Ebro Puleva

FINANCIAL STATEMENTS AND DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009

EBRO PULEVA, S.A.

CONTENTS

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

EBRO PULEVA, S.A.
BALANCE SHEETS AT 31 DECEMBER 2009 AND 2008
Thousands of euros

ASSETS	Notes	12/31/2009	12/31/2008
A) NON-CURRENT ASSETS		**1,412,773**	**1,473,808**
I. Intangible assets	**5**	**5,515**	**5,515**
3. Patents, licences, trademarks and similar items		5,515	5,515
II.Property, plant and equipment	**6**	**9,149**	**9,397**
1. Land and buildings		7,424	7,468
2. Plant and other items of property, plant and equipment		1,725	1,929
III. Investment property	**7**	**9,604**	**9,647**
1. Land		4,879	4,864
2. Buildings		4,725	4,783
IV. Non-current investments in Group companies and associates	**8**	**1,338,802**	**1,433,466**
1. Equity instruments	**9**	1,306,257	1,322,658
2. Loans to companies	**8 and 17**	32,545	110,808
V. Non-current financial assets	**9**	**27,636**	**151**
1. Equity instruments		-	1
2. Loans to third parties		27,489	-
5. Other financial assets		147	150
VI. Deferred tax assets	**15**	**22,067**	**15,632**
B) CURRENT ASSETS		**73,682**	**200,243**
I. Non-current assets classified as held for sale	**8**	**-**	**148,481**
III. Trade and other receivables	**9 and 10**	**33,125**	**49,347**
1. Trade receivables for sales and services		37	24,035
2. Receivable from Group companies and associates	**17**	7,675	22,791
3. Sundry accounts receivable		2,207	2,189
4. Employee receivables		8	12
5. Current tax assets	**15**	23,043	-
6. Other accounts receivable from public authorities	**15**	155	320
V. Current financial assets	**9**	**13,365**	**-**
2. Loans to third parties		13,365	-
VI. Current prepayments and accrued income		**67**	**2,399**
VII. Cash and cash equivalents	**11**	**27,125**	**16**
1. Cash		11,106	16
2. Cash equivalents		16,019	-
TOTAL ASSETS		**1,486,455**	**1,674,051**

The accompanying Notes 1 to 21 are an integral part of the balance sheet at 31 December 2009.

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

EBRO PULEVA, S.A.
BALANCE SHEETS AT 31 DECEMBER 2009 AND 2008
Thousands of euros

EQUITY AND LIABILITIES	Notes	12/31/2009	12/31/2008
A) EQUITY		**827,574**	**763,970**
A.1) SHAREHOLDERS' EQUITY	**12**	**827,574**	**763,970**
I. Share capital		**92,319**	**92,319**
1. Registered share capital		92,319	92,319
II. Share premium		**5**	**34,334**
III. Reserves		**578,832**	**711,932**
1. Legal and bylaw reserves		18,464	18,464
2. Other reserves		560,368	693,468
IV. Treasury shares		**(7,727)**	**(62,031)**
VII. Profit (Loss) for the year		**164,145**	**(12,584)**
A.2) VALUATION ADJUSTMENTS		**-**	**-**
A.3) GRANTS, DONATIONS OR GIFTS AND LEGACIES RECEIVED		**-**	**-**
B) NON-CURRENT LIABILITIES		**568,233**	**723,122**
I. Long-term provisions	**14**	**65,417**	**4,575**
1. Provisions for long-term employee benefit obligations		4,151	2,327
4. Other provisions		61,266	2,248
II. Non-current payables	**9**	**405,764**	**522,332**
2. Bank borrowings	**13**	405,737	522,303
5. Other financial liabilities		27	29
III. Non-current payables to Group companies and associates	**17**	**66,159**	**168,966**
IV. Deferred tax liabilities	**15**	**30,893**	**27,249**
C) CURRENT LIABILITIES		**90,648**	**186,959**
I. Liabilities associated with non-current assets classified as held for sal	**8**	**-**	**45,878**
III. Current payables	**9**	**79,224**	**127,994**
2. Bank borrowings	**13**	78,537	125,824
5. Other financial liabilities		687	2,170
IV. Current payables to Group companies and associates	**17**	**2,011**	**620**
V. Trade and other payables	**9**	**9,413**	**12,467**
1. Payable to suppliers		1,870	2,830
2. Payable to suppliers - Group companies and associates		928	4,594
4. Remuneration payable		2,530	2,257
5. Current tax liabilities	**15**	-	1,035
6. Other accounts payable to public authorities	**15**	4,085	1,751
TOTAL EQUITY AND LIABILITIES		**1,486,455**	**1,674,051**

The accompanying Notes 1 to 21 are an integral part of the balance sheet at 31 December 2009.

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

EBRO PULEVA, S.A.
INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

Thousands of euros	Notes	2009	2008
CONTINUING OPERATIONS			
Revenue		**74,823**	**31,214**
Dividends from Group companies	**8 and 17**	73,174	26,327
Interest revenue from Group companies	**17**	1,649	4,887
Other operating income		**7,009**	**4,412**
Non-core and other current operating income		7,009	4,412
Staff costs		**(10,138)**	**(9,344)**
Wages, salaries and similar expenses		(7,501)	(7,227)
Employee benefit costs		(813)	(776)
Provisions		(1,824)	(1,341)
Other operating expenses		**(14,022)**	**(10,699)**
Outside services		(10,814)	(7,723)
Taxes other than income tax		(1,414)	(755)
Other current operating expenses		(1,794)	(2,221)
Depreciation and amortisation charge	**6 and 7**	**(360)**	**(344)**
Excessive provisions		**59**	**-**
Impairment and gains or losses on disposals of non-current assets		**17,667**	**(119)**
Gains or losses on disposals and other	**5 and 7**	17,667	(119)
PROFIT FROM OPERATIONS		**75,038**	**15,120**
Finance income		**2,519**	**404**
From marketable securities and other financial instruments:			
Associates	**17**	105	209
Third parties		2,414	195
Finance costs		**(17,807)**	**(50,798)**
On debts to Group companies and associates	**17**	(3,223)	(18,074)
On debts to third parties		(12,894)	(32,724)
Interest cost relating to provisions		(1,690)	-
Exchange differences	**9**	**879**	**102**
Impairment and gains or losses on disposals of financial instruments		**103,349**	**4,073**
Impairment and other losses	**8**	(4,329)	(7,469)
Gains or losses on disposals and other	**8**	107,678	11,542
FINANCIAL PROFIT (LOSS)		**88,940**	**(46,219)**
PROFIT (LOSS) BEFORE TAX		**163,978**	**(31,099)**
Income tax	**15**	**167**	**18,515**
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**164,145**	**(12,584)**
DISCONTINUED OPERATIONS			
Profit (Loss) for the year from discontinued operations net of tax		**-**	**-**
PROFIT (LOSS) FOR THE YEAR		**164,145**	**(12,584)**

The accompanying Notes 1 to 21 are an integral part of the income statement for the year ended 31 December 2009.

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

EBRO PULEVA, S.A. STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008 Thousands of euros	Notes	2009	2008
A) Profit (Loss) per income statement		164,145	(12,584)
Income and expense recognised directly in equity			
I. Arising from revaluation of financial instruments			
1. Available-for-sale financial assets			
2. Other income/expenses			
II. Arising from cash flow hedges			
III. Grants, donations or gifts and legacies received			
IV. Arising from actuarial gains and losses and other adjustments			
V. Tax effect			
B) Total income and expense recognised directly in equity		-	-
Transfers to profit or loss			
VI. Arising from revaluation of financial instruments			
1. Available-for-sale financial assets			
2. Other income/expenses			
VII. Arising from cash flow hedges			
VIII. Grants, donations or gifts and legacies received			
IX. Tax effect			
C) Total transfers to profit or loss		-	-
TOTAL RECOGNISED INCOME AND EXPENSE (A + B + C)		164,145	(12,584)

The accompanying Notes 1 to 21 are an integral part of the statement of recognised income and expense for the year ended 31 December 2009.

EBRO PULEVA, S.A.
STATEMENTS OF CHANGES IN TOTAL EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

Thousands of euros	Share capital	Share premium	Reserves	Treasury shares	Prior years' profits (losses)	Profit (Loss) for the year	Other equity instruments	Valuation adjustments	Grants, donations or gifts and legacies received	TOTAL
BEGINNING BALANCE AT 01/01/08	**92,319**	**34,333**	**765,745**	**(10,740)**	**-**	**-**	**-**	**-**	**-**	**881,657**
I. Total recognised income and expense						**(12,584)**				**(12,584)**
II.Transactions with shareholders:	**-**	**-**	**(55,382)**	**(51,291)**	**-**	**-**	**-**	**-**	**-**	**(106,673)**
- Capital increases										-
- Capital reductions										-
- Conversion of financial liabilities into equity										-
- Dividends paid			(55,391)							(55,391)
- Treasury share transactions (net)			9	(51,291)						(51,282)
- Other transactions with shareholders										-
III. Other changes in equity		1	1,569							**1,570**
ENDING BALANCE AT 31/12/08	**92,319**	**34,334**	**711,932**	**(62,031)**	**-**	**(12,584)**	**-**	**-**	**-**	**763,970**
I. Adjustments due to changes in policies										-
II. Adjustments due to errors										-
ADJUSTED BALANCE AT 01/01/09	**92,319**	**34,334**	**711,932**	**(62,031)**	**-**	**(12,584)**	**-**	**-**	**-**	**763,970**
I. Total recognised income and expense						**164,145**				**164,145**
II. Transactions with shareholders:	**-**	**(34,329)**	**(133,100)**	**54,304**	**-**	**12,584**	**-**	**-**	**-**	**(100,541)**
- Capital increases										-
- Capital reductions										-
- Conversion of financial liabilities into equity										-
- Dividends paid			(123,367)			12,584				(110,783)
- Treasury share transactions (net)			(9,733)	20,091						10,358
- Other transactions with shareholders		(34,329)		34,213						(116)
III. Other changes in equity										**-**
ENDING BALANCE AT 31/12/09	**92,319**	**5**	**578,832**	**(7,727)**	**-**	**164,145**	**-**	**-**	**-**	**827,574**
	92,319	**5**	**578,832**	**(7,727)**	**-**	**164,145**	**-**	**-**	**-**	**827,574**

The accompanying Notes 1 to 21 are an integral part of the statement of changes in total equity for the year ended 31 December 2009.

