 thousand) due to the temporary differences of NWP discussed later in this Note.
- Decrease of EUR 20,780 thousand (2008: EUR 20,780 thousand) due to the amortisation for tax purposes of the goodwill arising from acquisitions of foreign operations.
- Increase of EUR 7,500 thousand (2008: EUR 7,500 thousand) due to the reversal in 2009 (the third year of the four stipulated under the related legislation) of the tax credit taken in 2006 in relation to the investment in NWP.
- Decrease of EUR 21,720 thousand (2008: EUR 15.094 thousand), principally at the Riviana Group, due mainly to the amortisation for tax purposes of trademarks, and to transactions of other companies with positive or negative tax effects arising from provisions reversed and/or recognised in the year, to the recognition and/or reversal of impairment losses on non-current and financial assets and to provisions for other contingencies that were or were not deductible for tax purposes in the year.

The temporary differences due to consolidation adjustments in 2008 relate primarily to the elimination of intra-Group gains of the sale of investment property and the elimination of provisions recognised for investments between Group companies. In 2009 they were not material.

The tax losses recognised as temporary differences arose mainly from the impairment of goodwill amounting to EUR 12,000 thousand in the case of the Puleva Biotech extracts business, and from the offset of prior years' tax losses of NWP (EUR 32,220 thousand) and of the Spanish tax group (EUR 7,536 thousand).

The companies' permanent differences relate basically to adjustments for inflation made to non-current assets sold during the year, to tax expenses that were not reversed, to the application for tax purposes of losses on non-current financial assets and to the reversal of certain provisions that were not deductible for tax purposes when they were recognised in prior years.

Lastly, the permanent differences due to consolidation adjustments relate mainly to the elimination of provisions between companies in subgroups that belong to the accounting group, and also in 2008, to the intra-Group elimination of the results of companies accounted for using the equity method and to the effects of the derecognition of assets acquired in prior years in business combinations.

The tax credits relate mainly to tax credits for new product development and innovation expenditure, for patronage and the reinvestment of income from non-current asset sales.

The amount reinvested in order to be entitled to take the tax credit for the reinvestment of income generated by the Spanish tax group in 2009 amounted to EUR 258 million, which must be reinvested by the Spanish tax group within three years (EUR 16.2 million; EUR 11.2 million; EUR 76.3 million; EUR 87 million; EUR 65 million; EUR 25 million and EUR 33.6 million in the period from 2008 to 2002, respectively. These amounts were reinvested by the Spanish tax group in those same years). Also, the other requirements to be able to take these tax credits were met.

The detail of the deferred taxes for the years ended 31 December 2009 and 2008 is as follows (in thousands of euros):

	12/31/2009		12/31/2008	
	Assets	Liabilities	Assets	Liabilities
Balances at 1 January	**46,688**	**136,199**	**73,107**	**140,031**
Transfer of balances	3,698	1,969	6,082	0
Translation differences	77	(1,163)	(54)	1,146
Changes in the scope of consolidation	0	0	88	2,217
Reductions due to the sale of companies	0	0	(13)	(1,492)
Recognised in / derecognised from profit or loss	(12,084)	8,308	(7,437)	(2,642)
Recognised in / derecognised from equity	642	98	5,257	0
Adjustments	(2,348)	(358)	(254)	(783)
Change in provision for deferred taxes	15,739	(214)	0	0
Reclassified to non-current assets held for sale and liabilities associated with assets held for sale	0	0	(30,088)	(2,278)
Balance at 31 December	**52,412**	**144,839**	**46,688**	**136,199**

(THOUSAND OF EUROS)

The detail, by most significant line item, of the deferred taxes at 31 December 2009 and 2008 is as follows:

	12/31/2009		12/31/2008	
	Deferred tax		Deferred tax	
	assets	liabilities	assets	liabilities
Property, plant and equipment	5,998	55,829	5,410	58,754
Investment property	7,245	0	7,245	62
Goodwill	7,583	27,696	10,321	29,707
Other intangible assets	3,788	47,814	6,145	30,394
Inventories	1,721	2,368	464	2,235
Accounts receivable and prepayments and accrued income	801	283	0	195
Pension and similar obligations	4,431	(2,303)	7,549	(2,716)
Other long-term provisions	6,718	10	8,496	1,186
Accounts payable and accrued expenses and deferred income	8,203	1,368	9,488	3,531
Tax credit carryforwards	8,577	0	394	0
Tax loss carryforwards	28,562	0	33,941	0
Deferral of tax benefits	0	3,115	0	4,500
Provisions and tax credits for reinvestment of income of the tax group	273	18,111	1,129	17,305
	83,900	**154,291**	**90,582**	**145,153**
Provision for deferred taxes	(31,488)	(9,452)	(43,894)	(8,954)
TOTAL	**52,412**	**144,839**	**46,688**	**136,199**

The provisions relate in full to NWP for a net total of EUR 22,036 thousand (2008: EUR 34,940 thousand). In 2009 the US subsidiary NWP was able to offset tax loss carryforwards and deduct other tax assets amounting to EUR 32,220 thousand and EUR 14,938 thousand, respectively, (2008: EUR 8,963 thousand and EUR 11,591 thousand, respectively). After offsetting these amounts it could have a maximum of around EUR 23 million of tax assets for prior years' tax losses available for offset, which are provisioned in full in the acquisition balance sheet of this company due to: uncertainty as to the future recoverability of these potential tax assets; their availability for offset due to legal limitations under local legislation; and the fact that they have not yet been approved by the US tax authorities. Lastly, in accordance with IAS 12, this subsidiary's income tax for 2009 was reclassified as impairment of goodwill amounting to EUR 15,953 thousand (2008: EUR 6,827 thousand) (see Note 14).

In addition to the aforementioned tax loss carryforwards of NWP, at 31 December 2009 there were tax loss carryforwards available for offset over the coming 15 years at the other Group companies amounting to EUR 20 million (31 December 2008: EUR 6 million). In 2009 the Spanish tax group offset 2007 tax losses amounting to EUR 7.5 million.

Also, the Spanish tax group has all years since 2004 open for review by the tax authorities for all the taxes applicable to it. The other Group companies have the taxes and years open for review in accordance with the local legislation applicable in each case which have not previously been subject to tax audit and which in most cases are the years since 2005.

26. OBLIGATIONS AND CONTINGENCIES

Obligations under operating leases - Group as lessee

The Group holds certain vehicles, machinery, warehouses and offices under operating leases. These leases have an average term of between three and five years, without any renewal clauses in the leases. There are no restrictions on the lessee with respect to the arrangement of these leases. The detail of the future minimum lease payments under non-cancellable operating leases at 31 December 2009 and 2008 is as follows (in thousands of euros):

	12/31/2009	12/32/2008
Within one year	6,827	10,705
Between one and five years	17,510	13,838
After five years	353	2,259
Total	**24,690**	**26,802**

Obligations under operating leases - Group as lessor

The Group has leased out various buildings within its investment property portfolio. These non-cancellable leases have residual terms of between three and five years. All the leases include a clause to increase the lease payments annually, based on prevailing market conditions. The detail of the future minimum lease payments receivable under non-cancellable operating leases at 31 December 2009 and 2008 is as follows (in thousands of euros):

	12/31/2009	12/32/2008
Within one year	543	612
Between one and five years	420	639
After five years	0	0
Total	**963**	**1,251**

Non-current asset investment commitments

At 31 December 2009, the Group had investment commitments for acquisitions and renewals of machinery amounting to EUR 21,000 thousand (31 December 2008: EUR 40,000 thousand) and computer software amounting to EUR 3,500 thousand.

Commitments relating to inventories

See information disclosed in Note 15.

Legal proceedings

See information disclosed in Note 21.3.

(THOUSAND OF EUROS)

Guarantees

At the end of 2009 and 2008 the following bank guarantees had been provided:

	12/31/2009	12/32/2008
From banks: to courts and agencies for economic-administrative claims and tax deferral (see Note 21.3)	68,299	76,098
From banks: to FEGA, customs authorities and third parties to guarantee the fulfilment of ordinary trading obligations	53,170	52,691
Other bank guarantees	358	6,618
To banks to guarantee the fulfilment of obligations of associates and non-Group companies	51,808	60,907
TOTAL	**173,635**	**196,314**

In 2009 guarantees (counterguarantees) amounting to EUR 64,427 thousand were provided to courts and agencies in relation to claims in order to cover the guarantees provided by Azucarera Ebro, S.L. in the litigation in which it is involved. In 2008 the amount of these guarantees included precisely those guarantees provided by Azucarera Ebro. Based on the contractual agreements entered into, Ebro Puleva, S.A. has guaranteed to the buyer of Azucarera Ebro, S.L. that it will cover any liability that might arise from the resolution of this litigation (see Note 21.1).

The guarantees provided to banks to guarantee the fulfilment of obligations of other companies, relate mainly to the guarantees provided by Ebro Puleva, S.A. for Biocarburantes de Castilla y León, S.A. (which until September 2009 was an associate owned indirectly through Dosbio 2010, S.L.) in relation to the syndicated loan arranged by that company with various banks in November 2004, novated in 2007, to finance the project (biofuel plant), and for working capital financing credit lines. It was established contractually that Ebro Puleva, S.A.'s risk exposure in relation to these guarantees will cease to exist before 1 June 2010. At the end of 2009 Ebro Puleva, S.A. had guaranteed a maximum amount of EUR 51.4 million (2008 year-end: EUR 60.5 million).

"Other Bank Guarantees" relates to a guarantee provided to third parties to secure the fulfilment of contractual obligations. It was arranged in 2006 for USD 5,160 thousand (EUR 3,918 thousand), which was reduced to USD 860 thousand (EUR 618 thousand) in 2008 and discharged in 2009, to cover the guarantees provided to the buyer in the sale in 2006 of the business of the Guatemalan subsidiary. This guarantee covered possible contingencies that might have arisen in relation to the business sold that originated at a date prior to the sale date for the following three years (until 10 August 2009), when this guarantee was discharged. In addition, at the end of 2008 certain guarantees amounting to EUR 6 million had been provided to secure the Alagón land transaction (see Note 11). These guarantees were also discharged in 2009.

Lastly, the credit facilities granted to the Panzani Group with a limit of EUR 88 million in 2009 (2008: EUR 142 million) are secured by collection rights.

27. RELATED PARTY TRANSACTIONS

The sales to and purchases from related parties were performed on an arm's length basis. At year-end the balances relating to commercial operations are not secured, are not interest bearing and are settled in cash. Except as discussed in Note 26 in relation to Biocarburantes de Castilla y León, S.A., no other guarantees were provided or received in relation to the accounts receivable from or payable to third parties.

During the years ended 31 December 2009 and 2008 the Group did not recognise any allowances for doubtful debts from related parties. The need for allowances is assessed each year on the basis of an examination of the financial position of the related party and of the market in which it operates.

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

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

The transactions, excluding dividends, of the Ebro Puleva Group companies with these significant shareholders (unless they are directors, in which case they are reflected in Note 27.2), are summarised as follows:

Significant shareholder	Ebro Puleva Group company	Type of transaction	Amount (thousands of euros) 2009	Amount (thousands of euros) 2008
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	Sales of goods (finished goods or work in progress)	456	510
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	Purchases of goods (finished goods or work in progress)	4,684	7,294
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U	Sale of property, plant and equipment, intangible assets and other assets	5	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	Purchase of property, plant and equipment, intangible assets and other assets	8	1
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	Services rendered	2	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	Services received	87	280
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	Leases to Herba Ricemills	76	86
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Dehesa Norte, S.A.)	HERBA RICEMILLS, S.L.U.	Sales of goods (finished goods or work in progress)	463	529
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Dehesa Norte, S.A.)	HERBA RICEMILLS, S.L.U.	Purchases of goods (finished goods or work in progress)	461	540
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Islasur, S.A.)	HERBA RICEMILLS, S.L.U.	Sales of goods (finished goods or work in progress)	454	520
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Islasur, S.A.)	HERBA RICEMILLS, S.L.U.	Purchases of goods (finished goods or work in progress)	465	540
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Australian Commodities, S.A.)	HERBA RICEMILLS, S.L.U.	Sales of goods (finished goods or work in progress)	482	610
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Australian Commodities, S.A.)	HERBA RICEMILLS, S.L.U.	Purchases of goods (finished goods or work in progress)	487	624

Significant shareholder	Ebro Puleva Group company	Type of transaction	Amount (thousands of euros) 2009	Amount (thousands of euros) 2008
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (El Cobujón, S.A.)	HERBA RICEMILLS, S.L.U.	Sales of goods (finished goods or work in progress)	457	513
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (El Cobujón, S.A.)	HERBA RICEMILLS, S.L.U.	Purchases of goods (finished goods or work in progress)	461	527
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Mundiarroz, S.A.)	HERBA RICEMILLS, S.L.U.	Sales of goods (finished goods or work in progress)	488	530
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Mundiarroz, S.A.)	HERBA RICEMILLS, S.L.U.	Purchases of goods (finished goods or work in progress)	492	544
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Pesquería Isla Mayor, S.A.)	HERBA RICEMILLS, S.L.U.	Sales of goods (finished goods or work in progress)	464	626
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Pesquería Isla Mayor, S.A.)	HERBA RICEMILLS, S.L.U.	Purchases of goods (finished goods or work in progress)	464	638
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA NUTRICIÓN, S.A.U.	Sales of goods (finished goods or work in progress)	1	1
INSTITUTO HISPÁNICO DEL ARROZ, S.A (Dehesa Norte, S.A.)	HERBA NUTRICIÓN, S.A.U.	Sales of goods (finished goods or work in progress)	1	1
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA FOODS, S.L.U.	Services received	50	50
SOCIEDAD ANÓNIMA, DAMM (Cerbedam, S.L.)	PULEVA FOOD, S.L.U.	Sales of goods (finished goods or work in progress)	21	49
SOCIEDAD ANÓNIMA, DAMM (Cerbeleva, S.L.)	PULEVA FOOD, S.L.U.	Sales of goods (finished goods or work in progress)	64	55
SOCIEDAD ANÓNIMA, DAMM (Distridam, S.L.)	PULEVA FOOD, S.L.U.	Sales of goods (finished goods or work in progress)	392	535
SOCIEDAD ANÓNIMA, DAMM (Estrella de Levante)	HERBA RICEMILLS, S.L.U.	Sales of goods (finished goods or work in progress)	1	393
SOCIEDAD ANÓNIMA, DAMM	HERBA RICEMILLS, S.L.U.	Sales of goods (finished goods or work in progress)	2,041	2,266
SOCIEDAD ANÓNIMA, DAMM (Plataforma Continental, S.L.)	HERBA RICEMILLS, S.L.U.	Sales of goods (finished goods or work in progress)	90	244
SOCIEDAD ANÓNIMA, DAMM (Font Salem, S.L.)	NUEVA COMERCIAL AZUCARERA, S.A.	Sales of goods (finished goods or work in progress)	1,240	4,078

The amount of the related-party transaction in 2009 with Nueva Comercial Azucarera, S.A. was calculated at 30 April 2009, the date on which this company ceased to form part of the Ebro Puleva Group.

