GRUPO EBRO FOODS, S.A.

CONSOLIDATED FINANCIAL STATEMENTS
AND CONSOLIDATED DIRECTORS' REPORT

for the year ended
31 December 2012
prepared in accordance with
International Financial
Reporting Standards as adopted
by the European Union

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 32). In the event of a discrepancy, the Spanish-language version prevails.

EBRO FOODS CONSOLIDATED GROUP
CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2012 AND 2011
THOUSANDS OF EUROS

	Notes	12/31/2012	12/31/2011
NON-CURRENT ASSETS			
Intangible assets	9	373,993	380,124
Property, plant and equipment	10	496,045	507,760
Investment property	11	32,637	31,922
Financial assets	12	59,543	51,927
Investments in associates	13	3,209	2,740
Deferred tax assets	25	53,024	55,582
Goodwill	14	823,207	828,873
		1,841,658	**1,858,928**
CURRENT ASSETS			
Inventories	15	347,307	362,560
Trade and other receivables	16	325,348	340,428
Current income tax	25	7,958	10,644
Tax receivables	25	23,895	30,496
Financial assets	12	5,798	4,207
Derivatives and other financial instruments	28	134	1,570
Other current assets		5,974	3,905
Cash and cash equivalents	17	173,740	97,870
		890,154	**851,680**
Non-current assets classified as held for sale		0	0
TOTAL ASSETS		**2,731,812**	**2,710,608**

	Notes	12/31/2012	12/31/2011
EQUITY		**1,693,237**	**1,588,460**
Equity attributable to shareholders of the Parent			
Share capital		92,319	92,319
Share premium		4	4
Restricted reserves		21,633	21,633
Unrestricted reserves (accumulated profit)		1,588,508	1,542,892
Interim dividends paid		0	(23,080)
Translation differences		(10,255)	(167)
Treasury shares		0	(46,303)
	18	**1,692,209**	**1,587,298**
Non-controlling interests		**1,028**	**1,162**
NON-CURRENT LIABILITIES			
Deferred income	19	2,723	4,716
Provisions for pensions and similar obligations	20	44,760	40,948
Other provisions	21	21,926	49,067
Financial liabilities	22	182,860	279,980
Other non-financial payables	23	26	38
Deferred tax liabilities	25	229,999	201,918
		482,294	**576,667**
CURRENT LIABILITIES			
Financial liabilities	22	235,567	209,171
Derivatives and other financial instruments	28	318	444
Trade and other payables	24	291,367	304,847
Current income tax	25	8,643	7,306
Tax payables	25	14,408	14,470
Other current liabilities		5,978	9,243
		556,281	**545,481**
Non-current liabilities held for sale		0	0
TOTAL EQUITY AND LIABILITIES		**2,731,812**	**2,710,608**

The accompanying Notes 1 to 32 are an integral part of the consolidated balance sheet at 31 December 2012.

EBRO FOODS CONSOLIDATED GROUP
CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011
THOUSANDS OF EUROS

	Notes	2012	2011
Income (revenue)	6	2,041,266	1,804,111
Change in inventories of finished goods and work in progress		(6,226)	23,375
Capitalised in-house work on non-current assets		647	1,100
Other operating income	8	73,593	35,011
Cost of material used and other external expenses	6	(1,121,487)	(985,611)
Staff costs	8	(248,193)	(234,971)
Depreciation and amortisation charge	9, 10 & 11	(57,281)	(49,084)
Other operating expenses	8	(403,110)	(374,857)
PROFIT FROM OPERATIONS		**279,209**	**219,074**
Finance income	8	12,910	26,382
Finance costs	8	(45,723)	(24,342)
Impairment of goodwill	14	(178)	(176)
Share of results of associates	13	1,683	1,455
CONSOLIDATED PROFIT BEFORE TAX		**247,901**	**222,393**
Income tax	25	(89,450)	(70,750)
CONSOLIDATED PROFIT (continuing operations)		**158,451**	**151,643**
Net profit/loss from discontinued operations	7	0	0
CONSOLIDATED PROFIT FOR THE YEAR		**158,451**	**151,643**
Attributable to:			
Shareholders of the Parent		**158,592**	**151,542**
Non-controlling interests		(141)	101
		158,451	**151,643**

	Notes	2012	2011
Earnings per share (euros):	18		
- From continuing operations			
Basic		1.046	0.994
Diluted		1.046	0.994
- Of total profit			
Basic		1.046	0.994
Diluted		1.046	0.994

The accompanying Notes 1 to 32 are an integral part of the consolidated income statement for the year ended 31 December 2012.

EBRO FOODS CONSOLIDATED GROUP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(THOUSANDS OF EUROS)

	Notes	2012	2011
Gains (losses) on measurement of available-for-sale financial assets	12	-14,959	-61,352
Gains (losses) on measurement of available-for-sale financial assets taken to profit or loss	12	25,816	0
Translation differences		-10,087	22,872
Translation differences taken to profit or loss		0	0
Actuarial gains and losses	20	-5,467	-8,924
Tax effect of items recognised in, or transferred from, equity	25	-1,341	21,502
Net loss recognised in equity		**-6,038**	**-25,902**
Net profit for the year		**158,451**	**151,643**
Total income and expense recognised in the year	18	**152,413**	**125,741**
Attributable to:			
Shareholders of the Parent	18	152,553	125,639
Non-controlling interests	18	-140	102
		152,413	**125,741**

The accompanying Notes 1 to 32 are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2012.

EBRO FOODS CONSOLIDATED GROUP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

THOUSANDS OF EUROS

	Equity	Non-controlling interests	Equity attributable to shareholders of the Parent			Restricted reserves		Unrestricted reserves				
			Total	Share capital	Share premium	Revaluation reserve	Legal reserve	Accumulated profits	PyG	Interim dividend paid	Translation differences	Treasury Shares
Balance at 31 December 2010	**1,607,446**	**14,703**	**1,592,743**	**92,319**	**4**	**3,169**	**18,464**	**1,113,028**	**388,797**	**0**	**-23,038**	**0**
- Distribution of 2010 profit	**0**	0	**0**	0	0	0	0	388,797	-388,797	0	0	0
- Dividends paid	**-62,455**	0	**-62,455**	0	0	0	0	-62,455	0	0	0	0
- Dividends paid out of 2010 profit	**-23,080**	0	**-23,080**	0	0	0	0	0	0	-23,080	0	0
- Capital increase/reduction expenses	**-13**	0	**-13**	0	0	0	0	-13	0	0	0	0
- Purchase/sale of treasury shares (net)	**-46,303**	0	**-46,303**	0	0	0	0	0	0	0	0	-46,303
- Gains and losses on sales of treasury sh	**767**	0	**767**	0	0	0	0	767	0	0	0	0
- Changes in the scope of consolidation	**-13,643**	-13,643	**0**	0	0	0	0	0	0	0	0	0
Total distribution of profit and transactions with shareholders	**-144,727**	**-13,643**	**-131,084**	**0**	**0**	**0**	**0**	**327,096**	**-388,797**	**-23,080**	**0**	**-46,303**
- Net profit for 2011	**151,643**	101	**151,542**	0	0	0	0	0	151,542	0	0	0
- Change in translation differences	**22,872**	1	**22,871**	0	0	0	0	0	0	0	22,871	0
- Fair value of financial instruments:			**0**									
1. Unrealised gains	**-61,352**	0	**-61,352**	0	0	0	0	-61,352	0	0	0	0
- Change due to actuarial gains and losses	**-8,924**	0	**-8,924**	0	0	0	0	-8,924	0	0	0	0
- Tax effect of gains and losses recognised	**21,502**	0	**21,502**	0	0	0	0	21,502	0	0	0	0
Total profit for the year	**125,741**	**102**	**125,639**	**0**	**0**	**0**	**0**	**-48,774**	**151,542**	**0**	**22,871**	**0**
Balance at 31 December 2011	**1,588,460**	**1,162**	**1,587,298**	**92,319**	**4**	**3,169**	**18,464**	**1,391,350**	**151,542**	**-23,080**	**-167**	**-46,303**
- Distribution of 2011 profit	**0**	0	**0**	0	0	0	0	151,542	-151,542	0	0	0
- Dividends paid	**-74,840**	-20	**-74,820**	0	0	0	0	-118,816	0	23,080	0	20,916
- Purchase/sale of treasury shares (net)	**25,387**	0	**25,387**	0	0	0	0	0	0	0	0	25,387
- Gains and losses on sales of treasury sh	**1,817**	0	**1,817**	0	0	0	0	1,817	0	0	0	0
- Changes in the scope of consolidation	**0**	26	**-26**	0	0	0	0	-26	0	0	0	0
Total distribution of profit and transactions with shareholders	**-47,636**	**6**	**-47,642**	**0**	**0**	**0**	**0**	**34,517**	**-151,542**	**23,080**	**0**	**46,303**
- Net profit for 2012	**158,451**	-141	**158,592**	0	0	0	0	0	158,592	0	0	0
- Change in translation differences	**-10,087**	1	**-10,088**	0	0	0	0	0	0	0	-10,088	0
- Fair value of financial instruments:		0		0	0	0	0	0	0	0	0	0
1. Unrealised gains	**10,857**	0	**10,857**	0	0	0	0	10,857	0	0	0	0
- Change due to actuarial gains and losses	**-5,467**	0	**-5,467**	0	0	0	0	-5,467	0	0	0	0
- Tax effect of gains and losses recognised	**-1,341**	0	**-1,341**	0	0	0	0	-1,341	0	0	0	0
Total profit for the year	**152,413**	**-140**	**152,553**	**0**	**0**	**0**	**0**	**4,049**	**158,592**	**0**	**-10,088**	**0**
Balance at 31 December 2012	**1,693,237**	**1,028**	**1,692,209**	**92,319**	**4**	**3,169**	**18,464**	**1,429,916**	**158,592**	**0**	**-10,255**	**0**

The accompanying Notes 1 to 32 are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2012.

EBRO FOODS CONSOLIDATED GROUP
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

THOUSANDS OF EUROS	2012	2011
Proceeds from sales and services	2,199,051	1,788,712
Payments to suppliers and employees	(1,925,517)	(1,696,766)
Interest paid	(8,570)	(7,061)
Interest charged	2,674	11,127
Dividends received	1,174	1,891
Other amounts received/paid in operating activities	10,644	12,304
Income tax paid	(58,722)	(51,711)
Total net cash flows from operating activities	**220,734**	**58,496**
Investments in non-current assets	(52,930)	(66,596)
Disposals of non-current assets	16,374	7,539
Investments in financial assets	(615)	(205,535)
Disposals of financial assets	2,099	2,528
Other proceeds/payments relating to investing activities	(1,957)	8,402
Total net cash flows from investing activities	**(37,029)**	**(253,662)**
Treasury share transactions	27,205	(45,537)
Dividends paid to shareholders	(71,501)	(131,695)
Bank borrowing drawdowns	100,558	62,314
Repayment of bank borrowings	(162,852)	(144,849)
Other financial proceeds/payments and grants related to assets	540	(5,281)
Total net cash flows from financing activities	**(106,050)**	**(265,048)**
Translation differences on cash flows of foreign companies	(1,237)	(3,607)
INCREASE (DECREASE) in cash and cash equivalents	**76,418**	**(463,821)**
Cash and cash equivalents at beginning of year	97,870	555,707
Effect of year-end exchange rate on beginning balance	(548)	5,984
Cash and cash equivalents at end of year	**173,740**	**97,870**

The accompanying Notes 1 to 32 are an integral part of the consolidated statement of cash flows for the year ended 31 December 2012.

1. GROUP ACTIVITIES AND GENERAL INFORMATION

The Spanish public limited liability company Ebro Foods, S.A. ("the Parent") arose from the merger by absorption of Puleva, S.A. into Azucarera Ebro Agrícolas, S.A. on 1 January 2001. As a result of that transaction, the post-merger company's name was changed from Azucarera Ebro Agrícolas, S.A. to Ebro Puleva, S.A. and subsequently, the shareholders at the Annual General Meeting held on 1 June 2010 changed it to the company's current name of Ebro Foods, S.A.

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

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

a) The production, preparation, sale, research, export and import of all manner of food and dietary products for both human and animal consumption, in addition to energy food products, including their by-products and waste, and, in particular, of rice, pasta, sauces and all manner of nutritional products.

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

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

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

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

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

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

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

The consolidated financial statements for 2011 were approved by the shareholders at the Annual General Meeting of Ebro Foods, S.A. on 29 May 2012, and were filed at the Madrid Mercantile Registry.

The distribution of profit of the Parent proposed by the directors of Ebro Foods, S.A. at the Board of Directors Meeting held on 28 March 2012 for approval by the shareholders at the Annual General Meeting is as follows:

Amounts relating only to the separate financial statements of the Parent	Amount (Thousands of euros)
Distributable profit	
Unrestricted reserves	908,839
Income statement (profit)	3,533
	912,372

The consolidated profit of the Ebro Foods Group for 2012 makes it possible to propose, as in prior years, the distribution of a dividend payable in cash with a charge to unrestricted reserves of EUR 0.48 per share for a total amount of EUR 73,855 thousand, of which EUR 0.16 per share was paid in an interim dividend in January 2013. Accordingly, the remaining amount of EUR 0.32 per share will be settled in two payments of EUR 0.16 each on 11 May 2013 and 11 September 2013.

Restrictions on the distribution of dividends

Ebro Foods, S.A. 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. This reserve may not be distributed to shareholders until it has reached 20% of share capital.

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. In this connection, profit taken directly to equity cannot be distributed, directly or indirectly. If prior years' losses reduce the Company's equity to below its share capital, profit will be used to offset these losses.

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

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

a) Basis of presentation

1. General accounting principles

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

The consolidated financial statements for the year ended 31 December 2012, which were authorised for issue by the Parent's directors on 21 March 2013, have not yet been approved by the shareholders at the Annual General Meeting, although it is considered that they will be approved without any changes (similarly, at the reporting date the 2012 financial statements of Ebro Foods, S.A. and of its subsidiaries and associates had not yet been approved by the shareholders at the related Annual General Meetings).

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

2. Use of estimates and assumptions

The information in these consolidated financial statements is the responsibility of the directors of the Parent.

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

- The measurement of assets and goodwill to ascertain whether there are any impairment losses thereon.
- The assumptions used in the actuarial calculation of the retirement benefit and similar liabilities and obligations.
- The useful life of property, plant and equipment and intangible assets.
- The assumptions used in measuring the fair value of the financial instruments.
- The probability of the occurrence and the amount of liabilities of undetermined amount or contingent liabilities.
- The recoverability of the deferred tax assets.

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

b) Comparative information

For comparison purposes the Group presents, in addition to the figures for the year ended 31 December 2012 for each item in the consolidated balance sheet, consolidated income statement, consolidated statement of cash flows, consolidated statement of changes in equity, consolidated statement of comprehensive income and notes to the consolidated financial statements, the figures for the year ended 31 December 2011.

It was necessary to make significant changes to the figures for 2011.

- In relation to the effects of the definitive accounting for the business combination of Strom Products, Ltd. -No Yolks- (acquired in December 2011) with respect to the provisional accounting therefor at 2011 year-end (see Note 5.3). The sole effect was a reclassification comprising a reduction under "Intangible Assets" of EUR 12,601 thousand,and an increase under "Goodwill" and "Inventories" of EUR 10,668 thousand and EUR 1,933 thousand, respectively.

It was not necessary to make other significant changes to the figures for 2010.

c) Changes in the scope of consolidation

The main changes in the scope of consolidation in 2012 and 2011 and the consolidation or accounting method used in each case are shown in Notes 4 and 5.

3. ACCOUNTING POLICIES

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

a) Basis of consolidation

Subsidiaries

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

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

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

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

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

<u>Associates</u>

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

b) Translation methods

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

In the case of non-controlling interests, these translation differences are recognised under “Equity - Non-Controlling Interests”.
The goodwill and/or valuation adjustments made to the net assets arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and, therefore, are also translated at the exchange rates prevailing at the consolidated balance sheet date.

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

c) Foreign currency transactions

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

d) Cash and cash equivalents

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

e) Property, plant and equipment and investment property

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

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

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

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

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property are recognised in profit or loss in the period of the retirement or disposal.

When factors indicating the possible obsolescence of these assets are detected, the corresponding impairment losses are recognised.

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

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

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

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

f) Intangible assets (excluding goodwill and CO2 emission allowances)

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

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

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

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

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

- Computer software: “Computer Software” includes the amounts paid for title to or the right to use computer programs and the costs incurred in developing the software in-house, only when the software is expected to be used over several years. Computer software is amortised on a straight-line basis over the years of its useful life, which is generally taken to be around three years.

  Computer software maintenance costs are charged directly to the consolidated income statement for the year in which they are incurred.

g) Goodwill

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

When payment for new investments is deferred, the acquisition cost includes the present value of the amount of the deferred payment. When the definitive amount of the deferred price may be affected by future events, the amount of the deferred price is estimated at the date of acquisition and is recognised as a liability. Subsequent changes in the deferred price will give rise to an adjustment to the goodwill in the year in which the change in estimate is made, and the related liability is also adjusted.

Goodwill is not amortised but rather is tested for impairment at least once a year. Any impairment disclosed by these tests is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill must not be reversed in a subsequent period.

Also, a gain from a bargain purchase is recognised in profit or loss once the fair value of the net assets acquired has been established.

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

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

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

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

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

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

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

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

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

j) Financial assets (investments)

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

- Investments

  Investments are classified as:

  - Held-to-maturity investments: financial assets with fixed or determinable payments and fixed maturity. The Group has the positive intention and ability to hold them from the date of purchase to the date of maturity. This category includes mainly short-term deposits, which are measured at amortised cost.

  - Held-for-trading financial assets: assets acquired by the companies with the intention of generating a profit from short-term fluctuations in their prices or from differences between their purchase and sale prices. They are measured at fair value at the date of subsequent measurement where this can be determined reliably. In these cases, the gains and losses arising from changes in fair value are recognised in the consolidated income statement for the year.

- Available-for-sale financial assets: these include debt securities and equity instruments of other companies that are not classified in any of the previous categories. The measurement bases are:

  - At fair value when it is possible to determine it reliably, based on either the market price or, in the absence thereof, using the price established in recent transactions or the discounted present value of the future cash flows.

    The gains and losses from changes in fair value are recognised directly in equity until the asset is disposed of, at which time the cumulative gains or losses previously recognised in equity are recognised in the consolidated income statement for the year. If fair value is lower than acquisition cost and there is objective evidence that the asset has suffered an impairment loss that cannot be considered reversible, the difference is recognised directly in the consolidated income statement.

  - At acquisition cost, adjusted for any impairment losses disclosed, in the case of investments in unlisted companies, since it is not always possible to determine the fair value reliably.

At 31 December 2012, available-for-sale financial assets were measured against listed (and unadjusted) market prices and placed on level one of the fair value measurement hierarchy established in IFRS 7.

In 2012 and 2011 no financial assets among the categories defined in the preceding paragraphs were reclassified.

- Other receivables

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

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

k) Trade and other receivables

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

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

l) Inventories

Inventories are measured at weighted average acquisition or production cost.

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

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

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

m) Deferred income - Grants

Grants received are accounted for as follows:

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

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

n) Retirement benefits and similar obligations

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

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

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

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

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

Pursuant to the current collective agreement and other non-statutory agreements, Ebro Foods, S.A. (mainly) is obliged to pay bonuses for long service and the retirement of certain of its permanent employees who retire at the legally stipulated age or who take early retirement.

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

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

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

o) Other provisions

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

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

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

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

p) Financial liabilities - Loans and credit facilities

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

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

q) Income tax

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

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

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

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

r) Financial instruments

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

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

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

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

s) Revenue recognition

Revenue and expenses are recognised on an accrual basis. Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of the Group, provided that those inflows result in increases in equity, other than increases relating to contributions from equity participants and that these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable arising therefrom.

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

The Group excludes from the revenue figure gross inflows of economic benefits received when it is acting in an agency relationship on behalf of third parties, and only recognises as revenue economic benefits received for its own account.

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

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

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

t) Information on environmental issues

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

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

u) CO2 emission allowances

The Group recognises CO2 emission allowances as intangible assets with indefinite useful lives. The allowances received at zero cost under the related National Allocation Plans are measured at the market price prevailing on the date on which they are received, and an item of deferred income is recognised for the same amount.