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

EBRO PULEVA, S.A. **STATEMENTS OF CASH FLOWS FOR** **THE YEARS ENDED 31 DECEMBER 2009 AND 2008** Thousands of euros	**Notes**	**12/31/2009**	**12/31/2008**
CASH FLOWS FROM OPERATING ACTIVITIES		**26,359**	**98**
1. Profit (Loss) for the year before tax		**163,978**	**(31,099)**
2. Adjustments for:		**(179,697)**	**18,998**
a) Depreciation and amortisation charge	5,6 and 7	360	344
b) Impairment losses (+/-)	8	4,329	7,469
c) Changes in provisions (+/-)(+)	14	1,666	3,530
e) Gains/Losses on derecognition and disposal of non-current assets (+/-)	7	(17,667)	119
f) Gains/Losses on derecognition and disposal of financial instruments (+/-)	8	(107,678)	(11,542)
g) Finance income (-)		(2,519)	(404)
h) Finance costs (+)		17,807	50,798
i) Exchange differences (+/-)	9.1	(879)	(102)
k) Other income and expenses (-/+)		**(75,116)**	**(31,214)**
3. Changes in working capital		**690**	**(859)**
b) Trade and other receivables (+/-)		(1,632)	(306)
d) Trade and other payables (+/-)		2,322	(553)
4. Other cash flows from operating activities		**41,388**	**13,058**
a) Interest paid (-)		(14,764)	(40,138)
b) Dividends received (+)		62,674	26,327
c) Interest received (+)		2,886	4,580
d) Income tax recovered (paid) (+/-)		(9,408)	22,289
CASH FLOWS FROM INVESTING ACTIVITIES		**314,976**	**16,407**
6. Payments due to investment (-)		**(2,760)**	**(752)**
a) Group companies and associates		(2,658)	-
c) Property, plant and equipment	6	(60)	(625)
d) Investment property	7	(40)	(111)
e) Other financial assets		(2)	(16)
7. Proceeds from disposal (+)		**317,736**	**17,159**
a) Group companies and associates		282,170	15,647
b) Intangible assets		30,006	-
c) Property, plant and equipment		9	1,142
d) Investment property		2,434	48
e) Other financial assets		2	1
g) Other assets		3,115	321
CASH FLOWS FROM FINANCING ACTIVITIES		**(314,208)**	**(16,458)**
9. Proceeds and payments relating to equity instruments		**9,062**	**(51,282)**
c) Purchase of treasury shares (-)		(10,211)	(52,854)
d) Disposal of treasury shares (+)		19,273	1,572
10. Proceeds and payments relating to financial liability instruments		**(214,927)**	**88,645**
a) Issue of		**4,050**	**142,288**
2. Bank borrowings (+)		-	49,171
3. Borrowings from Group companies and associates (+)		4,050	93,117
b) Repayment of		**(218,977)**	**(53,643)**
2. Bank borrowings (-)		(149,404)	(71,000)
3. Borrowings from Group companies and associates (-)		(69,573)	17,357
11. Dividends and returns on other equity instruments paid		**(108,343)**	**(53,821)**
a) Dividends (-)		(108,343)	(53,821)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(18)**	**(77)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**27,109**	**(30)**
Cash and cash equivalents at beginning of year		**16**	**46**
Cash and cash equivalents at end of year		**27,125**	**16**

The accompanying Notes 1 to 21 are an integral part of the statement of cash flows for the year ended 31 December 2009.

1. COMPANY ACTIVITIES

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

The Company's current registered office is in Madrid (28046), at Paseo de la Castellana, 20. The Company's object is to perform the following business activities in 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 sugar and agricultural products, dairy products, rice, pasta and all manner of nutritional products, including special 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 Company's object may be carried on through the subscription or acquisition of shares or other equity interests in companies with an identical or similar company object.

Ebro Puleva, S.A. is the head of the consolidated Group consisting of it, as the parent, and the subsidiaries and associates with which it presented separately consolidated financial statements for 2009, authorised for issue by the directors of Ebro Puleva, S.A. on 25 March 2010. 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.

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

The main aggregates in the consolidated financial statements for 2009 and 2008, prepared in accordance with Final Provision Eleven of Law 62/2003, of 30 December, applying International Financial Reporting Standards as approved by the Regulations of the European Commission, are as follows:

Thousands of euros	At 12/31/2009		At 12/31/2008	
Total assets		**2,684,465**		**3,422,912**
Equity:		**1,298,160**		**1,228,686**
- Of the Parent	1,280,322		1,203,131	
- Of non-controlling interests	17,838		25,555	
Revenue		**2,197,731**		**2,367,902**
Profit for the year:		**172,823**		**131,870**
- Of the Parent	176,539		130,637	
- Non-controlling interests	(3,716)		1,233	

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements were prepared in accordance with the Spanish National Chart of Accounts approved by Royal Decree 1514/2007, of 16 November, and the other Spanish corporate law in force.

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

Fair presentation

The financial statements were prepared from the Company's accounting records in accordance with current accounting legislation in order to present fairly the equity, financial position and results of operations of the Company. The statement of cash flows was prepared in order to accurately disclose the source and application of the monetary assets representing the Company's cash and cash equivalents.

These financial statements, which were prepared by the Company's directors for submission for the approval of the shareholders at the Annual General Meeting, and it is considered that they will be approved without any changes. The financial statements for 2008 were approved by the shareholders at the Annual General Meeting of Ebro Puleva, S.A. held on 28 April 2009.

Comparative information

The financial statements for 2008 are presented for comparison purposes with those for 2009. The changes in the presentation of the figures for the year ended 31 December 2008 in these financial statements for 2009 with respect to those included in the financial statements for 2008 are as follows:

Under the Ruling of the Spanish Accounting and Audit Institute (ICAC) published in September 2009, the dividend income and finance income arising from the financing of investees must be classified and recognised under "Revenue". Accordingly, EUR 31,204 thousand presented as finance income in the financial statements for 2008 were reclassified to "Revenue".

Key issues in relation to the measurement and estimation of uncertainty

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

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

Taxation

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

Impairment of non-financial assets

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

Deferred tax assets

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

Provisions

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

Corporate transactions performed in 2009 affecting the basis of presentation:

In 2009 no corporate transactions took place that affected presentation comparability with prior years. However, the detail of prior years' corporate transactions for which information must be included in the financial statements of subsequent years is as follows:

a) Merger by absorption of Productos La Fallera, S.A.:

See financial statements for 2003.

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

See financial statements for 2003.

3. DISTRIBUTION OF PROFIT

	Amount (thousands of euros)
Basis of distribution	
Unrestricted reserves	560,368
Profit for the year	164,145
	724,513

The profit distribution proposal prepared by the directors of Ebro Puleva, S.A. at the Board of Directors Meeting of 25 March 2010, which has not yet been approved by the shareholders at the Annual General Meeting, is as follows:

The consolidated profit of the Ebro Puleva Group for 2009 makes it possible to propose, as in prior years, to distribute an ordinary dividend payable in cash with a charge to unrestricted reserves of EUR 0.40 per share to be settled in four quarterly payments of EUR 0.10 each on 2 April, 2 July, 2 October and 22 December 2010 for a total of EUR 61,546 thousand.

Limitations on the distribution of dividends

The Company must transfer 10% of net profit for each year to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. Otherwise, until the legal reserve exceeds 20% of share capital, it cannot be distributed to shareholders (see Note 12-c).

Once the appropriations provided for by law or by the bylaws have been covered, dividends may only be distributed out of the profit for the year or unrestricted reserves if the value of the equity is not already, or as a result of the distribution, lower than that of the share capital. For this purpose, the profit recognised directly in equity may not be directly or indirectly distributed. If prior years' losses existed that reduced the value of the Company's equity to below that of the share capital, the profit would have to be used to offset those losses.

4. ACCOUNTING POLICIES AND MEASUREMENT BASES

a) Intangible assets

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

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

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

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

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

b) <u>Property, plant and equipment</u>

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

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

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

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

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

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

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

c) <u>Investment property</u>

"Investment Property" comprises land and buildings leased to third parties or out of use. Buildings are depreciated using the straight-line method over an estimated useful life of 50 years.

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

d) <u>Asset exchange transactions</u>

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

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

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

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

The Company tests non-financial non-current assets or, where applicable cash-generating units, for indications of impairment at least once a year. At the end of each reporting period (for goodwill and intangible assets with indefinite useful lives) or whenever there are indications of impairment (for other assets) the Company estimates the recoverable amount of the assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. Whenever the carrying amount exceeds the recoverable amount, an impairment loss is recognised. Value in use is the present value of the estimated future cash flows, using risk-free market interest rates, adjusted for the specific risks associated with the asset. Where the asset itself does not generate cash flows that are largely independent from those generated by other assets or groups of assets, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs.

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

f) <u>Leases</u>

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

<u>If the company acts as the lessee:</u>

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

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

<u>If the Company acts as the lessor:</u>

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

g) *<u>Financial assets</u>*

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

1.1) Loans and receivables

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

Loans and receivables are initially recognised in the balance sheet at fair value which, unless there is evidence to the contrary, is the transaction price, which is equal to the fair value of the consideration paid plus any directly attributable transaction costs. These financial assets are subsequently measured at amortised cost.