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

The transactions, excluding dividends, with directors and executives of Ebro Puleva, S.A. are summarised as follows:

Name or company name of the directors or executives	Ebro Puleva Group company	Type of transaction	Amount (thousands of euros) 2009	Amount (thousands of euros) 2008
CAJA DE AHORROS DE SALAMANCA Y SORIA	BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.	Guarantees received	Available: 6,000 Drawn down: 6,000	Available: 6,000 Drawn down: 6,000

Name or company name of the directors or executives	Ebro Puleva Group company	Type of transaction	Amount (thousands of euros) 2009	Amount (thousands of euros) 2008
CAJA DE AHORROS DE SALAMANCA Y SORIA	AGROTEO, S.A.	Other transactions (advances on the sugar beet marketing year)	Available: 937 Drawn down: 937	Available: 0 Drawn down: 1,713
CAJA DE AHORROS DE SALAMANCA Y SORIA	EBRO PULEVA, S.A.	Financing agreements: loans - borrower	Available: 48,509 Drawn down: 48,509	Available: 55,792 Drawn down: 55,792
CAJA DE AHORROS DE SALAMANCA Y SORIA	AZUCARERA EBRO, S.L.U.	Guarantees received	Available: 13,823 Drawn down: 2954	Available: 13,823 Drawn down: 1,918
CAJA DE AHORROS DE SALAMANCA Y SORIA	AZUCARERA EBRO, S.L.U.	Financing agreements: loans - borrower	Available: 31,000 Drawn down: 26,334	Available: 31,000 Drawn down: 8,736
CAJA DE AHORROS DE SALAMANCA Y SORIA	BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.	Financing agreements: loans - borrower	Available: 9,369 Drawn down: 9,369	Available: 10,855 Drawn down: 10,855
CAJA DE AHORROS DE SALAMANCA Y SORIA	BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.	Financing agreements: other - borrower	Available: 10,000 Drawn down: 5,726	Available: 10,000 Drawn down: 8,441
CAJA DE AHORROS DE SALAMANCA Y SORIA	PULEVA FOOD, S.L.U.	Sale of goods (finished goods or work in progress)	3	0
CAJA ESPAÑA DE INVERSIONES CAJA DE AHORROS Y MONTE DE PIEDAD	BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.	Financing agreements: loans - borrower	Available: 23,153 Drawn down: 17,596	Available: 20,375 Drawn down: 20,375
CAJA ESPAÑA DE INVERSIONES CAJA DE AHORROS Y MONTE DE PIEDAD	BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.	Financing agreements: loans - borrower	Available: 5,000 Drawn down: 4,957	Available: 5,000 Drawn down: 229
CAJA ESPAÑA DE INVERSIONES CAJA DE AHORROS Y MONTE DE PIEDAD	AGROTEO, S.A.	Financing agreements: loans - borrower	Available: 9 Drawn down: 9	Available: 99 Drawn down: 99
CAJA ESPAÑA DE INVERSIONES CAJA DE AHORROS Y MONTE DE PIEDAD	AGROTEO, S.A.	Financing agreements: loans - borrower	Available: 1 Drawn down: 1	Available: 0 Drawn down: 0
CAJA ESPAÑA DE INVERSIONES CAJA DE AHORROS Y MONTE DE PIEDAD	EBRO PULEVA, S.A.	Financing agreements: loans - borrower	Available: 24,300 Drawn down: 24,300	Available: 27,927 Drawn down: 27,927
CAJA ESPAÑA DE INVERSIONES CAJA DE AHORROS Y MONTE DE PIEDAD	EBRO PULEVA, S.A.	Financing agreements: loans - borrower	Available: 6,000 Drawn down: 144	Available: 6,000 Drawn down: 3,880
CAJA ESPAÑA DE INVERSIONES CAJA DE AHORROS Y MONTE DE PIEDAD	EBRO PULEVA, S.A.	Other transactions	11,000	0
CAJA ESPAÑA DE INVERSIONES CAJA DE AHORROS Y MONTE DE PIEDAD	AZUCARERA EBRO, S.L.U.	Financing agreements: loans - borrower	Available: 46,000 Drawn down: 36,550	Available: 46,000 Drawn down: 26,164
JUAN DOMINGO ORTEGA MARTÍNEZ (Quesos Forlasa, S.A.)	PULEVA FOOD, S.L.U.	Sale of goods (finished goods or work in progress)	156	0

The amounts of the related-party transactions in 2009 with Azucarera Ebro, S.L.U., Agroteo, S.A. and Biocarburantes de Castilla y León, S.A. were calculated on the date on which these companies ceased to form part of the Ebro Puleva Group: Azucarera Ebro and Agroteo on 30 April 2009; and Biocarburantes on 24 September 2009.

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

Within the framework of the overall dividend policy of Ebro Puleva, S.A. described in Note 18, the following amounts expressed in thousands of euros were distributed:

Dividends 2009:

- Dividends to significant shareholders: EUR 30,032 thousand
- Dividends to directors and executives: EUR 24,404 thousand

Dividends 2008:

- Dividends to significant shareholders: EUR 14,677 thousand

- Dividends to directors and executives: EUR 11,594 thousand

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

Note 4 includes a list of the subsidiaries and associates that compose the Ebro Puleva Group.

During 2009 the transactions with associates were not material, except as discussed in Notes 12 and 26 in relation to the loans and guarantees provided by Ebro Puleva, S.A. to Biocarburantes de Castilla y León, S.A.

The transactions with associates are summarised as follows:

Name of the Ebro Puleva Group company	Type of transaction	Amount (thousand of euros) 2009	Amount (thousands of euros) 2008
BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.	Financing agreements: loans – lender	29,000	12,117
BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.	Guarantees	39,975	54,966

The balance of these two transactions carried out in 2009 with Biocarburantes de Castilla y León, S.A. was calculated at 24 September 2009, the date on which this company ceased to form part of the Ebro Puleva Group.

27.5 Related-party transactions between Ebro Puleva Group companies and Puleva Biotech

Following is a description of the significant transactions with a transfer of funds or obligations performed in 2009 between the Puleva Biotech Group and the wholly-owned subsidiaries of its significant shareholder, Ebro Puleva, S.A.: Puleva Food, S.L.U., Herba Ricemills, S.L.U., Boost Nutrition C.V. and Fundación Ebro Puleva.

Since the shareholders of Ebro Puleva, S.A. do not exactly coincide with those of Puleva Biotech, S.A., which is also a listed company, there is a theoretical possibility that potential conflicts of interest exist. Therefore, the contractual terms and conditions stipulate that the financial relations between the various Ebro Puleva Group companies and the Puleva Biotech Group must be carried out strictly on an arm's length basis, thereby avoiding situations that might be prejudicial to the shareholders of one or the other of the parties that, in their capacity as non-controlling shareholders, do not take part in the decision-making process since they do not form part of the Boards of Directors of the companies party to the agreements.

In 2009 Puleva Biotech, S.A. and Española de I+D, S.A. continued to work with the aforementioned Ebro Puleva Group companies under the various agreements between the parties.

1.- Relations between Puleva Food, S.L.U. and Puleva Biotech, S.A.

In 2009 Puleva Biotech, S.A. provided R&D+i services to Puleva Food based on certain specific agreements, entered into by the two companies in the context of a framework agreement entered into in 2001 to provide advisory activities. The various projects may be grouped together in the following categories:

- Nutritional and clinical assessment
- Development of new packaging technologies
- Development of new products
- Quality assurance and food safety
- Product reformulation and ingredient accreditation

In 2009 Puleva Biotech, S.A. sold to Puleva Food, S.L 242,810 kg of functional fats (omega-3) EPA and DHA produced at the industrial plant operated by Puleva Biotech in Granada. Also, it sold it 2,350 kg of isoflavones produced at the Talayuela (Cáceres) industrial plant.

The net amount billed for the sale of goods and services by Puleva Biotech, S.A. to Puleva Food, S.L.U. totalled EUR 5,662 thousand in 2009, of which EUR 2,793 thousand relate to sales of goods and EUR 2,869 thousand to services rendered.

<u>2.- Relations between Herba Ricemills, S.L.U. and Puleva Biotech, S.A.</u>

Commercial relations between Herba Ricemills and the Puleva Biotech Group are structured through the implementation of a global R&D+i project called “Research and Technological Development in the Cereal and By-Products Sector: Scientific and Technological Bases and the new improved range of starch-based foodstuffs” (Cereales Project). To this end, on 22 February 2007 a consortium agreement was entered into, establishing that Herba, as the company leading the Project, was responsible for bearing the expenses and investments made by the companies cooperating in the performance and implementation of the Project increased by the corresponding profit margin. In 2008 and until 31 December 2009, this agreement continued to govern the contractual relationship between these companies.

The establishment of the aforementioned consortium agreement was conditional upon the obtainment of the economic aid requested from Corporación Tecnológica de Andalucía (CTA), which was granted by this body in a resolution dated 8 May 2007.

Also, Herba bore 50% of the contribution to the CTA made by Puleva Biotech during the term of the Project.

In 2009 Puleva Biotech, S.A. billed Herba Ricemills, S.L. EUR 583 thousand for the expenses incurred in the Cereales Project which included the 10% profit margin agreed upon and EUR 125 thousand corresponding to one-half of the contributions to the CTA that Puleva Biotech, S.A. had made in the year.

Also, in 2009 Puleva Biotech, S.A. rendered analytical quality services to Herba Ricemills, S.L.U. amounting to EUR 22 thousand and it sold it products amounting to EUR 3 thousand.

3.- Relations between Herba Ricemills, S.L. and Española de I+D, S.A. (subsidiary of Puleva Biotech, S.A.)

Through the consortium agreement for the R&D+i Project presented to Corporación Tecnológica de Andalucía and Agencia de Innovación y Desarrollo de Andalucía, entered into on 22 February 2007, and through the addendum "Operating Conditions" to the aforementioned consortium agreement for the R&D+i Project approved by Corporación Tecnológica de Andalucía, entered into on 24 September 2007, Española de I+D, S.A. has been contributing to the Project, pursuant to the scientific and technical specifications and through the persons detailed in the agreement, the research and development work, resources and services included in the activity framework that constitutes its company object.

Herba Ricemills, S.L.U., as the company leading the consortium and as coordinator of the Cereales project, bears all the expenses incurred in the performance and implementation of the aforementioned Project, within the margins established as budgets qualifying for aid by the CTA in its resolution dated 8 May 2007.

In 2009 the value of the services rendered to Herba Ricemills, S.L. by Española de I+D was EUR 820 thousand.

4.- Other relations

In 2009 Puleva Biotech, S.A. billed EUR 3 thousand to Boost Nutrition C.V. for analytical quality services rendered.

There are current account agreements between Puleva Food, S.L.U. and Ebro Puleva, S.A. and the balances resulting from any transfer or loan of cash made between these companies and Puleva Biotech, S.A. bear interest at market rates. In 2009 Puleva Biotech, S.A. paid borrowing costs of EUR 323 thousand in this connection to Puleva Food, S.L.U.

Puleva Food, S.L.U. provides Puleva Biotech, S.A. with certain goods and services such as the lease of the sales offices and of the industrial buildings for the normal performance of its operations, certain industrial supplies, counselling and administrative services, etc. Puleva Biotech, S.A. paid a total of EUR 730 thousand in this connection in 2009.

Also, Puleva Biotech, S.A. received services from the Parent Ebro Puleva, S.A. in 2009 amounting to EUR 2 thousand.

In 2009 Puleva Biotech, S.A. made a donation of EUR 28 thousand to the Fundación Ebro Puleva Foundation as an alternative to having to reserve 2% of its jobs for disabled persons, pursuant to the Spanish Law on the Social Integration of Disabled Persons.

5.- Conclusions

Sales of products and services by the Puleva Biotech Group to the aforementioned Ebro Puleva Group companies in 2009 represented 38% of revenue.

27.6 Directors and executives

Directors' remuneration. - Ebro Puleva, S.A.'s Board members earned total remuneration at all the Group companies amounting to EUR 9,930 thousand and EUR 4,680 thousand in 2009 and 2008, respectively, the detail being as follows (in thousands of euros):

DIRECTORS' REMUNERATION AND OTHER BENEFITS	2009	2008
REMUNERATION		
Attendance fees	300	267
Bylaw-stipulated profit sharing	2,332	2,055
Total non-executive directors	**2,632**	**2,322**
Wages, salaries and professional fees	7,298	2,358
Termination benefits and other	0	0
Total executive directors	**7,298**	**2,358**
TOTAL REMUNERATION	**9,930**	**4,680**
OTHER BENEFITS		
Life insurance and retirement benefits	52	156

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

The Board of Directors, at its meeting held on 26 February 2010 and at the proposal of the Recruitment and Remuneration Committee, resolved, for 2009 and for the Chairman and non-executive directors, to increase the bylaw-stipulated profit-sharing by 13.5% (equal to the increase in the 2009 consolidated EBITDA with respect to that of 2008) to EUR 2,332,231 and, accordingly, to propose to the shareholders at the Annual General Meeting the assignation of a percentage of 1.32% of the consolidated net profit attributable to the Company in 2009. The Board also resolved to increase the attendance fees, which had been frozen since February 2005. Specifically, the fee for attending Board Meetings rose to EUR 1,600 from the EUR 1,400 paid in previous years, and the fees for attending the various Committee meetings was increased to EUR 800 from the EUR 700 of prior years. EUR 278 thousand of fees for attending the various collective bodies of Ebro Puleva, S.A. were paid in 2009. The fees for attending the Board Meetings of Dosbio 2010, S.L.U. and of Puleva Biotech, S.A. were set at EUR 700, representing an amount of EUR 10,500 at Dosbio and EUR 14,000 at Puleva Biotech. Of these amounts, EUR 22,400 related to amounts earned by directors of these subsidiaries that sit on the Board of Directors of Ebro Puleva, S.A. Therefore, the sum total of the attendance fees earned by the directors of Ebro Puleva, S.A., both of the Parent and of the aforementioned subsidiaries, amounted to EUR 300 thousand in 2009.

Of the total remuneration of the executive directors (EUR 7,298 thousand), EUR 4,626 thousand relate to the Multi-Year Incentive Plan associated with the Ebro Puleva Group's Strategic Plan, of which EUR 600 thousand were paid in 2009. In 2006 the Board of

Directors, at the proposal of the Recruitment and Remuneration Committee, approved this incentive plan for certain executives consisting of the possibility of receiving a given amount in cash tied to the achievement of certain targets established in the Company's Strategic Plan for 2007-2009. The senior executives of the Ebro Puleva Group, including the executive directors, are the beneficiaries of the Plan. The amount shown was calculated on the basis of the degree of achievement of the EBITDA and EVA targets and of certain qualitative objectives established in the Group's Strategic Plan for the three-year period from 2007 to 2009.

The consolidated financial statements for 2007 and 2008 include provisions totalling EUR 4,206 thousand as a provisional estimate of the amount of the Multi-Year Incentive Plan for those years based on the results achieved in 2007 and 2008. These provisions, which cover both the executive directors and the executives of the Ebro Puleva Group companies included in the Plan, were recognised on the basis of the definitive settlement made in 2009 for the three-year period as a whole, as described in the preceding paragraph.