In 2008 a new five-year national zero-cost emission allowance allocation plan commenced in Spain, with a total allocation for the period from 2008 to 2012 of 345,815 tonnes.

In 2012 the Group received emission allowances for no consideration equal to 10,127 tonnes (less the allowances relating to the CHP business discontinued in 2011) under the National Allocation Plans approved in Spain (2011: 69,163 tonnes).

From 2013 onwards CO2 emission allowances will not be allocated as it will not be necessary to meet the established requirements. In 2012 and 2011 the Group consumed 6,023 and 6,210 tonnes of emission allowances, respectively.

These allowances are initially recognised as an intangible asset and an item of deferred income at their market value when they are received, and they are allocated to “Other Operating Income” in the consolidated income statement as the CO2 emissions that they are intended to cover are made.

Since 2005 companies that make CO2 emissions in the course of their business activities have had to deliver in the first few months of the following year CO2 emission allowances equal to the emissions made during the year. The obligation to deliver emission allowances for the CO2 emissions made during the year is recognised under “Non-Current Liabilities - Other Provisions” in the consolidated balance sheet, and the related cost was recognised under “Cost of Materials Used and Other External Expenses” in the consolidated income statement. This obligation is measured at the same amount as that at which the CO2 emission allowances to be delivered to cover the obligation are recognised under “Intangible Assets” in the consolidated balance sheet.

If at the consolidated balance sheet date the Group does not hold all the CO2 emission allowances required to cover the emissions made, the cost and the provision for this portion is recognised on the basis of the best estimate of the price that the Group will have to pay to acquire them. When a more appropriate estimate does not exist, the estimated acquisition price for the allowances not held by the Group is the market price at the consolidated balance sheet date.

At 31 December 2012, the provision recognised in the consolidated balance sheet in relation to the emissions made by the Group in that year amounted to EUR 57 thousand (2011: EUR 88 thousand). This amount is covered by the emission allowances received under the related national allocation plans.

v) Treasury shares

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

w) New IFRSs and IFRICs

The measurement bases (accounting policies) adopted in preparing the consolidated financial statements for 2012 are consistent with those applied in preparing the consolidated financial statements for 2011, except for the following new IFRSs and IFRICs and changes to existing standards or interpretations that came into force from 1 January 2012:

- Amendments to IFRS 7, Financial Instruments: Disclosures - Transfers of Financial Assets

- Amendments to IAS 12, Income Taxes - Deferred Taxes Arising from Investment Property

The adoption of these standards, interpretations and amendments had no material impact on the Group’s financial position or results, or on the presentation or the disclosures of these consolidated financial statements.

(EXPRESSED IN THOUSANDS OF EUROS)

At the date of issue of these consolidated financial statements, the following main standards and interpretations had been issued by the IASB but had not yet become effective, either because their effective date is subsequent to the date of the consolidated financial statements or because they had not yet been adopted by the European Union: The Group did not opt for the early application of any standard, interpretation or amendment that had been published but whose application was not obligatory.

Standards and amendments to standards		**Obligatory application in annual reporting periods beginning on or after**
Not yet approved for use in the European Union		
IFRS 9, Financial Instruments: Classification and Measurement	Replaces the IAS 39 classification, measurement and derecognition requirements for financial assets and liabilities.	Annual reporting periods beginning on or after 1 July 2015
Amendments to IAS 19, Employee Benefits	The amendments affect mainly defined benefit plans since one of the major changes is the elimination of the "corridor".	Annual reporting periods beginning on or after 1 January 2014
Approved for use in the European Union		
IFRS 10, Consolidated Financial Statements	Supersedes the requirements relating to consolidated financial statements in IAS 27.	Annual reporting periods beginning on or after 1 January 2014
IFRS 11, Joint Arrangements	Supersedes IAS 31 on joint ventures.	Annual reporting periods beginning on or after 1 January 2014
IFRS 12, Disclosure of Interests in Other Entities	Single IFRS presenting the disclosure requirements for interests in subsidiaries, associates, joint arrangements and unconsolidated entities.	Annual reporting periods beginning on or after 1 January 2014
IFRS 13, Fair Value Measurement	Sets out a framework for measuring fair value.	Annual reporting periods beginning on or after 1 January 2013
IAS 28 (Revised), Investments in Associates and Joint Ventures	Revision in conjunction with the issue of IFRS 11, Joint Arrangements.	Annual reporting periods beginning on or after 1 January 2014
Amendment to IAS 32, Offsetting Financial Assets and Financial Liabilities	Additional clarifications to the rules for offsetting financial assets and financial liabilities under IAS 32 and introduction of new related disclosures under IFRS 7.	Annual reporting periods beginning on or after 1 January 2014
Amendments to IFRS 7	Offsetting Financial Assets and Financial Liabilities (issued December 2011).	Annual reporting periods beginning on or after 1 January 2013

- IFRS 9, Financial Instruments: Classification and Measurement

  IFRS 9 will in the future replace the current part of IAS 39 relating to classification and measurement. There are very significant differences with respect to the current standard, in relation to financial assets, including the approval of a new classification model based on only two categories, namely instruments measured at amortised cost and those measured at fair value, the disappearance of the current “held-to-maturity investments” and “available-for-sale financial assets” categories, impairment analyses only for assets measured at amortised cost and the non-separation of embedded derivatives in financial asset contracts.

In relation to financial liabilities, the classification categories proposed by IFRS 9 are similar to those currently contained in IAS 39 and, therefore, there should not be any very significant differences, except, in the case of the fair value option for financial liabilities, for the requirement to recognise changes in fair value attributable to own credit risk as a component of equity.

The Group is analysing what effect these new standards will have, but, in theory, no significant changes with respect to the current situation are expected to arise.

- IFRS 10, Consolidated Financial statements, IFRS 11, Joint Arrangements, IFRS 12, Disclosure of Interests in Other Entities, IAS 27 (Revised) Separate Financial Statements and IAS 28 (Revised), Investments in Associates and Joint Ventures.

  IFRS 10 modifies the current definition of control. The new definition of control sets out the following three elements of control: power over the investee; exposure, or rights, to variable returns from the investment and the ability to use that power to affect the returns that it receives. IFRS 11, Joint Arrangements supersedes IAS 31. The fundamental change introduced by IFRS 11 with respect to the current standard is the elimination of the option of proportionate consolidation for jointly controlled entities, which will now be accounted for using the equity method.

  The Group is analysing how the control relating to these new standards will affect the consolidated companies as a whole, but, in theory, no significant changes with respect to the current situation are expected to arise.

  IAS 27 and IAS 28 are revised in conjunction with the issue of the aforementioned new IFRSs.

Lastly, IFRS 12 is a comprehensive disclosure standard setting out the disclosure requirements for interests in other entities (whether these be subsidiaries, associates, joint ventures or other interests) and including new disclosure requirements. Accordingly, its entry into force will foreseeably give rise to an increase in the disclosures that the Group has been making, i.e., those currently required for interests in other entities and other investment vehicles.

4. SUBSIDIARIES AND ASSOCIATES

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

(EXPRESSED IN THOUSANDS OF EUROS)

EBRO PULEVA SUBSIDIARIES

TABLE FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUBSIDIARIES AND ASSOCIATES	% of Ownership		Parent		Location	Line of business
	31/12/12	31/12/11	31/12/12	31/12/11		
Dosbio 2010, S.L.	100.0%	100.0%	EF	EF	Madrid (Spain)	Flour production
Fincas e Inversiones Ebro, S.A.	100.0%	100.0%	EF	EF	Madrid (Spain)	Agricultural exploitation
Arotz Foods, S.A.	100.0%	100.0%	EF	EF	Madrid (Spain)	Production and canning of vegetables
Jiloca Industrial, S.A.	100.0%	100.0%	EF	EF	Teruel (Spain)	Production of organic fertiliser
Beira Terrace Ltda.	100.0%	100.0%	EF	EF	Porto (Portugal)	Property
Riviana Foods, Inc. (Group) (Riviana)	100.0%	100.0%	EF	EF	Houston (Texas-US)	Production and sale of rice
Panzani, SAS (Group) (Panzani)	100.0%	100.0%	EF	EF	Lyon (France)	Production and sale of pasta and sauces
New World Pasta Comp. (Group) (NWP)	100.0%	100.0%	EF	EF	Harrisburg (US)	Production and sale of pasta and sauces
Ebro Germany, Gmbh. (Group) (Birkel)	100.0%	100.0%	EF/Boost	EF/Boost	Germany	Production and sale of pasta and sauces
Ebro Alimentación México, S.A.	100.0%	100.0%	EF	EF	Mexico	Sale of rice
Azucarera Energías, S.L.	60.0%	60.0%	EF	EF	Madrid (Spain)	Combined heat and pow er
Netw orks Meal Solutions, S.A. (NMS)	100.0%	100.0%	EF	EF	Madrid (Spain)	Dormant
JJ. Softw are de Medicina, S.A. **(A)**	26.8%	26.8%	NMS	NMS	Madrid (Spain)	Dormant
Fundación Ebro Foods	100.0%	100.0%	EF	EF	Madrid (Spain)	Foundation
Ebro Financial Corporate Services, S.L.	100.0%	100.0%	EF	EF	Madrid (Spain)	Insurance and finance
Herba Foods, S.L. (HF)	100.0%	100.0%	EF	EF	Madrid (Spain)	Investment management
Herba Ricemills, S.L (HR)	100.0%	100.0%	EF	EF	Madrid (Spain)	Production and sale of rice
Herba Nutrición, S.L (HN)	100.0%	100.0%	EF	EF	Madrid (Spain)	Production and sale of rice
Fallera Nutrición, S.L.	100.0%	100.0%	HN	HN	Valencia (Spain)	Production and sale of rice
S&B Herba Foods Ltda. (Group)	100.0%	100.0%	HF/R. Int.	HF/R. Int.	London (UK)	Production and sale of rice
Herba Germany, GmbH	100.0%	100.0%	Birkel	Birkel	Hamburg (Germany)	Ow nership of trademarks
Riceland Magyarorszag	100.0%	100.0%	HF/EF	HF/EF	Budapest (Hungary)	Production and sale of rice
Danrice A.S.	100.0%	100.0%	HF	HF	Orbaek (Denmark)	Production and sale of rice
Boost Nutrition C.V. (Boost)	100.0%	100.0%	HF / N.C.	HF / N.C.	Merksem (Belgium)	Production and sale of rice
Euryza	100.0%	100.0%	Birkel	Birkel	Stuttgart (Germany)	Production and sale of rice
Mundi Riso S.R.L.	100.0%	100.0%	HF	HF	Vercelli (Italy)	Production and sale of rice
Herba Hellas, S.A.	75.0%	75.0%	HF	HF	Thessalonica (Greece	In liquidation
Mundi Riz, S.A.	100.0%	100.0%	HF	HF	Larache (Morocco)	Production and sale of rice
Agromeruan	100.0%	100.0%	HF	HF	Larache (Morocco)	Farmland concession operator
Rivera del Arroz, S.A.	100.0%	100.0%	HF	HF	Larache (Morocco)	Rice production
Mundi Vap	100.0%	100.0%	HF	HF	Larache (Morocco)	Production and distribution of rice
Katania Magreb, Ltda.	100.0%	100.0%	HF	HF	Larache (Morocco)	Production and distribution of legumes
Arrozeiras Mundiarroz, S.A.	100.0%	100.0%	HF	HF	Lisbon (Portugal)	Production and sale of rice
Josep Heap Properties, Ltda.	100.0%	100.0%	HF	HF	Liverpool (UK)	Investment management and administration
Risella OY	100.0%	100.0%	HF	HF	Helsinki (Finland)	Sale of rice
Bosto Poland, S.L.	100.0%	100.0%	HF	HF	Warsaw (Poland)	Sale of rice
Herba Bangkok	100.0%	100.0%	HF	HF	Bangkok (Thailand)	Production and sale of rice
Herba Egipto	100.0%	100.0%	HF	HF	Egypt	Production and sale of rice
Herba de Puerto Rico	100.0%	100.0%	HF	HF	Puerto Rico	Sale of rice
Herba Ricemills Rom, SRL	100.0%	100.0%	HF	HF	Romania	Sale of rice
Herba India	100.0%	100.0%	HF	HF	New Delhi (India)	Production and sale of rice

(EXPRESSED IN THOUSANDS OF EUROS)

SUBSIDIARIES AND ASSOCIATES	**% of Ownership**		**Parent**			
	31/12/12	**31/12/11**	**31/12/12**	**31/12/11**	**Location**	**Line of business**
TBA Suntra Beheer, B.V. (Group)	100.0%	100.0%	HF	HF	Netherlands and Belgiu	Production and sale of rice
TBA Suntra UK, Ltd.	100.0%	100.0%	HF	HF	Goole (UK)	Production and sale of rice
Ebro Foods Netherland, B.V. (EFN)	100.0%	100.0%	HF	HF	Amsterdam (Netherlan	Investment management
Lassie Netherland, B.V.	100.0%	100.0%	EFN	EFN	Amsterdam (Netherlan	Production and sale of rice
Lassie, B.V.	100.0%	100.0%	EFN	EFN	Amsterdam (Netherlan	Industrial operations
Lassie Property, B.V.	100.0%	100.0%	EFN	EFN	Amsterdam (Netherlan	Industrial operations
Herba Ingredients, B.V.	100.0%	-	EFN	EFN	Amsterdam (Netherlan	Industrial operations
Mediterranean Foods Label, B.V.	100.0%	100.0%	EFN	EFN	Amsterdam (Netherlan	Production and sale of rice
Nuratri, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale of rice
Nutramas, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale of rice
Nutrial, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale of rice
Pronatur, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale of rice
Vitasan, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale of rice
Yofres, S.A.	100.0%	100.0%	HR	HR	Seville (Spain)	Sale of rice
Herba Trading, S.A.	100.0%	100.0%	HR	HR	Seville (Spain)	Sale of rice
Formalac, S.L.	100.0%	100.0%	HR	HR	Seville (Spain)	Sale of rice
Eurodairy, S.L.	100.0%	100.0%	HR	HR	Seville (Spain)	Sale of rice
Española de I+D, S.A.	60.0%	60.0%	HR	HR	Valencia (Spain)	Development and marketing of new products
American Rice, Inc. (ARI)	100.0%	100.0%	Riviana	Riviana	Houston (US)	Production and sale of rice
Riviana International Inc. (R. Int.)	100.0%	100.0%	Riviana	Riviana	Houston (US)	Investment management
Ebro Riviana de Guatemala, S. A.	100.0%	100.0%	R. Int.	R. Int.	Guatemala	Investment management
Ebro de Costa Rica, S.A.	100.0%	100.0%	R. Int.	R. Int.	San José (Costa Rica)	Investment management
R&R Partnership **(A)**	50.0%	50.0%	Riviana	Riviana	Houston (US)	Production and sale of rice
South La Fourche, Inc **(A)**	50.0%	50.0%	Riviana	Riviana	Houston (US)	Agricultural exploitation
N&C Boost N. V. (N.C. Boost)	100.0%	100.0%	R. Int.	R. Int.	Antwerp (Belgium)	Investment management
Lustucru Riz	99.8%	99.8%	Panzani	Panzani	Lyon (France)	In liquidation
Lustucru Frais	99.8%	99.8%	Panzani	Panzani	Lyon (France)	Production and sale of fresh pasta
Grands Moulins Maurel	99.8%	99.8%	Panzani	Panzani	Lyon (France)	Production and sale of flour and semolina
Silo de la Madrague	100.0%	100.0%	Panzani	Panzani	Lyon (France)	Production and sale of flour and semolina
Rizerie Franco Americaine et Col., S.A.	100.0%	100.0%	Panzani	Panzani	Lyon (France)	Production and sale of rice
Bosto Panzani Benelux, S.A.	100.0%	100.0%	Boost/Pzn	Boost/Pzn	Merksem (Belgium)	Sale of rice and pasta
Ronzoni Pty.	100.0%	100.0%	NWP	NWP	Montreal (Canada)	Production and sale of pasta and sauces
T.A.G. Nahrungsmittel, GmbH	100.0%	100.0%	Birkel	Birkel	Stuttgart (Germany)	Dormant
Bertolini Import Export GmbH	100.0%	100.0%	Birkel	Birkel	Mannheim (Germany)	Dormant

(A) Associates accounted for using the equity method.

None of the subsidiaries and associates is listed on the stock exchange. The financial statements of all the consolidated companies were at 31 December 2012 and 2011.

5. MOST SIGNIFICANT CORPORATE TRANSACTIONS (BUSINESS COMBINATIONS AND/OR SALES) IN 2012 AND 2011 AND EFFECT ON COMPARABILITY

5.1 Intra-Group transactions in 2012

At the beginning of 2012 Ebro Financial Corporate Services, S.L. (a new wholly-owned subsidiary of Ebro Foods, S.A.) commenced its business activities. This company was incorporated to assume -with effect from 2012- the integrated management of the insurance policies taken out to cover the Group subsidiaries located in the EU, the most significant aspects of which had previously been carried out locally, and also to undertake separate management of the financial activity (which refers to the granting of loans, provision of guarantees, the performance of economic and financial studies, etc.). In this connection, Ebro Foods S.A. made a non-monetary contribution to Ebro Financial Corporate Services S.L. comprising the loans it had granted to Group subsidiaries. As a result, independent management of two highly related areas, such as Insurance and Finance, allows the Group to gain stricter and better control of both activities. The restructuring had no impact whatsoever on the consolidated financial statements of the Ebro Foods Group, since both before and after this restructuring, the Group had 100% control over all of the companies involved.

There were no other significant intra-Group corporate transactions in 2012.

5.2 Intra-Group transactions in 2011

In 2011 the German subsidiaries were restructured. Thus, Euryza, Gmbh (formerly wholly owned by Boost Nutrition, C.V.) and Herba Germany, Gmbh (formerly wholly owned by Herba Foods, S.L.) became wholly owned by Birkel Teigwaren, Gmbh. Currently, the direct shareholders of Birkel Teigwaren, Gmbh are Ebro Foods, S.A. and Boost Nutrition, C.V., although this restructuring had no impact whatsoever on the consolidated financial statements of the Ebro Foods Group, since both before and after this restructuring, the Group had 100% control over all of the companies involved. There were no other significant intra-Group corporate transactions in 2011.

5.3 Corporate transactions affecting the scope of consolidation in 2012 and 2011 and effect on comparability. Changes in the scope of consolidation

In 2012, in addition to the matters described in Note 5.1 above, there were no changes in the scope of consolidation.

In 2011, in addition to the matters described in Note 5.2 above, there were other changes in the scope of consolidation, the most significant of which were as follows:

(EXPRESSED IN THOUSANDS OF EUROS)

Inclusions in the scope of consolidation in 2011:			
Company affected	**Subgroup**	**%**	**Comments**
Rice business of the SOS Group	Rice	100%	Acquisition of all the shares of various companies and businesses
Strom Products, Ltd. (No Yolks)	Pasta	100%	Acquisition of this company's business
Suntra Group	Rice	100%	Acquisition of all the shares

Rice business of the SOS Group

On 31 March 2011, Ebro Foods, S.A. (Ebro) and SOS Corporación Alimentaria, S.A. (Deoleo) entered into a framework agreement for the purchase by Ebro of the Deoleo rice businesses in Spain, US, Saudi Arabia and the Netherlands, including the SOS brand throughout the world. This agreement supplemented that which was signed on 30 March 2011 for the purchase of the Saludaes brand in Portugal. These acquisitions were made for a total amount of EUR 203.5 million.

Following approval by the US competition authorities in June 2011, the purchase of the US business was formalised at the end of July. The remainder of the transaction was finally completed and executed in September 2011, following approval by the Spanish competition authorities.

Strom Products, Ltd. (No Yolks) business

On 21 December 2011, Ebro Foods, S.A. entered into an agreement with the US company Strom Products Ltd. to acquire its pasta business in the US and Canada for USD 50 million. The agreement included the purchase of the No Yolks and Wacky Mac brands relating mainly to the healthy pasta line of business, which was executed (paid) on 30 December 2011.