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

1.2) Held-to-maturity investments

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

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

These financial assets are subsequently measured at amortised cost.

1.3) Investments in Group companies, jointly controlled entities and associates

These include equity investments in companies over which control, joint control by way of a bylaw or contractual agreement, or significant influence is exercised. They are initially recognised in the balance sheet at fair value which, unless there is evidence to the contrary, is the transaction price, which is equal to the fair value of the consideration paid plus any directly attributable transaction costs, except in the case of non-monetary contributions to a Group company in which the object is a business, when the investment is recognised at the carrying amount of the assets composing the business. The amount initially recognised includes the amount of the pre-emptive subscription and similar rights acquired.

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

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

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

1.4) Held-for-trading financial assets

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

They are initially recognised at fair value in the balance sheet which, unless there is evidence to the contrary, is the transaction price. Any directly attributable transaction costs are recognised in the income statement. The initial fair value of equity instruments includes the amount of pre-emptive subscription and similar rights acquired.

“Held-for-Trading Financial Assets” are initially recognised at fair value including any transaction costs that might be incurred on disposal. Any changes in fair value are recognised in profit or loss.

1.5) Available-for-sale financial assets

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

“Available-for-Sale Financial Assets” are initially recognised at fair value which, unless there is evidence to the contrary, is the transaction price, which is equal to the fair value of the consideration given, plus any directly attributable transaction costs. The initial fair value of the equity instruments includes the pre-emptive subscription and similar rights acquired.

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

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

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

1.6) Hedging derivatives

Hedging derivatives include the financial derivatives classified as hedging instruments.

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

2) Derecognition

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

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

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

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

3) <u>Interest and dividends received from financial assets</u>

Interest and dividends from financial assets earned after the date of acquisition are recognised as revenue. Interest must be recognised using the effective interest method and dividend revenue must be recognised when the shareholder's right to receive payment is established.

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

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

h) <u>Impairment of financial assets</u>

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

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

<u>Debt instruments</u>

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

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

In the case of a financial asset valued at amortised cost, the amount of impairment losses is equal to the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate. Financial assets tied to floating interest rates are discounted using the effective interest rate prevailing at the end of the reporting period. The Company considers trade and other receivables to be doubtful assets when they are more than six months past-due for which is there is no guarantee of collection, together with balances relating to companies that have filed for insolvency.

The Company considers the fair value of listed instruments to be a substitute for the present value of the future cash flows, provided that it is sufficiently reliable.

In the case of "Available-for-Sale Financial Assets", whenever there is objective evidence that a decrease in fair value is due to its impairment, the unrealised losses included under "Equity – Valuation Adjustments" are transferred to profit or loss.

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

Equity instruments

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

In the case of equity instruments measured at fair value included in "Available-for-Sale Financial Assets", the impairment loss is calculated as the difference between its acquisition cost and fair value less any previously recognised impairment losses. The unrealised losses recognised under "Equity – Valuation Adjustments" are recognised immediately in the income statement when the decline in fair value is deemed to be a result of its impairment. If all or a portion of the impairment loss subsequently reverses, these amounts are recognised under "Equity – Valuation Adjustments".

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

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

i) Financial liabilities

1) *Classification and measurement*

1.1) Accounts payable

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

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

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

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

1.2) Held-for-trading financial liabilities:

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

1.3) Hedging derivatives

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

2) <u>Derecognition</u>

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

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

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

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

j) <u>Hedge accounting</u>

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

Hedges are only designated as such when they effectively eliminate the risk associated with the asset or the hedged position over the entire estimated term of the hedge, which signifies that they are expected to be highly effective (prospectively) from the inception of the hedge and that there must be sufficient evidence to indicate that the hedge has been effective over the entire life of the asset or hedged position (retrospective effectiveness).

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

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

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

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

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

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

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

k) <u>Treasury shares</u>

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

l) <u>Cash and cash equivalents</u>

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

- They are convertible into cash.
- They matured within three months from the acquisition date.

- They are not subject to a significant risk of changes in value.
- They form part of the ordinary cash management policy of the Company.

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

m) Government grants

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

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

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

n) Provisions and contingencies

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

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

o) Long-term employee benefit obligations

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

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

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

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

p) Income tax

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

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

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

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

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

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

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

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

q) Non-current assets and disposal groups classified as held for sale

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

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

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

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

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

r) Current/Non-current classification

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

s) Revenue and expense recognition

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

Revenue from sales and services rendered

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

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

a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods, irrespective of their date of transfer for legal purposes;

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

c) The amount of revenue can be measured reliably;

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

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

t) Discontinued operations

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

u) Foreign currency transactions

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

Foreign currency transactions are translated on initial recognition at the spot exchange rate prevailing at the transaction date.

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

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

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

v) Environmental assets and liabilities

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

x) Termination benefits

Under current legislation, the Company is required to pay termination benefits to employees terminated under certain conditions. Therefore, termination benefits that can be reasonably quantified are recognised as an expense in the year in which the decision to terminate the employment relationship is taken. The accompanying financial statements do not include any provision in this connection, since no situations of this nature are expected to arise.

y) Related party transactions

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

(Thousand of euros)

5. INTANGIBLE ASSETS

The detail of "Intangible Assets" and of the changes therein in 2009 and 2008 is as follows:

Carrying amounts	Trademarks and patents	Computer software	Total
Balance at 1 January 2008	5,515	-	**5,515**
Balance at 31 December 2008	5,515	-	**5,515**
Balance at 31 December 2009	5,515	-	**5,515**

Gross cost	Trademarks and patents	Computer software	Total
Balance at 1 January 2008	**12,210**	**94**	**12,304**
Increases in the year			-
Decreases in the year			-
Transfers			-
Balance at 31 December 2008	**12,210**	**94**	**12,304**
Increases in the year			-
Decreases in the year	(195)		(195)
Transfers			-
Balance at 31 December 2009	**12,015**	**94**	**12,109**

Accumulated amortisation	Trademarks and patents	Computer software	Total
Balance at 1 January 2008	**(6,695)**	**(94)**	**(6,789)**
Increases in the year			-
Decreases in the year			-
Transfers			-
Balance at 31 December 2008	**(6,695)**	**(94)**	**(6,789)**
Increases in the year			-
Decreases in the year	195		195
Transfers			-
Balance at 31 December 2009	**(6,500)**	**(94)**	**(6,594)**

At 31 December 2009, the Company had fully amortised patents and trademarks amounting to EUR 3,028 thousand (31 December 2008: EUR 3,028 thousand). None of the intangible assets are located outside Spain. At the end of 2009 there were no firm intangible asset purchase commitments.

As part of the sale of the sugar business (see Note 8-e), in 2009 the proprietary trademarks and trade names related to the aforementioned business were sold, giving rise to a gain of EUR 30,000 thousand, which was recognised under "Impairment and Gains or Losses on Disposals of Non-Current Assets" in the accompanying income statement for 2009.

Intangible assets include a trademark considered to have an infinite useful life. This trademark has been licensed to one of the wholly-owned subsidiaries of Ebro Puleva, S.A.

(Thousand of euros)

At 31 December 2009, the carrying amounts and tax bases of this trademark were EUR 5,490 thousand (2008: EUR 5,490 thousand) and EUR 3,660 thousand (2008: EUR 4,575 thousand), respectively.
Since this trademark is considered to have an indefinite useful life, since 1 January 2008 it has not been amortised for accounting purposes (however, it has been amortised for tax purposes using tax amortisation criteria consistent with those of prior years). However, this trademark is tested for impairment each year to determine its recoverable amount.

In 2009 and 2008 this test was conducted by independent valuers (American Appraisal Iberia). In 2009 and 2008, the recoverable amount of this trademark was calculated through its value in use, using cash flow projections based on budgets approved by management for the next five years. The discount rate applied to the cash flow projections in 2009 was 9.67% (2008: 9.7%) and the cash flows after the five-year period were extrapolated using a growth rate of 1.5% (2008: 2.0%), which is the average long-term growth rate for the type of product involved, which is lower than the estimated growth rate for the previous five years. With respect to the assumptions to calculate the value in use of this trademark, management considers that no reasonable or possible changes in any of the assumptions used would cause the carrying amount of the unit to exceed its recoverable amount.

6. PROPERTY, PLANT AND EQUIPMENT

The detail of “Property, Plant and Equipment” and of the changes therein in 2009 and 2008 is as follows:

Carrying amounts	Land	Buildings	Plant and other items of property, plant and equipment	Property, plant and equipment in the course of construction	Total
Balance at 1 January 2008	6,498	874	1,759	42	**9,173**
Balance at 31 December 2008	6,711	757	1,929	-	**9,397**
Balance at 31 December 2009	6,711	713	1,725	-	**9,149**

Gross cost	Land	Buildings	Plant and other items of property, plant and equipment	Property, plant and equipment in the course of construction	Total
Balance at 1 January 2008	**6,498**	**2,329**	**2,459**	**42**	**11,328**
Increases in the year	213		412		625
Decreases in the year					-
Transfers		(96)		(42)	(138)
Balance at 31 December 2008	**6,711**	**2,233**	**2,871**	**-**	**11,815**
Increases in the year			63		63
Decreases in the year			(28)		(28)
Transfers					-
Balance at 31 December 2009	**6,711**	**2,233**	**2,906**	**-**	**11,850**

Accumulated depreciation	Land	Buildings	Plant and other items of property, plant and equipment	Property, plant and equipment in the course of construction	Total
Balance at 1 January 2008	**-**	**(1,455)**	**(700)**	**-**	**(2,155)**
Increases in the year		(44)	(242)		(286)
Decreases in the year					-
Transfers		23			23
Balance at 31 December 2008	**-**	**(1,476)**	**(942)**	**-**	**(2,418)**
Increases in the year		(44)	(258)		(302)
Decreases in the year			19		19
Transfers					-
Balance at 31 December 2009	**-**	**(1,520)**	**(1,181)**	**-**	**(2,701)**

(Thousand of euros)

There were no significant changes in property, plant and equipment in 2009 and 2008.