The aforementioned Incentive Plan is not tied to the value of the Ebro Puleva share and does not entail the receipt by the beneficiaries of shares or of any other right thereon.

Pursuant to the bylaws, a member of the Board of Directors who has held an executive position is entitled to a supplementary life insurance policy and pension for an annual amount EUR 52 thousand in 2009 (2008: EUR 156 thousand).

Also, the Company has not granted any loans or advances to the members of its Board of Directors and it does not have any guarantee obligations to them.

Article 127 ter 4 of the Consolidated Spanish Public Limited Liability Companies Law. - Pursuant to Article 127 ter. 4 of the current Consolidated Spanish Public Limited Liability Companies Law, this section of the notes to the consolidated financial statements discloses information that the directors, in compliance with their duty of loyalty, have communicated to the company, relating to the equity interests and positions held at companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Ebro Puleva, S.A., whether or not these companies form part of the Ebro Puleva Group.

- Antonio Hernández Callejas:

- Direct ownership interest of 16.666% in Instituto Hispánico del Arroz, S.A. No position is held.
- Indirect ownership interest of 3,620% in Casarone Agroindustrial, S.A. No position is held.
- Direct ownership interest in Puleva Biotech, S.A. with 101 shares. No position is held.

- Félix Hernández Callejas:

  - Direct ownership interest of 16.666% in Instituto Hispánico del Arroz, S.A. No position is held.
  - Indirect ownership interest of 3.620% in Casarone Agroindustrial, S.A. No position is held.
  - Direct ownership interest of 0.002% in Rivera del Arroz, S.A. He holds the position of director.
  - Direct ownership interest of 0.0002% in Mundi Riz, S.A. He holds the position of director.

- Blanca Hernández Rodríguez:

  - Direct ownership interest of 16.666% in Instituto Hispánico del Arroz, S.A. No position is held.
  - Indirect ownership interest of 3.620% in Casarone Agroindustrial, S.A. No position is held.

It is hereby stated that Antonio Hernández Callejas, Félix Hernández Callejas and Blanca Hernández Rodríguez hold indirect ownership interests in Ebro Puleva, S.A. through the 15.721% ownership interest that Instituto Hispánico del Arroz, S.A, has in this company, directly and through Hispafoods Invest, S.L.

- Caja de Ahorros de Salamanca y Soria:

  - Ownership interest of 40% in Barrancarnes Transformación Artesanal. It holds the position of director.
  - Ownership interest of 40% in Jamones Burgaleses, S.A. It holds the position of director.
  - Ownership interest of 41.29% in Leonesa Astur de Piensos, S.A.. It holds the position of director.
  - Ownership interest of 33.040% in Dibaq Diproteg, S.A.. It holds the position of director.
  - Ownership interest of 50% in Marcos Soterrano, S.A. It holds the position of director.
  - Ownership interest of 29.370% in Qualia Lácteos, S.L.. No position is held.

- Caja España de Inversiones, Caja de Ahorros y Monte de Piedad:

  - Ownership interest of 100% in Inversiones, S.A. It holds the position of director.

- Fernando Castelló Clemente:

  - Ownership interest of 40% in Castillo Castelló, S.A. He holds the position of Non-Executive Chairman.

- Juan Domingo Ortega Martínez:

  - Indirect ownership interest of 60.84% in Quesos Forlasa, S.A. He is the representative of Forlasa Alimentación, S.L., which is the CEO of this company.
  - Direct ownership interest of 60.84% in Forlasa Alimentación, S.L. He holds the position of CEO.

- Indirect ownership interest of 60% in Forlactaria Operadores Lecheros, S.A. He holds the position of Chairman of the Board of Directors.

- Eugenio Ruiz Gálvez-Priego:

- He holds the position of CEO of Azucarera Ebro, S.L.U. No ownership interest is held.
- He holds the position of Deputy Chairman of Compañía de Melazas, S.A. No ownership interest is held.
- He holds the position of Chairman of Nueva Comercial Azucarera, S.A. No ownership interest is held.

The positions held by the directors at other companies belonging to the Ebro Puleva Group in which they do not have any ownership interests are as follows:

Name of director	Ebro Puleva Group company	Position
Demetrio Carceller Arce	Puleva Biotech, S.A.	Director
Jaime Carbó Fernández	Panzani, S.A.S.	Director
Jaime Carbó Fernández	Riviana Foods, Inc.	Director
Jaime Carbó Fernández	Ebro America, inc.	Director
Jaime Carbó Fernández	El Castillo Debic Food Service, S.L.	Director
Jaime Carbó Fernández	New World Pasta Company	Director
Jaime Carbó Fernández	N&C Boost, N.V.	Director
Jaime Carbó Fernández	Boost Nutrition, C.V.	Director
Jaime Carbó Fernández	Herba Germany GMBH	Director acting severally
Jaime Carbó Fernández	Jiloca Industrial, S.A.	Director acting severally
Jaime Carbó Fernández	Arotz Foods, S.A.	Director acting severally
Jaime Carbó Fernández	Fincas e Inversiones Ebro, S.A.	Director acting severally
Leopoldo del Pino y Calvo-Sotelo	Puleva Biotech, S.A.	Director
Fernando Castelló Clemente	El Castillo Debic Food Service, S.L.	Non-Executive Chairman
Fernando Castelló Clemente	Lactimilk, S.A.	Non-Executive Chairman
Antonio Hernández Callejas	Panzani, S.A.S.	Director
Antonio Hernández Callejas	New World Pasta Company	Director
Antonio Hernández Callejas	Riviana Foods, Inc.	Director
Antonio Hernández Callejas	Puleva Biotech, S.A.	Director
Antonio Hernández Callejas	Ebro America, Inc.	Chairman
Antonio Hernández Callejas	N&C Boost, N.V.	Director
Antonio Hernández Callejas	Boost Nutrition, C.V:	Director
Antonio Hernández Callejas	Danrice, A/S	Director
Antonio Hernández Callejas	Josehp Heap&Sons Limited	Director
Antonio Hernández Callejas	S&Herba Foods Limited	Director
Antonio Hernández Callejas	Anglo Australian Rice Limited	Director
Antonio Hernández Callejas	Vogan & Co Limited	Director
Antonio Hernández Callejas	A W Mellish Limited	Director acting severally
Antonio Hernández Callejas	Josehp Heap Property Limited	Director acting severally
Antonio Hernández Callejas	Heap Comet Limited	Director acting severally
Antonio Hernández Callejas	Herba Germany GMBH	Director acting severally
Antonio Hernández Callejas	Arrozeiras Mudiarroz, S.A.	Chairman
Félix Hernández Callejas	Herba Ricemills, S.L.U	Chairman -CEO
Félix Hernández Callejas	Herba Foods, S.L.U.	Director acting severally
Félix Hernández Callejas	Herba Nutrición, S.L.U.	Director acting severally
Félix Hernández Callejas	Fallera Nutrición, S.L.U.	Director acting severally
Félix Hernández Callejas	Nuratri, S.L.U.	Director acting severally
Félix Hernández Callejas	Nutrial, S.L.U.	Director acting severally
Félix Hernández Callejas	Nutramas, S.L.U.	Director acting severally
Félix Hernández Callejas	Pronatur, S.L.U.	Director acting severally
Félix Hernández Callejas	Vitasan, S.L.U.	Director acting severally

(THOUSAND OF EUROS)

Name of director	Ebro Puleva Group company	Position
Félix Hernández Callejas	Risella, Oy	Director
Félix Hernández Callejas	S&B Herba Foods, Ltd.	Director
Félix Hernández Callejas	Anglo Australian Rice, Ltd.	Director
Félix Hernández Callejas	Joseph Heap&Sons, Ltd.	Director
Félix Hernández Callejas	Vogan&Co, Ltd	Director
Félix Hernández Callejas	Danrice A/S	Director
Félix Hernández Callejas	Herba Egypt Ricemills, Co.	Director
Félix Hernández Callejas	Arrozeiras Mundiarroz, S.A.	Director
Félix Hernández Callejas	Riviana Foods, Inc.	Director
Félix Hernández Callejas	Herba de Puerto Rico, LLC	Director
Félix Hernández Callejas	Herto, N.V.	Chairman
Félix Hernández Callejas	Boost Nutrition, C.V.	Director
Félix Hernández Callejas	Herba Rice India, PVT, LTD	Director acting severally
Félix Hernández Callejas	Herba Hellas, S.A.	Receiver
Félix Hernández Callejas	Puleva Biotech, S.A.	Director
Félix Hernández Callejas	Española de I+D, S.A.	Director

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

In 2009 and 2008 no transactions were performed by the directors of Ebro Puleva, S.A. with Ebro Puleva Group companies that did not form part of the ordinary course of business of these companies or under non-arm's length conditions.

Remuneration of executives - At 30 June 2009 Ebro Puleva, S.A. had 10 executives (11 until 30 June 2009 and 7 until 31 December 2008), the total aggregate remuneration of which in 2009 was EUR 2,741 thousand (2008: EUR 1,360 thousand), of which EUR 2,615 thousand (2008: EUR 1,360 thousand) related to wages and salaries and EUR 126 thousand (2008: EUR 0 thousand) to termination benefits.

The employment contract of two of these executives include guarantee clauses in the event of termination or change of control which range from between one and two years' salary.

In the case of the other executives the termination benefits initially established are below the termination benefits provided for in the Spanish Workers' Statute due to the related length of service.

The executives (excluding executive directors) of the Ebro Puleva Group included in the Multi-Year Incentive Plan associated with the Ebro Puleva Group's Strategic Plan described in Note 27.6 earned a total of EUR 4,568 thousand in 2009 for the three-year period taken as a whole, of which EUR 370 thousand were paid in 2009.

Lastly, the Parent took out and has in force a third-party liability insurance policy covering the directors and executives of Ebro Puleva, S.A. with coverage for all its subsidiaries and an indemnity limit per annum of EUR 45 million, at an annual cost of EUR 78,000 and in force until 30 April 2010. The aforementioned policy is currently in the process of being renewed.

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

The Ebro Puleva Group carries out numerous actions to enable it to indentify, assess, manage and minimise the risks to which its main business activities are exposed.

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

The measures taken in this respect cover the key parameters of the management of the business such as the income statement, borrowings, investment and the strategic policy of the Company, in order to make it possible to adopt the decisions that are key to the achievement of the objectives set out above.

The Group has pioneered the development and promotion of R&D, environmental and food quality and internal auditing in the industry. Most notable in this regard are the environmental and food quality, commercial and counterparty risk, occupational risk prevention and research and development committees, which are responsible for preventing and mitigating risks.

In addition to the general risks that affect all business activities, there are certain specific risks that arise both from the type of business activity carried on and the way in which the Group engages in this activity. The main risks and the control systems in place to mitigate then are as follows.

Risks specific to the industry in which the activity is carried on

1. Legal/Regulatory risk. The Group is subject to, and its operations are effected by, the legislation of numerous countries and international organisations. This legislation establishes rules ranging from production quotas to trading prices or tariff protection. To counter the related risk, the Group opted to apply a policy of geographical and product diversification.

   The Group is also exposed to the risk of not being able to adequately protect is brands and intellectual property. Therefore, the Company exhaustively monitors its intellectual property and projects its use with the competent agencies, applying for the appropriate patents wherever necessary.

2. Environmental and food quality risk. The Group's environmental policy is based on the principle of compliance with the legislation in force at any given time, for which purpose the Group has defined, developed and implemented an environmental and food safety management system that meets the requirements of the UNE-EN-ISO 14001:2004 and UNE-EN-ISO 9001:2000 standards under which most of the Group's production centres in Europe, the US and Canada have been certified.
   The Company provides its employees with adequate and ongoing training in areas relating to food safety and occupational health and safety. Similarly, its performs quality controls on its products and on the materials used in producing them using its own and third-party laboratories.

   Lastly, the Group has taken out several insurance policies that cover the risks relating to food safety.

3. Supply risk. The business activities carried on by Ebro Puleva depend on the supply of raw materials such as rice, durum wheat and milk. The Group is exposed to the risk of not receiving sufficient raw materials of a quality that is in line with the Group's standards at an appropriate price. To cater for this risk the Company acts along two lines:

   a. Diversifying the sources of supply, going to the main production markets if it is considered that in doing so a competitive advantage is gained.

   b. Entering into long-term supply agreements and cooperation agreements with the suppliers that the Group considers to be important for the business.

4. Customer concentration and credit risk. Although the end consumers of the Group's products are individuals, sales are made to a limited number of customers which include, inter alia, large retail chains. This gives rise to a dual risk due to the possible limitations on product range and problems relating to the credit of the Group's direct customers.

   The Group's is committed to the differentiation of its products through innovation and to a customer-led approach, supported by leading brands that enable the Group to find its own niche in the channels of distribution and among other industrial customers.

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

   The Group does not have a significant level of credit risk concentration.

5. Risk due to an excess of installed capacity. The consumer goods industry is threatened by possible surplus installed capacity, which becomes more apparent at low points in the economic cycle. Once more, the best guarantee in the face of this type of risk is the strategy of ongoing innovation and differentiation of the Group's products with expenditure on advertising as a percentage of revenue of 4.3% in 2009 (3.6% in 2008) and a high level of spending on R&D+i. Also, the Group endeavours to keep up to date and renew its production structure by abandoning the assets that it does not consider to be sufficiently efficient (bio-fuel activities) and by investing in new plants (Memphis) or production lines.

Risks specific to the Ebro Puleva Group

1. Risks to production assets. All the Group companies insure all of their assets, capital goods and inventories by taking out the related insurance policies.

2. Country risk. The Group carries on activities in certain countries classified as "developing countries". This situation means that certain investments are affected by the typical risks associated with these countries such as possible political changes

that might affect market conditions, restrictions on the movement of capital, nationalisation of assets or devaluations of reference currencies. Ebro Puleva's presence in these countries is limited and in most cases it is restricted to taking positions to optimise supply (primarily rice). In view of these possible contingencies the Group opted to diversify the risks with a presence in Europe, the Americas, Asia (Thailand and India) and Africa (Morocco and Egypt).

3. Risk related with the Group's growth strategy. The Group's strategy to be leaders in "Meal Solutions" entails the possibility of making certain acquisitions. These acquisitions can have a negative impact if the companies, brands and processes acquired do not become fully integrated. To combat this situation, Ebro Puleva implements certain practices to minimise acquisition risk, most notably including:

    - Performance of due diligence reviews with firms of acknowledged prestige.
    - Negotiation of the end price based on risk analysis.
    - Request for guarantees until the resolution of litigation or the definitive clarification of the risk.
    - Deferred payment or bank guarantee in the event of possible contingencies.

    Also, certain investment alternatives (organic growth) may represent a risk if the expected success is not achieved. In order to cater for these risks all the investment projects include risk analysis, which enables them to be assessed on an economic and strategic basis, prior to taking any decisions. These decisions are taken by the corresponding body, on the basis of the established limits, and the most significant projects (those amounting to more than EUR 2 million) require the approval of the Board of Directors.