As regards the effects of the definitive accounting for the business combination of Strom Products, Ltd. -No Yolks- with respect to the provisional accounting therefor at 2011 year-end: the sole effect was a reclassification to decrease "Intangible Assets" by EUR 12,601 thousand, increasing "Goodwill" and "Inventories" by EUR 10,668 thousand and EUR 1,933 thousand, respectively.

Suntra Group

The Suntra Group, composed of various companies located in the Netherlands, Belgium and the UK, was acquired in July 2011. This group engages in the production and marketing (industrial sales) of certain types of rice.

The Ebro Group acquired an ownership interest of 50% in the Suntra Group from one of its two shareholders. In addition, the Ebro Group entered into an agreement with the other shareholder for the future acquisition of the other 50% through a put option held by the shareholder whereby the Ebro Group, where applicable, would be required to acquire the remaining 50% of the investment, and entered into an agreement between shareholders whereby the Suntra Group allocates control to the Ebro Group. The Ebro Group has ensured that other third parties may not acquire the aforementioned ownership interest by means of a pre-emption right. Lastly, the Ebro Group has an irrevocable purchase option on the ownership interest in the event of the other shareholder's death or incapacity. Therefore, the Suntra Group's shares were included in the scope of consolidation as a wholly-owned company and a non-current financial liability was recognised for the estimated cost of the purchase option on the remaining 50%.

(EXPRESSED IN THOUSANDS OF EUROS)

The following table shows the effects of these inclusions in the scope of consolidation in 2011:

	SOS Business		No Yolks Business		SUNTRA Group			
	Inclusion date		Inclusion date		Inclusion date			
	08/31/2011		12/30/2011		07/01/11		TOTAL	
Thousands of euros	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Intangible assets	48,073	52,835		26,044	37	37	48,110	78,916
Property, plant and equipment	57,418	62,799			3,513	3,513	60,931	66,312
Financial assets	0	0			102	102	102	102
Deferred tax assets	1,878	3,048			0	0	1,878	3,048
Inventories	38,902	38,902		1,933	4,699	4,699	43,601	45,534
Other current assets	57,448	57,448			11,078	11,078	68,526	68,526
Total assets	**203,719**	**215,032**	**0**	**27,977**	**19,429**	**19,429**	**223,148**	**262,438**
Deferred income	1,596	1,596			0	0	1,596	1,596
Provisions for pensions and similar obligations	502	502			0	0	502	502
Non-current financial liabilities	19,494	19,494			946	946	20,440	20,440
Deferred tax liabilities	8,938	8,895			51	51	8,989	8,946
Current financial liabilities	2,414	2,414			9,830	9,830	12,244	12,244
Trade payables	14,404	14,404			2,113	2,113	16,517	16,517
Other current liabilities	5,248	5,248			3,171	3,171	8,419	8,419
Total liabilities	**52,596**	**52,553**	**0**	**0**	**16,111**	**16,111**	**68,707**	**68,664**
Total net assets and liabilities	**151,123**	**162,479**	**0**	**27,977**	**3,318**	**3,318**	**154,441**	**193,774**
Goodwill		41,023		10,668		11,205		62,896
Total investment		**203,502**		**38,645**		**14,523**		**256,670**
Financed with financial liabilities and cash		203,502		38,645		14,523		256,670
Total investment		**203,502**		**38,645**		**14,523**		**256,670**
Net cash acquired with the subsidiary		17,395		0		-7,020		10,375
Sales since acquisition date		86,348		0		31,527		117,875
Net profit contributed since acquisition date		4,487		0		1,868		6,355
Sales since 1 January (a)		219,611		28,806		62,874		311,291
Net profit contributed since 1 January (a)		15,981		4,621		3,776		24,378

(a) Estimated as if it had been acquired on 1 January 2011

(EXPRESSED IN THOUSANDS OF EUROS)

6. SEGMENT REPORTING

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

The Ebro Foods Group continues to be divided into the following business segments and/or activities:

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

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

Rice business

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

The Group is the European leader in the retail market for rice, food service and rice supplies, rice-based products or ingredients for industrial uses. It follows a multi-brand strategy with a brand portfolio that includes successful and prestigious brands in the market in which it operates which include, inter alia: SOS, La Fallera, La Cigala, Saludades, Lassie, Reis fit, Rix fis, Oryza, Bosto, Riceland, Risella, Peacock, Phoenix, El Mago and Sello Rojo.

The Group's market share in the main retail markets in which it operates is provided in the following table:

Segment reporting

Country	Volume	Value	Position
Spain	22.90%	33.20%	Leader
Portugal	15.80%	12.90%	Leader
Germany	10%	18.70%	2nd
Belgium	24.30%	29.30%	2nd
The Netherl	19.30%	26.30%	Leader
Puerto Rico	9%	12%	3rd

In addition, the Group acts as a rice supplier for the leading European food companies:

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

Riviana Group: This is the Group's unit that specialises in the rice business in the US through Riviana Inc., the largest rice company in the US, with facilities for rice processing and production in Tennessee, Texas and Arkansas.

Riviana is the leading Group in rice sales in the US retail market, with a wide range of brands which include, inter alia, Mahatma and Minute, which are both leaders in the traditional and instant rice segments, respectively.

The Group's overall market share in the North American retail market is 28.8% in terms of volume, extending its presence to markets under expansion such as the microwave and frozen rice segment under the Minute flagship brand.

It also has a strong international presence in those markets traditionally more associated with the US such as Mexico and various Caribbean and Middle Eastern states, under the Abu Bint brand in the case of the latter, which is the market leader in the parboiled rice market in Saudi Arabia.

Pasta business

Panzani Group and Ebro Alemania Group: this unit specialises in the pasta and sauce business.

The French Group Panzani is the leader in France in the dry and fresh pasta, rice, semolina and sauces industries.

The fresh sauce and fresh pasta product line is a high value added proposition for consumers in which it is the undisputed leader in the French market. Products are sold under the Panzani and Lustucru brands with market shares of 33.4% and 34.4%, respectively. This line continue to grow strongly spearheading the Group's innovation with products for skillet cooking, new risotto sauces, fresh ready to eat dishes and new fresh specialities with a potato base.

Panzani markets rice under two brands: Lustucru, focusing on conventional and quick-cook rice, and Taureau Ailé, marketing exotic rice and currently the market leader in France.

Semolina is marketed through the market leaders Regia and Ferrero brands.

Additionally, it is a leading company in Belgium and the Czech Republic with market shares of 11% and 13%, respectively, and exports pasta and semolina to the Maghreb and French-speaking countries.

The German group is the German market leader in the dry pasta industry through the Birkel, 3Glocken and Nudel Up brands.

New World Pasta Group: New World Pasta is a leading company in the dry pasta industry in the US and Canada.

Its production facilities are located in Montreal (Quebec), Fresno (California), Saint Louis (Missouri) and Winchester (Virginia).

New World Pasta implements a multi-brand strategy through brands with a strong local presence and an important business segment focusing on the health and wellbeing under the Healthy Harvest, Smart Taste and Garden Delight brands.

The New World Pasta Group has an extensive, complementary and solid portfolio of brand names, which includes inter alia: Ronzoni, Skinner, Prince, American Beauty, San Giorgio, Creamette and No Yolks in the US and Catelli, Lancia and Ronzoni in Canada. The Group's overall market share in the US and Canada was of 22.7% and 33.9%, respectively.

Other businesses and/or activities:

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

Asset management (GDP):

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

Basis and methodology for segment reporting

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

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

(EXPRESSED IN THOUSANDS OF EUROS)

Inter-segment transactions

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

6.1 Geographical information

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

- In Spain - the rice business of Herba.
- In the rest of Europe - basically the businesses of Herba, Panzani and Ebro Alemania.
- In the US - the businesses of Riviana, American Rice and NWP.
- Rest of the world - basically the rice business of Herba, plus a portion of the exports of Panzani and of American Rice.

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

DATA OBTAINED FROM CONSOLIDATED ACCOUNTS

2011 - Geographical area	Spain	Europe	Americas	Other	TOTAL
Segment revenue	150,485	982,956	699,033	97,400	1,929,874
Inter-segment sales	-3,681	-61,573	-59,864	-645	-125,763
Total revenue	**146,804**	**921,383**	**639,169**	**96,755**	**1,804,111**
Intangible assets	32,230	134,958	212,875	61	380,124
Property, plant and equipment	73,398	204,418	212,619	17,325	507,760
Other assets	329,150	842,081	609,870	41,623	1,822,724
Total assets	**434,778**	**1,181,457**	**1,035,364**	**59,009**	**2,710,608**
Non-current asset additions	**5,362**	**33,853**	**29,384**	**290**	**68,889**

2012 - Geographical area	Spain	Europe	Americas	Other	TOTAL
Segment revenue	152,658	1,051,750	842,525	122,706	2,169,639
Inter-segment sales	-3,634	-63,238	-60,999	-502	-128,373
Total revenue	**149,024**	**988,512**	**781,526**	**122,204**	**2,041,266**
Intangible assets	31,723	135,188	207,032	50	373,993
Property, plant and equipment	71,238	211,436	201,180	12,191	496,045
Other assets	310,509	868,720	658,701	23,844	1,861,774
Total assets	**413,470**	**1,215,344**	**1,066,913**	**36,085**	**2,731,812**
Non-current asset additions	**5,360**	**36,243**	**11,531**	**330**	**53,464**

6.2 Operating segments

The following tables present information on the revenue and profit or loss of the continuing operations and certain information on assets and liabilities relating to the Group's operating segments for theyears ended 31 December 2012 and 2011.

INFORMATION ON BUSINESS SEGMENTS - CONTINUING OPERATIONS

EBRO FOODS GROUP (In thousands of euros)	TOTAL CONSOLIDATED FIGURES		Rice business		Pasta business		EF Holding company		Other businesses and consolidation adjustments	
BALANCE SHEET	12/31/2012	12/31/2011	12/31/12	12/31/11	12/31/12	12/31/11	12/31/12	12/31/11	12/31/12	12/31/11
Intangible assets	373,993	380,124	154,409	158,618	206,973	208,329	12,366	12,899	245	278
Property, plant and equipment	496,045	507,760	263,350	277,849	222,105	218,711	2,174	2,727	8,416	8,473
Investment property	32,637	31,922	32,803	30,698	1	1	12,112	11,973	-12,279	-10,750
Financial assets	65,341	56,134	1,254	941	3,040	4,546	61,021	50,525	26	122
Investments in associates	3,209	2,740	47,390	45,702	31,776	31,776	1,274,049	1,293,192	-1,350,006	-1,367,930
Deferred tax assets	53,024	55,582	16,497	17,811	23,971	24,169	20,526	15,287	-7,970	-1,685
Goodwill	823,207	828,873	303,146	308,133	519,933	520,612	0	0	128	128
Other non-current assets	0	0	0	0	0	0	0	0	0	0
Receivable from Group companies	0	0	87,565	83,331	204,162	174,112	117,837	158,281	-409,564	-415,724
Other current assets	884,356	847,473	453,602	455,847	349,740	334,391	65,412	41,742	15,602	15,493
	2,731,812	**2,710,608**	**1,360,016**	**1,378,930**	**1,561,701**	**1,516,647**	**1,565,497**	**1,586,626**	**-1,755,402**	**-1,771,595**
Assets classified as held for sale	0	0							0	0
Total assets	**2,731,812**	**2,710,608**							**-1,755,402**	**-1,771,595**
Total equity	1,693,237	1,588,460	917,385	853,187	1,054,538	998,025	1,048,136	1,075,236	-1,326,822	-1,337,988
Deferred income	2,723	4,716	2,539	4,519	0	0	0	0	184	197
Provisions for pensions and obligations	44,760	40,948	19,789	18,522	22,835	21,077	2,030	1,252	106	97
Other provisions	21,926	49,067	7,043	3,770	5,755	7,874	8,828	37,369	300	54
Non-current and current financial liabilities	418,427	489,151	77,293	124,554	79,285	74,108	261,390	290,006	459	483
Other non-financial payables	26	38	26	38	0	0	0	0	0	0
Deferred tax liabilities	229,999	201,918	85,740	76,848	93,719	87,603	50,562	37,487	-22	-20
Payable to Group companies	0	0	126,732	163,877	125,221	145,160	183,437	131,427	-435,390	-440,464
Other current liabilities	320,714	336,310	123,469	133,615	180,348	182,800	11,114	13,849	5,783	6,046
	2,731,812	**2,710,608**	**1,360,016**	**1,378,930**	**1,561,701**	**1,516,647**	**1,565,497**	**1,586,626**	**-1,755,402**	**-1,771,595**
Liabilities associated with assets classified as held for sale	0	0							0	0
Total liabilities	**2,731,812**	**2,710,608**							**-1,755,402**	**-1,771,595**
Investments in the year	53,464	68,889	19,414	27,582	33,628	40,685	325	481		
Capital employed	1,212,424	1,007,686	729,081	629,136	538,673	458,627	19,428	18,599		
ROCE	20.0	22.2	18.4	18.8	22.4	26.1	-	-		
Leverage	14.5%	24.6%								
Average headcount for the year	4,884	4,920								
Stock market data:										
Number of shares (in thousands)	153,865	153,865								
Market capitalisation at year-end	2,308	2,208	Millions of euros							
Earnings per share	1.04	0.99								
Dividend per share	0.63	0.87								
Underlying carrying amount per share	11.00	10.32								

INFORMATION ON BUSINESS SEGMENTS - CONTINUING OPERATIONS										
EBRO FOODS GROUP (In thousands of euros)	TOTAL CONSOLIDATED FIGURES		Rice business		Pasta business		EF Holding company		Other businesses and consolidation adjustments	
INCOME STATEMENT	12/31/12	12/31/11	12/31/12	12/31/11	12/31/12	12/31/11	12/31/12	12/31/11	12/31/12	12/31/11
External revenue	2,041,266	1,804,111	1,051,224	868,276	964,861	911,166	947	800	24,234	23,869
Net inter-segment revenue		0	54,785	52,483	17,347	17,131	4,814	4,019	-76,946	-73,633
Total revenue	**2,041,266**	**1,804,111**	**1,106,009**	**920,759**	**982,208**	**928,297**	**5,761**	**4,819**	**-52,712**	**-49,764**
Changes in inventories	-6,226	23,375	-9,430	20,156	3,311	3,078	0	0	-107	141
In-house work on non-current assets	647	1,100	13	4	634	1,096	0	0	0	0
Other operating income	73,593	35,011	12,961	6,864	8,777	6,425	55,710	23,443	-3,855	-1,721
Materials used and other expenses	-1,121,487	-985,611	-659,346	-561,846	-518,860	-477,481	0	0	56,719	53,716
Staff costs	-248,193	-234,971	-109,182	-97,337	-125,692	-124,182	-10,684	-10,496	-2,635	-2,956
Depreciation and amortisation charge	-57,281	-49,084	-27,107	-22,255	-28,735	-25,393	-1,259	-1,252	-180	-184
Other operating expenses	-403,110	-374,857	-184,065	-163,335	-213,642	-204,042	-26,624	-25,670	21,221	18,190
Profit/Loss from operations	**279,209**	**219,074**	**129,853**	**103,010**	**108,001**	**107,798**	**22,904**	**-9,156**	**18,451**	**17,422**
Finance income	12,910	26,382	9,483	11,552	5,757	3,865	21,673	154,147	-24,003	-143,182
Finance costs	-45,723	-24,342	-13,993	-16,312	-5,198	-4,477	-32,931	-5,856	6,399	2,303
Impairment of goodwill	-178	-176	-178	-176	0	0	0	0	0	0
Share of results of associates	1,683	1,455	2,405	4,483	0	0	0	0	-722	-3,028
Consolidated profit/loss before tax	**247,901**	**222,393**	**127,570**	**102,557**	**108,560**	**107,186**	**11,646**	**139,135**	**125**	**-126,485**

7. DISCONTINUED OPERATIONS

There were no discontinued operations in 2012.

8. OTHER INCOME AND EXPENSES

8.1 Other operating income

		2012		2011
Grants (related to income and assets)		1,200		1,964
Income due to CO2 emission allowances		56		88
Other current operating income		9,470		8,137
Gains on non-current asset disposals		36,926		2,927
Gains on disposals of equity investments		0		33
Income from reversals of impairment losses on non-current assets		1,898		0
Other income		24,043		21,862
Reversal of the provision for guarantees arising from the sale of the dairy product business	20,934		0	
Reversal of provisions for other litigation	2,103		3,543	
Reversal of the provision for guarantees relating to the sale of the sugar business	0		17,638	
Other minor items of income	1,006		681	
		73,593		**35,011**

"Other Operating Income" in 2012 includes the following non-recurring items:

(EXPRESSED IN THOUSANDS OF EUROS)

- Gains of EUR 31,492 thousand obtained on the disposal of the Nomen brand and other less significant brands (see Note 9).
- Income of EUR 23,037 thousand on the reversal of provisions for litigation procedures, which had ended. The most significant issue in this connection relates to the resolution reached for the litigations relating to the sale of the dairy product business, which resulted in the reversal of a provision amounting to EUR 20,934 thousand (see Note 21).
- Gains of EUR 3,431 thousand on the sale of property, plant and equipment, of EUR 1,898 thousand for reversal of impairment losses on property, plant and equipment and of EUR 2,003 thousand on disposal of CO_2 emission allowances.
- The remaining operating income related to grants and other lesser amounts of current operating income.

"Other Operating Income" in 2011 included the following non-recurring items:

- Gains of EUR 2,927 thousand on the sale of property, plant and equipment and the sale of CO_2 emission allowances.
- Indemnities received amounting to EUR 2,501 thousand from the resolution of litigation proceedings.
- Reversal of provisions for litigation and disputes for which favourable decisions were handed down, amounting to EUR 18,680 thousand, the most significant of which related to guarantees provided at the time for the sale of the sugar business.

8.2 Other operating expenses

		2012		2011
External expenses and outside services		(296,315)		(264,490)
Advertising expenditure		(70,570)		(69,454)
Research and development expenditure		(1,739)		(2,099)
Expenses relating to CO2 emission allowances		(57)		(88)
Taxes other than income tax		(8,476)		(8,956)
Losses on disposals of non-current assets and impairment losses		(5,325)		(12,422)
Other expenses and provisions recognised		(20,628)		(17,348)
Provision for litigation and disputes	(4,052)		(1,178)	
Industrial restructuring costs	(10,037)		(9,832)	
Expenses relating to acquisitions of new businesses and investments	(4,985)		(4,157)	
Other minor expense items	(1,554)		(2,181)	
		(403,110)		**(374,857)**

"Other Operating Expenses" in 2012 include the following non-recurring items:

- Losses and expenses of EUR 7,933 thousand arising from the decision to close the rice plant in Germany, which included impairment losses on property, plant and equipment amounting to EUR 2,670 thousand and provisions for workforce restructuring costs of EUR 4,695 thousand.

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- Losses of EUR 317 thousand on the derecognition or disposal of various items of industrial equipment and fixtures.
- Recognition of a EUR 2,338 thousand impairment loss on investment property.
- Expenses and period provisions of EUR 4,052 thousand for certain contingencies and legal proceedings in process.
- Industrial restructuring expenses of EUR 5,342 thousand in various work centres.
- Investment expenses not eligible for capitalisation and the start-up of new IT systems amounting to EUR 4,985 thousand.

"Other Operating Expenses" in 2011 included the following non-recurring items:

- Losses and expenses of EUR 5,654 thousand arising from the sale of one of the pasta plants in Germany, which included restructuring costs of staff from other German production centres.
- Losses of EUR 954 thousand on the derecognition or disposal of various items of industrial equipment and fixtures.
- Recognition of a EUR 5,814 thousand impairment loss on property, plant and equipment, the most significant portion of which, amounting to EUR 5,114 thousand, related to the rice plant in Egypt.
- Period provision of EUR 1,178 thousand to cover certain legal proceedings in progress.
- Expenses of EUR 9,832 thousand arising from various industrial restructuring processes, the most significant portion of which, amounting to EUR 7,061 thousand, related to labour force restructuring.