Based on the estimates and projections available to the Company's directors, no impairment losses exist on these items of property, plant and equipment.

The Company has taken out insurance policies that cover the carrying amount of the property, plant and equipment.

The detail of the fully depreciated assets included in property, plant and equipment at 31 December 2009 and 2008 is as follows:

	2008	2009
Other plant, tools and furniture	185	185
Other items of property, plant and equipment	152	170

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

Operating leases

The Company has leased its central offices in Madrid until 6 April 2015 and the Barcelona office (which opened in 2009) until 1 December 2013. These leases will subsequently be automatically renewed if none of the parties object. In 2009 the expenses relating to these leases amounted to EUR 985 thousand (2008: EUR 932 thousand). The non-cancellable future minimum lease payments at 31 December 2009 were as follows:

	12/31/2009
Within one year	985
Between one and five years	3,898
After five years	236
	5,119

(Thousand of euros)

7. INVESTMENT PROPERTY

The detail of "Investment Property" and of the changes therein in 2009 and 2008 is as follows:

Carrying amounts	Land	Buildings	Total
Balance at 1 January 2008	4,814	4,847	**9,661**
Balance at 31 December 2008	4,864	4,783	**9,647**
Balance at 31 December 2009	4,879	4,725	**9,604**

Gross cost	Land	Buildings	Total
Balance at 1 January 2008	**4,814**	**5,749**	**10,563**
Increases in the year	111		111
Decreases in the year	(103)	(89)	(192)
Transfers	42	96	138
Balance at 31 December 2008	**4,864**	**5,756**	**10,620**
Increases in the year	66		66
Decreases in the year	(51)		(51)
Transfers			-
Balance at 31 December 2009	**4,879**	**5,756**	**10,635**

Accumulated depreciation	Land	Buildings	Total
Balance at 1 January 2008	**-**	**(902)**	**(902)**
Increases in the year		(58)	(58)
Decreases in the year		10	10
Transfers		(23)	(23)
Balance at 31 December 2008	**-**	**(973)**	**(973)**
Increases in the year		(58)	(58)
Decreases in the year			-
Transfers			-
Balance at 31 December 2009	**-**	**(1,031)**	**(1,031)**

In 2009 items of investment property were disposed for a carrying amount of EUR 51 thousand (2008: EUR 182 thousand), giving rise to a gain (loss in 2008) on these transactions of EUR 538 thousand (2008: EUR 119 thousand).

Investment property located outside Spain amounts to EUR 82 thousand (2008: EUR 82 thousand) and corresponds to a small rural property not in use relating to the permanent establishment in Paraguay. The fully depreciated assets amount to EUR 81 thousand (2008: EUR 81 thousand).

The expenses associated with investment property correspond to those relating to their annual depreciation and maintenance costs. In 2009 the latter amounted to EUR 484 thousand (2008: EUR 468 thousand). All the expenses are recognised in the income statement on an accrual basis. There are no contractual obligations relating to the acquisition, construction or development of investment property or repairs, maintenance or improvements.

(Thousand of euros)

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

	12/31/2009
Within one year	49
Between one and five years	196
After five years	-
	245

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 Receivables for Sales and Services" – see Note 10–), 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 "Impairment and Gains or Losses on Disposals of Non-Current Assets" in the accompanying income statement for 2009.

8. NON-CURRENT INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

The detail of the investments in Group companies and of the changes therein in 2009 and 2008 were as follows:

	BALANCE AT 01/01/08	Increases	Decreases	Transfers	BALANCE AT 12/31/2008
Equity instruments of Group companies	1,727,775	24,723	(267,551)	(148,481)	1,336,466
Equity instruments of associates	-	-	-	-	-
Valuation adjustments	(6,339)	(7,469)	-	-	(13,808)
	1,721,436	**17,254**	**(267,551)**	**(148,481)**	**1,322,658**
Loans to Group companies	80,599	44,567	(17,475)	-	107,691
Loans to associates	2,946	171	-	-	3,117
	83,545	**44,738**	**(17,475)**	**-**	**110,808**
TOTAL INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES	**1,804,981**	**61,992**	**(285,026)**	**(148,481)**	**1,433,466**

(Thousand of euros)

	BALANCE AT 12/31/2008	Increases	Decreases	Transfers	BALANCE AT 12/31/2009
Equity instruments of Group companies	1,336,466	1,863	(13,935)	-	1,324,394
Equity instruments of associates	-	-	-	-	-
Valuation adjustments	(13,808)	(4,329)	-	-	(18,137)
	1,322,658	**(2,466)**	**(13,935)**	**-**	**1,306,257**
Loans to Group companies	107,691	7,437	(82,583)	-	32,545
Loans to associates	3,117	105	(3,222)	-	-
	110,808	**7,542**	**(85,805)**	**-**	**32,545**
TOTAL INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES	**1,433,466**	**5,076**	**(99,740)**	**-**	**1,338,802**

a) Equity instruments of Group companies:

The increases and decreases each year relate mainly to:

<u>2008</u>

1. Decrease of EUR 4,438 thousand: sale of 11.09% of the ownership interest in Puleva Biotech, S.A., giving rise to a gain of EUR 11,542 thousand in 2008.

2. Increase of EUR 10,880 thousand: the historical acquisition cost of the investment in Riviana Foods Inc. is EUR 240,753 thousand. However, an effective hedge was assigned to this financial asset that hedges its full value with the liability that finances it and, accordingly, any changes in value between the original currency, the US dollar, and its equivalent euro value give rise to an adjustment that changes the aforementioned historical cost. In 2008 the adjustment led to an increase of EUR 10,880 thousand in its value with a charge to the income statement for the year. The negative net accumulated total adjustment at 31 December 2008 amounted to EUR 24,780 thousand.

3. Increase of EUR 13,843 thousand: the historical acquisition cost of the investment in New World Pasta Co. is EUR 285,884 thousand. However, an effective hedge was assigned to this financial asset that hedges its full value with the liability that finances it and, accordingly, any changes in value between the original currency, the US dollar, and its equivalent euro value give rise to an adjustment that changes the aforementioned historical cost.

   In 2008 the adjustment led to an increase of EUR 13,843 thousand in its value with a charge to the income statement for the year. The negative net accumulated total adjustment at 31 December 2008 amounted to EUR 16,647 thousand.

4. Decrease of EUR 263,113 thousand: in December 2008 Azucarera Ebro, S.L. decided to distribute a portion of its share premium (EUR 263,113 thousand) to the sole shareholder Ebro Puleva, S.L. This amount was recognised by the Company as a reduction in the value of its investment in Azucarera Ebro, S.L.

5. Transfer of EUR 148,481 thousand in 2008: this corresponds to the transfer of the investment in Azucarera Ebro, S.L. to “Non-Current Assets Classified as Held for Sale” On 15 December 2008, the Company, which owns 100% of Azucarera Ebro, S.L., and Associated British Foods (ABF), which owns all of the shares of British Sugar, entered into an agreement for the acquisition of Azucarera Ebro, S.L.

2009

1. Decrease of EUR 5,617 thousand: the historical acquisition cost of the investment in Riviana Foods Inc. is EUR 240,753 thousand. However, an effective hedge was assigned to this financial asset that hedges its full value with the liability that finances it and, accordingly, any changes in value between the original currency, the US dollar, and its equivalent euro value, will give rise to an adjustment that changes the aforementioned historical cost. In 2009 the adjustment gave rise to a reduction of EUR 5,617 thousand in its value with a charge to the income statement for the year and the total accumulated negative net adjustment amounted to EUR 30,397 thousand at 31 December 2009.
2. Reduction of EUR 7,147 thousand: the historical acquisition cost of the investment in New World Pasta Co. is EUR 285,884 thousand. However, an effective hedge was assigned to this financial asset that hedges its full value with the liability that finances it and, accordingly, any changes in value between the original currency, the US dollar, and its equivalent euro value, will give rise to an adjustment that changes the aforementioned historical cost. In 2009 the adjustment gave rise to a reduction of EUR 7,147 thousand in its value with a charge to the income statement for the year and the total accumulated negative net adjustment amounted to EUR 23,794 thousand at 31 December 2009.
3. Decrease of EUR 47 thousand: sale of 0.12% of the ownership interest in Puleva Biotech, S.A., giving rise to a gain of EUR 49 thousand in 2009.
4. Reduction of EUR 919 thousand as a result of the reimbursement of share capital of the subsidiary Lince Insurance Ltd.
5. Decrease of EUR 205 thousand as a result of the reimbursement of the acquisition cost of the subsidiary Birkel Teigwaren GmbH.
6. Increase of EUR 1,848 thousand as a result of the acquisition of 60% of the share capital of Azucarera Energías, S.A. This acquisition was made from Azucarera Ebro, S.L., a wholly-owned subsidiary, prior to its sale on 30 April 2009 (see Note 8-e).
7. Increase of EUR 15 thousand due to the acquisition of an additional 0.06% of the share capital of Arotz Foods, S.A. (to increase the percentage of ownership of this company to 100%).

b) Long-term loans to Group companies:

The most significant items under loans to Group companies at 31 December 2009 (see Note 17), relate to the following: the loan granted in 2001 to Beira Terrace Soc. de Construçoes, Ltda., a wholly-owned Portuguese subsidiary, for the purchase of properties in Portugal; the loan granted in 2007 to Birkel, GmbH, a wholly-owned German subsidiary; the loan granted in 2008 to Dosbio 2010, S.L., a wholly-owned Spanish subsidiary; and the loan granted in 2009 to Azucarera Energías, S.A. (due to the subrogation of the loan previously granted to Azucarera Ebro, S.L.) a wholly-owned Spanish subsidiary. None of these loans have a specific maturity and they earn interest at 3-month Euribor plus 0.9%.