4. Foreign currency risk. The Group hedges the transactions that may give rise to this risk, either by using financial derivatives or by natural hedging by financing loans with cash flows generated in the same currency (see table below on Financial Risks).

5. R&D+i risk. The Group, through its biotechnology and research and development subsidiaries Puleva Biotech, Española de I+D and Crecerpal (Panzani subgroup), supports its main business lines by facilitating product and process development and innovation to enable them to capitalise on the commercial launch on the food market of new functional foods, such as Omega 3 or probiotics, and become an industry benchmark in biotechnology and innovation.

6. Labour risks. This relates to both attracting human resources and limiting labour risks. Accordingly, the Group promotes both personal incentive and remuneration schemes for the main executives tied to results and the improvement of working conditions.

Financial risk management and financial instruments

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

In order to manage the foreign currency and interest rate risk arising from the Group's operations and, on occasions, the risk relating to possible changes in the price of certain raw materials (gas), the Group arranges derivatives, basically in the form of interest rate and foreign currency forwards and options, swaps or combinations thereof.

The accounting policies used to measure these financial instruments are described in Note 3 to these consolidated financial statements.

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

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

Cash flow interest rate risk

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

The Group manages its borrowing costs by using, where necessary, a combination of floating and fixed interest rates. The Group minimises its exposure to this risk and to do so it closely monitors the changes in interest rates with the support of external experts. When it is deemed necessary, the Group arranges derivative financial instruments on interest rates. These derivative instruments are designed to hedge underlying payment obligations.

A sensitivity analysis performed on the main financial instruments in the Group's balance sheet exposed to interest rate change risk with an impact on Group results showed variations on the income statement of EUR 3.4 million with interest rate changes equal to 50 basis points (2008: EUR 5.9 million).

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

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

Changes in interest rates	2009				2008			
Income/(Expense)	**-0.50%**	**-0.25%**	**0.25%**	**0.50%**	**-0.50%**	**-0.25%**	**0.25%**	**0.50%**
Profit before tax	3,362	1,680	-1,680	-3,362	5,946	2,973	-2,973	-5,946

Foreign currency risk

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

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

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

At 31 December 2009, "Other Receivables" included two loans totalling USD 586 million (31 December 2008: EUR 630 million) (see Note 22) which were designated as hedges of net investments in the US subsidiaries and are used to hedge the Group's exposure to foreign currency risk on these investments. The gains or losses on the translation to euros of these loans are recognised in equity to offset any gains or losses on the translation of the net investments in the subsidiaries.

In addition, the Group is exposed to foreign currency risk on its transactions. This risk arises from purchases and sales made by the operating units in currencies other than the functional currency. In relation to important transactions, the Group's operating units use forward foreign currency contracts to eliminate foreign currency risk. Forward foreign currency contracts must be expressed in the same currency as the item that they are hedging.

The Group does not arrange forward foreign currency contracts until a firm agreement has been entered into and negotiates the terms and conditions of the derivative to match the terms and conditions of the hedged item, thereby maximising the efficiency of the hedge.

Certain Rice Business companies (Herba, S&B Herba and Euryza) and Pasta Business companies (Panzani) have forward foreign currency contracts (foreign currency swaps) to mitigate the expose of their commercial transactions. These transactions are carried out in order to minimise foreign currency risk although they do not qualify for hedge accounting. The outstanding contracts at 2009 end-year were as follows:

	Notional amount (thousands)	
Currency	**2009**	**2008**
USD	28,436	28,108
CAD	0	440
EUR	11,839	8,582
GBP	2,702	2,201

(THOUSAND OF EUROS)

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

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

Impact on Group results

Changes in the euro exchange rate

Arising from derivatives:

	2009				2008			
Income/(Expense)	-10.00%	-5.00%	5.00%	10.00%	-10.00%	-5.00%	5.00%	10.00%
Profit before tax	99	56	-56	-99	-1,578	-810	810	1,578

Arising from other financial instruments:

	2009				2008			
Income/(Expense)	-10.00%	-5.00%	5.00%	10.00%	-10.00%	-5.00%	5.00%	10.00%
Profit before tax	234	120	-120	-234	319	160	-160	-319

Changes in the pound sterling exchange rate

Arising from derivatives:

	2009				2008			
Income/(Expense)	-10.00%	-5.00%	5.00%	10.00%	-10.00%	-5.00%	5.00%	10.00%
Profit before tax	909	444	-444	-909	65	18	-18	-65

Arising from other financial instruments:

	2009				2008			
Income/(Expense)	-10.00%	-5.00%	5.00%	10.00%	-10.00%	-5.00%	5.00%	10.00%
Profit before tax	-351	-180	180	351	-248	-124	124	248

Changes in the US dollar exchange rate

Arising from derivatives:

	2009				2008			
Income/(Expense)	-10.00%	-5.00%	5.00%	10.00%	-10.00%	-5.00%	5.00%	10.00%
Profit before tax	-609	-291	291	609	1,276	668	-668	-1,276

Arising from other financial instruments:

	2009				2008			
Income/(Expense)	-10.00%	-5.00%	5.00%	10.00%	-10.00%	-5.00%	5.00%	10.00%
Profit before tax	-63	-120	63	120	-72	-36	36	72

Impact on borrowings

Changes in the US dollar exchange rate

	2009				2008			
+ Borrowing / (-Borrowing)	-10.00%	-5.00%	5.00%	10.00%	-10.00%	-5.00%	5.00%	10.00%
ECB borrowings	-43,654	-21,827	21,827	43,654	-53,353	-26,677	26,677	53,353

Liquidity risk

The Group's objective is to match the maturities of its payables to its ability to generate cash flows to settle these obligations. In order to achieve this, it maintains a balance between continuity of the financing and flexibility through the use of revolving credit policies, bank loans that may include grace periods to adapt them to the return on the related assets, and forward purchase contracts.

(THOUSAND OF EUROS)

29. INFORMATION ON THE ENVIRONMENT

Ebro Puleva has always been committed to doing its utmost to strike a balance between carrying on its business and protecting the environment. Being fully aware that sustainable growth is not possible without such a commitment, the Company has a comprehensive policy of respect for the environment to prevent, control and minimise environmental impact.

This environmental policy is based on the concerted action of everyone in the Company’s organisation and is based on the following fundamental features:

- The definition, development and implementation of an Environmental Management System which meets the requirements of the UNE-EN-ISO 14001:2004 standard, or, where applicable, carrying out environmental management practices that improve its production practices.

- Modernisation of material resources that enable the Company to prevent and minimise consumption, emissions, and harmful environmental impacts.

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

- Setting environmental targets that foster continuous improvement in this area, provided with the appropriate financial and operational resources.

- Encourage the Company’s suppliers to adopt principals similar to those discussed above, cooperating with them to put them into practice.

- Ensure the achievement of the objectives set, compliance with legal requirements and the aforementioned principles, carrying out periodic in-house and external audits of the Environmental Management System.

In 2009 Ebro Puleva continued to implement an advanced policy of respect for the environmental to achieve sustainable development in a context of ongoing prevention and improvement. The Group invested EUR 3.5 million in implementing improvements that minimise its environmental impact, 54% more than in 2008.

Total expenditure on environmental management activities (€)	3,516,091
Expenditure on R&D+i aimed at environmental conservation (€)	404,372.00

Independently from the above, all the companies have implemented in-house environmental training programmes, involving their employees in the measures that can have the most significant impact on savings in the consumption of water, energy and other resources. The various environmental awareness and training courses organised accounted for 0.5% of the total investment in environmental management activities.

CERTIFICATION AND ENVIRONMENTAL MANAGEMENT PROGRAMMES

To date, the plants certified under the UNE-EN-ISO 14.001 standard are as follows:

(THOUSAND OF EUROS)

COMPANY	COUNTRY	NAME OF PLANT	STANDARD
PANZANI	FRANCE	SEMOLINA GENNEVILLIERS	ISO 14.001
PANZANI	FRANCE	SEMOLINA MARSEILLE LITTORAL	ISO 14.001
PANZANI	FRANCE	SEMOLINA MARSEILLE ST. JUST	ISO 14.001
PULEVA FOOD	SPAIN	GRANADA PLANT	ISO 14.001
PULEVA FOOD	SPAIN	GRELVA COMBINED HEAT AND POWER PLANT	ISO 14.001
PULEVA FOOD	SPAIN	LUGO PLANT	ISO 14.001

In addition, the Group's Dairy Product Division in Spain was awarded the corresponding Integrated Environmental Authorisations in compliance with the EU regulation on integrated pollution prevention and control (the IPPC Directive). This new administrative control vehicle groups together and recasts the set of environmental authorisations existing to date and establishes an environmental condition for the operation of industrial complexes that carry on activities included in its scope of application.

The Group companies in the US carry on their business activities in accordance with the following US regulations:

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

MAIN ENVIRONMENTAL INDICATORS

These indicators cover the operations of 37 production plants and 28 corporate headquarters or sales offices throughout the world.

Energy consumption

Total energy consumption (kWh)	1,272,442,212
Total energy purchased (kWh)	1,006,760,053
Electricity consumed (kWh)	268,967,534
Diesel consumed (t)	2,671

Actions taken during the year to improve energy efficiency

1. Rice Division:

- Energy study of the pre-cooked meal plant in Jerez de la Frontera (Cádiz).
- Energy study of the San Juan de Aznalfarache (Seville) plant.
- Installation of high energy-efficiency engines in the Riviana (US) plants.
- Installation of condensers for electricity storage at the Riviana (US) plants.
- Installation of motion-sensor lights at the Riviana (US) plants.

2. Pasta Division:

- Installation at the St. Louis (US) plant of control equipment for the closed-circuit heating system, reducing the temperature by 60 degrees with respect to prior years.
- Reduction of the use of extractor fans at the St. Louis (US) plant.
- Installation of motion-sensor lights at the warehouses of the Fresno (US) plant.
- Renewal of the lighting system at the Fresno (US) plant.
- Performance of a study at the Montreal (Canada) plant for the replacement of the old lighting system with a new electronic system.
- Installation of en energy efficiency programme at the Winchester (US) plant.
- Installation of energy saving compressors and bulbs at the Birkel plants in Germany.
- Performance of energy audits at the Panzani plants in France.

3. Dairy Product Division:

- Installation of thermal insulation at the production plants.
- Drainage water heat recovery at the Grelva combined heat and power plant.

Water consumption

Water consumption (t)	4,638,758

Actions taken during the year to reduce water consumption

1. Rice Division:

- Installation in Riviana (US) of new pre-cooked rice production equipment that uses steam instead of water, thereby halving water consumption.
- In-house training programmes at Riviana (US) for the rational use of water.

2. Pasta Division:

- Replacement of washers and filling of level controls at the plant in St. Louis (US).
- Promotion of the use of recycled water in the absorption tanks at the plant in St. Louis (US).
- Closed-circuit recycling of all cooling water at the plants in St. Louis and Fresno (US).
- Installation of new valves in the boilers at the Winchester (US) plant.
- Installation of a fully closed cooling system for all the production lines of Birkel (Germany).

- Modification of the rinser cooling system at the production plants of Panzani (France).

3. Dairy Product Division:

- Replacement of the packaging technology in the sterilisation tower at the Granada plant.

Consumption of toner and paper

Paper consumed (t)	25,119
Percentage of paper recycled	85.70%
Number of cartridges of ink or toner used	4,682

Actions taken during the year to recycle paper and cardboard

1. Rice Division:

- The Riviana plants in the US have implemented programmes to recycle the corrugated cardboard not sent to customers.

- Separation of white paper for recycling at the Riviana (US) plants.

2. Pasta Division:

- Promotion of the use of paper, corrugated cardboard and scrap compactors at the St. Louis (US) plant.
- Installation of special recycling containers at the plant and office in Fresno (US).
- Recycling of all the paper and packaging material at the plant in Montreal (Canada).
- Optimisation of the materials and construction of components at the Division's plants in Germany.

3. Dairy Product Division:

- Installation of paper recycling containers at all the facilities.

Also, in order to ensure the fulfilment of the packaging and packaging waste reduction, recycling and recovery objectives defined in Law 11/1997, of 24 April, the two companies in the Dairy Product Division (Puleva Food and Lactimilk) and Herba, the Rice Division's representative in Spain, are members of Ecoembalajes España, S.A. (Ecoembes), a not-for-profit public limited liability company the mission of which is to design and develop systems aimed at the selective collection and recovery of used packaging and packaging waste. Ecoembes uses what is known as the Green Dot concept (a symbol that appears on the packaging) to evidence that the packer of the product has paid an amount of money for each package placed on the market.

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

Discharge and waste management

Waste generated in the year (t)	15,302
Percentage of hazardous waste	0.44%

Actions taken during the year to improve waste management and reduce discharges

1. Rice Division:

   - Optimisation of cooking processes at the Riviana (US) plants.

2. Pasta Division:

   - System for recycling water from the aspirator pump at the cooling tower at the plant in St. Louis (US).
   - Replacement of washers and filling of level controls at the St. Louis (US) plant.
   - Improved management of universal waste by changing the suppliers that managed this waste for the St. Louis (US) plant.
   - Installation of independent containers for the recycling of corrugated cardboard, paper, metal and engines at the Fresno (US) plant.
   - Recycling of oils, chemicals, metal, paper and batteries at the Montreal (Canada) plant.
   - Installation of independent containers for the treatment of all manner of waste at the Birkel plants in Germany.

3. Dairy Product Division:

   - Improved waste management infrastructure (collection points and temporary warehouses).
   - Installation of container washing machinery.
   - Improvements to the waste water network and connections at plants.

Atmospheric emissions

Total CO_2 emissions (t)	214,506
NOx emissions (t)	350.83
Sulphur dioxide emissions (t)	580.13
Nitrogen monoxide emissions (t)	30.553
Atmospheric ammonia emissions (t)	3.428
Non-VOC smog emissions (t)	1.2
VOC (Volatile Organic Compounds) emissions (t)	58.53

Actions taken during the year to reduce the volume of atmospheric emissions

1. Rice Division:

   - Installation of NOx burners in the boilers and rice driers at the new Riviana plant in Memphis (US).

2. Pasta Division:

- Improvements to the dust collectors and boiler control at the Fresno (US) plant.
- Monthly monitoring of dust collectors at the plant in Montreal (Canada).

Lastly, various Group companies have taken out third-party liability insurance to cover sudden unintentional pollution, since they consider that such insurance covers all possible risks in this connection.

To date, there have been no significant claims in this connection. There have, however, been favourable rulings in respect of the results of audits, inspections, the absence of allegations in the processing of Integrated Environmental Authorisations, etc.

30. FEES PAID TO AUDITORS

“Outside Services” in the consolidated income statement includes the fees paid to the auditors of the consolidated financial statements. The fees for the financial audit services provided to the companies composing the Ebro Puleva Group in 2009 totalled EUR 1,507 thousand (2008: EUR 2,063 thousand), of which the audits performed by the principal auditor (firms in the Deloitte international organisation in 2009 and Ernst & Young in 2008) amounted to EUR 1,470 thousand (2008: EUR 1,974 thousand).