8.3 Finance costs and finance income

	2012	2011
Finance costs		
On debts to third parties	(8,420)	(9,093)
Arising from interest relating to provisions for litigation	(214)	(1,541)
On financial cost of pensiones and similar obligations	(2,075)	(2,040)
Losses on derecognition or disposal of financial assets and liabilities	(39)	(67)
Impairment of financial assets (Note 12)	(29,518)	(1,452)
Expenses and losses relating to derivatives and financial instruments	(1,471)	(1,767)
Exchange losses	(3,986)	(8,382)
	(45,723)	(24,342)
Finance income		
On investments with third parties	2,621	10,283
On financial income from pensions and similar obligations	1,503	1,358
Gains on derecognition or disposal of financial assets and liabilities	2	3,742
Reversal of impairment losses on financial assets	4,079	315
Gains on derivatives and financial instruments	699	1,933
Exchange gains	4,006	8,751
	12,910	**26,382**
Net financial profit (loss)	**(32,813)**	**2,040**

(EXPRESSED IN THOUSANDS OF EUROS)

8.4 Staff costs

	2012	2011
Wages and salaries	(187,802)	(179,346)
Other employee benefit costs	(17,980)	(17,196)
Social security and similar costs	(35,232)	(33,338)
Post-employment benefit and similar costs	(7,179)	(5,091)
	(248,193)	**(234,971)**

The detail of the average number of employees in 2012 and 2011 and of the 2012 and 2011 year-end headcounts at the Group companies (taking into account the changes in the scope of consolidation in 2011) is as follows:

AVERAGE NUMBER	MEN		WOMEN		
2012	PERMANENT	TEMPORARY	PERMANENT	TEMPORARY	TOTAL
Executives	97	0	38	0	135
Middle management	372	10	147	16	545
Clerical staff	216	15	351	30	612
Assistants	483	251	134	44	912
Sales personnel	134	8	53	40	235
Other staff	1,548	489	349	59	2,445
TOTAL	**2,850**	**773**	**1,072**	**189**	**4,884**

AVERAGE NUMBER	MEN		WOMEN		
2011	PERMANENT	TEMPORARY	PERMANENT	TEMPORARY	TOTAL
Executives	107	0	36	0	143
Middle management	355	13	126	17	511
Clerical staff	206	15	325	33	579
Assistants	518	183	168	50	919
Sales personnel	132	6	50	2	190
Other staff	1,530	584	345	119	2,578
TOTAL	**2,848**	**801**	**1,050**	**221**	**4,920**

YEAR-END HEADCOUNT	MEN		WOMEN		
2012	PERMANENT	TEMPORARY	PERMANENT	TEMPORARY	TOTAL
Executives	98	0	38	0	136
Middle management	366	13	150	18	547
Clerical staff	213	16	348	21	598
Assistants	438	214	134	38	824
Sales personnel	135	6	56	1	198
Other staff	1,527	384	338	85	2,334
TOTAL	**2,777**	**633**	**1,064**	**163**	**4,637**

YEAR-END HEADCOUNT	MEN		WOMEN		
2011	PERMANENT	TEMPORARY	PERMANENT	TEMPORARY	TOTAL
Executives	108	0	37	0	145
Middle management	355	13	128	16	512
Clerical staff	209	15	347	36	607
Assistants	473	257	131	86	947
Sales personnel	133	5	52	1	191
Other staff	1,568	403	349	100	2,420
TOTAL	**2,846**	**693**	**1,044**	**239**	**4,822**

9. INTANGIBLE ASSETS

The detail of the consolidated Group's intangible assets at 31 December 2012 and 2011, of the related accumulated amortisation and impairment losses and of the changes therein each year is as follows (in thousands of euros):

Net values	Development expenditure	Trademarks and patents	Computer software	CO2 and other allowances	Intangible assets in progress	Total
Balance at 31 December 2010	15	280,209	7,625	558	5,054	**293,461**
Balance at 31 December 2011	11	362,014	5,999	1,415	10,685	**380,124**
Balance at 31 December 2012	29	358,891	13,500	459	1,114	**373,993**

Gross values	Development expenditure	Trademarks and patents	Computer software	CO2 and other allowances	Intangible assets in progress	Total
Balance at 31 December 2010	**955**	**293,084**	**25,901**	**587**	**5,054**	**325,581**
Business combinations		78,878	160			79,038
Sales (disposals) of businesses	(681)	(4,952)	(157)			(5,790)
Increases in 2011		12	1,437	2,225	5,624	9,298
Decreases in 2011	(78)	(220)	(339)	(1,436)		(2,073)
Translation differences		6,371	471	75	7	6,924
Assets classified as held for sale						0
Transfers						0
Balance at 31 December 2011	**196**	**373,173**	**27,473**	**1,451**	**10,685**	**412,978**
Business combinations						0
Sales (disposals) of businesses						0
Increases in 2012			12,937	1,087	(9,023)	5,001
Decreases in 2012		(1,197)	(380)	(2,043)		(3,620)
Translation differences		(3,747)	(256)	7	(8)	(4,004)
Assets classified as held for sale						0
Transfers		541	37	(1)	(540)	37
Balance at 31 December 2012	**196**	**368,770**	**39,811**	**501**	**1,114**	**410,392**

Accumulated amortisation and impairment losses	Development expenditure	Trademarks and patents	Computer software	CO2 and other allowances	Intangible assets in progress	Total
Balance at 31 December 2010	**(940)**	**(12,875)**	**(18,276)**	**(29)**	**0**	**(32,120)**
Business combinations			(122)			(122)
Sales (disposals) of businesses	683	1,508	97			2,288
Increases in 2011	(6)	(29)	(3,086)	(7)		(3,128)
Decreases in 2011	78	220	338			636
Translation differences		17	(425)			(408)
Assets classified as held for sale						0
Transfers						0
Balance at 31 December 2011	**(185)**	**(11,159)**	**(21,474)**	**(36)**	**0**	**(32,854)**
Business combinations						0
Sales (disposals) of businesses						0
Increases in 2012	(6)	(16)	(5,118)	(6)		(5,146)
Decreases in 2012		1,037	378			1,415
Translation differences		(11)	220			209
Assets classified as held for sale						0
Transfers	24	270	(317)			(23)
Balance at 31 December 2012	**(167)**	**(9,879)**	**(26,311)**	**(42)**	**0**	**(36,399)**

The trademarks and patents included in intangible assets were acquired directly or through business combinations. Substantially all these intangible assets were regarded as having an indefinite useful life and they were measured using the cost model.

In 2012 and 2011 the most significant of these assets were tested for impairment (mainly by independent valuers -American Appraisal-) and the following carrying amounts were allocated to the following cash-generating units:

- EUR 13,293 thousand (2011: EUR 13,293 thousand) of the carrying amount of the trademarks were allocated to the Herba Germany cash-generating unit of the Herba rice business segment.
- EUR 92,063 thousand (2011: EUR 93,885 thousand) of the carrying amount of the trademarks were allocated to the cash-generating unit of the US Riviana rice business segment.
- EUR 83,195 thousand (2011: EUR 83,195 thousand) of the carrying amount of the trademarks were allocated to the cash-generating unit of the French Panzani pasta business segment.
- EUR 98,433 thousand (2011: EUR 73,524 thousand) of the carrying amount of the trademarks were allocated to the cash-generating unit of the US NWP pasta business segment.
- EUR 13,409 thousand (2011: EUR 13,409 thousand) of the carrying amount of the trademarks were allocated to the cash-generating unit of the European Birkel pasta business segment.
- EUR 4,000 thousand (2011: EUR 4,000 thousand) of the carrying amount of the trademarks were allocated to the Risella (Finland) cash-generating unit as part of the Herba rice business segment.
- EUR 39,723 thousand (2011: EUR 39,723 thousand) of the carrying amount of the trademarks in the acquisition in 2011 of the SOS Group's European rice business, as part of the Herba rice business segment.
- EUR 14,170 thousand (2011: EUR 14,451 thousand) of the carrying amount of the trademarks in the acquisition in 2011 of SOS's US rice business, as part of the US Riviana rice business segment.

The recoverable amount of these trademarks, or of the cash-generating units to which they belong, was determined on the basis of their value in use, using, as a general rule, cash flow projections based on five-year budgets. The discount rates used in the cash flow projections of these assets range from 6.4% in the US and Canada, to 5.9% in the German markets, to 6.5% in the French market, 9.8% in the Spanish market and 11.6% for Portugal, depending on the geographical area in which the trademark or cash-generating unit is located, and the cash flows for periods beyond the five-year period are extrapolated using a growth rate equal to the average long-term growth rate of the unit in question, which is usually between 0.0% and 2.1% depending on the business concerned.

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

20% no material impairment losses would arise, and this would also apply in the event that the growth rates were to vary by 20%.

Changes in the year

In 2012 the most significant changes in "Intangible Assets" were as follows:

- Increase of EUR 5,001 thousand for new intangible assets: acquisition of computer hardware amounting to EUR 3,914 thousand and the remaining amount relating to CO_2 emission allowance.
- Decrease of EUR 3,795 thousand due to translation differences.
- Decrease due to the amortisation charge for the year of EUR 5,146 thousand.
- Decrease due to the disposal and derecognition of CO_2 emission allowances of EUR 2,043 thousand.
- In 2012 net disposals or reductions amounted to EUR 162 thousand and transfers increased by EUR 14 thousand.

In 2011 the most significant changes in "Intangible Assets" were as follows:

- Increase of EUR 78,916 thousand relating to the business combinations in 2011.
- Increase of EUR 9,298 thousand relating to new intangible assets, mostly the acquisition of computer hardware and software, and, to a lesser extent, CO_2 allowances.
- Increase in translation differences of EUR 6,516 thousand.
- Decrease relating to the amortisation charge for the year and impairment losses of EUR 3,118 thousand and EUR 10 thousand, respectively.
- Decrease of EUR 3,502 thousand due to the exclusion from the scope of consolidation of Biosearch, S.A.
- In 2011 CO_2 emission allowances amounting to EUR 1,437 thousand were derecognised and there were other non-material additions and reductions.

Lastly, as indicated in the 2011 consolidated financial statements, in September 2011 the Spanish National Competition Commission approved the acquisition of the SOS rice business in Spain, subject to the obligation that Ebro Foods, S.A. licence or transfer the Nomen as well as the La Parrilla, La Cazuela, Pavo Real and Nobleza brands. As a result, on 26 April 2012 Ebro Foods, S.A. and Arrossaires del Delta de L'Ebre, SCCL entered into an agreement whereby the former undertook to sell the latter its Nomen business under the following terms and conditions:

- The subject matter of the transaction comprised all the trademarks, distinguishing signs and other intellectual property rights associated with the Nomen products.

- The price agreed upon was EUR 30.1 million, to be settled in instalments, the initial payment consisting of an industrial building located in La Aldea (Tarragona) valued at EUR 1.5 million (sold to Herba Ricemills, S.L., a wholly-owned subsidiary of Ebro Foods, S.A.), plus thirteen further annual instalments of EUR 2.9 million each.

Therefore, the total amount to be received by Ebro, including interest on the deferral of payment, will amount to EUR 39.2 million.

- The parties agree to mortgage the Nomen trademarks in order to secure the deferred price.

- Prior approval from the Spanish National Competition Commission was a precondition for execution of the agreement. Approval was granted on 5 July 2012 and the parties executed the sale and transfer of Nomen on 12 September 2012.

With respect to the sales obligation on the other trademarks, La Parrilla, La Cazuela, Pavo Real and Nobleza, on 26 June 2012 an agreement was reached for their sale to a third party for EUR 2 million. The sale was executed on 13 September 2012 on receipt of prior approval from the Spanish National Competition Commission.

10. PROPERTY, PLANT AND EQUIPMENT

The detail of the consolidated Group's property, plant and equipment at 31 December 2012 and 2011, of the related accumulated depreciation and impairment losses and of the changes therein each year is as follows (in thousands of euros):

Net values	Land	Buildings	Plant and machinery	Other fixtures, tools and furniture	Other plant and equipment	In the course of construction	**Total**
Balance at 31 December 2010	67,748	126,319	223,695	13,096	4,184	14,552	**449,594**
Balance at 31 December 2011	70,983	146,592	258,277	13,207	4,166	14,535	**507,760**
Balance at 31 December 2012	73,364	143,378	249,490	11,334	3,716	14,763	**496,045**

Gross values	Land	Buildings	Plant and machinery	Other fixtures, tools and furniture	Other plant and equipment	In the course of construction	Total
Balance at 31 December 2010	**67,748**	**229,829**	**636,336**	**38,802**	**11,794**	**25,166**	**1,009,675**
Business combinations	5,109	24,232	37,211	3,726	533	386	71,197
Sales (disposals) of businesses	(333)	(2,858)	(14,246)	(6,091)	(164)	(3,058)	(26,750)
Increases in 2011	406	6,565	50,040	1,456	642	2,698	61,807
Decreases in 2011	(448)	(2,433)	(21,831)	(592)	(167)		(25,471)
Translation differences	471	3,154	7,869	66	9	(82)	11,487
Assets classified as held for sale							0
Transfers	(1,970)	(6,204)	(16,963)	22	(24)		(25,139)
Balance at 31 December 2011	**70,983**	**252,285**	**678,416**	**37,389**	**12,623**	**25,110**	**1,076,806**
Business combinations							0
Sales (disposals) of businesses							0
Increases in 2012	6,583	5,410	34,708	1,864	545	236	49,346
Decreases in 2012		(128)	(4,567)	(249)	(143)		(5,087)
Translation differences	(410)	(1,484)	(3,869)	(32)	34	(8)	(5,769)
Assets classified as held for sale							0
Transfers	(3,792)	(68)	1,010	(977)			(3,827)
Balance at 31 December 2012	**73,364**	**256,015**	**705,698**	**37,995**	**13,059**	**25,338**	**1,111,469**

Accumulated depreciation and impairment losses	Land	Buildings	Plant and machinery	Other fixtures, tools and furniture	Other plant and equipment	In the course of construction	Total
Balance at 31 December 2010	**0**	**(103,510)**	**(412,641)**	**(25,706)**	**(7,610)**	**(10,614)**	**(560,081)**
Business combinations		(1,077)	(3,283)	(444)	(81)		(4,885)
Sales (disposals) of businesses		889	4,395	3,768	77		9,129
Increases in 2011		(9,889)	(38,284)	(2,661)	(936)		(51,770)
Decreases in 2011		1,255	15,311	925	132	39	17,662
Translation differences		(34)	(2,572)	(64)	(14)		(2,684)
Assets classified as held for sale							0
Transfers		6,673	16,935		(25)		23,583
Balance at 31 December 2011	**0**	**(105,693)**	**(420,139)**	**(24,182)**	**(8,457)**	**(10,575)**	**(569,046)**
Business combinations							0
Sales (disposals) of businesses							0
Increases in 2012		(8,843)	(42,152)	(2,725)	(1,017)		(54,737)
Decreases in 2012		1,663	4,260	181	130		6,234
Translation differences		236	1,864	11	1		2,112
Assets classified as held for sale							0
Transfers			(41)	54			13
Balance at 31 December 2012	**0**	**(112,637)**	**(456,208)**	**(26,661)**	**(9,343)**	**(10,575)**	**(615,424)**

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

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

In relation to certain investments made by various Group companies in 2012 and prior years, grants were obtained from public agencies, the amounts of which are indicated in Note 19.

There are no property, plant and equipment of significant amounts that are not used in the business.

Changes in 2012

The most significant changes in “Property, Plant and Equipment” in 2012 were as follows:

- Decrease of EUR 3,657 thousand due to translation differences.
- Decrease due to the depreciation charge for the year of EUR 52,066 thousand.
- Increase due to new investments of EUR 49,346 thousand, basically in relation to the technical improvements and new fixtures at Group plants.
- In 2012 the net disposals amounted to EUR 751 thousand.
- Decrease due to the impairment losses recognised in the year amounting to EUR 2,670 thousand and an increase due to the reversal of impairment losses amounting to EUR 1,898 thousand (see Note 8.1 and 8.2).
- Decrease due to transfers to investment property for a net amount of EUR 3,792 thousand (see Note 11).

Changes in 2011

The most significant changes in “Property, Plant and Equipment” in 2011 were as follows:

- Increase of EUR 66,312 thousand relating to the business combinations in 2011.
- Increase in translation differences of EUR 8,803 thousand.
- Increase of EUR 61,807 thousand due to the investments in 2011. These relate basically to the completion of the plant of the rice business in the US and the technical improvements and new fixtures at the Panzani, NWP and Herba pasta plants.
- Decrease due to the depreciation charge for the year of EUR 45,947 thousand.
- Decrease due to the impairment losses recognised in the year amounting to EUR 5,814 thousand.

- Decrease of EUR 17,621 thousand due to the exclusion from the scope of consolidation of Biosearch, S.A.
- In 2011 the net disposals amounted to EUR 7,809 thousand.
- Decrease due to transfers to investment property for a net amount of EUR 1,556 thousand.

The depreciation charges and/or impairment losses in consolidated profit or loss relating to these items of property, plant and equipment amounted to EUR 52,066 thousand and EUR 2,670 thousand, respectively in 2012 (2011: EUR 45,947 thousand and EUR 5,814 thousand, respectively).

Also, in relation to the sale or disposal of property, plant and equipment in 2012, in some cases, there were losses of EUR 317 thousand and, in other cases, there were gains of EUR 3,431 thousand on the sale of these assets (2011: EUR 6,608 thousand and EUR 1,827 thousand, respectively).

The impairment loss recognised in 2012 on property, plant and equipment, amounting to EUR 2,670 thousand, arose as a result of the decision to close the German rice plant. Practically all the impairment losses on the industrial assets relate to the machinery and/or other industrial equipment. At 2012 year-end the recoverable amount of the assets -measured at realisable value due to the cessation of its activity- was determined as being lower than the carrying amounted.

11. INVESTMENT PROPERTY

The detail of the consolidated Group's investment property at 31 December 2012 and 2011, of the related accumulated depreciation and impairment losses and of the changes therein each year is as follows (in thousands of euros):

Net values	Land	Buildings	Total
Balance at 31 December 2010	19,710	11,542	**31,252**
Balance at 31 December 2011	21,160	10,762	**31,922**
Balance at 31 December 2012	23,759	8,878	**32,637**

	Gross values			Accum. deprec. and impairment losses		
	Land	Buildings	Total	Land	Buildings	Total
Balance at 31 December 2010	**20,294**	**15,921**	**36,215**	**(584)**	**(4,379)**	**(4,963)**
Business combinations			0			0
Sales (disposals) of businesses	(122)	(1,172)	(1,294)		284	284
Increases in 2011	9		9		(19)	(19)
Decreases in 2011	(6)		(6)			0
Translation differences	116	24	140			0
Transfers	1,453	207	1,660		(104)	(104)
Balance at 31 December 2011	**21,744**	**14,980**	**36,724**	**(584)**	**(4,218)**	**(4,802)**
Business combinations			0			0
Sales (disposals) of businesses			0			0
Increases in 2012	4	200	204		(2,406)	(2,406)
Decreases in 2012	(548)	(315)	(863)			0
Translation differences	(30)	17	(13)		1	1
Transfers	3,173	619	3,792			0
Balance at 31 December 2012	**24,343**	**15,501**	**39,844**	**(584)**	**(6,623)**	**(7,207)**

The depreciation charge for 2012 amounted to EUR 68 thousand (2011: EUR 19 thousand) and impairment losses amounting to EUR 2,338 thousand (2011: EUR 0 thousand) were recognised.

The most significant changes in 2012 related to the increase for the transfer of property, plant and equipment amounting to EUR 3,792 thousand (see Note 10).

The most significant changes in 2011 related to the decrease of EUR 1,010 thousand for the exclusion from the scope of consolidation of Biosearch, S.A. and to the increase for the transfer of property, plant and equipment amounting to EUR 1,556 thousand.

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 sale or disposal by other means.

Investment property is carried at cost. The most significant investment property in terms of fair value relates to the land of old dismantled factories and certain unoccupied buildings in Spain, Portugal, and in two specific cases, in England and in the US.

The fair value represents the amount for which the assets can be exchanged on the date of the appraisal by two willing parties in an arm's length transaction, as provided for by International Valuation Standards.