(Thousand of euros)

c) Long-term loans to associates:

At the end of 2009 the balance was zero. In 2009 the participating loan granted in 2004 to Biocarburantes de Castilla y León, S.A. (an associate of the Ebro Puleva Group that was sold in 2009) was sold to third parties outside the Ebro Puleva Group.

d) Valuation adjustments:

The increases in 2008 correspond to the impairment loss recognised for the investments in Beira Terrace Soc. de Construçoes, Ltda. and Dosbio 2010, S.L., and those in 2009 relate to the additional impairment loss recognised for the investments in Beira Terrace Soc. de Construçoes, Ltda. and Birkel Teigwaren, GmbH.

e) Sale of the investment in Azucarera Ebro, S.L.

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 investment and other assets and liabilities relating to Azucarera Ebro, S.L., classified in the balance sheet at 31 December 2008 as held-for-sale, were derecognised in 2009.

The accounting effects of the sale of Azucarera Ebro, S.L. (AE) recognised in 2009 are summarised as follows:

	Cash flow realised	Cash flow not yet realised	Profit before tax
- Distribution of the share premium by AE prior to its sale (recognised as a reduction in the value of the investment)	88,481	-	-
- Dividends paid by AE prior to its sale	46,447	-	46,447
- Sale of trademarks relating to the sugar business	30,000	-	30,000
- Sale of all the shares of AE	193,219	31,800	165,019
- Provisions for litigation guaranteed by EP (Note 14)	-	(57,387)	(57,387)
	358,147	**(25,587)**	**184,079**

A portion of the selling price of the shares of Azucarera Ebro, S.L. was deferred in the form of two instalments of EUR 10,000 thousand each payable in April 2010 and 2011 (with explicit interest of 12-month Euribor). The remaining EUR 11,800 thousand, is expected to be collected or settled in 2010 or 2011 at the latest.

The results of the Group companies indicated in the table at the end of this Note correspond in full to continuing operations. However, it must be borne in mind that the investment in Azucarera Ebro, S.L. was reclassified in 2008 to “Non-Current Assets Classified as Held for Sale” (see Note 8-e).

None of the Group companies are officially listed, except for Puleva Biotech, S.A., which has been listed on the stock market since 17 December 2001. The average market price in the last quarter of 2009 and the year-end market price were EUR 1.19 (2008: EUR 1.20) and EUR 0.94 (2008: EUR 0.89), respectively, per share.

The Company made the notifications corresponding to investees provided for in Article 86 of the Consolidated Spanish Public Limited Liability Companies Law.

(Thousand of euros)

The direct ownership interests of Ebro Puleva, S.A. in Group companies and associates at 31 December 2009 are presented in the following table:

SUBSIDIARIES (a)	Investment	Impairment loss	Percentage of ownership	Registered office	Line of business	(a) Share capital and reserves	(a) 2009 profit (loss)	Dividend paid in 2009	Total shareholders' equity	Profit (Loss) from operations
Dosbio 2010, S.L.	21,519	(7,104)	100.00%	Madrid (Spain)	Farming	14,415	297	-	14,712	710
Fincas e Inversiones Ebro, S.A.	4,926	-	100.00%	Madrid (Spain)	Real estate	13,332	5,326	10,500	29,158	6,702
Azucarera Energías, S.A.	1,848		60.00%	Madrid (Spain)	Combined heat and power generation	3,528	(1,547)	-		(686)
Arotz Foods, S.A.	22,864	-	100.00%	Madrid (Spain)	Preservation of vegetables	29,354	105	-	29,459	(468)
Puleva Food, S.L. (Group)	180,612	-	100.00%	Granada (Spain)	Production of dairy products	269,318	29,537	10,876	309,731	38,131
Lactimilk, S.A. (Group)	10,292	-	100.00%	Granada (Spain)	Production of dairy products	21,315	5,148	-	26,463	9,146
Herba Foods S.L.	50,676	-	100.00%	Madrid (Spain)	Investment management	83,653	(560)	-	83,093	(424)
Herba Ricemills S.L.	69,078	-	100.00%	Madrid (Spain)	Production and sale of rice	75,583	949	-	76,532	2,778
Herba Nutrición S.L	526	-	100.00%	Madrid (Spain)	Production and sale of rice	11,977	7,110	4,988	24,075	9,293
Puleva Biotech, S.A. (Group)	20,365	-	50.90%	Granada (Spain)	Development and marketing of new products	37,018	(9,427)	-	27,591	(235)
Jiloca Industrial, S.A.	1,500	-	100.00%	Teruel (Spain)	Production of organic fertilizer	1,668	330	363	2,361	534
Beira Terrace Soc.de Const., Ltda.	3,360	(2,741)	100.00%	Oporto (Portugal)	Real estate	948	(329)	-	619	(172)
Riceland, Ltda. (*)	597	-	20.00%	Budapest (Hungary)	Production and sale of rice	1,180	(214)	-	966	38
Riviana Foods Inc (Group) (**)	210,356	-	75.00%	Houston (Texas-US)	Production and sale of rice	285,047	32,859	-	317,906	42,166
Panzani, SAS (Group)	440,838	-	100.00%	Lyon (France)	Production and sale of pasta and sauces	518,802	37,772	-	556,574	58,982
New World Pasta Comp. (Group)	262,091	-	100.00%	Harrisburg (US)	Production and sale of pasta and sauces	294,017	30,349	-	324,366	48,029
Lince Insurance Ltd.	2,581	-	100.00%	Dublin (Ireland)	Insurance	3,168	249	-	3,417	249
Birkel Teigwaren GmbH (Group)	20,365	(8,292)	100.00%	Germany	Production and sale of pasta and sauces	15,996	(3,021)	-	12,975	(2,806)
TOTAL	**1,324,394**	**(18,137)**						**26,727**		
					Dividend paid by Azucarera Ebro, S.L. prior to its sale.			46,447		
								73,174		

(a) Whenever “Group” appears after the name of the subsidiary, the figures relating to share capital, reserves and results correspond to the consolidated figures of the aforementioned company and its subsidiaries and associates before the dividend for 2009 was paid. To unify the information presented relating to the various groups or companies, the figures relating to share capital, reserves and results are those obtained by applying the International Financial Reporting Standards adopted by the European Union.

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

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

EBRO PULEVA, S.A.
Notes to the financial statement for the year ended 31 December 2009
(Thousand of euros)

The direct ownership interests of Ebro Puleva, S.A. in Group companies and associates at 31 December 2008 are presented in the following table:

SUBSIDIARIES (a)	Investment	Impairment loss	Percentage of ownership	Registered office	Line of business	(a) Share capital and reserves	(a) 2009 profit (loss)	Dividend paid in 2009	Total shareholders' equity	Profit (Loss) from operations
Azucarera Ebro, Sl (Group)	148,841		100.00%	Madrid (Spain)	Production and sale of sugar	215,426	70,110	(6,161)	279,375	71,920
Dosbio 2010, S.L.	21,519	(7,104)	100.00%	Madrid (Spain)	Farming	23,572	(9,157)	-	14,415	(12,891)
Fincas e Inversiones Ebro, S.A.	4,926	-	100.00%	Madrid (Spain)	Real estate	13,206	126	-	13,332	162
Arotz Foods, S.A.	22,849	-	99.94%	Madrid (Spain)	Preservation of vegetables	27,637	1,717	-	29,354	415
Puleva Food, S.L. (Group)	180,612	-	100.00%	Granada (Spain)	Production of dairy products	256,564	16,692	(14,818)	258,438	19,209
Lactimilk, S.A. (Group)	10,292	-	100.00%	Granada (Spain)	Production of dairy products	18,988	6,004	-	24,992	9,975
Herba Foods S.L.	50,676	-	100.00%	Madrid (Spain)	Investment management	80,706	1,659	-	82,365	(390)
Herba Ricemills S.L.	69,078	-	100.00%	Madrid (Spain)	Production and sale of rice	73,180	2,372	-	75,552	10,131
Herba Nutrición S.L	526	-	100.00%	Madrid (Spain)	Production and sale of rice	2,752	12,327	(5,098)	9,981	10,292
Puleva Biotech, S.A. (Group)	20,412	-	51.02%	Granada (Spain)	Development and marketing of new products	37,086	(135)	-	36,951	689
Jiloca Industrial, S.A.	1,500	-	100.00%	Teruel (Spain)	Production of organic fertilizer	1,305	612	(250)	1,667	533
Beira Terrace Soc.de Const., Ltda.	3,360	(2,412)	100.00%	Oporto (Portugal)	Real estate	1,313	(365)	-	948	(50)
Riceland, Ltda. (*)	597	-	20.00%	Budapest (Hungary)	Production and sale of rice	1,209	(5)	-	1,204	200
Riviana Foods Inc (Group) (**)	215,973	-	75.00%	Houston (Texas-US)	Production and sale of rice	265,769	30,734	-	296,503	45,871
Panzani, SAS (Group)	440,838	-	100.00%	Lyon (France)	Production and sale of pasta and sauces	504,213	14,829	-	519,042	38,580
New World Pasta Comp. (Group)	269,237	-	100.00%	Harrisburg (US)	Production and sale of pasta and sauces	274,669	17,719	-	292,388	26,031
Lince Insurance Ltd.	3,500	-	100.00%	Dublin (Ireland)	Insurance	3,594	493	-	4,087	352
Birkel Teigwaren GmbH (Group)	20,571	(4,292)	100.00%	Germany	Production and sale of pasta and sauces	17,660	(151)	-	17,509	933
TOTAL	**1,485,307**	**(13,808)**						**(26,327)**		
Reclasification of Azucarera Ebro´s Investment to a non current assets held for sale	(148,481)									
	1,336,826									

9. FINANCIAL INSTRUMENTS

9.1 Financial assets

The detail of financial assets, except for the equity investments in Group companies, jointly controlled entities and associates (see Note 8) at 31 December 2009 and 2008 is as follows:

[redacted]

[redacted]

[redacted]

The increase in “Loans to Third Parties” in 2009 relates mainly to the deferred amount of the collection from the sale of the sugar business (see Note 8) amounting to EUR 20,800 thousand at long term and EUR 11,000 thousand at short term, and the deferred amount of the Alagón land sale (see Note 7) amounting to EUR 6,689 thousand at long term and EUR 2,365 thousand at short term.