Also, the Ebro Puleva Group commissioned services other than financial audit services amounting to EUR 40 thousand from Deloitte Group firms in 2009 (2008: Ernst & Young Group firms amounting to EUR 297 thousand).

31. EVENTS AFTER THE REPORTING PERIOD

On 8 March 2010, the Boards of Directors of Ebro Puleva, S.A. and Lactalis (French Group) reached a preliminary agreement with respect to the sale of the Ebro Puleva Group’s dairy product business for EUR 630 million. In the four weeks following this preliminary agreement, the financial statements of the Ebro Puleva Group’s dairy product business will be audited and the definitive sale agreement will be drawn up on the basis of the terms and conditions initially agreed upon. At the end of this period the transaction will be subject to the approval of the competition authorities.

This agreement will mean the exclusion of the dairy product business from the scope of consolidation of the Ebro Puleva Group in 2010, once all the conditions precedent of the transfer have been met. The impact of this transaction and the gain obtained will be recognised for accounting purposes once the agreements become effective, in accordance with IFRS 3 and IAS 10 (event after the reporting period of the second type defined in the standard). Note 7, “Segment Reporting” and other notes to the consolidated financial statements provide information on the assets, liabilities and transactions performed by the dairy product business, which is considered to be a segment in its own right.

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

32. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of IFRSs as adopted by the European Union. Certain accounting practices applied by the Group that conform with IFRSs may not conform with other generally accepted accounting principles.

1. ANALYSIS OF THE YEAR. SOLID BALANCED GROWTH

Backdrop

2009 was characterised by the economic crisis. In general the developed economies -in which Ebro Puleva carries on the most significant portion of its business- reached their nadir in the first half of the year and then began to recover slightly due to expansive fiscal and monetary policies. Even so, serious risks persist associated with imbalances in the levels of indebtedness of the public and private sectors and the need to restructure the financial services industry that would make it possible to endow the system with an appropriate level of liquidity once the extraordinary measures adopted have been withdrawn.

As a result of the growing lack of confidence, of the need to tackle the major levels of public and private indebtedness and of the high levels of unemployment, there was a considerable drop in household spending. The leading international agencies forecast that that this situation will continue, at least into the near future. The slowdown in household expenditure has gone hand-in-hand with certain changes in purchasing habits.

Of course, these changes have impacted the food markets. With slight differences among the various OECD countries, there has been an increase in eating at home, restrictions in the number and value of meals taken out of the home, changes in consumers' perception of products and a search for the best quality/price relationship in terms of both products and distributors.

Group earnings

Against the backdrop of crisis described above, the Ebro Puleva Group achieved growth in its principal business ratios. Net profit increased by 35.1% to EUR 176,539 thousand. Considering solely continuing operations, performance was even better, since the increase was 75% to a total of EUR 129,635 thousand.

EBITDA increased by 13.5% with respect to 2008, with an AAGR of 13.6% during the period 2006-2009. The improvements were seen across all the margins in the income statement as a result of the endeavours made in cost and supply management, constant investment in production (CAPEX of EUR 87 million), in innovation and in adapting to consumer needs.

The earnings for the period, and particularly those from discontinued operations, reflect the sale of the Sugar Business. On 15 December 2008, Ebro Puleva, S.A., which owned all the shares of Azucarera Ebro, S.L., and Associated British Foods (ABF), which owns all the shares of British Sugar, entered into a purchase and sale agreement for Azucarera Ebro, S.L. The purchase and sale transaction was implemented, following its approval by the competition authorities, on 30 April 2009.

From completion of the transaction to the effective date of the sale, in accordance with International Financial Reporting Standards, the results of the sugar business and its net profit were presented as discontinued operations in the consolidated income statement for the period and for the periods prior to its inclusion in that category. Also, the assets and liabilities associated with the business are presented as specific line items in the consolidated balance sheet. The information disclosed in this directors' report reflects the aforementioned circumstance, except where expressly indicated otherwise.

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

CONSOLIDATED DATA								
Thousands of euros	2006	2007	2007/2008	2008	2008/2007	2009	2009/2008	AAGR 2009/2006
Revenue	1,744,687	2,004,182	14.9%	2,367,902	18.1%	2,197,731	-7.2%	**8.0%**
EBITDA	210,257	226,854	7.9%	271,821	19.8%	308,491	13.5%	**13.6%**
% of revenue	*12.1%*	*11.3%*		*11.5%*		*14.0%*		
EBIT	146,902	158,919	8.2%	201,821	27.0%	240,447	19.1%	**17.9%**
% of revenue	*8.4%*	*7.9%*		*8.5%*		*10.9%*		
Profit before tax	173,031	82,851	-52.1%	103,454	24.9%	172,991	67.2%	**0.0%**
% of revenue	*9.9%*	*4.1%*		*4.4%*		*7.9%*		
Tax	(59,079)	(20,629)	-65.1%	(29,549)	43.2%	(43,356)	46.7%	**-9.8%**
% of revenue	*-3.4%*	*-1.0%*		*-1.2%*		*-2.0%*		
Consolidated profit for the year (continuing operations)	113,952	62,222	-45.4%	73,905	18.8%	129,635	75.4%	**4.4%**
% of revenue	*6.5%*	*3.1%*	*0.0%*	*3.1%*	*0.0%*	*5.9%*	*0.0%*	
Net profit of discontinued operations	72,396	30,251	-58.2%	57,965	91.6%	43,188	-25.5%	**-15.8%**
% of revenue	*4.1%*	*1.5%*	*0.0%*	*2.4%*	*0.0%*	*2.0%*	*0.0%*	
Net profit	180,363	90,577	-49.8%	130,637	44.2%	176,539	35.1%	**-0.7%**
% of revenue	*10.3%*	*4.5%*		*5.5%*		*8.0%*		
Average working capital (*)	493,143	472,497	-4.2%	587,423	24.3%	323,230	-45.0%	
Capital employed (*)	1,654,931	1,675,831	1.3%	1,669,991	-0.3%	1,176,282	-29.6%	
ROCE **(1)** (*)	12.8	12.4		13.3		20.4		
Capex (*)	298,225	87,199	-70.8%	96,497	10.7%	87,414	-9.4%	
Average headcount	5,476	6,064	10.7%	5,829	-3.9%	5,693	-2.3%	
	31.12.06	**31.12.07**	**2007/2006**	**31.12.08**	**2008/2007**	**31.12.09**	**2009/2008**	
Equity	1,187,962	1,198,245	0.9%	1,203,131	0.4%	1,280,322	6.4%	
Net debt (*)	1,134,894	988,249	-12.9%	1,055,853	6.8%	556,800	-47.3%	
Average net debt (*)	1,046,354	1,129,254	7.9%	1,208,078	7.0%	716,725	-40.7%	
Gearing ratio **(2)**	0.88	0.94		1.00		0.56		
Total assets	3,363,715	3,375,496		3,422,912		2,684,465		

(*) In order to keep these parameters consistent, they were calculated including both the results of the Sugar Business and its associated assets and liabilities.
(1) ROCE = Profit from operations AAG last 12 months / Intangible assets - Property, plant and equipment - Working capital).
(2) Ratio of average net interest-bearing financial debt with cost to equity (excluding non-controlling interests).

Revenue decreased slightly as a result of the consolidation of the stability of raw material prices and the passing-on of the decrease in these prices to customers.

Profitability grew spectacularly. The EBITDA/Sales ratio was 14%; far higher than in previous years, with ROCE at 20.4%. The concentration in high-return industries along with the favourable evolution of working capital facilitated this trend.

The improved returns were concentrated in the Pasta and Dairy-Products business although if the rice trading transactions performed in 2008 -which contributed around EUR 20 million to earnings- are eliminated, year-on-year balanced growth can be seen across all the areas of around or above 10%.

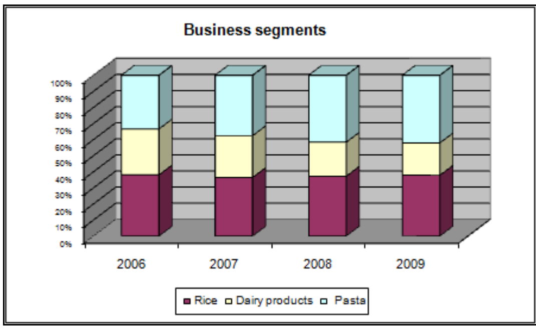
Profit from continuing operations improved as a result of the increase in profitability, of the funds generated by operations and of lower borrowing costs, which benefitted from lower interest rates, decreased indebtedness due to the sale of the sugar business and a fall in working capital. Also, there was an adverse impact arising from asset write-downs (in part replaced by new more efficient investments) and the partial derecognition of the goodwill relating to Exxentia.

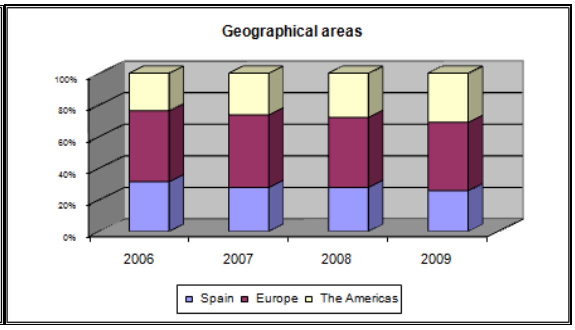
Compliance with Ebro Puleva's strategy

The Group's Strategic Plan for the three-year period ended in 2009 was based around the concept of Meal Solutions. This concept means that Ebro Puleva responds to the food needs of the consumer and requires a major capacity to adapt to a changing environment. In view of the situation of the markets and of the results obtained, Ebro Puleva considers that this objective has been achieved.

In addition, the Group bases its strategy on the following principles:

- Stability and diversification. The Group's structure provides it with a highly balanced source of income, with significant capacity to face up to situations of crisis. The detail of sales, by business and geographical area, is as follows:





  Of the total Ebitda, 38% was obtained in US dollars (33% in 2008) and 32% of assets are located in North America.

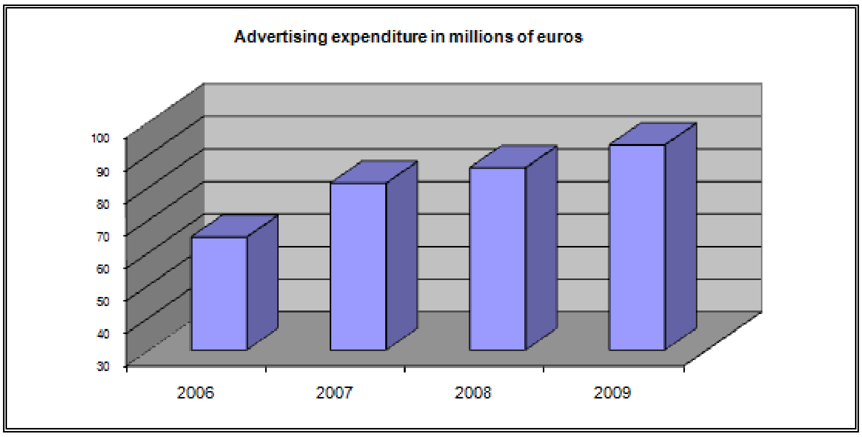
  In recent years the Company has obtained constant growth in recurrent profits (even in profit before tax if the gains on the sale of buildings -which are highly volatile and of certain significance in 2006- are subtracted).

  The search for business opportunities and, in particular, the diversification of raw material sources, has led the Group to establish itself in production areas such as North Africa, Thailand and India.

- Differentiation and innovation. Consumers are increasingly demanding and the economic crisis has accentuated this trend. Ebro Puleva is firmly committed to investment in products along two lines; major innovation and development, and firm backing of leading brands in its business areas. The leading products that respond to the needs of pleasure, quality, guarantee and convenience see their position strengthened in times of crisis.

In 2009 there were launches, or launches were being prepared, of microwaveable baby foods, new varieties of milk with calcium, new dairy products for adolescents (Puleva), dried gnocchi suitable for frying, new varieties of risotto sauces, new heat 'n eat pasta products (Panzani), vegetable-flavoured and express pasta (NWP) and the distribution markets of various microwaveable products were extended (Herba and Riviana).

Advertising expenditure is in constant growth to support both the new products and the identity of the existing ones. Advertising expenditure as a percentage of sales was 4.23% and exceeds 5.5% if industrial sales are eliminated. The following table show the growth in expenditure in recent years.



- Growth and consolidation of synergies. Ebro Puleva is a Group specialising in foodstuffs with a major presence in North America and Europe. Diversification is carried out through selective growth in the areas that enable synergies to be amply integrated. In 2009 the Group's information systems were integrated and the integration of logistics and marketing was consolidated across North America.

The ultimate objective of this strategy is to suitably remunerate the shareholders. In 2009 EUR 145 million were distributed to the shareholders in the form of cash and stock dividends.

Financial position

The debt position at the end of the period was especially satisfactory.

	CONSOLIDATED						
NET DEBT (thousands of euros)	2006	2007	2007/2006	2008	2008/2007	2009	2009/2008
Equity	1,187,962	1,198,245	*0.9%*	1,203,131	*1.3%*	1,280,322	*6.4%*
Net debt	1,134,894	988,249	*-12.9%*	1,055,853	*-7.0%*	556,800	*-47.3%*
Average net debt	1,046,354	1,129,254	*7.9%*	1,208,078	*15.5%*	716,725	*-40.7%*
Gearing ratio	95.5%	82.5%	*-13.7%*	87.8%	*-8.1%*	43.5%	*-50.4%*
Gearing ratio AD ***(1)***	88.1%	94.2%	*7.0%*	100.4%	*14.0%*	56.0%	*-44.2%*
EBITDA	210,257	226,854	*7.9%*	271,821	*29.3%*	308,491	*13.5%*
Coverage	5.40	4.36		3.88		1.80	

(1) Ratio of average net interest-bearing financial debt to equity (excluding non-controlling interests).

The Company's ratios are all the better since in most industries they have worsened due to lower levels of profitability and very high debt positions.

The reduction in borrowings is primarily a result of the high level of cash generated from operations and the sale of the Sugar Business. This ability to generate cash made it possible to distribute a dividend of EUR 145 million, of which EUR 110 million were paid in cash.

A consequence of the current debt position is the vote of confidence given by the market resulting in a share price increase of 48%, which is clearly above that of the other leading companies in the industry and of the principal reference indexes.