To determine fair value, buildings are valued on an individual basis. The value of each one is considered separately, rather than as part of a portfolio of investment properties. Accordingly, in certain cases the values considered were those arising from the appraisals undertaken by independent valuers (updated using internal appraisals whenever necessary). In other cases the comparative method was used, which reflects market reality and the prices at which transactions relating to assets with similar characteristics are currently being closed, adjusted, where applicable, to reflect any changes in economic conditions from the date of the transactions under comparison. All of the foregoing is coordinated by the Group’s Property Management Unit which, as indicated in Note 6 to the consolidated financial statements, is a specialised unit in charge of the management and control of the Group’s investment property that analyses the status of the investment property and aims to reduce costs, disposing of buildings not used for industrial activities and taking the necessary measures to ensure that their value is maximised prior to their sale.

For information purposes, the fair value of the investment property is approximately EUR 93 million at 31 December 2012 (31 December 2011: EUR 104 million).

12. FINANCIAL ASSETS

The detail of “Financial Assets” in the consolidated balance sheets at 31 December 2012 and 2011 is as follows (in thousands of euros):

(EXPRESSED IN THOUSANDS OF EUROS)

	12/31/12			12/31/11		
	Total	Non-current	Current	Total	Non-current	Current
Held-for-trading financial assets:	**1,028**	**1,024**	**4**	**498**	**401**	**92**
Available-for-sale financial assets	**29,905**	**29,905**	**0**	**45,428**	**45,428**	**0**
Held-to-maturity investments:						
- Deposits and guarantees	**1,351**	**1,075**	**276**	**1,113**	**1,083**	**30**
Loans and receivables:						
- Associates	0	0	0	0	0	0
- Third parties	33,057	27,539	5,518	9,100	5,015	4,085
	33,057	**27,539**	**5,518**	**9,100**	**5,015**	**4,085**
TOTAL FINANCIAL ASSETS	**65,341**	**59,543**	**5,798**	**56,139**	**51,927**	**4,207**

Available-for-sale financial assets

1. Investment in Deoleo Corporación, S.A.

"Available-For-Sale-Financial Assets" relates to the EUR 47,756 thousand investment in Deoleo Corporación, S.A. made in December 2010 through the subscription of 95,510,218 shares in the capital increase performed by the aforementioned company at a cost of EUR 0.5 per share, representing 9.3% of the share capital thereof. This financial asset is recognised at fair value through equity, until it is derecognised or becomes impaired, at which time the previously recognised gains or losses will be recognised in net profit or loss for the year.

At 31 December 2012, the fair value based on the market price of this investment was EUR 26,265 thousand equal to EUR 0.275 per share and, therefore, a net decrease in value of EUR 10,363 thousand was recognised directly in equity at that date with respect to 31 December 2011 (a gross expense of EUR 14,804 thousand less EUR 4,441 thousand for the related tax effect). Also, on 30 June 2012, it was determined that this investment had become permanently impaired since its acquisition and, therefore, the cumulative impairment losses recognised in equity, at both 30 June 2012 and at 31 December 2012, amounting to EUR 15,044 thousand, were reversed to the consolidated income statement for 2012 and related to a gross expense of EUR 21,492 thousand (included under "Finance Costs") less EUR 6,448 thousand for the related tax effect.

At 31 December 2011, the fair value per the market price of this investment was EUR 41,069 thousand equal to EUR 0.43 per share, and, therefore, a net decrease in value of EUR 40,784 thousand was recognised directly in equity (a gross expense of EUR 58,262 thousand less EUR 17,478 thousand for the related tax effect).

2. Investment in Biosearch, S.A.

On 13 January 2011, the Board of Directors of Ebro Foods, S.A. resolved to sell to Grupo Lactalis Iberia, S.A. 17,252,157 shares, representing 29.9% of the share capital of Biosearch, S.A. Following the disposal, the remaining investment in this company was recognised as an available-for-sale financial asset. This financial asset is recognised at fair value through equity, until it is derecognised or becomes impaired, at which time the previously recognised gains or losses will be recognised in net profit or loss for the year.

At 30 June 2012, the investment related to 10,215,000 shares, representing 17.704% of the share capital. At 30 June 2012, the fair value based on the market price of this investment was EUR 2,758 thousand, equal to EUR 0.27 per share, and, therefore, a net expense of EUR 855 thousand was recognised in equity (a gross expense of EUR 1,221 thousand less EUR 366 thousand corresponding to the related tax effect). Additionally, on 30 June 2012 it was determined that this investment had become permanently impaired since its acquisition and, therefore, the cumulative impairment losses recognised in equity, amounting to EUR 3,027 thousand, were reversed to the consolidated income statement for 2012 and related to a gross expense of EUR 4,324 thousand (included under "Finance Costs") less EUR 1,297 thousand for the related tax effect.

In 2012 1,056,249 shares of Biosearch, S.A. were sold. At 31 December 2012, this investment related to 9,706,000 shares of Biosearch, S.A., representing 16.82% of its share capital. At 31 December 2012, the fair value based on the market price of this investment was EUR 3,640 thousand, equal to EUR 0.375 per share and, therefore, in accordance with current accounting legislation, this increase in value of EUR 713 thousand was recognised directly in equity (gross income of EUR 1,019 thousand less EUR 306 thousand for the related tax effect).

At 31 December 2011, the fair value per the market price of this investment was EUR 4,359 thousand equal to EUR 0.405 per share and, therefore, a net expense of EUR 2,172 thousand was recognised directly in equity (a gross expense of EUR 3,104 thousand less EUR 932 thousand for the related tax effect).

Loans and receivables - third parties

The changes in the balance of “Loans and Receivables - Third Parties” at 31 December 2012 with respect to 31 December 2011 is due to the amounts received under the repayment schedule and new receivables generated in 2012. The balance receivable relates mainly to:

- the deferred amount of the Alagón land sale, in accordance with the payment agreements reached in 2009, amounting to EUR 2,366 thousand at short term, earning implicit interest at 2.5%.
- the deferred amount of the Nomen brand sale, in accordance with the payment agreements reached in 2012 (see Note 9), amounting to EUR 26,903 thousand at long term and EUR 1,699 thousand at short term. This receivable earns interest at 4.2% and final maturity is in September 2025.

Of the total balance of this line item in 2012, EUR 32,422 thousand (2011: EUR 8,469 thousand) were denominated in euros and EUR 635 thousand (2011: EUR 631 thousand) were denominated in US dollars.

In relation to the aforementioned non-current receivables, EUR 1,770 thousand will fall due in 2014, EUR 1,844 thousand in 2015, EUR 1,922 thousand in 2016, EUR 2,002 thousand in 2017, and the remaining EUR 20,001 thousand will fall due from 2018 onwards.

13. INVESTMENTS IN ASSOCIATES

The changes in 2012 and 2011 were as follows (in thousands of euros):

Associate	Balance at 12/31/2011	Increase in investments	Decrease due to sales	Dividends paid	Profit for the year	Translation differences	Other changes	Balance 12/31/2012
Associate - Riviana Foods Inc.	2.740			(1.148)	1.683	(66)		3.209
Associate - Panzani in liquidation	0							0
	2.740	**0**	**0**	**(1.148)**	**1.683**	**(66)**	**0**	**3.209**

Associate	Balance at 12/31/2010	Increase in acquisitions	Decrease due to sales	Dividends paid	Profit for the year	Translation differences	Other changes	Balance 12/31/2011
Associate - Riviana Foods Inc.	3.095			(1.878)	1.455	68		2.740
Associate - Panzani in liquidation	2						(2)	0
	3.097	**0**	**0**	**(1.878)**	**1.455**	**68**	**(2)**	**2.740**

None of the aforementioned companies has significant assets, income, financial debt and/or material guarantees granted by the Ebro Foods Group.

14. GOODWILL

The changes in 2012 and 2011 in "Goodwill" were as follows (in thousands of euros):

Segment	Cash generating unit or groups	12/31/2011	Increases	Decreases and other	Impairment loss	Translation differences	12/31/2012
Herba rice	Danrice (Denmark)	14,524					14,524
Herba rice	Vogan (UK)	1,263				31	1,294
Herba rice	Riceland (Hungary)	2,126					2,126
Herba rice	Steve & Brotherton (UK)	618					618
Herba rice	Mundiriz (Morocco)	1,593			(178)	(3)	1,412
Herba rice	Suntra Group (Belgium)	11,157				(16)	11,141
Herba rice	SOS business Spain	28,390					28,390
Riviana US	Riviana Group (US)	91,948				(1,785)	90,163
Riviana US	Minute Rice (US)	142,125				(2,758)	139,367
Riviana US	ARI Group (US)	14,388				(278)	14,110
Panzani France	Panzani Group	417,449					417,449
US pasta	NWP Group	103,163				(679)	102,484
Other	Jiloca, S.A.	129					129
		828,873	**0**	**0**	**(178)**	**(5,488)**	**823,207**

	12/31/2011	Increases	Decreases and other	Impairment loss	Translation differences	12/31/2012
Total gross value	860,519				(5,488)	855,031
Total cumulative impairment	(31,646)			(178)		(31,824)

(EXPRESSED IN THOUSANDS OF EUROS)

Segment	Cash generating unit or groups	12/31/2010	Increases	Decreases and other	Impairment loss	Translation differences	12/31/2011
Herba rice	Danrice (Denmark)	14,524					14,524
Herba rice	Vogan (UK)	1,225				38	1,263
Herba rice	Riceland (Hungary)	2,126					2,126
Herba rice	Steve & Brotherton (UK)	611				7	618
Herba rice	Mundiriz (Morocco)	1,769			(176)		1,593
Herba rice	Suntra Group (Belgium)	0	11,205			(48)	11,157
Herba rice	SOS business Spain	0	28,390				28,390
Riviana US	Riviana Group (US)	89,033				2,915	91,948
Riviana US	Minute Rice (US)	137,620				4,505	142,125
Riviana US	ARI Group (US)	0	12,633			1,755	14,388
Panzani France	Panzani Group	417,449					417,449
US pasta	NWP Group	91,105	10,668			1,390	103,163
Other	Jiloca, S.A.	129					129
Other	P. Biotech Group	11,620		(11,620)			0
		767,211	**62,896**	**(11,620)**	**(176)**	**10,562**	**828,873**
Total gross value		810,681	62,896	(23,620)		10,562	860,519
Total cumulative impairment		(43,470)		12,000	(176)		(31,646)

In 2012 the only significant change with respect to 2011 was due mainly to the decrease arising from translation differences of US subsidiaries.

Various business combinations took place in 2011. The most relevant data on these business combinations is included in Note 5. In January 2011 Biosearch, S.A. was excluded from the scope of consolidation giving rise to the derecognition of the associated net goodwill.

The goodwill arose from business combinations. On 31 December 2012 and 2011, these assets were tested for impairment (by independent valuers -American Appraisal-), and their value was allocated to the cash-generating units or groups of units shown in the preceding table.

The goodwill was tested for impairment calculating the value in use of each of the cash-generating units, by discounting the associated cash flows, generally projected over a period of five years, and the related residual value was calculated as the permanent income of the last cash flow projected using a perpetual growth rate. The projected cash flows were calculated on the basis of historical information and the best estimates of the managers of each cash-generating unit. In addition, the fair value of the cash-generating units was calculated based on an analysis of comparable market transactions.

The growth rates used to extrapolate the cash flow projections beyond the projected period and the discount rates applied to the cash flow projections for the most significant cash-generating units were as follows at 31 December 2012:

- In the European rice and pasta businesses, average discount rates of 5.4% and growth rates between 1.4% and 1.7% were used except in Hungary where, as a result of its special characteristics, a discount rate of 9.8% and a growth rate of 3% were used. In Spain a discount rate of 8.6% and a growth rate of 1.4% were used.

- In the US rice and pasta businesses, discount rates of 5.2% and growth rates of between 1% and 2.1% were used.

The most significant assumptions used to measure each cash-generating unit at 31 December 2012 relate to the average growth of sales for each projected period, the annual rate of compound growth of EBITDA, the evolution of the number of days of working capital and average annual investments based on a percentage of projected EBITDA.

It was considered that no reasonable, possible change in any of the assumptions used in calculating the recoverable amount of the cash-generating unit to which the goodwill was allocated would cause its carrying amount to exceed its recoverable amount. Accordingly, even if the discount rates used were to increase by 20% no material impairment losses would arise, and this would also apply in the event that the growth rates were to vary by 20%.

15. INVENTORIES

The detail of “Inventories” at 31 December 2012 and 2011 is as follows (in thousands of euros):

	12/31/2012	12/31/2011
Goods held for resale	15,136	19,815
Raw materials	152,705	124,723
Replacement parts and supplies	4,673	13,890
Containers	21,961	21,770
Work in progress	21,699	50,109
Finished goods	111,109	112,192
By-products and waste products	2,548	1,906
Advances to suppliers	21,457	21,577
TOTAL GROSS INVENTORIES	**351,288**	**365,982**
Inventory write-downs	(3,981)	(3,422)
TOTAL NET INVENTORIES	**347,307**	**362,560**

At 2012 year-end the balance of “Advances to Suppliers” in the consolidated balance sheet included EUR 18,764 thousand (2011: EUR 19,247 thousand) relating to payments made to rice growers and there were firm paddy rice purchase agreements amounting to EUR 45,693 thousand (2011: EUR 32,452 thousand). Also, the Group in the US and France has raw material purchase commitments totalling approximately EUR 88,146 thousand (2011: EUR 117,205 thousand).

Lastly, also in France, the Group has commitments to a single supplier until 28 February 2014 for container purchases from a closed list of products.

In 2012 the inventory write-downs recognised and reversed amounted to EUR 3,196 thousand and EUR 2,616 thousand (2011: EUR 2,387 thousand and EUR 3,721 thousand, respectively) and the translation losses to EUR 21 thousand (2010: EUR 3 thousand).

16. TRADE AND OTHER RECEIVABLES

The detail of "Trade and Other Receivables" at 31 December 2012 and 2011 is as follows (in thousands of euros):

	12/31/2012	12/31/2011
Trade receivables	317,261	336,510
Sundry accounts receivable	14,096	10,964
Write-downs	(6,009)	(7,046)
TOTAL	325,348	340,428

The terms and conditions applicable to the accounts receivable from related parties are disclosed in Note 27. The trade receivables are not interest earning and generally fall due at between 30 and 85 days. The detail of the age of the trade receivables at 31 December 2012 is as follows:

Age of debt	Gross	Write-down	Net
Within 3 months	307,688	(1,324)	306,364
Between 3 to 6 months past due	5,821	(1,481)	4,340
Between 6 to 12 months past due	1,099	(661)	438
Between 12 to 18 months past due	520	(255)	265
Between 18 to 24 months past due	195	(82)	113
After 24 months	1,938	(1,908)	30
	317,261	(5,711)	311,550

At 31 December 2012 and 2011 no amounts in "Trade and Other Receivables" were in arrears or significantly impaired.

In 2012 the provision recognised for trade and other receivables amounted to EUR 3,642 thousand (2011: EUR 624 thousand), the amounts used in this connection amounted to EUR 5,142 thousand (2011: EUR 67 thousand), transfers from other accounts amounted to EUR 477 thousand and negative translation differences amounted to EUR 14 thousand (2011: EUR 92 thousand).

17. CASH AND CASH EQUIVALENTS

The detail of "Cash and Cash Equivalents" at 31 December 2012 and 2011 is as follows (in thousands of euros):

	12/31/2012	12/31/2011
Cash on hand and at banks	156,724	74,325
Short-term bank deposits and cash equivalents	17,016	23,545
TOTAL	173,740	97,870

The cash at banks earns floating interest based on the daily interest rate for bank deposits. The maturities of the short-term deposits range from one day to three months depending on the Group's immediate liquidity needs; the deposits earn interest at the rates applied. The fair value of the cash and cash equivalents was EUR 173,740 thousand at 2011 year-end (2010 year-end: EUR 97,870 thousand). During the year the companies invested their specific cash surpluses in debt repos and other similar instruments in order to obtain returns on them. All these investments are denominated in euros, except for an amount denominated in US dollars. In 2011 these investments earned annual average interest of around 3.075% (2010: 2.60%).

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

18.1 Share capital and reserves

Share capital

At 31 December 2012 and 2011, 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.

At 31 December 2012 and 2011, the direct and indirect ownership interests in the share capital of Ebro Foods, S.A. held by shareholders owning more than 3% of the capital, is as follows, according to the information furnished to the Spanish National Securities Market Commission (CNMV) and to Ebro Foods, S.A.:

- Instituto Hispánico del Arroz, S.A.: direct holder of 13,725,601 (2011: 13,588,347) shares representing 8.921% (2011: 8.831%) and indirect holder, through Hispafoods Invest, S.L., of 10,707,282 (2011: 10,600,210) shares representing 6.959% (2011: 6.889%). In total, holder of 24,432,883 (2011: 24,188,557) shares representing 15.879% (2011: 15.721%).
- Sociedad Anónima Damm: indirect holder, through Corporación Económica Damm, S.A., of 15,000,000 (2011: 14,850,000) shares representing 9.749% (2011: 9.651%).
- Sociedad Estatal de Participaciones Industriales: indirect holder, through Alimentos y Aceites, S.A., of 15,880,688 (2011: 15,721,882) shares representing 10.321% (2011: 10.218%).
- Corporación Financiera Alba, S.A.: indirect holder, through Alba Participaciones, S.A., of 12,625,080 (2011: 12,498,830) shares representing 8.205% (2011: 8.123%).
- USB, AG.: direct holder of 4,976,689 (2011: 0) shares representing 3.234% (2011: 0%) and indirect holder, through Hispafoods Invest, S.L., of 384,832 (2011: 0) shares representing 0.250% (2011: 0%). In total, holder of 5,361,521 (2011: 0) shares representing 3.484% (2011: 0%).

Share premium

The Consolidated Spanish Limited Liability Companies Law permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use. The share premium was distributed substantially in full in 2009 through the payment of an extraordinary dividend using treasury shares.

Restricted reserves

Also, Spanish companies that report a profit for the year must transfer 10% of that net profit to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed except in the event of dissolution but it can be used to offset losses, provided that sufficient other reserves are not available for this purpose, and to increase capital, provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. At 31 December 2012 and 2011, the Parent's legal reserve had reached the legally required minimum.

Noteworthy regarding the restrictions on the reserves of the subsidiaries is the existence of legal reserves of Spanish and certain foreign subsidiaries amounting to approximately EUR 18.8 million (2010: EUR 17.6 million), which are generally subject to the same restrictions as those described in the preceding paragraph on the Parent's legal reserve. The portion of these reserves that arose in the consolidation process is presented under “Retained Earnings”.

The consolidated equity includes EUR 38,531 thousand in 2012 (2011: EUR 38,581 thousand) relating to Herba Foods S.L. Any distribution of these profits would be subject to income tax. In this connection, the tax point is considered to arise when the decision is taken to distribute the profits, which is not expected to occur at short or medium term.

Translation differences - Reserve due to translation of foreign currency

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

The detail, by company, of the translation differences at 31 December 2012 and 2011 is as follows (in thousands of euros):

	12/31/2012	12/31/2011
Herba business companies	(3,055)	(3,880)
RIVIANA Group (US)	(21,530)	(17,544)
ARI Group (US)	7,683	9,963
NWP Group (US)	6,648	11,294
Ebro Alimentación México	(1)	0
TOTAL	**(10,255)**	**(167)**

Treasury shares

In 2012, the Parent made treasury share purchases and sales pursuant to authorisations granted by the shareholders at the Annual General Meetings held on 15 June 2011 and 29 May 2012, and, in accordance with current legislation, the Spanish National Securities Market Commission (CNMV) was notified accordingly. In 2012 409,720 shares were purchased, 2,255,161 shares sold and 1,538,653 treasury shares delivered to shareholders as dividends payable (see Note 18.3). At 31 December 2012, the Company did not have any treasury shares.

In 2011, the Parent made treasury share purchases and sales pursuant to authorisation granted by the shareholders at the Annual General Meetings held on 2 June 2010 and 15 June 2011, and, in accordance with current legislation, the Spanish National Securities Market Commission (CNMV) was notified accordingly. In 2011 4,087,972 treasury shares were acquired and 703,878 were sold. At 2011 year-end the Company held 3,384,094 treasury shares representing 2.199% of its share capital.