<u>Exchange differences recognised in profit or loss</u>

The detail, by class of financial instrument, of the exchange differences recognised in profit or loss in 2009 and 2008 is as follows:

[redacted]

9.2 Financial liabilities

The detail of "Financial Liabilities" at 31 December 2009 and 2008 is as follows:

[redacted]

[redacted]

a) **Bank borrowings:** see Note 13

b) Derivatives and other payables:

The detail of the financial liabilities classified under "Derivatives and Other Accounts Payables" is as follows:

[redacted]

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

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

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

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

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

<u>Foreign currency risk</u>: as a result of the significant investments in the US, the Company's balance sheet could be significantly affected by fluctuations in the USD/EUR exchange rate. The Company attempts to mitigate the effect of its exposure to structural foreign currency risk by obtaining loans in USD. Accordingly, 90% of the investment in the US is hedged in this way.

At 31 December 2009, "Non-Current Payables - Bank Borrowings" included two loans totalling USD 586 million (2008: USD 630 million) (see Note 13) which were designated as a hedge of the net investments in US subsidiaries, and are used to hedge the Company's exposure to the foreign currency risk on these investments. The gains or losses on the translation of these loans to euros are recognised in the income statement and the gains or losses recognised in the translation of the net investments in subsidiaries are offset for the same amount (see Note 9.1).

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

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

10. TRADE AND OTHER RECEIVABLES

The detail of the trade receivables in 2009 and 2008 is as follows:

[redacted]

Valuation adjustments: “Trade Receivables for Sales and Services” is presented net of write-downs. In 2009 (and 2008) there were no changes, and the impairment losses at 31 December 2009 amounted to EUR 15 thousand (2008: EUR 15 thousand).

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

11. CASH AND CASH EQUIVALENTS

Cash equivalents normally relate to bank deposits which mature within three months from the acquisition date, and bank deposits maturing over three months, immediately available without any type of penalty.

There are no restrictions on the availability of cash.

12. SHAREHOLDERS’ EQUITY

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

   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%).

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

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

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

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

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

f) Treasury shares: in 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. At the end of 2008, except for the delivery of certain of these treasury shares through the extraordinary stock dividend mentioned in paragraph g) below, no decision had been taken regarding the specific use to which these treasury shares would be put.

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 paragraph g) below). 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.

g) Dividends paid in 2009: the distribution of dividends approved by the shareholders at the Annual General Meeting held on 28 April 2009 was as follows:

a) As a result of the Ebro Puleva Group's consolidated profit for 2008, it was resolved to distribute an ordinary dividend payable in cash out of unrestricted reserves of EUR 0.36 per share 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, and on an independent basis, following the successful sale of the sugar business (Azucarera Ebro, S.L. and certain of its subsidiaries), the following extraordinary dividend was approved:

b.1) An extraordinary dividend payable in cash out of unrestricted reserves of EUR 0.36 per share (in addition to the ordinary dividend), in three payments of EUR 0.12 each in 2009, coinciding with the dates of the last three payments of the ordinary dividend (2 July, 2 October, 22 December), and totalling 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 each 40.73 old shares, which resulted in the delivery of approximately 3.6 million shares (approximately 2.36% of share capital). The delivery ratio was established at the Board of Directors 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.

13. BANK BORROWINGS

The detail of "Non-Current Payables - Bank Borrowings" and "Current Payables - Bank Borrowings" at 31 December 2009 and 2008 is as follows (in thousands of euros):

	2009	2009	2008	2008
	Non-current	**Current**	**Non-current**	**Current**
Non-current bank borrowings drawn down in euros	-	71,000	70,942	71,000
Non-current bank borrowings drawn down in US dollars	405,737	-	451,361	-
Current credit facilities in euros	-	7,017	-	52,562
Unmatured accrued interest	-	520	-	2,262
TOTAL	**405,737**	**78,537**	**522,303**	**125,824**

The long-term bank loans financed the investments in Riviana Inc (2004), Panzani SAS (2005) and New Word Pasta Company (2006) and are guaranteed by the subsidiaries Puleva Foods, S.L., Herba Food, S.L., Herba Ricemills, S.L., Panzani SAS and Riviana Foods Inc. (although in 2008 it was Azucarera Ebro, S.L., not Riviana Foods Inc.), and relate to:

(Thousand of euros)

- 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 Company must achieve at all times certain ratios over the term of the three aforementioned loans based on the consolidated financial statements of the Group of which the Company is the parent. The failure to achieve these ratios would increase borrowing costs and, depending on the cases, lead to a situation that could trigger the early repayment of the loans. At 31 December 2009 and 2008, all the ratios were being achieved.

In addition, at 31 December 2009, the Company had credit facilities at banks with a limit of EUR 46 million (31 December 2008: EUR 59 million) arranged as unsecured credit facilities, against which a total of EUR 7,017 thousand had been drawn down (31 December 2008: EUR 52,562 thousand). The average annual interest rate on these borrowings, excluding the long-term loans, is 3-month EURIBOR plus an average market spread of 0.783% (31 December 2008: 0.424%).

Also, the guarantees and other bank guarantees granted to third parties totalled EUR 67,011 thousand at 31 December 2009 (31 December 2008: EUR 9,930 thousand) (see Note 16). In addition, in 2009 the bank guarantee of USD 860 thousand (2008: USD 618 thousand) to cover the guarantees given to the buyer in the 2006 sale of the Guatemala business (see Note 16) was discharged. This three-year guarantee (until 10 August 2009) covered possible contingencies that might have arisen in the business sold prior to the date of sale.

The repayment schedule of the non-current bank borrowings is as follows:

Maturing in 2010	EUR 71,000 thousand
Maturing in 2011	USD 66,000 thousand (EUR 44,777 thousand at 31/12/09)
Maturing in 2012	USD132,000 thousand (EUR 91,628 thousand at 31/12/09)
Maturing in 2013	USD 132,000 thousand (EUR 91,628 thousand at 31/12/09)
Maturing in 2015	USD 161,000 thousand (EUR 111,759 thousand at 31/12/09)
Maturing in 2016	USD 95,000 thousand (EUR 65,945 thousand at 31/12/09)

14. LONG-TERM PROVISIONS

The detail of the provisions and of the changes therein in 2009 and 2008 is as follows:

[redacted]

Provision for contingencies

At 31 December 2009, "Provision for Contingencies" included a provision of EUR 59,077 thousand to cover the buyer in the sale of the sugar business from the litigation in progress relating to Azucarera Ebro, S.L.

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 as a reduction in the gain on the transaction. The situation of this litigation in 2009 did not change with respect to 2008.

The remaining balance of "Provision for Contingencies" corresponds basically to provisions for certain contingencies and other minor claims, with respect to which the Company's directors do not expect any additional material liabilities to arise in connection with their outcome.

Provision for long-service bonuses

Certain employees of Ebro Puleva, S.A. are beneficiaries of long-service bonuses for 25 and 40 years of service covered by an in-house provision at the Company. The provision of EUR 351 thousand (2008: EUR 168 thousand) recognised for these long-service bonuses at 31 December 2009 represents the present value, calculated by an independent actuary, of the possible future payment obligations of the Company to its employees. The basic assumptions used in the latest actuarial study at 31 December 2009 (2008), were as follows:

a) Applied annual discount rate of 4.81% (2008: 3.61%)
b) Increase in salaries: a cumulative annual increase of 3% was assumed (2008: 3%).
c) Mortality and life expectancy tables: PERM/F 2000P tables

Provision for long-term remuneration of executives

See Notes 18.4 and 18.6

15. TAX MATTERS

The detail of the tax receivables and payables at 31 December 2009 and 2008 is as follows:

Thousands of euros	12/31/2009	12/31/2008
Current		
Current tax assets	22,667	-
Other accounts receivable from public authorities	155	320
Current tax liabilities	-	(1,035)
Other accounts payable to public authorities	(4,085)	(1,751)
	18,737	(2,466)
Non-current		
Deferred tax assets	22,067	15,632
Deferred tax liabilities	(30,893)	(27,249)
	(8,826)	(11,617)

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

The Company has the last four years open for review for all taxes applicable to it. The Company's directors do not consider it necessary to recognise provisions for any possible further contingencies that could arise from the various interpretations of the tax legislation since it is considered that if the tax authorities conduct a tax audit, the directors have sufficient grounds on which to justify the interpretation applied by the Company in its interpretation of tax legislation.

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

15.1. The consolidated tax group comprises:

Ebro Puleva, S.A. (head of the tax group), Fincas e Inversiones Ebro, S.A., Dosbio 2010, S.L., Arotz Foods, S.A., Puleva Food, S.L. (group), Lactimilk, S.A. (group), Herba Foods, S.L., Herba Ricemills, S.L (group), Herba Nutrición, S.L, Fallera Nutrición, S. L. and Jiloca, S.A. In 2008 the group also included Azucarera Ebro, S.L. (group), which was sold in April 2009.