Main businesses

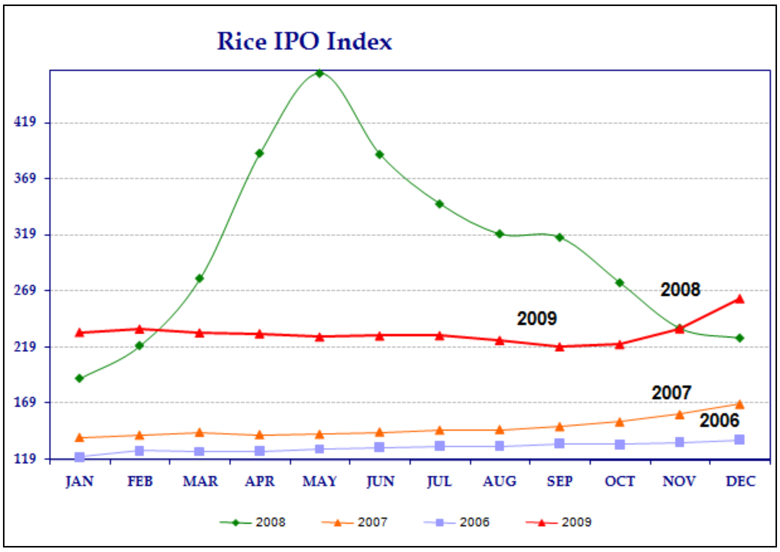
The Ebro Puleva Group is organised around the following business areas:

- ✓ Dairy Products Business: which includes basically liquid milk, fermented products, milk-based drinks and baby foods. This business is carried on by the Puleva Food and Lactimilk Groups.
- ✓ Rice Business: which includes the industrial and branding activities in relation to rice and other products. The Group operates throughout Europe, the Mediterranean Region, North America and Thailand through Herba and Riviana (USA).
- ✓ Pasta Business: which includes the production and marketing of dry and fresh pasta, sauces and semolina carried on by the Panzani, New World Pasta and Birkel Groups.
- ✓ Other Businesses: which include the research and development activities carried on by the Biotech Group in the nutraceutical area, the management of real estate assets and other activities related to foodstuffs and the management of the various businesses.

RICE

RICE BUSINESS								
Thousands of euros	2006	2007	2007/2006	2008	2008/2007	2009	2009/2008	AAGR 2009/2006
Revenue	672,500	741,107	10.2%	890,969	20.2%	836,147	-6.2%	7.5%
EBITDA	71,343	96,194	34.8%	126,560	31.6%	118,561	-6.3%	18.4%
% of revenue	10.6%	13.0%		14.2%		14.2%		
EBIT	51,368	75,297	46.6%	105,724	40.4%	97,575	-7.7%	23.8%
% of revenue	7.6%	10.2%		11.9%		11.7%		
Average working capital	191,208	188,294	-1.5%	263,281	39.8%	185,446	-29.6%	
Capital employed	462,702	498,237	7.7%	556,299	11.7%	495,768	-10.9%	
ROCE	11.1	15.1		19.0		19.7		
Capex	23,098	22,046	-4.6%	20,044	-9.1%	55,138	175.1%	

- Rice prices remained stable throughout 2009 with a certain degree of pressure towards the end of the year due to certain Asian countries after a series of typhoons, although it does not appear that this will continue. At the beginning of 2010 stability returned and this should continue until the summer.



- As a result of the changes in the raw materials market the Group's procurement strategy was redefined, reducing product inventories to a minimum. These inventories had been held at high levels in view of the situation in the market during the first half of 2008 and made it possible to perform trading transactions with supplementary margins.

- Sales fell as a result of the changes in market prices and the sale of the rice cookie business in 2008, whose results for a complete year are not included for the first time.

- In general, the brands have seen volumes fall due to the concerted pressure on consumption that has favoured private brands and "low price" brands. The growing success of retail chains that place emphasis on private brands and a small range of leading brands has been observed. Leadership and appropriate brand support (investment of EUR 24 million in 2009, up 19%) have taken on special importance.

- Despite the situation of the market, pre-cooked rice has on average performed better with volume growth of 14.3% in the US and a stable volume in Spain (Nielsen Scantrack). In this category the Minute brand, whose rollout was completed in the US and which began to be successfully retailed in Canada, continues to grow.

- Earnings fell off slightly compared with 2008 due to the absence of trading transactions discussed earlier which affected the Herba business, whereas in the US margins increased.

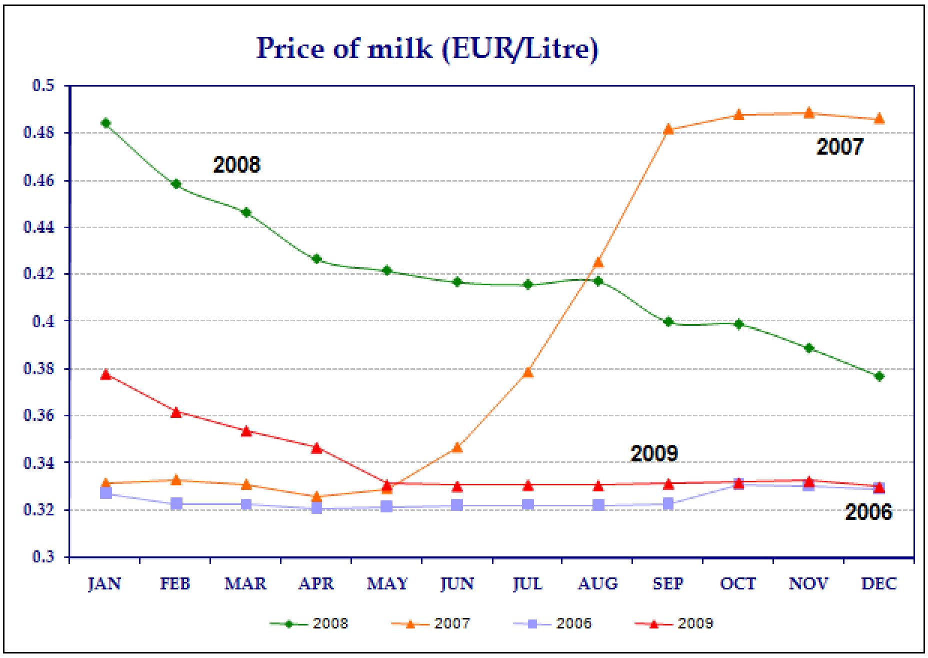
- The endeavours made to manage working capital led to a ROCE of 19.7%, up on 2008 and a record for the area.

- The main investments made in the area relate to the new Memphis factory which since the end of 2009 has been at the trial stage and which in 2009 accounted for investment of USD 60 million, new lines of ready-cooked and boil-in-the-bag products at the San Juan de Aznalfarache plant and the new frozen rice and pasta production facilities in Denmark (EUR 6 million).

DAIRY PRODUCTS

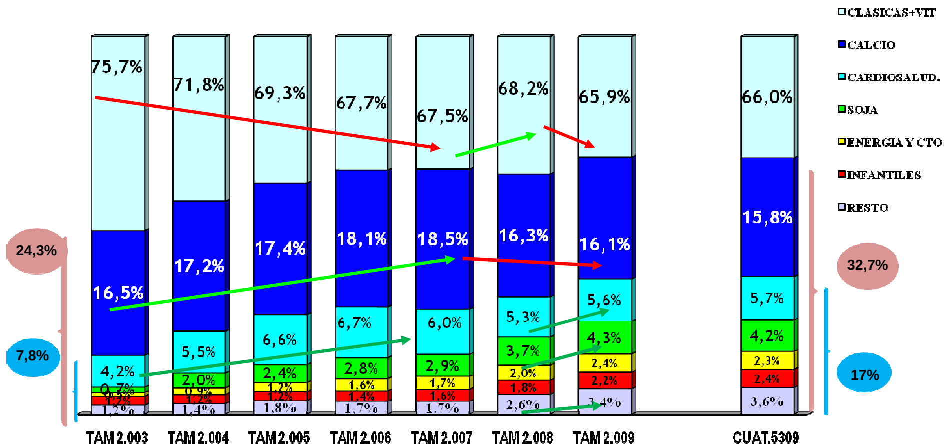
DAIRY PRODUCTS BUSINESS										
Thousands of euros		2006	2007	2007/2006	2008	2008/2007	2009	2009/2008	AAGR 2009/2006
Revenue		504,140	527,489	4.6%	506,064	-4.1%	444,419	-12.2%	**-4.1%**
EBITDA		55,460	53,033	-4.4%	50,135	-5.5%	67,084	33.8%	**6.5%**
	% of revenue	*11.0%*	*10.1%*		*9.9%*		*15.1%*		
EBIT		40,176	37,541	-6.6%	34,993	-6.8%	52,198	49.2%	**9.1%**
	% of revenue	*8.0%*	*7.1%*		*6.9%*		*11.7%*		
Average working capital		87,508	74,072	-15.4%	60,738	-18.0%	43,961	-27.6%	
Capital employed		223,511	196,938	-11.9%	182,363	-7.4%	159,043	-12.8%	
ROCE		18.0	19.1		19.2		32.8		
Capex		14,625	16,872	15.4%	10,879	-35.5%	8,756	-19.5%	

- Having overcome the pressures on prices at source, prices tended to fall back in the first half of the year to levels witnessed in 2006 and 2007 and from then on levelled off.



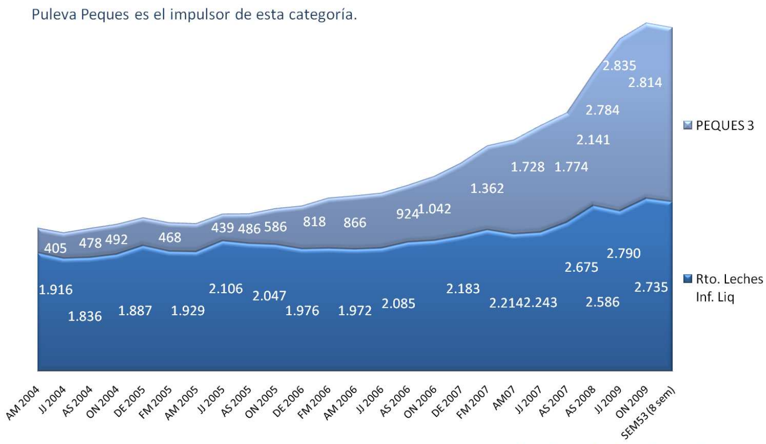
- The liquid milk market followed the trends seen in 2008. The crisis pushed consumers with less purchasing power towards the traditional milks which are being put on special offer and which are the subject of major efforts by large retailers to capture this segment. The result was an increase in volume and a decrease in market share, thereby eroding the margins on these products.

- Sales of value added milks, in which Puleva specialises, remained vigorous as a result of the energy and growth categories, soya, digestive and baby products whereas the cardio vascular milks get stable and the milks with calcium fell back somewhat.



Fuente: Panel detallistas y Scantrack

- Of particular note is the performance of the infant milk segment where Puleva places a major portion of its value-creation strategy, which in volume terms grew by 12.6%. Puleva Peques accounts for 57% of total segment volume and has completely revolutionised the category.



Fuente: Panel de Detallistas y Scantrack Nielsen.

- Sales decreased by 12% due to the fall in prices and shrinking volumes of traditional and calcium milks; however, the product mix is favourable and, therefore, the performance of the margins led to an increase in Ebitda of 33% with respect to 2008, with a ROCE of 32.8% (19.2% in 2008) and the obtainment of the best results in the Company’s history.

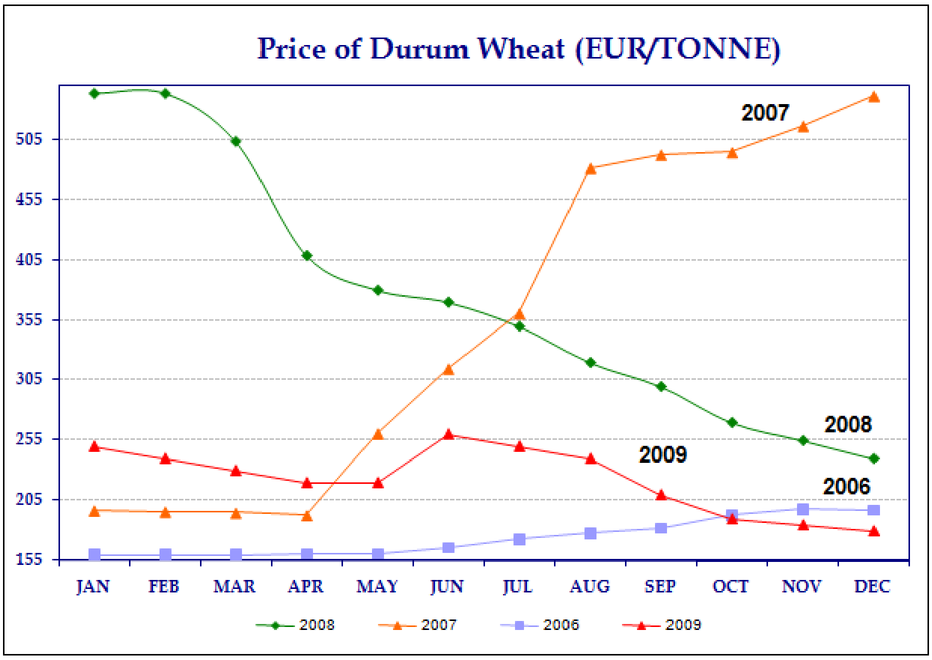
- In line with the commitment to brands and leadership in new value added products, advertising expenditure increased to EUR 17.1 million, up 9.2% on 2008.

- The main investments relate to changes in packaging lines, increasing single-portion packages and the use of PET.

PASTA

PASTA BUSINESS								
Thousands of euros	2006	2007	2007/2006	2008	2008/2007	2009	2009/2008	AAGR 2009/2006
Revenue	588,573	762,489	29.5%	993,696	30.3%	928,077	-6.6%	16.4%
EBITDA	92,093	88,450	-4.0%	105,993	19.8%	137,057	29.3%	14.2%
% of revenue	15.6%	11.6%		10.7%		14.8%		
EBIT	66,408	58,274	-12.2%	75,581	29.7%	108,831	44.0%	17.9%
% of revenue	11.3%	7.6%		7.6%		11.7%		
Average working capital	57,592	69,642	20.9%	121,795	74.9%	91,292	-25.0%	
Capital employed	361,120	441,731	22.3%	511,570	15.8%	469,915	-8.1%	
ROCE	18.4	12.0		14.8		23.2		
Capex	19,419	23,677	21.9%	20,747	-12.4%	18,359	-11.5%	

- In 2009 durum wheat prices remained stable, with a slight downward trend. Forecasts point to a similar performance, with good harvests in the main producing countries which will keep up world stocks.



- The consumption of pasta in the markets in which Ebro Puleva operates increased, with volume increases of between 6% (Canada) and 1.9% (France) (Nielsen Scantrack S53).

- Sales, as in the previous areas, reflect the rapid fall in at-source prices and the passing-on thereof to the customer. In contrast, volumes grew following market trends.

- Advertising expenditure was EUR 48.8 million, more than 5% of sales, supporting a large number launches that required major initial promotion in the media.

- Ebitda increased by 29% to EUR 137 million with margins recovering fully after the price shock and will allow a series of launches of quick cook products, vegetable-flavoured pasta, new types of fibre-rich pasta, heat 'n eat pastas, and new sauce varieties. The area obtained a ROCE of 23.2 %

- CAPEX remained in line with previous years. An ambitious investment plan for the area was approved that will last three years and which will represent a major overhaul of the dry pasta facilities.

2. OUTLOOK FOR THE GROUP

Forecasts point to a slow economic recovery with an all but flat 2010 in the developed countries where consumption constraints will persist.