18.2 Earnings per share

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

Diluted earnings per share are calculated by dividing the net profit or loss attributable to ordinary shareholders of the Parent (after deducting interests in non-cumulative redeemable and convertible preference shares -of which there were none at Ebro Foods, S.A. at 31 December 2012 and 2011) by the average number of ordinary shares outstanding in the year (plus the average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares -of which there were none at Ebro Foods, S.A. at 31 December 2012 and 2011).

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

(EXPRESSED IN THOUSANDS OF EUROS)

	12/31/2012	12/31/2011
Net profit attributable to the ordinary shareholders of the Parent from continuing operations	158,592	151,542
Net profit attributable to the ordinary shareholders of the Parent from discontinued operations	0	0
Net profit attributable to ordinary shareholders of the Parent	158,592	151,542
Interest/Dividends on non-cumulative, convertible and redeemable preference shares	0	0
Net profit attributable to ordinary shareholders of the Parent adjusted for the effect of non-cumulative, convertible and redeemable preference shares	158,592	151,542

	2012	2011
	Thousand	Thousand
Weighted average number of ordinary shares used for basic earnings per share (*)	151,659	152,419
Effect of dilution:		
Share options	0	0
Redeemable preference shares	0	0
Weighted average number of ordinary shares adjusted for the effect of dilution	151,659	152,419

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

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

18.3 Dividends

Distribution of dividends approved by the shareholders at the Annual General Meeting on 29 May 2012: it was resolved to distribute a dividend payable in cash with a charge to unrestricted reserves of EUR 0.60 per share for a total of EUR 92,309 thousand, of which EUR 0.15 per share had already been paid in 2011 and EUR 0.15 per share had been paid in January, May and September 2012.

In addition, in accordance with Article 34 of the bylaws, it was resolved to distribute an extraordinary dividend payable through the delivery of treasury shares representing up to 1% of the share capital with a charge to the reserves recognised on the liability side of the balance sheet at 31 December 2011. A total of 1,538,653 shares were delivered on 11 December 2012 at one (1) share per ninety-nine (99) shares owned by each shareholder. Also, it was resolved to distribute a dividend relating to the dividend in kind as an interim payment for shareholders subject to tax withholdings under current tax legislation at the time of delivery, or the related cash equivalent in all other cases, which resulted in a total payment of EUR 6,673 thousand.

(EXPRESSED IN THOUSANDS OF EUROS)

Dividends declared, paid and payable in 2012:	**2012**	**2011**
Dividends paid:		
Final dividend paid for 2011: EUR 0.60 (2010: EUR 0.416)	92,319	64,008
Interim dividend paid for 2012: EUR 0.00 (2011: EUR 0.15)	-23,080	23,080
Extraordinary dividend for 2009 paid in 2011: EUR 0.30	0	46,160
Extraordinary dividend for 2011 paid in 2012 with treasury shares	27,589	0
	96,828	**133,248**
Proposal for approval by the shareholders (not recognised as a liability at 31 December)		
Dividend payable for 2012: EUR 0.48 (2011: EUR 0.45)	73,855	69,239
Interim dividend paid for 2012: EUR 0.00 (2011: EUR 0.15)	0	23,080
	73,855	**92,319**

19. DEFERRED INCOME

This account includes essentially grants related to assets and CO2 emission allowances received and other deferred income which are not significant on an individual basis. The changes in 2012 and 2011 were as follows:

	Government grants		**CO2 emission allowances**		**Other deferred income**		**TOTAL**	
	12/31/12	**12/31/11**	**12/31/12**	**12/31/11**	**12/31/12**	**12/31/11**	**12/31/12**	**12/31/11**
Beginning balance	1,679	5,521	1,252	345	1,785	0	4,716	5,866
Increases due to business combinations	0	0	0	0	0	1,596	0	1,596
Decrease from sale or disposal of businesses	0	(3,840)	0	0	0	0	0	(3,840)
Grants received	5	941	0	0	0	0	5	941
Increase due to CO2 emission allowances	0	0	1,087	2,225	0	0	1,087	2,225
Other increases/decreases	75	0	(2,046)	(1,305)	0	69	(1,971)	(1,236)
Translation differences	1	4	7	75	(22)	163	(14)	242
To (profit) loss from continuing operations	(556)	(947)	(56)	(88)	(488)	(43)	(1,100)	(1,078)
Ending balance	**1,204**	**1,679**	**244**	**1,252**	**1,275**	**1,785**	**2,723**	**4,716**

"Deferred Income" at 31 December 2012 and 2011 relates to grants related to assets granted to various Group companies in relation to investments in property, plant and equipment (to date these companies have met all the terms and conditions associated with the grants), the value assigned to the CO2 emission allowances received under the related national plans and other more minor items.

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

	Not yet taken to income			
GRANTS RELATED TO ASSETS	< 1 year	2-5 years	> 5 years	Total
Detail, by due date, of ending balance	193	949	62	1,204

20. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The detail of "Provisions for Pensions and Similar Obligations" at the Group in 2012 and 2011 is as follows (in thousands of euros):

	12/31/2012 Total	12/31/2011 Total
Balance at 1 January	**40,948**	**32,230**
Translation differences	(186)	317
Business combinations	0	502
Amounts used and payments	(9,461)	(6,741)
Transfers from other accounts	415	0
Excessive provisions and employee terminations	(174)	(57)
Period provisions for changes in actuarial calculations	5,467	8,924
Period provision to financial profit (loss)	572	682
Period provision to staff costs	7,179	5,091
Balance at 31 December	**44,760**	**40,948**

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

	12/31/2012	12/31/2011
Defined benefit obligations	27,462	27,540
Retirement bonus and other similar obligations	13,181	11,394
Incentive scheme for senior executives (Note 27.7)	4,117	2,014
TOTAL	**44,760**	**40,948**

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

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

(a) Non-externalised obligations. In-house provisions and management.
(b) External management of these obligations. The administration, management and investment decisions relating to these assets are performed by an Administration Committee that is independent of Company management.

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(c) In 2007 they became defined contribution obligations.
(d) In 2007 all obligations to current employees became defined contribution obligations, whereas the obligations to former employees continued to be defined benefit obligations.

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

20.1 Retirement bonus and other similar obligations

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

	12/31/2012	12/31/2011
Ebro Foods, S.A. (EF)	177	384
Panzani France Group (Panzani)	11,673	9,911
Herba Rice Group (Herba)	777	692
BIRKEL Group	121	43
US Riviana Group (Riviana)	304	244
Other	129	120
SUBTOTAL	**13,181**	**11,394**

20.1.1 Ebro Foods, S.A.

The balance of the account at 31 December 2012 of Ebro Foods, S.A. totalling EUR 177 thousand (31 December 2011: EUR 384 thousand) relates to the provision to meet the possible long-service bonus obligations to employees that do not have to be externalised by law. The expense for 2012 was EUR 44 thousand (2011: EUR 18 thousand). The decrease in the provision is due to the payments made in the year.

20.1.2 Panzani Group companies

The Panzani Group companies have obligations to employees, basically for retirement bonuses (provisions of EUR 10,713 thousand and EUR 8,739 thousand at the end of 2012 and 2011, respectively) and for long-service bonuses (provisions of EUR 960 thousand and EUR 1,172 thousand at the end of 2012 and 2011, respectively). The aforementioned provisions were recorded on the basis of in-house actuarial calculations. The related expense for 2012 was EUR 2,484 thousand (2011: EUR 1,197 thousand), of which EUR 1,870 thousand (2011: EUR 232 thousand) were charged directly to equity due to actuarial changes. These provisions are in-house provisions and are not invested in specific assets. The increase in the provision is due mainly to the impact of the 2.7% interest rate applied in 2012 (2011: 4.9%).

20.1.3 Herba Rice Group companies

The collective agreement applicable to the Italian and Belgian subsidiaries provides for termination obligations (voluntary or otherwise) to their employees. The related provisions were recognised on the basis of in-house actuarial calculations. At 2012 year-end the provisions amounted to EUR 573 thousand

(EXPRESSED IN THOUSANDS OF EUROS)

(2011 year-end: EUR 529 thousand). The related expense in 2012 was EUR 103 thousand (2011: EUR 81 thousand).

Also, certain Herba Group subsidiaries (S&B Herba in the UK, Boost in Germany, Danrice in Denmark and TBA Suntra in the UK) have defined contribution pension obligations to certain of their employees, on the basis of an annual contribution based on a percentage of their salaries. The related expense in 2012 was EUR 585 thousand (2011: EUR 551 thousand).

Lastly, pursuant to the collective agreement for the rice sector, Herba Ricemills, S.L. has retirement bonus obligations for a scantly material amount externalised through an insurance policy. The related expense for 2012 was EUR 65 thousand (2011: EUR 14 thousand) charged directly to equity due to actuarial changes.

20.1.4 Birkel Group (Germany)

In addition to the defined benefit obligations discussed in the section below, the Birkel Group companies have obligations to their employees, basically in connection with retirement bonuses (provisions of EUR 121 thousand and EUR 43 thousand at the end of 2012 and 2011, respectively). The related provisions were recorded on the basis of in-house actuarial calculations. These provisions are in-house provisions and are not invested in specific assets.

20.1.5 Riviana Foods, Inc. and NWP, Inc.

In addition to the defined benefit obligations discussed below, Riviana and NWP have voluntary contribution plans in place for all employees in the US. The companies contribute a total amount equal to a percentage of the contribution of the employees. The total expense relating to these plans in 2011 was EUR 1,173 thousand (2010: EUR 1,006 thousand).

20.2 Defined benefit pension and other obligations

The detail, by company, is as follows:

Prestación definida	**31/12/2012**			**31/12/2011**		
En miles de euros	Comprom. pensiones	Otros Comprom.	Total	Comprom. pensiones	Otros Comprom.	Total
Grupo Riviana (USA)	12.254	-3.193	9.061	12.284	-3.010	9.274
Grupo NWP (USA y Canadá)	6.060	1.473	7.533	7.066	1.422	8.488
Boost (Herba) (Belgica)	309		309	172		172
Euryza (Herba) (Alemania)	3.509		3.509	3.239		3.239
Grupo Lassie (Holanda)	647		647	647		647
Grupo S&B (Herba) (UK)	4.752		4.752	3.919		3.919
Grupo Birkel (Alemanaia)	1.651		1.651	1.801		1.801
	29.182	**-1.720**	**27.462**	**29.128**	**-1.588**	**27.540**

The changes in 2012 and 2011 in the obligations included in the foregoing table, broken down by geographical area (since this is the most appropriate and uniform basis for reporting obligations of this nature), were as follows:

(EXPRESSED IN THOUSANDS OF EUROS)

	Riviana Group		NWP Group		European Subsidiaries	
Thousands of euros	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Provision for pensions - obligations						
Begining balance	25,933	29,084	22,398	19,500	20,641	16,100
Business combinations	0	0	0	0	0	3,348
Period provisions	2,754	2,722	957	959	1,593	1,307
Changes in actuarial calculations	1,918	2,181	1,314	2,219	2,493	785
Payments for the year	-511	-712	-1,041	-896	-966	-1,237
Employee restructuring	-3,004	-7,826	0	0	0	29
Translation differences	-483	484	-402	616	265	309
Balance at 31 December	26,607	25,933	23,226	22,398	24,026	20,641
Provision for pensions - assets invested						
Value at beginning of the year	-16,660	-23,506	-13,908	-12,929	-10,863	-8,239
Business combinations	0	0	0	0	0	-2,846
Return on assets	-1,087	-1,273	-1,629	-941	-632	-599
Contributions by the Parent	-3,309	-2,005	-1,504	-1,401	-766	-85
Changes in actuarial calculations	-351	1,919	0	1,002	-1,254	585
Payments for the year	3,515	8,550	1,023	900	529	558
Translation differences	346	-344	325	-541	-172	-237
Balance at 31 December	-17,546	-16,659	-15,693	-13,910	-13,158	-10,863
Net balance at 31 December	**9,061**	**9,274**	**7,533**	**8,488**	**10,868**	**9,778**
Net on-balance sheet balance at 31 December	**9,061**	**9,274**	**7,533**	**8,488**	**10,868**	**9,778**

	Riviana Group		NWP Group		European Subsidiaries	
Net annual cost, by line item	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Annual service cost	1,654	1,486	29	23	693	453
Interest cost	1,100	1,236	929	936	900	910
Return on assets	-1,087	-1,273	-1,069	-941	-604	-570
Employee restructuring processes	0	0	0	0	-22	-58
Estimate of unrecognised losses	0	0	0	0	0	0
	1,667	**1,449**	**-111**	**18**	**967**	**735**
Changes in actuarial calculations recognised directly in consolidated equity: (gain) loss	1,572	4,100	785	3,221	1,175	133

Actuarial assumptions	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Discount rate	3.93%	4.50%	3.75%	4.25%	3.2% - 4.1%	4.6 - 6.0%
Salary performance	3.00%	3.50%	0.00%	0.00%	1.2% - 3.0%	1.8% - 3.0%
Return on assets	7.50%	7.50%	7.50%	7.50%	3.2% - 5.7%	4.5% - 6.0%

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

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

21. OTHER PROVISIONS

The changes in "Other Provisions" in 2012 and 2011 were as follows (in thousands of euros):

Changes in other provsions	12/31/2012 Total	12/31/2011 Total
Beginning balance	49,067	87,591
Translation differences	(14)	(61)
Business combinations	0	0
Transfers	0	(1,533)
Amounts used and payments	(18,166)	(27,864)
Other period provisions	14,019	9,356
Period provision charged to income for CO2 allowances	57	88
Provisions reversed with a credit to income	(23,037)	(17,804)
Disposals or sales of businesses (Biosearch in 2011 / Dairy products in 2010)	0	(706)
Ending balance	**21,926**	**49,067**

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

Summary, by line item, of other provisions	12/31/2012	12/31/2011
Provision for the outcome of litigation relating to the sale of the sugar business	8,828	8,544
Provision for the outcome of litigation relating to the sale of the dairy product business	0	28,825
Other litigation and disputes	5,553	6,569
Modernisation and restructuring plan	6,771	4,044
CO2 allowances	145	88
Other sundry, non-significant contingencies	629	997
	21,926	**49,067**

	12/31/2012	12/31/2011
Ebro Foods, S.A.	8,828	37,369
Panzani Group	5,050	5,437
Herba Group	6,663	2,946
Riviana Group	380	621
Birkel Group	447	2,400
Other	558	294
TOTAL CONTINUING OPERATIONS	**21,926**	**49,067**

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

At 31 December 2012, this heading included a provision of EUR 8,828 thousand (2011: EUR 8,544 thousand) to cover the buyer in the sale in 2009 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 provisions or reversals recognised constitute an adjustment to the selling price and, consequently are recognised as a decrease or increase in the gains of the year in which they are recognised or reversed.

Developments in 2012: there were no significant changes in these provisions with respect to 2011.

21.2 Provision for the outcome of litigation relating to the sale of the dairy product business

At 31 December 2012, the balance of this provision, amounting to EUR 0 thousand (2011: EUR 28,825 thousand), covered the buyer in the sale in 2010 of the dairy product business in connection with the resolution of the litigation in progress relating to Puleva Food, S.L.

The provision for the outcome of litigation relating to the sale of the dairy product 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 dairy product business. The provisions or reversals recognised constitute an adjustment to the selling price and, consequently are recognised as a decrease or increase in the gains in the year in which they are recognised or reversed.

In relation to this litigation, in 2012 the payment obligations arising from the final outcome of the most significant litigation concerning the dairy product business were recognised (no other significant litigation remained pending). The consequence of the negotiated settlement of this litigation gave rise to the payment of EUR 7,891 thousand, including fees, penalties and court costs and, accordingly, the remainder of the provision amounting to EUR 20,934 thousand was reversed under "Other Operating Income" in the consolidated income statement for 2012 (see Note 8.1).

21.3 Summary of the status of other litigation and disputes

In addition to the litigation discussed in Notes 21.1 and 21.2 above, at 31 December 2012 provisions had been recognised for other litigation and disputes amounting to EUR 5,553 thousand (31 December 2011: EUR 6,569 thousand).

These provisions recognised for other litigation and disputes related to court proceedings in progress and other claims. The Parent's directors and internal and external legal advisers do not expect any additional material liabilities to arise in connection with the final outcome of these court proceedings and claims.

The detail of the maximum liability arising from the aforementioned litigation (both that indicated in Note 21.1, 21.2 and that indicated in Note 21.3) is as follows (in thousands of euros):

	12/31/2012	12/31/2011
Various contested tax and customs assessments	8,232	38,274
Judicial review contingencies	8,796	8,920
	17,028	**47,194**

The most significant litigation is described below:

1. - Judicial review processes:

    1.1 An income tax assessment was signed on a contested basis as a result of the increase in the tax base due to alleged sugar sales in 1999. Tax deficiency: EUR 3,611 thousand. Unfavourable judgement of the National Appellate Court. A cassation appeal has been filed at the Supreme Court. Amount provisioned. Classification for accounting purposes: probable.

    1.2 The penalty arising from the assessment referred to in point 1.1. amounts to EUR 2,076 thousand. Unfavourable judgement of the National Appellate Court. A cassation appeal has been filed at the Supreme Court. Amount provisioned. Classification for accounting purposes: probable.

2.- Civil proceedings:

    2.1 Court claim filed by several sugar business customers for alleged damage and losses arising from industrial sugar price rigging in 1995 and 1996 declared by the Spanish Competition Agency in its resolution of 15 April 1999. Amount: EUR 4,105 thousand. The decision handed down at first instance upheld half of the claim. The two companies filed appeals against this decision and on 3 October 2011 the Madrid Provincial Appellate Court upheld the claim of Ebro Foods, dismissing the claim of the other party, which announced that it would be filing a cassation appeal at the Supreme Court. Amount not provisioned. Classification for accounting purposes: possible.

    2.2 Azucarera Energías, S.A. filed a claim for EUR 5,969 thousand against Azucarera Ebro, S.L. due to the unilateral termination of the supply agreement, which bound the two companies, in relation to the Rinconada combined heat and power plant (Seville). Ebro Foods, S.A. may be deemed liable to the acquirer of Azucarera Ebro for the consequences for the latter arising from the claim. On 10 December 2012, the Court of First Instance no. 84 of Madrid fully dismissed the claim and sentenced the claimant to pay the related costs. Azucarera Energías, S.A. filed an appeal against this judgment. Amount not provisioned. Classification for accounting purposes: possible.

A lawsuit, the outcome of which could be favourable for Ebro Foods, S.A., with respect to the agreements reached with ABF on the sale of the sugar business in 2009, concerns several claims for amounts unduly paid over to the Spanish Treasury (EUR 6,415 thousand, of which 60% relates to growers and the remaining 40% to the Parent) in relation to the sugar-production levy for the marketing years 2002/2003 to 2005/2006. These claims were brought on the basis of judgments issued by the Court of Justice of the European Union which rendered null and void the regulations that set the rates for the collection of this agricultural tax. The Provincial Customs and Excise Office agreed to the reimbursement of only EUR 350 thousand and, therefore, the Parent filed the aforementioned claims and submitted an application for a preliminary ruling to the Court of Justice of the European Union. In 2012 the Court of Justice in Luxembourg handed down a new judgment favourable to the interests of the sugar companies, which should positively affect the outcome of the claims filed by Azucarera Ebro.