15.2 The reconciliation of the net income and expense for the year to the taxable profit (tax loss) for 2009 and 2008 is as follows:

Income tax	**2009**		**2008**	
Thousands of euros	**Accrued**	**Tax**	**Accrued**	**Tax**
Profit (Loss) before tax of continuing operations	**163,978**	163,978	**(31,099)**	(31,099)
Permanent differences	3,974	3,974	259	259
Permanent differences relating to tax consolidation adjustments	(26,726)	(26,726)	(26,077)	(26,077)
Adjusted accounting profit (accounting loss)	**141,226**	**141,226**	**(56,917)**	**(56,917)**
Temporary differences arising during the year		909		2,602
Temporary differences arising in other years		(13,237)		(13,237)
Temporary differences relating to tax consolidation adjustments		-		7,104
2007 tax loss carryforwards		(7,536)		(15,036)
Adjustments for conversion to new Spanish National Chart of Accounts		-		(14,283)
Taxable profit (tax loss) of the Company	**141,226**	**121,362**	**(56,917)**	**(89,767)**
Tax charge at 30%	42,368	36,408	(17,075)	(26,929)
Tax credits	(44,975)	(38,121)	(1,460)	(5,449)
Permanent establishment tax	12		19	
Prior year's tax adjustment	2,428	2,564	1	
TOTAL INCOME TAX: Expense (Income)	**(167)**	**851**	**(18,515)**	**(32,378)**

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

	2009	**2008**
Net tax payable by Ebro Puleva, S.A.	851	(32,378)
Prepayments made during the year	(36,136)	(282)
Withholdings	(441)	(48)
Net tax payable by the rest of the companies in the tax group	12,683	33,743
Tax payable by (refundable to) the Tax Group	**(23,043)**	**1,035**

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

Thousands of euros	Income statement	
	2009	**2008**
Profit (Loss) before tax of continuing operations	163,978	(31,099)
Applicable tax rate	30%	30%
Underlying tax expense (income)	**49,193**	**(9,330)**
Effect of:		
Non-deductible expenses	1,243	110
Dividends within the tax group	8,018	(7,823)
Tax credits and other	(58,622)	(1,472)
	(167)	**(18,515)**
Tax expense (detail):		
Current	851	(32,378)
Deferred	(894)	13,843
Adjustment	(124)	20
Effective tax expense	**(167)**	**(18,515)**

(Thousand of euros)

15.4 The detail of the temporary differences in 2009 and 2008 at Ebro Puleva, S.A. is as follows:

TEMPORARY DIFFERENCES - Increases	2009	2008
Charge to long-term provision for remuneration	1,824	1,328
Charge to provision for contingencies	-	2,189
Deferral of tax credit for foreign investment	7,500	7,500
Impairment loss relating to tax group companies	-	7,104
Total increases	**9,324**	**18,121**
TEMPORARY DIFFERENCES - Decreases	**2009**	**2008**
Tax expense relating to amortisation of merger goodwill	2,007	2,007
Temporary difference relating to the amortisation of goodwill for tax purposes	18,731	18,731
Amortisation of trademarks for tax purposes	914	914
Other decreases	-	-
Total decreases	**21,652**	**21,652**
Total net temporary differences	**(12,328)**	**(3,531)**

15.5 The detail of the permanent differences in 2009 and 2008 at Ebro Puleva, S.A. is as follows:

PERMANENT DIFFERENCES - Increases	2009	2008
Increases:		
Surcharges and penalties	3	5
Donations	59	350
Impairment loss relating to Group companies	4,000	-
Other non-deductible expenses	80	13
Total increases	**4,142**	**368**
PERMANENT DIFFERENCES - Decreases		
Adjustments for dividends of tax group subsidiaries	26,726	26,077
Reversal of impairment losses for investments in subsidiaries	-	-
Amortisation of goodwill for tax purposes	109	109
Other non-computable income	59	-
Total decreases	**26,894**	**26,186**
Total net permanent differences	**(22,752)**	**(25,818)**

15.6 The tax credits at Ebro Puleva, S.A. in 2009 and 2008 relate mainly to the double taxation of dividends (in 2009 due mainly to the tax credit arising on the sale of Azucarera Ebro, S.L.), donations and the reinvestment of income from asset sales. The amount to be reinvested in order to be entitled to take the tax credit for the reinvestment of income generated by the tax group amounted to EUR 258 million (2008: EUR 16.2 million), which must be reinvested by the 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 tax group in each of the aforementioned years). Also, the other requirements to be able to take these tax credits were met.

15.7 The changes in 2009 and 2008 in the deferred tax assets and liabilities of Ebro Puleva, S.A. were as follows:

Thousands of euros	01/01/2008	Additions	Reductions	Adjustments	12/31/2008	Additions	Reductions	Adjustments	12/31/2009
Deferred tax assets									
- Merger goodwill	7,223		(602)		6,621		(602)		6,019
- Intangible assets: Trademarks	3,308				3,308				3,308
- Property, plant and equipment: Land	129				129				129
- Long-term provisions for remuneration	-	390		258	648	492			1,140
- Provisions for long-service bonuses	43	9			52	55			107
- Provisions for contingencies	-	656			656				656
- Impairment loss relating to companies in the tax group		2,131			2,131				2,131
- Tax asset due to 2007 tax base	4,784		(4,511)	(273)	-		(2,261)	2,261	-
- Tax credit carryforwards	6,172		(3,989)	(96)	2,087	6,854		(364)	8,577
	21,659	**3,186**	**(9,102)**	**(111)**	**15,632**	**7,401**	**-2,863**	**1,897**	**22,067**
Deferred tax liabilities									
- Amortisation of goodwill for tax purposes	(16,470)	(5,619)		12	(22,077)	(5,619)			(27,696)
- Amortisation of trademarks for tax purposes	-	(274)			(274)	(275)			(549)
- Deferral of tax credit for foreign investment	(6,750)		2,250		(4,500)		2,250		(2,250)
- Deferral of gains relating to the tax group	(398)				(398)				(398)
- Exchange differences	4,285		(4,285)		-				-
	(19,333)	**(5,893)**	**(2,035)**	**12**	**(27,249)**	**(5,894)**	**2,250**	**-**	**(30,893)**

16. GUARANTEE COMMITMENTS

At 31 December 2009 and 2008, the following bank guarantees had been provided:

	2009	2008
Guarantees from banks		
To courts and agencies for economic-administrative claims and tax deferral	66,241	2,907
To third parties to secure the fulfilment of ordinary trading obligations	770	1,023
To third parties to secure the fulfilment of contractual guarantees	-	6,618
Guarantees provided by Ebro Puleva, S.A.		
Guarantees to banks for other companies	51,432	60,491

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. 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 14).

A bank guarantee was 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 certain guarantees amounting to EUR 6 million had been provided to secure the Alagón land transaction (see Note 7). These guarantees were also discharged in 2009.

(Thousand of euros)

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).

The aforementioned guarantees provided are not expected to give rise to any loss for the Company.

17. ACCOUNTS WITH GROUP COMPANIES AND ASSOCIATES

Note 8 includes a list of subsidiaries and associates of Ebro Puleva, S.A. In 2009 and 2008 transactions with associates did not represent a material amount except as indicated in Note 16 in relation to the loans and guarantees granted by Ebro Puleva, S.A. to Biocarburantes de Castilla y León, S.A.

In 2009 and 2008 the main transactions performed by the Company with Group companies and associates were as follows:

	2009		**2008**	
	Group companies	Associates	Group companies	Associates
Outside services	(1,750)	-	1,389	-
Staff costs	-	-	-	-
Finance costs	(3,204)	(19)	18,059	15
Total purchases and costs	**(4,954)**	**-19**	**19,448**	**15**
Other operating income	6,617	-	4,335	-
Finance income	1,649	105	4,887	209
Income from dividends received	73,174	-	26,327	-
Total sales and income	**81,440**	**105**	**35,549**	**209**

(Thousand of euros)

The balances of Ebro Puleva, S.A. with Group companies and associates at 31 December 2009 and 2008 were as follows:

AT 31 DECEMBER 2008					
BALANCES WITH GROUP COMPANIES AND ASSOCIATES	Long-term loans	Receivable from companies	Balances payable		Payable to suppliers
			Non-current	Current	
Panzani SAS	40,838	56			(427)
Beira Terrace Soc. de Construçoes, Ltda.	7,965				
Azucarera Ebro, S.L.		15,108			(155)
Herba Foods, S.L.		160			(5)
Dosbio 2010, S.L.	16,594	469			(3,968)
Herba Ricemills, S.L.	27,899	1,807			(5)
Herba Nutrición, S. L.		37			(1)
Fincas e inversiones Ebro, S.A.		54	(2,392)		(19)
Arotz Foods, S.A.		236	(25,610)	(242)	(4)
Puleva Biotech, S.A.					
Puleva Foods, S.L. (Group)		3,769	(121,773)	(283)	(7)
Lactimilk, S.L. (Group)		695			
Grupo Riviana (Central America)		62	(18,291)	(95)	
New World Pasta Company, Inc (Group)		93			
Birkel Teigwaren, GmbH (Group)	14,395	12			
Nueva Comercial Azúcarera, S.L.		80			
Biocarburantes de Castilla y León, S.A.	3,117				
Fallera Nutrición, S.L.					(3)
Jiloca, S.A.		153			
Lince, Ltd.			(900)		
	110,808	**22,791**	**(168,966)**	**(620)**	**(4,594)**

AT 31 DECEMBER 2009					
BALANCES WITH GROUP COMPANIES AND ASSOCIATES	Long-term loans	Receivable from companies	Balances payable		Payable to suppliers
			Non-current	Current	
Panzani SAS		833			(903)
Beira Terrace Soc. de Construçoes, Ltda.	8,717				
Azucarera Energías, S.A.	2,820				
Herba Foods, S.L.		187			(2)
Dosbio 2010, S.L.	2,748	46			
Herba Ricemills, S.L.		405			(7)
Herba Nutrición, S. L.		52			(5)
Fincas e inversiones Ebro, S.A.		1,447		(1,745)	
Arotz Foods, S.A.		262	(27,018)		
Puleva Biotech, S.A.		44			
Puleva Foods, S.L. (Group)		3,898	(20,640)	(266)	(10)
Lactimilk, S.L. (Group)		33			(1)
Grupo Riviana (Central America)		132	(18,501)		
New World Pasta Company, Inc (Group)		172			
Birkel Teigwaren, GmbH (Group)	18,260	15			
Jiloca, S.A.		139			
Boost Distribution CV		10			
	32,545	**7,675**	**(66,159)**	**(2,011)**	**(928)**

The non-current payables have no fixed maturity and, therefore, the Company classified them as non-current since they are not expected to be repaid at short term.