Stable raw material prices. With no great changes in worldwide demand and harvests underway that will ensure world stocks of rice and cereals, everything indicates that prices will remain stable.

Ebro Puleva is noteworthy for its anti-cyclical character with staple products, based on industry leading brands that enable the Company to capitalise on changes in consumer habits and continue to be a favourite in consumers' shopping baskets.

The Company's excellent financial position and the possibilities that arise in a climate of crisis pave the way for Company growth.

✓ **Rice business**

During 2010 the Memphis factory will come into full operation. The effect of the production improvements will not be complete until 2011 which is when there will be a notable impact on results.

The intense sales drive will be maintained to avoid any possible trade down effect, particularly in countries in which the weight of the hard discount and the pressure from private brands is greater.

✓ **Dairy products business**

The keys of previous years will be maintained. Commitment to functional products that our customers find practical and pleasurable. The loyalty of the consumers that value Puleva's products is key to the growth of the business. This loyalty is based on the confidence in the products for each age and group of consumers and, therefore, the infant products are increasingly important.

As announced publically, on 8 March 2010, the Boards of Directors of Ebro Puleva, S.A. and Lactalis (French Group) entered into a preliminary agreement in relation to the sale of the dairy products business of the Ebro Puleva Group (see Note 8 of this directors' report).

✓ **Pasta**

In the immediate future the value of the entire range of products launched in recent months will be extracted and a suitable level of penetration will be achieved that will make it possible to improve profitability in the medium term.

2010 will see the commencement of the investment plan drawn up for the dry pasta facilities. This three-year plan will lead to investment in the US (USD 42 million) and Europe (EUR 59 million) that will enable the dry pasta facilities to undergo a substantial increase in productivity.

3. R&D+i ACTIVITIES

Ebro Puleva has always been ahead of new consumer trends and an international benchmark in the research and development of products applied in the foodstuffs industry. Being fully aware that R&D+i is an essential tool for the implementation of its quality and differentiation strategy, in 2009 the Group continued to be unwaveringly committed to it, which manifested itself in the performance of numerous nutritional evaluation field trials and constant innovation as regards products, technologies and formats.

Together with Puleva Biotech, Ebro Puleva has been constructing its R&D+i engine with another four research centres in France, the US and Spain, which enable the Company to considerably boost the development of its research activity in the field of cereals. The centres are:

1. El CEREC, located in St. Genis Laval (France), with seven employees, oriented towards developing the Pasta division's range of fresh pasta, fresh pre-cooked meals and sauces.

2. CRECERPAL, located in Marseille, with seven researchers and six technicians working in a laboratory on raw materials and analysis. The centre's research focuses on the development of the category of durum wheat, dry pasta, cuscus, rice and new food processing technologies applied to cereals.

3. El TECH Centre, with nine researchers devoted to the research and subsequent development of new products, processes and technologies for the Rice division in the US.

4. Española de I+D, with 14 researchers dedicated to developing new and/or improved products and technologies, technology transfer and technical assistance in the areas of rice technology and its by-products and modern hostelry: fast-food and catering.

In 2009 the Cereales Project was completed which led to the discovery of new scientific and technological bases in the cereals field. In order to accelerate the development of product technologies, in 2010 significant investments in a pilot plant will foreseeably be made. This plant will be located in La Rinconada (Seville).

In 2009 research continued into infant food products through the extension of the range with the development of formulas low in lactose, of vegetal origin and cereal-based and the development of formulas for special medical use (lactose free formula, formula based on soya protein, formula with hydrolyzed protein and formula for premature babies) for new-born babies.

Also, in view of the experience accumulated over almost a decade of relations, in 2009 the Boards of Directors of Ebro Puleva, S.A. and Puleva Biotech, S.A. jointly commissioned a report from Ernst & Young with the objective of clarifying which of the companies held title to intellectual property -based on the terms and conditions of the research and development framework agreements entered into in the past- of the various projects undertaken based on the aforementioned framework agreements and of the other legal relationships maintained under other agreements.

A further objective of the commission was to prepare recommendations aimed at governing future relations between the Ebro Puleva and Puleva Biotech Group companies. The report of Ernst & Young, issued on 24 February 2010 and supplemented by an additional report on 11 March 2010, clarifies these questions and presents certain recommendations that will be included in the new agreements that will foreseeably be entered into in the future.

4. <u>TREASURY SHARE TRANSACTIONS</u>

In 2009 the Parent purchased and sold treasury shares as provided for under the authorisation granted by the shareholders at the Annual General Meetings held on 28 April 2009 and 9 June 2008, having duly notified the Spanish National Securities Market Commission (CNMV) pursuant to current legislation. During this period 1,064,871 shares were purchased and 1,849.002 were sold and, in addition, an extraordinary stock dividend totalling 3,628,135 shares was distributed (see Note 12-b.2 to the financial statements). At 2009 year-end the Company held 666,469 treasury shares representing 0.43% of its share capital. No specific use has been designated for these treasury shares.

5. EMPLOYEES

The number of employees at Ebro Puleva continued to grow with the inclusion of new employees and businesses. This situation allows for the integration of diverse cultures and skills with a constant flow of information and knowledge.

6. RISK AND FINANCIAL INSTRUMENT MANAGEMENT OBJECTIVES AND POLICIES

The Ebro Puleva Group carries out numerous actions to enable it to identify, assess, manage and minimise the risks to which its main business activities are exposed.

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

The measures taken in this respect cover the key parameters of the management of the business such as the income statement, borrowings, investment and the strategic policy of the Company, in order to make it possible to adopt the decisions that are key to the achievement of the objectives set out above.

The Group has pioneered the development and promotion of R&D, environmental and food quality and internal auditing in the industry. Most notable in this regard are the environmental and food quality, commercial and counterparty risk, occupational risk prevention and research and development committees, which are responsible for preventing and mitigating risks.

In addition to the general risks that affect all business activities, there are certain specific risks that arise both from the type of business activity carried on and the way in which the Group engages in this activity. The main risks and the control systems in place to mitigate then are as follows:

Risks specific to the industry in which the activity is carried on

Legal/Regulatory risk. The Group is subject to, and its operations are effected by, the legislation of numerous countries and international organisations. This legislation establishes rules ranging from production quotas to trading prices or tariff protection. To counter the related risk, the Group opted to apply a policy of geographical and product diversification.
The Group is also exposed to the risk of not being able to adequately protect is brands and intellectual property. Therefore, the Company exhaustively monitors its intellectual property and projects its use with the competent agencies, applying for the appropriate

patents wherever necessary.

Environmental and food quality risk. The Group's environmental policy is based on the principle of compliance with the legislation in force at any given time, for which purpose the Group has defined, developed and implemented an environmental and food safety management system that meets the requirements of the UNE-EN-ISO 14001:2004 and UNE-EN-ISO 9001:2000 standards under which most of the Group's production centres in Europe, the US and Canada have been certified.

The Group has in place a food quality and safety management system that meets the requirements of the UNE-EN-ISO 17025 Standard, certified by ENAC for the Spanish subsidiaries. Many of the subsidiaries have organic production certificates. In matters of food safety, of special note is the absence of incidents and the ongoing development of a Hazard Analysis and Critical Control Points system (HACCPS) that meets the requirements established under the European Union legislation. Most of the handling processes have obtained IFS (International Food Security) certificates. Furthermore, the Group has undertaken various initiatives to reduce gas emissions and atmospheric waste, improve water quality and reduce waste discharges, improve energy efficiency and water conservation, as well as recycling programmes for physical waste such as paper, aluminium and other materials. Lastly, mention should be made of some of the programmes to improve quality applied by the US subsidiaries, such as GMP (Good Manufacturing Practices) or HAACP (Hazard Analysis and Critical Control).

The Company provides its employees with adequate and ongoing training in areas relating to food safety and occupational health and safety. Similarly, it performs quality controls on its products and on the materials used in producing them using its own and third-party laboratories.

Lastly, the Group has taken out several insurance policies that cover the risks relating to food safety.

Supply risk. The business activities carried on by Ebro Puleva depend on the supply of raw materials such as rice, durum wheat and milk. The Group is exposed to the risk of not receiving sufficient raw materials of a quality that is in line with the Group's standards at an appropriate price. To cater for this risk the Company acts along two lines:

a. Diversifying the sources of supply, going to the main production markets if it is considered that in doing so a competitive advantage is gained.

b. Entering into long-term supply agreements and cooperation agreements with the suppliers that the Group considers to be important for the business.

Customer concentration and credit risk. Although the end consumers of the Group's products are individuals, sales are made to a limited number of customers which include, inter alia, large retail chains. This gives rise to a dual risk due to the possible limitations on product range and problems relating to the credit of the Group's direct customers.

The Group's is committed to the differentiation of its products through innovation and to a customer-led approach, supported by leading brands that enable the Group to find its own niche in the channels of distribution and among other industrial customers.

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

The Group does not have a significant level of credit risk concentration.

Risk due to an excess of installed capacity. The consumer goods industry is threatened by possible surplus installed capacity, which becomes more apparent at low points in the economic cycle. Once more, the best guarantee in the face of this type of risk is the strategy of ongoing innovation and differentiation of the Group's products with expenditure on advertising as a percentage of revenue of 4.3% in 2009 (3.6% in 2008) and a high level of spending on R&D+i. Also, the Group endeavours to keep up to date and renew its production structure by abandoning the assets that it does not consider to be sufficiently efficient (bio-fuel activities) and by investing in new plants (Memphis) or production lines.

Risks specific to the Ebro Puleva Group

Risks to production assets. The exposure of the company's production assets to catastrophic natural events such as earthquakes and floods is limited. Also, all the Group companies insure all of their assets, capital goods and inventories by taking out the related policies.

Country risk. The Group carries on activities in certain countries classified as "developing countries". This situation means that certain investments are affected by the typical risks associated with these countries such as possible political changes that might affect market conditions, restrictions on the movement of capital, nationalisation of assets or devaluations of reference currencies. Ebro Puleva's presence in these countries is limited and in most cases it is restricted to taking positions to optimise supply (primarily rice). In view of these possible contingencies the Group opted to diversify the risks with a presence in Europe, the Americas, Asia (Thailand and India) and Africa (Morocco and Egypt).

Risk related with the Group's growth strategy. The Group's strategy to be leaders in "Meal Solutions" entails the possibility of making certain acquisitions. These acquisitions can have a negative impact if the companies, brands and processes acquired do not become fully integrated. To combat this situation, Ebro Puleva implements certain practices to minimise acquisition risk, most notably including:

- Performance of due diligence reviews with firms of acknowledged prestige.
- Negotiation of the end price based on risk analysis.
- Request for guarantees until the resolution of litigation or the definitive clarification of the risk.
- Deferred payment or bank guarantee in the event of possible contingencies.

Also, certain investment alternatives (organic growth) may represent a risk if the expected success is not achieved. In order to cater for these risks all the investment projects include risk analysis, which enables them to be assessed on an economic and strategic basis, prior to taking any decisions. These decisions are taken by the corresponding body, on the basis of the established limits, and the most significant projects (those amounting to more than EUR 2 million) require the approval of the Board of Directors.

Foreign currency risk. The Group hedges the transactions that may give rise to this risk, either by using financial derivatives or by natural hedging by financing loans with cash flows generated in the same currency (see table below on Financial Risks).

R&D+i risk. The Group, through its biotechnology and research and development subsidiaries Puleva Biotech, Española de I+D and Crecerpal (Panzani subgroup), supports its main business lines by facilitating product and process development and innovation to enable them to capitalise on the commercial launch on the food market of new functional foods, such as Omega 3 or probiotics, and become an industry benchmark in biotechnology and innovation.

Labour risks. This relates to both attracting human resources and limiting labour risks. Accordingly, the Group promotes both personal incentive and remuneration schemes for the main executives tied to results and the improvement of working conditions.

There are certain protocols to prevent potential claims, including evacuation plans, first aid, etc. There are also specific programmes designed to promote an enhanced working environment and to maximise protection levels, which most notably include training courses for Group employees and the purchase of material and tools so employees can perform their work correctly.

Financial risk management and financial instruments

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

In order to manage the foreign currency and interest rate risk arising from the Group's operations and, on occasions, the risk relating to possible changes in the price of certain raw materials (gas), the Group arranges derivatives, basically in the form of interest rate and foreign currency forwards and options, swaps or combinations thereof.

The accounting policies used to measure these financial instruments are described in Note 3 to these consolidated financial statements.

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

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

Cash flow interest rate risk

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

The Group manages its borrowing costs by using, where necessary, a combination of floating and fixed interest rates. The Group minimises its exposure to this risk and to do so it closely monitors the changes in interest rates with the support of external experts. When it is deemed necessary, the Group arranges derivative financial instruments on interest rates. These derivative instruments are designed to hedge underlying payment obligations.

See Note 28 to the accompanying consolidated financial statements for information on the Group's financial instruments exposed to interest rate risk.

Foreign currency risk

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

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

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

At 31 December 2009, "Other Receivables" included two loans totalling USD 586 million (31 December 2008: EUR 630 million) (see Note 22) which were designated as hedges of net investments in the US subsidiaries and are used to hedge the Group's exposure to foreign currency risk on these investments. The gains or losses on the translation to euros of these loans are recognised in equity to offset any gains or losses on the translation of the net investments in the subsidiaries.

In addition, the Group is exposed to foreign currency risk on its transactions. This risk arises from purchases and sales made by the operating units in currencies other than the functional currency. In relation to important transactions, the Group's operating units use forward foreign currency contracts to eliminate foreign currency risk. Forward foreign currency contracts must be expressed in the same currency as the item that they are hedging.

The Group does not arrange forward foreign currency contracts until a firm agreement has been entered into and negotiates the terms and conditions of the derivative to match the terms and conditions of the hedged item, thereby maximising the efficiency of the hedge.

Certain Rice Business companies (Herba, S&B Herba and Euryza) and Pasta Business companies (Panzani) have forward foreign currency contracts (foreign currency swaps) to mitigate the expose of their commercial transactions. These transactions are carried out in order to minimise foreign currency risk although they do not qualify for hedge accounting.

See Note 28 to the accompanying consolidated financial statements for information on the Group's financial instruments exposed to foreign currency risk.

Liquidity risk

The Group's objective is to match the maturities of its payables to its ability to generate cash flows to settle these obligations. In order to achieve this, it maintains a balance between continuity of the financing and flexibility through the use of revolving credit policies, bank loans that may include grace periods to adapt them to the return on the related assets, and forward purchase contracts.

7. INFORMATION ON THE ENVIRONMENT

The information on the environment is included in Note 29 to the accompanying consolidated financial statements.

8. EVENTS AFTER THE REPORTING PERIOD

On 8 March 2010, the Boards of Directors of Ebro Puleva, S.A. and Lactalis (French Group) reached a preliminary agreement with respect to the sale of the Ebro Puleva Group's dairy product business for EUR 630 million. In the four weeks following this preliminary agreement, the financial statements of the Ebro Puleva Group's dairy product business will be audited and the definitive sale agreement will be drawn up on the basis of the terms and conditions initially agreed upon. At the end of this period the transaction will be subject to the approval of the competition authorities.