22. FINANCIAL LIABILITIES

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

Financial liabilities	12/31/2012		12/31/2011	
	Non-current	Current	Non-current	Current
Bank borrowings	172,821	65,469	271,289	95,263
Bank credit facilities		170,096		113,721
Other financial liabilities	9,974	0	8,611	185
Payable to associates	0	0	0	0
Guarantees and deposits received (financial)	65	2	80	2
Total financial liabilities	**182,860**	**235,567**	**279,980**	**209,171**

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

Detail, by segment or company, of bank borrowings	12/31/2011	12/31/2012	2014	2015	2016	2017	Subsequent years
- Ebro Foods, S.A	231,957	171,778	27,894	71,942	71,942		
- Riviana Group (US)	38,027	0					
- Herba Rice Group	841	628	199	124	78	82	145
- Panzani France Group	38	25	13	12			
- Arotz Foods, S.A.	426	378	48	48	48	48	186
- Jiloca, S.A.	0	12	12				
Non-current bank borrowings	**271,289**	**172,821**	**28,166**	**72,126**	**72,068**	**130**	**331**
- Ebro Puleva, S.A	58,022	89,600					
- Panzani France Group	33,875	35,452					
- Herba Rice Group	40,291	31,416					
- Riviana Group (US)	38,143	37,338					
- NWP Group	38,645	41,685					
- Other companies	8	74					
Current bank borrowings	**208,984**	**235,565**					
Total bank borrowings	**480,273**	**408,386**					

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

CURRENCY	12/31/2012	12/31/2011
Euro	97,531	74,425
US dollar	307,027	404,423
Egyptian pound	3,020	333
Thai baht	436	481
Hungarian forint	372	611
Total	**408,386**	**480,273**

The long-term bank loans financed the investments in Riviana Inc (2004), Panzani SAS (2005) and New Word Pasta Company (2006), are guaranteed by the subsidiaries Herba

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Food, S.L., Herba Ricemills, S.L., Panzani SAS and Riviana Foods Inc., and correspond to:

- A syndicated loan agreement entered into in May 2005, novated in November 2006, April 2009 and August 2010, amounting to USD 110.5 million at 31 December 2012 (an initial USD 440 million less USD 44 million repaid early in the April 2009 novation and less USD 175 million repaid early in the August 2010 novation), the principal of which will be repaid in six half-yearly instalments of USD 36.8 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 and July 2010, 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 bank loans also include the loan obtained by the Riviana Group in May 2007 to replace the bridge loan arranged in October 2006 for an initial amount of USD 246 million less USD 24.6 million repaid early in May 2009. This loan was granted for the acquisition of the Minute Rice trademark and bears interest at LIBOR plus a market spread. This loan is being repaid over five years in ten equal half-yearly instalments, the first of which was paid in November 2007 and the last to be paid in November 2013. It is guaranteed by the other US subsidiary NWP Inc.

In relation to the other bank borrowings, at 31 December 2012 the various Group companies had arranged unsecured credit facilities with banks with a total limit of around EUR 309 million (31 December 2011: EUR 342 million), against which a total of EUR 142 million had been drawn down at 31 December 2011 (31 December 2011: EUR 114 million). The credit facilities of the Panzani Group, with a limit of EUR 90 million in 2011 (2010: EUR 90 million) are secured by collection rights.

At 31 December 2012 and 2011, there were also note and bill discounting facilities, issues of guarantees and other bank guarantees, the detail being as follows:

At 31 December 2012 **FINANCING ARRANGEMENTS**	**Amount drawn down**	**Amount drawable**	**Total limit**
Draft discounting lines	12	4,000	4,012
Bank guarantee facilities	30,928	94,875	125,803
Total consolidated Group	**30,940**	**98,875**	**129,815**

At 31 December 2011 **FINANCING ARRANGEMENTS**	**Amount drawn down**	**Amount drawable**	**Total limit**
Draft discounting lines	8	3,000	3,008
Bank guarantee facilities	52,630	89,740	142,370
Total consolidated Group	**52,638**	**92,740**	**145,378**

The average annual interest rate on the short-term loans in 2012 was 3.0% (2011: 2.8%).

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Certain ratios over the term of the long-term loans of Ebro Foods, S.A. and the loan of the Riviana Group, based on the consolidated financial statements of the Ebro Foods Group or the aggregate of Riviana/NWP, respectively, must be achieved at all times. The failure to achieve these ratios would increase borrowing costs and, depending on the cases, lead to a situation that could trigger the early repayment of the loans. At 31 December 2012 and 2011, all the main ratios were being adequately achieved.

23. OTHER NON-FINANCIAL PAYABLES

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

24. TRADE AND OTHER PAYABLES

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

	12/31/2012	12/31/2011
Trade payables	234,079	249,665
Other payables	23,701	18,562
Remuneration payable	33,587	36,620
TOTAL	**291,367**	**304,847**

Trade payables do not bear interest and, in general, fall due at between 60 and 80 days. The other payables are also non-interest bearing, with average maturity of three months. They relate mainly to payables on purchases of property, plant and equipment, trade discounts and rebates and commercial media and marketing payables.

Disclosures on the payment periods to suppliers. “Disclosure obligation” provided for in Law 15/2010, of 5 July.

The information on the Group's Spanish companies is as follows:

Amounts paid and payable at the balance sheet date

	12/31/2012		12/31/2011	
	Amount	%*	Amount	
- Paid in the maximum payment period (**)	277,122	95.10%	284,502	95.85%
- Remainder	14,276	4.90%	12,303	4.15%
Total payments made in the year	291,398	100.00%	296,805	100.00%
Weighted average period of late payment (days)	39.8		36.3	
Payments at year-end not made in the maximum payment period	769		1,080	

* Percentage of total
** The maximum payment period applicable in each case will be based on the nature of the goods and services received by the company in accordance with Law 3/2004, of 29 December, on combating late payment in commercial transactions.

25. TAX MATTERS

The detail of the tax receivables and payables at 31 December 2012 and 2011 is as follows (in thousands of euros):

	Receivables		Payables	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
VAT and Personal income tax withholdings	23,078	28,964	(8,841)	(8,154)
Accrued social security taxes	27	29	(1,358)	(1,376)
Grants receivable	693	1,430		
Other	97	73	(4,209)	(4,940)
Total tax receivables and payables	**23,895**	**30,496**	**(14,408)**	**(14,470)**
Net income tax payable	**7,958**	**10,644**	**(8,643)**	**(7,306)**

Certain companies in the consolidated Group file consolidated tax returns on the basis of the applicable tax and other legislation in each country. The companies that file tax returns in this way are: most of the Spanish companies (Spanish tax group), the Riviana Group (US), the French Panzani Group and, from 2012 onwards, the Group companies in Germany.

Also, income tax rates vary from one country to another and include most notably due to their relative importance: 30% in Spain, 36.10% in France, 37.5% in the US, 30% in Germany and 25.5% in the Netherlands. The specific line item called “Effect of Different Tax Rates (Tax Base)” in the table below shows the effects of the differences in the tax rates in each country with respect to 30%.

The detail of the tax payable by the consolidated Group for accounting purposes for the years ended 31 December 2012 and 2011 is as follows (in thousands of euros):

INCOME STATEMENT - INCOME TAX	12/31/2012	12/31/2011
Current tax expense of continuing operations	55,354	34,766
Current tax expenses on sale of discontinued operations	0	0
Total deferred tax expense	30,723	22,284
Deferred tax expense in equity	1,341	(21,502)
Adjustment of prior year's tax	(694)	(3,720)
Adjustment of net deferred tax liability	(1,881)	(98)
Equivalent tax charges	8,425	13,771
Tax assessments and penalties	(635)	1,539
	92,633	**47,040**

Income tax expense recognised directly in equity	12/31/2012	12/31/2011
Expense of changes in share capital of subsidiaries	0	0
Change in fair value of financial assets	3,257	(18,410)
Change in actuarial gains and losses	(1,916)	(3,092)
	1,341	**-21,502**

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	12/31/2012		12/31/2011	
	Accounting	Tax	Accounting	Tax
Profit before tax from continuing operations	**247,901**	**247,901**	**222,393**	**222,393**
Profit/Loss before tax on sale of discontinued operations	**0**	**0**	**0**	**0**
Profit (loss) before tax recognised in equity	**5,390**	**5,390**	**(70,289)**	**(70,289)**
Foreign currency hedges recognised in translation differences	**6,141**	**6,141**	**(7,360)**	**(7,360)**
	259,432	**259,432**	**144,744**	**144,744**
Permanent differences	(6,696)	(6,696)	(9,746)	(9,746)
Tax loss carryforwards for the year	14,400	14,400	6,097	6,097
Offset of tax loss carryforwards of individual companies	(3,463)	(3,463)	(270)	(270)
Adjusted accounting profit	**263,673**	**263,673**	**140,825**	**140,825**
Temporary differences		(98,667)		20,342
Tax losses for the year		1,719		0
Offset of tax loss carryforwards		(1,581)		(668)
Adjusted tax profit	**263,673**	**165,144**	**140,825**	**160,499**
Effect of different tax rates (Base)	30,400	22,049	24,742	17,301
Taxable profit for the Economic Group	**294,073**	**187,193**	**165,567**	**177,800**
Tax charge at 30%	88,222	56,158	49,670	53,340
Tax credits taken	(804)	(804)	(14,122)	(18,574)
Net income tax payable	**87,418**	**55,354**	**35,548**	**34,766**
Adjustment of prior year's income tax	(694)		(3,720)	
Adjustment of net deferred tax liability	(1,881)		(98)	
Tax assessments and penalties	(635)		1,539	
Equivalent tax charges	8,425	7,102	13,771	10,671
Adjustment of prior year tax payable		(2,747)		(4,015)
Total income tax expense	**92,633**	**59,709**	**47,040**	**41,422**
Income tax expense of continuing operations	89,450		70,750	
Income tax expense on sale of discontinued operations	0		0	
Income tax expense recognised in equity	1,341		(21,502)	
Income tax expense recognised in translation differences	1,842		(2,208)	
	92,633		**47,040**	

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

The total expense for tax purposes less withholdings and prepayments in 2012 resulted in income tax payable (net tax payable).

The companies' temporary differences in 2012 and 2011 were as follows:

- Net decrease of EUR 6,141 thousand (2011: increase of EUR 7,360 thousand) as a result of the net exchange differences on the hedging of the US dollar loans.
- Decrease of EUR 5,520 thousand (2011: increase of EUR 70,398 thousand) due to the effect of the recognition at fair value of the available-for-sale financial assets and to the actuarial changes in the pension obligations, recognised directly in equity.
- Decrease of EUR 12,228 thousand (2011: EUR 22,302 thousand) due to the temporary differences of NWP relating basically to the amortisation of trademarks and the depreciation and amortisation of other assets for tax purposes, and temporary differences arising from the recognition for accounting and tax purposes of provisions and accrual accounts.

- Decrease of EUR 20,379 thousand (2011: EUR 33,898 thousand) due to the temporary differences of Riviana relating basically to the amortisation of trademarks and the depreciation and amortisation of other assets for tax purposes.
- Decrease of EUR 4,667 thousand (2011: EUR 5,753 thousand) due to the amortisation for tax purposes of the goodwill arising from acquisitions of foreign operations.
- Decrease of EUR 16,363 thousand due to the temporary differences of the Herba Group relating basically to the amortisation of trademarks and the depreciation and amortisation of other assets for tax purposes, accelerated depreciation and amortisation in Spain and temporary differences arising from the recognition for accounting and tax purposes of provisions.
- Decrease of EUR 26,344 thousand due to the non-computable gains which in 2012 related to the gains obtained on the sale of several trademarks (see Note 9). In Spain, pursuant to Additional Provision Four of the Consolidated Spanish Corporation Tax Law, approved by Legislative Royal Decree 4/2004, of 5 March, the income obtained from the transfer of the assets and liabilities performed in accordance with antitrust legislation is not included in the tax base if the amount obtained in the transfer is reinvested in a period of three years from the date of sale in the terms and conditions set forth in Article 42 of the aforementioned Law. The total reinvestment obligation amounts to EUR 32.5 million.
- Decrease of EUR 7,025 thousand (2011: increase of EUR 4,537 thousand), principally due to transactions of other companies with positive or negative tax effects arising from provisions reversed and/or recognised in the year, to the recognition and/or reversal of impairment losses on non-current and financial assets and to provisions for other contingencies that were or were not deductible for tax purposes in the year.

The companies' permanent differences relate basically to the amounts of equivalent taxes that are not included in the calculation of income tax, to tax expenses that were not reversed, to the application for tax purposes of losses on non-current financial assets and to the reversal of certain provisions that were not deductible for tax purposes when they were recognised in prior years.

The tax credits relate mainly to tax credits for new product development and innovation expenditure, for patronage, double taxation tax credits and the reinvestment of income from non-current asset sales. The amount of reinvestments made by the Spanish tax group that could entitle it to take tax credits for the reinvestment of income in 2012 was EUR 5.0 million (2011: EUR 115.3 million) (EUR 57.3 million, EUR 1.5 million, EUR 16.2 million, EUR 11.2 million and EUR 76.3 million, in the period from 2010 to 2006, 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 for tax purposes were met.

In addition, at 31 December 2012, there were unused reinvestment tax credits amounting to EUR 32.5 million, which are conditional upon reinvestment by the Spanish tax group of EUR 500 million (within a time frame that ends in August 2013).

The detail of the deferred taxes for the years ended 31 December 2012 and 2011 is as follows (in thousands of euros):

	12/31/2012		12/31/2011	
	Assets	Liabilities	Assets	Liabilities
Balance at 1 January	**55,582**	**(201,918)**	**64,154**	**(193,755)**
Transfers of balances	(138)	(1,693)	260	(72)
Translation differences	(314)	2,165	74	(4,213)
Business combinations	0	0	3,048	(8,946)
Disposals due to sale or exclusion of businesses	0	0	(3,345)	0
Earned / applied in income	(3,415)	(26,019)	(8,471)	(12,688)
Earned /applied in equity	1,215	(2,556)	1,521	19,981
Adjustments	94	22	(1,659)	(2,225)
Change in deferred tax provision	0	0	0	0
Balance at 31 December	**53,024**	**(229,999)**	**55,582**	**(201,918)**

The detail, by most significant line item, of the deferred taxes at 31 December 2012 and 2011 is as follows:

	12/31/2012		12/31/2011	
	Deferred tax		Deferred tax	
	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	5,690	(71,466)	6,592	(68,074)
Investment property	4,189	(606)	6,329	(613)
Goodwill	4,696	(33,643)	7,279	(34,469)
Other intangible assets	4,044	(103,070)	3,323	(88,012)
Inventories	1,885	(2,055)	1,989	(2,394)
Accounts receivable and prepayments and accrued income	466	(541)	837	(55)
Pensions and similar obligations	6,042	(326)	3,503	5,091
Other provisions (long-term)	5,932	(854)	7,505	(396)
Accounts payable and accruals and deferred income	11,939	0	11,064	(1,235)
Tax credits and tax loss carryforwards	7,835	2,483	7,153	3,181
Accrual of tax benefits	0	(13,603)	0	(13,711)
Adjustments to value of available-for-sale financial assets	306	(306)	0	2,938
Provisions and gains of tax group investments	0	(6,012)	8	(4,169)
TOTAL	**53,024**	**(229,999)**	**55,582**	**(201,918)**

Regarding to the aforementioned tax loss carryforwards of the Group companies, at 31 December 2012 there were tax loss carryforwards available for offset over the coming 15 years amounting to EUR 40 million (31 December 2011: EUR 30 million).

In May 2011, the Spanish tax group received notification from the tax authorities of the commencement of a tax review for 2004 to 2007, inclusive. The tax audit concluded with the issue of tax assessments, which were signed on an uncontested basis at the beginning of March 2012, giving rise to payment of EUR 2,047 thousand.

Also, the Spanish tax group has all years since 2008 open for review by the tax authorities for all the taxes applicable in those years. The other Group companies have the taxes and years open for review pursuant to the applicable local legislation and that have not previously been subject to tax audit, in most cases being the years since 2008.

26. OBLIGATIONS AND CONTINGENCIES

Obligations under operating leases - Group as lessee

The Group holds certain vehicles, machinery, warehouses and offices under operating leases. These operating leases have an average term of between three and five years, without any renewal clauses in the leases, except for the concession agreement for the land of one of the plants in the US which is for a renewable term of 20 years. There are no restrictions on the lessee with respect to the arrangement of these leases. The detail of the future minimum lease payments under non-cancellable operating leases at 31 December 2011 and 2010 is as follows (in thousands of euros):

	12/31/2012	12/31/2011
Within one year	9,352	8,411
Between one and five years	22,183	15,323
After five years	8,870	5,863
Total	**40,405**	**29,597**

Obligations under operating leases - Group as lessor

The Group has leased out various buildings within its investment property portfolio. These non-cancellable leases have residual terms of between three and five years. All the leases include a clause to increase the lease payments annually, based on prevailing market conditions. The detail of the future minimum lease payments receivable under non-cancellable operating leases at 31 December 2011 and 2010 is as follows (in thousands of euros):

	12/31/2012	12/31/2011
Within one year	912	797
Between one and five years	2,049	894
After five years	591	1
Total	**3,552**	**1,692**

Non-current asset investment and divestment commitments

At 31 December 2012, the Group had investment commitments for acquisitions and renewals of machinery amounting to EUR 15,100 thousand (31 December 2011: EUR 6,825 thousand).

Commitments relating to inventories

See information disclosed in Note 15.

Legal proceedings and guarantees relating to disputes

See information disclosed in Note 21.

Guarantees

At the end of 2012 and 2011 the following bank guarantees had been provided:

	12/31/2012	12/31/2011
From banks: Provided to courts and agencies in relation to economic-administrative claims and tax deferral (Note 21)	4,872	19,256
From banks: provided to the Spanish Agricultural Guarantee Fund (FEGA), customs and third parties to guarantee fulfilment of	20,050	33,374
obligations in ordinary business operations	0	0
Provided to banks to guarantee fulfilment of obligations in business operations of other associates or non-Group companies	6,296	419
TOTAL	**31,218**	**53,049**

Lastly, the credit facilities granted to the Panzani Group with a limit of EUR 90 million in 2011 (2010: EUR 90 million) are secured by collection rights.

27. RELATED PARTY TRANSACTIONS

The sales to and purchases from related parties were performed on an arm's length basis. At year-end the balances relating to commercial transactions are not secured, are not interest bearing and are settled in cash.

During the years ended 31 December 2012 and 2011 the Group did not recognise any allowances for doubtful debts from related parties. The need for allowances is assessed each year on the basis of an examination of the financial position of the related party and of the market in which it operates.