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

18. RELATED PARTY TRANSACTIONS

The sales to and purchases from related parties were performed on an arm's length basis. At year-end the balances relating to commercial operations are not secured, are not interest bearing and are settled in cash. Except as discussed in Note 16 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 Company did not recognise any allowances for doubtful debts from related parties. The need for allowances is assessed each year on the basis of an examination of the financial position of the related party and of the market in which it operates.

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

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

The transactions, excluding dividends, of Ebro Puleva, S.A. with these significant shareholders (unless they are directors, in which case they are reflected in Note 18.2), are summarised as follows:

None in 2009 and 2008.

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

The transactions, excluding dividends, between Ebro Puleva, S.A. and its directors and executives is as follows:

Name or company name of the directors or executives	Ebro Puleva Group company	Type of transaction	Amount (thousands of euros) 2009	Amount (thousand of euros) 2008
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 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	-

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

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

Dividends 2009 (2008):

- Dividends to significant shareholders: EUR 30,032 thousand (2008: EUR 14,677 thousand)

- Dividends to directors and executives: EUR 24,404 thousand (2008: EUR 11,594 thousand)

18.4 Directors' remuneration

Ebro Puleva, S.A.'s Board members earned total remuneration in 2009 amounting to EUR 8,056 thousand (2008: EUR 3,900 thousand), the detail being as follows (in thousands of euros):

DIRECTORS' REMUNERATION AND OTHER BENEFITS	2009	2008
REMUNERATION		
Attendance fees	278	253
Bylaw-stipulated profit sharing	2,332	2,055
Total non-executive directors	**2,610**	**2,308**
Wages, salaries and professional fees	5,446	1,592
Termination benefits and other	-	-
Total executive directors	**5,446**	**1,592**
TOTAL REMUNERATION	**8,056**	**3,900**
OTHER BENEFITS		
Life insurance and retirement benefits	-	-

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

The Board of Directors, at its meeting held on 26 February 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 13.40% (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.

Of the total remuneration of the executive directors (EUR 5,446 thousand), EUR 3,380 thousand relate to the Multi-Year Incentive Plan associated with the Ebro Puleva Group's Strategic Plan. 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 established in the Group's Strategic Plan for the three-year period from 2007 to 2009.

The separate financial statements for 2007 and 2008 include provisions totalling EUR 2,159 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 Parent 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.

None of the members of the Board of Directors are the beneficiaries of supplementary life and retirement insurance. Also, the Company has not granted any loans or advances to the members of its Board of Directors and it does not have any guarantee obligations to them.

18.5 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 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. He holds the position of director.

➢ 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 Campo de Inversiones, S.A. It holds the position of director.

➢ Fernando Castelló Clemente:

- Ownership interest of 14% 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
Fernando Castelló Clemente	El Castillo Debic Food Service, S.L.	Non-Executive chairman
Leopoldo del Pino y Calvo-Sotelo	Puleva Biotech, S.A.	Director
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	Joseph 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	Joseph 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
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 Company 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.

18.6 Remuneration of executives

At 31 December 2009, Ebro Puleva, S.A. had ten executives (eleven until 30 June 2009 and seven 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 contracts 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 length of service.

In addition, of the total remuneration of senior executives (EUR 2,741 thousand), EUR 624 thousand correspond to the Multi-Year Incentive Plan for executives associated with the Ebro Puleva Group's Strategic Plan described in Note 18.4.

Lastly, the Company 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.

19. OTHER DISCLOSURES

Foreign currency transactions

The Company normally carries out its transactions in euros, except for the financing transactions in US dollars mentioned in Note 13 and the bank guarantee described in Note 16.

(Thousand of euros)

b) Employees

2008	At the end of 2008 Men	Women	Total average
Executives	9	2	11
Middle management	7	9	17
Clerical staff	4	9	12
	20	20	40

2009	At the end of 2009 Men	Women	Total average
Executives	10	3	13
Middle management	10	8	18
Clerical staff	4	9	13
	24	20	44

c) Fees paid to auditors

The fees for financial audit services for 2009 amounted to EUR 196 thousand (2008: EUR 260 thousand).

In addition, the fees paid in 2009 for other services provided by the Company's auditors for 2009 amounted to EUR 0 (2008: EUR 185 thousand).

d) Information on the environment

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

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

20. 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 lead to the disposal of the investments in Puleva Food, S.L. and Lactimilk, S.A. and to the sale of the trademarks of these businesses 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.

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

21. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Royal Decree 1514/2007 was published on 20 November 2007. This Royal Decree approved the new Spanish National Chart of Accounts that came into force on 1 January 2008, which must be applied for all periods beginning on or after that date. The information in this directors' report was obtained on the basis of the Company's accounting records and pursuant to the aforementioned legislation.

Under the Ruling of the Spanish Accounting and Audit Institute (ICAC) published in September 2009, the dividend income and finance income arising from the financing of investees must be classified and recognised under "Revenue". Accordingly, EUR 31,204 thousand presented as finance income in the financial statements for 2008 were reclassified to "Revenue".

1. OPERATING REVIEW

Ebro Puleva S.A. is the Parent of the Ebro Puleva Group, the leading Spanish food group. Through its subsidiaries, it is present in the dairy, rice, pasta and biotechnology markets in Europe and North America and has a growing presence in other countries.

Following the completion of the sale of the sugar business, which completed the implementation of the 2006-2009 Strategic Plan, Ebro Puleva focused on consolidating its core businesses and defining the strategy for coming years.

Despite the economic crisis, which affected the chief global economies, the Group's profit continued to grow, demonstrating a high level of confidence among the consumers of its products, a significant capacity to harness synergies between businesses and an excellent position from which to manage the changes in raw materials markets.

The directors' report in the consolidated financial statements includes information, broken down into the business segments composing the Ebro Puleva Group, on the business performance and the activities performed in 2009.

2. 2009 ANALYSIS OF EBRO PULEVA, S.A.

<u>Significant events in 2009</u>

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 purchased the sugar business for a debt-free amount of EUR 385 million. The amount of the debt deducted 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 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 more than 200 hectares of land, of various urban zoning classifications from Azucarera Ebro, S.L., valued at an estimated EUR 42 million.

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

a) As a result of the Ebro Puleva Group's consolidated profit for 2008, it was resolved to distribute an ordinary dividend payable in cash out of unrestricted reserves of EUR 0.36 per share 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, and 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) An extraordinary dividend payable in cash out of unrestricted reserves of EUR 0.36 per share (in addition to the ordinary dividend), in three payments of EUR 0.12 each in 2009, coinciding with the dates of the last three payments of the ordinary dividend (2 July, 2 October and 22 December), and totalling 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 resulted in the delivery of approximately 3.6 million shares (approximately 2.36% of the share capital). The delivery ratio was established at the Board of Directors 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.

Business performance

Ebro Puleva, S.A.'s revenue is generated mainly through the dividends of its subsidiaries and transactions with its real estate assets. The costs correspond mainly to the borrowing costs on its debts as the head of the Ebro Puleva Group. Also, impairment losses are recognised and reversed on the basis of the changes in the equity of the subsidiaries.

Profit from operations amounted to EUR 75,038 thousand in 2009, as compared with EUR 15,120 thousand in 2008. The increase was due mainly to the change in the dividends received from Group companies.

The financial profit totalled EUR 88,940 thousand in 2009, as compared with the loss of EUR 46,219 thousand in 2008. The change was due to the sale of Azucarera Ebro, S.L. shares mentioned in the preceding paragraph of this report and to a decrease in borrowing costs as a result of lower interest rates.

The profit after tax amounted to EUR 164,145 thousand in 2009, as compared with a loss of EUR 12,584 thousand in 2008.

3. OUTLOOK FOR THE COMPANY

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

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

4. RESEARCH AND DEVELOPMENT ACTIVITIES

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

5. TREASURY SHARE TRANSACTIONS

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 and section 2 of this directors' report). 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.

6. EMPLOYEES

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

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

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

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

8. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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

Derivative products were arranged in prior years to manage interest rate and foreign currency risk. The Company's policy is not to arrange financial instruments from speculative purposes.

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

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

<u>Credit risk</u>

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

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

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

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

<u>Foreign currency risk</u>

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

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

<u>Liquidity risk</u>

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

9. MEDIO AMBIENTE

In view of the very specific nature of the Company's business activities, they do not have any effect on the environment. See Note 19-d to the financial statements.

10. 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 lead to the disposal of the investments in Puleva Food, S.L. and Lactimilk, S.A. and to the sale of the trademarks of these businesses 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.

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

11. ARTICLE 116 BIS OF THE SPANISH SECURITIES MARKET LAW

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.

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 92,319,235.20, 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.

(Thousand of euros)

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	-	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	-	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.	-	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	-	6.158%
Caja España de Inversiones, Caja de Ahorros y Monte de Piedad	-	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 and 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 equal 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 equal 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 equal 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.

12. ANNUAL CORPORATE GOVERNANCE REPORT

Pursuant to legislation currently in force, the following section of the directors' report includes the 2009 Annual Corporate Governance Report of Ebro Puleva, S.A. required by the Spanish National Securities Market Commission.