This agreement will mean the exclusion of the dairy product business from the scope of consolidation of the Ebro Puleva Group in 2010, once all the conditions precedent of the transfer have been met. The impact of this transaction and the gain obtained will be recognised for accounting purposes once the agreements become effective, in accordance with IFRS 3 and IAS 10 (event after the reporting period of the second type defined in the standard). Note 7, "Segment Reporting" and other notes to the consolidated financial statements provide information on the assets, liabilities and transactions performed by the dairy product business, which is considered to be a segment in its own right.

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

9. ARTICLE 116 BIS OF THE SPANISH SECURITIES MARKET LAW (data relating only to the Parent Ebro Puleva, S.A. as a listed company to which this provision applies).

Article 116 bis of the Spanish Securities Market Law, as worded by Law 6/2007, of 12 April, requires listed companies to present an annual explanatory report on additional disclosures to be included in the 2009 directors' report to the shareholders at the Annual General Meeting.

(THOUSAND OF EUROS)

a) Capital structure, including securities not traded on a regulated EU market, indicating, where appropriate, the various classes of shares and, for each class of shares, the rights and obligations conferred by the shares and the percentage of share capital that they represent.

The share capital amounts to EUR 9,319,235.20, divided into 153,865,392 fully subscribed and paid shares of EUR 0.60 par value each, represented by book entries of the same series and class.

The shares representing the share capital have the status of marketable securities and are governed by the provisions of the Securities Market Law.

b) Restrictions on the transferability of shares.

There are no restrictions on the transferability of the shares.

c) Significant direct or indirect ownership interests in the share capital, including directors.

Significant shareholder	Number of direct voting rights	Number of indirect voting rights	Percentage of total voting power
Instituto Hispánico Del Arroz, S.A.	13,588,347	Indirect holder, through Hispafoods Invest, S.L., of 10,600,210 voting rights, representing 6.889% of share capital.	15.721%
Sociedad Estatal de Participaciones Industriales	0	Indirect holder, through Alimentos y Aceites, S.A., of 13,315,016 voting rights, representing 8.654% of share capital.	8.654%
Sociedad Anónima Damm	0	Indirect holder, through Corporación Económica Damm, S.A., of 10,300,000 voting rights, representing 6.694% of share capital.	6.694%
Lolland, S.A.	0	Indirect holder, through Casa Grande Cartagena, S.L., of 9,707,778 voting rights, representing 6.309% of share capital.	6.309%
Caja de Ahorros de Salamanca y Soria	9,474,951	0	6.158%
Caja España de Inversiones, Caja de Ahorros y Monte de Piedad	0	Indirect holder, through Invergestión, Sociedad de Inversiones y Gestión, S.A., of 7,940,277 voting rights, representing 5.161% of share capital.	5.161%

d) Restrictions on voting rights.

There are no restrictions on voting rights.

e) Shareholders' agreements.

The Company has not been notified of any shareholders' agreements.

f) Rules applicable to the appointment and removal of members of the Board of Directors and amendment of the Company's bylaws.

The appointment and the replacement of directors are governed by the bylaws (Articles 19 and 20) and by the Board Regulations (Articles 21, 23 and 24).
The Board of Directors shall be composed of a minimum of 7 and a maximum of 15 members, the General Meeting being responsible for determining the number and for appointing and removing directors. The Board currently has 14 members.

Directors shall be appointed for a term of four years and the post may be rejected, appointments may be revoked and directors may be re-elected. Once this term has elapsed, directors may be re-elected one or more times for terms of equal length.

The appointment of directors shall lapse when, on expiry of the term, the next General Meeting has been held or the period established by law for holding the General Meeting which has to resolve whether to approve the financial statements for the previous year has ended.

Should vacancies arise during the term for which the directors are appointed, the Board may designate from among the shareholders persons to occupy the vacancies until the next General Meeting is held.

The nominations for the appointment and re-election of directors submitted by the Board of Directors shall relate to persons of acknowledged prestige who have the experience and professional knowledge required to discharge their duties.

Nominations shall be made taking into account the existence of three types of director: (i) executive directors; (ii) non-executive directors, which may be of two types: those that belong to the Board at the request of shareholders with significant ownership interests in the Company's share capital, and those which may be deemed to be independent directors pursuant to applicable legislation or good corporate governance recommendations; and (iii) directors who do not belong to either of these categories.

The distribution of directors according to the categories defined above shall be adjusted from time to time in accordance with the functional requirements and actual shareholder structure of the Company on the basis of the relationship between the share capital controlled by significant shareholders and the percentage held by institutional investors and non-controlling shareholders.

In any case, any steps taken by the directors in relation to the composition of the Board shall be without prejudice to the sovereign powers of the General Meeting to appoint and remove directors and, as the case may be, to the shareholders' right of proportional representation.

Directors shall tender their resignation to the Board and formally resign in the following cases:

- When they are subject to any incompatibility or prohibition provided for by law, in the bylaws or in these Regulations.
- When they cease to discharge the executive functions associated with their appointment as directors, when the shareholder they represent sells its entire ownership interest or when that shareholder reduces its ownership interest to a level

that requires a reduction of the number of its proprietary directors and, in general, when the reasons for which they were appointed cease to exist.

- When the Board, following a report from the Nomination and Remuneration Committee, considers that they have seriously breached their obligations or that there are reasons in Company's interest that justify such resignation.

The Board shall submit the removal of the director to the General Meeting in the event that the director does not resign in any of the above situations.

Directors who stand down from the Board prior to the end of their mandate, due to resignation or any other cause, must explain their reasons for vacating their office to the Board and, without prejudice to the fact that the removal is communicated as a significant event, the Company shall give the reasons for the removal in the Annual Corporate Governance Report.

If a director chooses to resign after expressing serious reservations on matters on which the Board had adopted resolutions, the director shall explain the reasons for the resignation as described above.

No procedures or requirements for the amendment of the bylaws other than those provided for by law are established, except for the higher quorum requirement for General Meetings established in Article 12 of the bylaws, where sixty per cent of the share capital with voting rights is required on first call and thirty per cent on second call. The requirements for voting are the same as those established in the Consolidated Spanish Public Limited Liability Companies Law.

g) Powers of the members of the Board of Directors and, in particular, those relating to the possibility of issuing or repurchasing shares.

The executive directors Antonio Hernández Callejas and Jaime Carbó Fernández hold the following powers:

1) To represent the Company and use the corporate signature in all manner of acts, businesses and agreements included in the company object. To enter into contracts for project work or for the supply of goods or services with the European Union, the State, the Autonomous Communities, provinces, islands or municipalities and, in general, with any public or private person, by means of merits-based or price-based tenders, direct award or any other legal method of contracting, presenting and signing the appropriate proposals, accepting awards, as the case may be, performing any such acts and executing any such public or private documents as may be required or deemed appropriate for their formalisation, performance and liquidation.

These powers shall be exercised jointly by two attorneys when the amount of the act, business or contract exceeds EUR 50,000.

2) To plan, organise, manage and control the operation of the Company and all its activities at all the workplaces and facilities, reporting to the Chairman of the Board and proposing any modifications to the Company organisation deemed to be appropriate.

These powers may be exercised severally.

3) To sell, buy, exchange, replace, assign, encumber and dispose in any manner of all types of assets, including buildings and shares, and to provide guarantees to

subsidiaries or third parties. To participate in the incorporation of other companies and acquire shares. To accept positions or appoint others to positions in other companies or entities.

These powers shall be exercised jointly by two attorneys.

4) To set the terms of, create, accept, modify, withdraw or cancel provisional or definitive payments, deposits and guarantees at any kind of public or private entity including the Government Depositary and the Bank of Spain.
These powers may be exercised severally.

5) Banking powers:

a) To open, use, clear and cancel demand deposits, savings accounts or credit facilities at any bank, including the Bank of Spain or any other credit institutions or savings banks, signing for this purpose any such documents as may be required, and to use and withdraw amounts by cheque, money order, receipt or transfer.

b) To arrange, formalise and execute loan transactions, signing for this purpose any such public or private documents as may be required, reporting to the Board the use made of these powers in the following meeting.

These powers shall be exercised jointly by two attorneys.

6) To issue, accept, collect, pay, endorse, protest, discount, guarantee and negotiate commercial or financial bills of exchange, promissory notes and other drafts and commercial instruments. To endorse and discount receipts and negotiable instruments of any kind and to order payment from the Public Treasury, banks, depositaries and other entities where the Company may hold securities, bills, cash or any other type of asset.

The powers relating to issues, acceptance and payment orders shall be exercised jointly by two attorneys.

7) To claim, collect and receive amounts to be paid or received by the Company in any respect, whether in cash, in bills or in the shape of any other type of benefit, from individuals, banks and other entities, from the European Union, the State, the Autonomous Communities, provinces, islands or municipalities and, in general, from any public or private entity. To give and request receipts and payment documents and to set and finally settle balances. To determine the method for payment of amounts owed to the Company, to grant extensions and to set payment dates and amounts.

To accept from debtors all manner of secured and unsecured guarantees, including mortgages, fixed and floating charges, pledges and security interests subject to the covenants, clauses and conditions deemed appropriate and to cancel such guarantees after receipt of the guaranteed amounts or receivables.

These powers may be exercised severally by any Company attorney.

8) To make all manner of payments, taking any such steps as may be required for due compliance with all the Company's obligations and to demand the relevant receipts and payment documents.

This power shall be exercised jointly by two attorneys when the amount of the payment exceeds EUR 50,000.

9) To represent the Company in dealings with third parties and with all manner of administrative bodies, chambers, commissions, committees, mutual entities, registers, delegations, offices and units of the European Union, the State, the Autonomous Communities, provinces, islands or municipalities and with other centres or bodies of an administrative, government or other nature, at all levels and instances, in Spain and abroad, or to appoint a person to act as the Company's representative in such dealings. To exercise the rights and to act, as the case may be, in the interest of the Company. To file requests and motions. To institute any applicable proceedings, requesting any relevant data, copies or documents and filing claims, including preliminary claims, and any administrative appeals. To withdraw from proceedings, claims and appeals at any stage thereof, to enforce or ensure the enforcement of final judgments. To respond to or issue certificates or demands, whether notarial or of any other nature. To request certificates, evidence and duly authenticated copies of interest to the Company.

These powers may be exercised severally.

10) To appear and represent the Company in court, before tribunals, higher judicial authorities, the Public Prosecutor, juries and other judicial review or employment-related centres or bodies in all jurisdictions and at all instances and levels, in Spain, abroad or relating to any international organisation, establishing the legal relations deemed appropriate and complying in particular, by signing the application for judicial review, with the provisions of Article 45.2.d) of Law 29/1998, of 13 July.

To grant and revoke powers of attorney for lawyers and court procedural representatives.

To bring all manner of claims or actions; to file all types of exceptions in any proceedings or appeals, either as the claimant or as the defendant or with any other standing. To file all manner of claims and ordinary and extraordinary appeals at court, including extraordinary appeals on a point of law and appeals for judicial review of final decisions. To discontinue any actions, claims, lawsuits and court appeals at any stage of the proceedings. To give evidence in court as the legal representative of the Company and, where required, to personally and expressly vouch for the truth of such evidence. To settle in court and submit to arbitration any matters of interest to the Company. To enforce or ensure the enforcement of final court judgments.

To represent and appear on behalf of the Company in all manner of administrations, bankruptcy proceedings, debt compositions and rescheduling, insolvency proceedings or court-ordered liquidations, evidencing the Company's claims and endeavouring to ensure that they are secured and accepting awards in payment thereof, with the power to grant or refuse reductions and extensions. To appoint, accept and reject liquidators, administrators, experts and official receivers and to put forward and challenge proposals made in the related acts.

To settle and to agree deadlines and debt compositions and rescheduling in the framework of insolvency proceedings and carry out all the formalities until compliance with and enforcement of the final decisions.

To select the place of residence and submit to constructive or express jurisdictions.

These powers may be exercised severally.

11) To execute, with respect to executives, the resolutions adopted by the Board of Directors or the Executive Committee after hearing the Nomination and Remuneration Committee. With respect to Company employees, to hire, transfer, penalise, suspend or dismiss employees; to determine the remuneration, salaries and other emoluments to be received by any Company employee; to grant termination benefits; and, in general, to decide on any matters relating to the employees of the Company. To appoint and revoke the appointment of mandataries or agents.

These powers may be exercised severally.

12) To enforce and ensure compliance with the resolutions of the General Meeting, the Board of Directors, its Executive Committee or its Chief Executive Officer and to execute, where applicable, the public deeds and other public or private documents required in accordance with the legal nature of the acts performed.

These powers may be exercised severally.

13) To replace and/or grant partial or full powers to third parties, to the extent of the powers granted under this power of attorney, and to partially or fully revoke such powers, including those granted prior to this power of attorney, executing for such purpose the corresponding public or private documents giving substance to the aforementioned replacement, informing the Board of Directors at the first meeting following the exercise of this power.

These powers shall be exercised jointly by at least three attorneys.

14) To attend and represent the Company at the General Meetings of all the Ebro Puleva Group companies and in the adoption of any resolutions deemed necessary, without any restrictions whatsoever.

These powers may be exercised severally and indistinctly.

Lastly, it should be noted that neither Antonio Hernández Callejas nor Jaime Carbó Fernández or any other director or executive is empowered to issue or repurchase shares.

h) Significant agreements entered into by the Company and which come into force or are modified or terminated in the event of a change of control of the Company as a result of a takeover bid, and their effects, except when disclosure would be seriously detrimental to the Company. This exception shall not apply where the Company is obliged by law to disclose this information.

No agreements of this nature have been entered into.

i) Agreements between the Company and its directors, executives or employees which provide for termination benefits upon resignation or dismissal without justification or upon termination of the employment relationship as a result of a takeover bid.

In 2006 the Chairman, Antonio Hernández Callejas, informed the Board of Directors of his full and irrevocable waiver of the golden parachute clause originally established in his contract, consisting of net termination benefits equivalent to two years' gross annual remuneration.

The director and General Manager, Jaime Carbó Fernández, and the General Secretary and Secretary of the Board, Miguel Ángel Pérez Álvarez, also waived the golden parachutes originally established in their contracts, consisting of net termination benefits equivalent to two years' gross annual remuneration. In both cases the Board of Directors resolved to replace the golden parachute with equivalent net termination benefits for dismissal or change of control to those that would apply under the present regime provided for in the Workers' Statute. "Net" is included solely for the purpose of calculating the termination benefits and does not imply a modification of each taxpayer's tax obligations in accordance with the law and, in any event, the result of this calculation may not exceed an amount equivalent to two years' annual remuneration in each case.

As regards the other executives of Ebro Puleva, S.A., the contracts of two executives include guarantee clauses relating to dismissal or change of control that range between one and two years' annual remuneration.

As a result of their length of service, the clauses established initially for the other executives currently provide for termination benefits below the amount stipulated in the Workers' Statute.

10. ANNUAL CORPORATE GOVERNANCE REPORT

Pursuant to legislation currently in force, the following section of the consolidated directors' report includes the 2009 Annual Corporate Governance Report of Ebro Puleva, S.A. required by the Spanish National Securities Market Commission.