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

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

The transactions, excluding dividends, of any Ebro Foods Group company with these significant shareholders (unless they are directors, in which case they are reflected in Note 27.2) are summarised as follows (in thousands of euros):

SIGNIFICANT SHAREHOLDER	EBRO FOODS GROUP COMPANY	TYPE OF TRANSACTION	TOTAL 2012	TOTAL 2011
Sociedad Anónima DAMM (Estrella de Levante, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	1,195	1,072
Sociedad Anónima DAMM (Cía. Cervecera Damm S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	3,701	3,377

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

The transactions, excluding dividends and remuneration, between Ebro Foods, S.A. and its directors and executives is as follows (in thousands of euros):

DIRECTORS	EBRO FOODS GROUP COMPANY	TYPE OF TRANSACTION	TOTAL 2012	TOTAL 2011
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	488	315
Instituto Hispánico del Arroz, S.A.	Boost Nutrition, C.V.	Sales of goods (finished goods or work in progress)	53	0
Instituto Hispánico del Arroz, S.A.	S&B Herba Foods, Ltd.	Sales of goods (finished goods or work in progress)	4	38
Instituto Hispánico del Arroz, S.A.	Euryza, GmbH	Sales of goods (finished goods or work in progress)	0	24
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	7,401	5,169
Instituto Hispánico del Arroz, S.A.	Boost Nutrition, C.V.	Purchases of goods (finished goods or work in progress)	74	0
Instituto Hispánico del Arroz, S.A.	Euryza, GmbH	Purchases of goods (finished goods or work in progress)	0	24
Instituto Hispánico del Arroz, S.A.	S&B Herba Foods, Ltd.	Purchases of goods (finished goods or work in progress)	408	85
Instituto Hispánico del Arroz, S.A.	TBA Suntra UK, Ltd.	Purchases of goods (finished goods or work in progress)	0	170
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Rendering of services	1	1
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Lease (expense)	49	150
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Services received	123	0
Instituto Hispánico del Arroz, S.A.	Herba Foods, S.L.U.	Services received	50	50
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	423	291
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Boost Nutrition, C.V.	Sales of goods (finished goods or work in progress)	49	0

(EXPRESSED IN THOUSANDS OF EUROS)

Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	S&B Herba Foods, Ltd.	Sales of goods (finished goods or work in progress)	4	95
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	73	75
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Boost Nutrition, C.V.	Purchases of goods (finished goods or work in progress)	71	0
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	S&B Herba Foods, Ltd.	Purchases of goods (finished goods or work in progress)	212	142
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	TBA Suntra UK, Ltd.	Purchases of goods (finished goods or work in progress)	0	170
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	TBA Suntra BV	Purchases of goods (finished goods or work in progress)	106	0
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Herba Ricemills, S.L.U.	Rendering of services	0	6
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	271	353
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Boost Nutrition, C.V.	Sales of goods (finished goods or work in progress)	264	0
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	S&B Herba Foods, Ltd.	Sales of goods (finished goods or work in progress)	1	147
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	TBA Suntra UK, Ltd.	Sales of goods (finished goods or work in progress)	3	0
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	73	153
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Boost Nutrition, C.V.	Purchases of goods (finished goods or work in progress)	265	0
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	S&B Herba Foods, Ltd.	Purchases of goods (finished goods or work in progress)	183	194
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	TBA Suntra UK, Ltd.	Purchases of goods (finished goods or work in progress)	25	170
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	270	364
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Boost Nutrition, C.V.	Sales of goods (finished goods or work in progress)	219	0

(EXPRESSED IN THOUSANDS OF EUROS)

Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	S&B Herba Foods, Ltd.	Sales of goods (finished goods or work in progress)	4	103
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Euryza, GmbH	Sales of goods (finished goods or work in progress)	0	51
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	123	149
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Boost Nutrition, C.V.	Purchases of goods (finished goods or work in progress)	219	0
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	S&B Herba Foods, Ltd.	Purchases of goods (finished goods or work in progress)	73	151
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Euryza, GmbH	Purchases of goods (finished goods or work in progress)	0	51
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	TBA Suntra UK, Ltd.	Purchases of goods (finished goods or work in progress)	0	170
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	TBA Suntra BV	Purchases of goods (finished goods or work in progress)	79	0
Instituto Hispánico del Arroz, S.A. (El Cobujón, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	482	201
Instituto Hispánico del Arroz, S.A. (El Cobujón, S.A.)	Boost Nutrition, C.V.	Sales of goods (finished goods or work in progress)	51	51
Instituto Hispánico del Arroz, S.A. (El Cobujón, S.A.)	S&B Herba Foods, Ltd.	Sales of goods (finished goods or work in progress)	4	38
Instituto Hispánico del Arroz, S.A. (El Cobujón, S.A.)	TBA Suntra BV	Sales of goods (finished goods or work in progress)	0	65
Instituto Hispánico del Arroz, S.A. (El Cobujón, S.A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	59	82
Instituto Hispánico del Arroz, S.A. (El Cobujón, S.A.)	Boost Nutrition, C.V.	Purchases of goods (finished goods or work in progress)	72	51
Instituto Hispánico del Arroz, S.A. (El Cobujón, S.A.)	S&B Herba Foods, Ltd.	Purchases of goods (finished goods or work in progress)	408	158
Instituto Hispánico del Arroz, S.A. (El Cobujón, S.A.)	TBA Suntra BV	Purchases of goods (finished goods or work in progress)	0	65

(EXPRESSED IN THOUSANDS OF EUROS)

Instituto Hispánico del Arroz, S.A. (Mundiarroz, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	345	350
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S.A.)	Boost Nutrition, C.V.	Sales of goods (finished goods or work in progress)	191	35
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S.A.)	S&B Herba Foods, Ltd.	Sales of goods (finished goods or work in progress)	4	129
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S.A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	124	135
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S.A.)	Boost Nutrition, C.V.	Purchases of goods (finished goods or work in progress)	212	35
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S.A.)	S&B Herba Foods, Ltd.	Purchases of goods (finished goods or work in progress)	173	176
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S.A.)	TBA Suntra UK, Ltd.	Purchases of goods (finished goods or work in progress)	0	170
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S.A.)	TBA Suntra BV	Purchases of goods (finished goods or work in progress)	33	0
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	329	346
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	Boost Nutrition, C.V.	Sales of goods (finished goods or work in progress)	118	0
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	S&B Herba Foods, Ltd.	Sales of goods (finished goods or work in progress)	4	92
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	113	130
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	Boost Nutrition, C.V.	Purchases of goods (finished goods or work in progress)	139	0
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	S&B Herba Foods, Ltd.	Purchases of goods (finished goods or work in progress)	95	139
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	TBA Suntra UK, Ltd.	Purchases of goods (finished goods or work in progress)	0	170
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	TBA Suntra BV	Purchases of goods (finished goods or work in progress)	105	0

Antonio Hernández Callejas	Herba Ricemills, S.L.U.	Purchases of property, plant and equipment, intangible assets or other assets	0	1
Antonio Hernández Callejas	Ebro Foods, S.A.	Lease (expense)	36	0

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

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

<u>Dividends 2012:</u>

- Dividends to significant shareholders: 24,183
- Dividends to directors and executives: 20,352

<u>Dividends 2011</u>:

- Dividends to significant shareholders: 35,120
- Dividends to directors and executives: 26,340

In relation to the dividends distributed, the following is hereby disclosed:

- Of the EUR 24,183 thousand paid in 2012 to significant shareholders, EUR 5,443 thousand related to the dividend payable in shares, with each share valued at EUR 14.20 (market price at 3 December 2012).

- Of the EUR 20,352 thousand paid in 2102 to directors and executives, EUR 4,581 thousand related to the dividend payable in shares, with each share valued at EUR 14.20 (market price at that same date).

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

There were no related-party transactions of this type in 2011.

27.5 <u>Other matters of interest</u>

- Ebro Foods, S.A. has an ownership interest of less than 20% in Biosearch, S.A. (16.82% at 31 December 2012), which is recognised in the Ebro Group's financial statements under "Available-for-Sale Financial Assets".

  Biosearch, S.A. is a listed company with a similar object to that of Ebro Foods, S.A., and Miguel Ángel Pérez Álvarez, the Non-Director Secretary of the Board of Directors of Ebro Foods, is a proprietary director of Biosearch.

The transactions performed from 1 January to 31 December 2012 between Biosearch, S.A. and various Ebro Foods Group companies are detailed below (in thousands of euros):

EBRO FOODS GROUP COMPANY	TYPE OF TRANSACTION	TOTAL 2012	TOTAL 2011
Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	108	146
Herba Ricemills, S.L.U.	Services received	77	137
Herba Ricemills, S.L.U.	Other expenses	0	200
Herba Ricemills, S.L.U.	Lease (income)	25	0
Dosbio 2010, S.L.U.	Lease (expense)	28	28
Ebro Foods, S.A.	Rendering of services	90	58

- Ebro Foods, S.A. also has an ownership interest of less than 20% in Deoleo, S.A. (9.3% at 31 December 2012), which is recognised in the Ebro Group's financial statements under "Available-for-Sale Financial Assets".

  Antonio Hernández Callejas, Chairman of the Board of Directors of Ebro Foods, S.A., is also a propriety director of Deoleo.

  The transactions performed between 1 January and 31 December 2012 between Deoleo and various Ebro Foods Group companies are detailed below (in thousands of euros):

EBRO FOODS GROUP COMPANY	TYPE OF TRANSACTION	TOTAL 2012	TOTAL 2011
Riviana Foods, Inc.	Sales of goods (finished goods or work in progress)	0	4
Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	0	9,791
Riviana Foods, Inc.	Purchases of goods (finished goods or work in progress)	0	5,360
Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	32	29
S&B Herba Foods, Ltd.	Purchases of goods (finished goods or work in progress)	0	463
Ebro Foods, S.A.	Purchases of property, plant and equipment, intangible assets or other assets	0	203,493
Herba Ricemills, S.L.U.	Other income	0	172
Herba Ricemills, S.L.U.	Other expenses	0	126
Herba Ricemills, S.L.U.	Rendering of services	23	0
Herba Ricemills, S.L.U.	Services received	31	0
Lassie Nederland, BV	Services received	156	46
Lustucru Riz, S.A.	Obligations acquired	0	653
Lustucru Riz, S.A.	Purchases of property, plant and equipment, intangible assets or other assets	653	0

27.6 Duties of the directors: conflict of interest and prohibition of competition

Pursuant to Articles 229, 230 and 231 of the Spanish Limited Liability Companies Law, this section of the notes to the consolidated financial statements discloses information that the directors, in compliance with their duty of loyalty, have notified to the Parent on 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 Foods, S.A., whether or not these companies form part of the Ebro Foods Group.

- Alimentos y Aceites, S.A.

  - Direct ownership interest of 1.738% in Biosearch, S.A. No position is held.

- Instituto Hispánico del Arroz:

  - Direct ownership interest of 100% in the following Hisparroz Group companies: El Cobujón, S.A, Dehesa Norte, S.A., Mundiarroz, S.A., Pesquerías Isla Mayor, S.A., Australian Commodities, S.A. and Islasur, S.A. In all cases it holds the position of director.

    It is hereby stated that Instituto Hispánico del Arroz, S.A. is a company engaging in an activity that is similar to the activity that constitutes the company object of Ebro Foods, S.A. and that it holds an ownership interest of 15.879% therein (direct ownership interest of 8.921% and indirect ownership interest of 6.959% through Hispafoods Invest,S.L., in which it has a 100% direct and indirect ownership interest and holds the position of director).

- Antonio Hernández Callejas:

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

  - Direct ownership interest of 0.001% in Deoleo, 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.

- Dr. Rudolf-August Oetker:

  - Direct ownership interest of 12.5% in Dr. August Oetker KG. He holds the position of Chairman of the Advisory Board.

  - He is a member of the Advisory board of the following companies belonging to the Dr. August Oetker KG Group: Dr. Oetker GmbH, Dr. August Oetker Nahrungsmittel KG, Dr. Oetker International Beteiligungs GmbH, Dr. August

Oetker Nahrungsmittel Beteiligungs GmbH and Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft KG.

The positions held by Antonio Hernández Callejas at other companies belonging to the Ebro Foods Group, in which he does not have any direct ownership interests are as follows:

Ebro Foods Group company	Position
A.W. Mellish, Ltd.	Director acting severally
American Rice, Inc.	Chairman
Anglo Australian Rice, Ltd.	Director
Arrozeiras Mundiarroz, S.A.	Chairman
Bertolini Import und Export, Gmbh	Director acting severally
Birkel Teigwaren, Gmbh	Director acting severally
Blue Ribbon Mills, Inc.	Chairman
Boost Nutrition, C.V.	Director
Bosto Panzani Benelux, S.A.	Director
Danrice A/S	Director
Ebro America, Inc.	Chairman
Heap Comet, Ltd.	Director acting severally
Herba Germany GmbH	Director acting severally
Joseph Heap Property, Ltd.	Director acting severally
Joseph Heap & Sons Ltd.	Director
N&C Boost, N.V.	Director
New World Pasta Company	Chairman
Panzani, S.A.S.	Director
Riviana Foods, Inc.	Chairman
S&B Herba Foods, Ltd.	Director
Sos Cuétara Usa, Inc.	Chairman
T.A.G. Nahrungsmittel, Gmbh	Director acting severally
Vogan, Ltd.	Director

It is also indicated that Blanca Hernández Rodríguez is the chairwoman of the Board of Trustees of the Ebro Foods Foundation and Antonio Hernández Callejas is a trustee.

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

In 2012 and 2011 no transactions were performed by the directors of Ebro Foods, S.A. with Ebro Foods Group companies that did not form part of the ordinary course of business of these companies or were not performed under arm's length conditions.

27.7 Remuneration of directors and executives

Directors' remuneration - Ebro Foods, S.A.'s Board members earned total remuneration at all the Group companies amounting to EUR 4,556 thousand in 2012 (2011: EUR 4,244 thousand), the detail being as follows (in thousands of euros):

DIRECTORS' REMUNERATION AND OTHER BENEFITS	2012	2011
REMUNERATION		
Attendance fees	354	348
Bylaw-stipulated profit sharing	2,565	2,565
Total non-executive directors	**2.919**	**2,913**
Wages, salaries and professional fees	1,637	1,331
Termination benefits and other	0	0
Total executive directors	**1,637**	**1,331**
TOTAL REMUNERATION	**4,556**	**4,244**
OTHER BENEFITS		
Life insurance and retirement benefits	0	0

The Parent'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 28 February 2013 and at the proposal of the Recruitment and Remuneration Committee resolved, for 2012, to freeze the bylaw-stipulated profit-sharing at EUR 2,565 thousand, without any change in relation to 2011 and 2010. This will entail proposing to the shareholders at the Annual General Meeting that 1.62% of the consolidated net profit attributable to the Company in 2012 be used.

The Board also resolved to maintain the attendance fees from the previous year at EUR 1,600 for attending Ebro Foods Board meetings and EUR 800 for attending the various committee meetings, giving rise to a total amount of EUR 306 thousand for 2012.

The fees for attending the Board meetings of Deoleo, S.A. (company in which Ebro Foods has an ownership interest of 9.3%) amounted to EUR 48 thousand and were earned by the directors of this company that sat on the Board of Directors of Ebro Foods, S.A. in 2012.

Therefore, the sum total of the attendance fees earned by the directors of Ebro Foods, S.A., both of the Parent and of the aforementioned subsidiary, amounted to EUR 354 thousand.

The individualised breakdown of the remuneration in 2012 is as follows (in thousands of euros):

Director	Bylaw-stipulated profit sharing	Attendance fees	Fees for attending the board meetings of Deoleo, S.A.	Fixed remuneration for executive functions	Variable remuneration for executive functions	Total
Hernández Callejas, Antonio	359.8	23.2	37.6	682	955	2,057.6
Carceller Arce, Demetrio	312.9	28	10.2	0	0	351.1
Alimentos y Aceites, S.A.	149.9	19.2	0	0	0	169.1
Barreiro Seoane, José (Director until 29/05/12)	105.7	12	0	0	0	117.7
Castelló Clemente, Fernando	174.6	28.8	0	0	0	203.4
Comenge Sánchez-Real, José Ignacio	142.8	24	0	0	0	166.8
Daurella Comadrán, Sol	176.1	28.8	0	0	0	204.9
Del Pino y Calvo Sotelo, Leopoldo (Director until 29/11/12)	206.1	20	0	0	0	226.1
Hernández Rodríguez, Blanca	170.9	28.8	0	0	0	199.7
Instituto Hispánico del Arroz, S.A	134.9	17.6	0	0	0	152.5
Nieto de la Cierva, José	209.9	20.8	0	0	0	230.7
Oetker, Rudolf-August	112.4	17.6	0	0	0	130
Ruiz-Gálvez Priego, Eugenio	142.8	24	0	0	0	166.8
Segurado García, José Antonio (Director since 29/05/12)	166	13.6	0	0	0	179.6
TOTAL	**2.565**	**306**	**48**	**682**	**955**	**4.556**

Of the total variable remuneration for the sole director who discharges executive duties, in 2012 EUR 343 thousand (2011: 0 thousand) related to the Deferred Annual Remuneration System associated with the Group's 2010-2012 Strategic Plan for 2010. This amount was provisioned in the 2010 financial statements for payment in 2012.

In addition to the total remuneration received in 2012 by the director who discharges executive duties, a EUR 1,297 thousand (2011: EUR 271 thousand), provision was recognised as a provisional estimate of the Deferred Annual Remuneration System associated with the Group's 2010-2012 Strategic Plan for 2012, which represents 70% of the three-year period. This amount will accrue and be paid in 2014.

The aforementioned Deferred Annual Remuneration System is not tied to Ebro Foods' share price 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.

<u>Remuneration of executives</u> - At 31 December 2012, Ebro Foods, S.A. had ten executives (2011: 12), the total aggregate remuneration of which in 2012 was EUR

4,500 thousand (2011: EUR 2,562 thousand), relating to the wages and salaries of the ten executives indicated plus the wages and termination benefits of two others whose relationship with the Company ceased in 2012.

In relation to the executives (excluding the Executive Director) of Ebro Foods, S.A., included in the Deferred Annual Remuneration System associated with the Group's 2010-2012 Strategic Plan described in Note 26, EUR 5 thousand relating to 2010 was paid in 2012 (2011: EUR 0 thousand). This amount was provisioned in the financial statements for 2010.

Also, a EUR 145 thousand (2011: EUR 71 thousand) provision associated with the Group's 2010-2012 Strategic Plan was recognised for 2012, which represents 70% of the three-year period. This amount will accrue and be paid in 2014.

The employment contracts of two of these executives include guarantee clauses in the event of termination or change of control, the amount of which exceeds that which would result from applying the Spanish Workers' Statute.

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

Lastly, the Parent took out and has in force a third-party liability insurance policy covering the directors and executives of Ebro Foods, S.A. with coverage for all its subsidiaries and an indemnity limit per annum of EUR 45 million, at an annual cost of EUR 68 thousand and in force until 30 April 2013. The aforementioned policy is currently in the process of being renewed.

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

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

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

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

Management of capital

Capital management aims to guarantee the sustainability of the business and to maximise value for shareholders and, accordingly, takes into consideration the following:

(EXPRESSED IN THOUSANDS OF EUROS)

- Cost of capital calculated in accordance with industry standards in order to approximate a combination of debt and equity that optimises the aforementioned cost.

- A leverage ratio that makes it possible to obtain and maintain the desired credit rating and to ensure the financing of the Company's long- and short-term projects.

The right combination of structure and costs of resources will make it possible to suitably remunerate shareholders and ensure the continuity and growth of the Ebro Foods Group's business model.

The Company is also subject to capital requirements included in certain long-term loan agreements, which have been met (see Note 22).

In recent years Ebro Foods has concentrated its activity on key businesses with strategic acquisitions and a low level of financial leveraging.

	CONSOLIDATED				
NET DEBT (Thousands of euros)	**2010**	**2011**	***2011/2010***	**2012**	***2012/2011***
Equity	1,592,743	1,587,298	*-0.3%*	1,692,209	*6.6%*
Net debt	17,600	390,073	*2116.3%*	244,804	*-37.2%*
Average net debt	378,336	139,157	*-63.2%*	294,114	*111.4%*
Leverage	1.1%	24.6%	*2123.9%*	14.5%	*-41.1%*
AD leverage ***(1)***	23.8%	8.8%	*-63.1%*	17.4%	*98.3%*
EBITDA	267,479	273,106	*2.1%*	299,576	*9.7%*
Coverage	0.07	1.43		0.82	

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

Financial risk management and financial instruments

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

These financial instruments give rise to market risks due to changes in interest rates, exchange rates or the fair value of certain financial instruments, liquidity risk and credit risk.

Depending on the characteristics of the hedged item, the financial instruments used for the purpose of hedging economic risk for this management may or may not be designated as cash flow or fair value hedges.

In order to manage the foreign currency and interest rate risk arising from the Group's operations and, on occasions, the risk relating to possible changes in the price of certain raw materials (gas), the Group arranges hedges using derivative financial instruments (basically in the form of interest rate and foreign currency forwards and options) or non-derivative financial instruments (financing in foreign currencies) in order to minimise or limit the risk.

(EXPRESSED IN THOUSANDS OF EUROS)

The aforementioned hedges will be arranged on the basis of:

- The prevailing market conditions,
- The management objectives, and
- The specific features of the transactions giving rise to financial risks.

The accounting policies used to measure these financial instruments are described in Note 3 to these consolidated financial statements. The Board of Directors and senior executives review and establish policies for managing each of these risks, as summarised below.

Cash flow interest rate risk

Interest rate risk arising on financing denominated in euros or foreign currency and at a floating interest rate, due to the potential changes in the cash flows associated with the interest payments on borrowings resulting from changes in interest rates. The Group is exposed to the risk of changes mainly in connection with its long-term payment obligations that bear floating interest rates.

In order to manage this risk a combination of floating and fixed interest rates are used. The Group minimises its exposure to this risk and to do so it continually assesses the changes in interest rates with the support of external experts so as to arrange new instruments or modify the conditions of those already existing, thereby minimising the variability of the cash flows or fair value of the financial instruments.

A sensitivity analysis performed on the main financial instruments in the Group's balance sheet exposed to interest rate change risk with an impact on Group results showed variations on the income statement of EUR 2.1 million with interest rate changes equal to 50 basis points (2011: EUR 753 thousand). The exposure to interest rate risk increased as a consequence of the acquisition of the Deoleo Group's rice assets and the related financing, which was ultimately closed in the second half of 2011.

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

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

Changes in interest rates

	2012				2011			
Income/(Expense)	**-0.50%**	**-0.25%**	**0.25%**	**0.50%**	**-0.50%**	**-0.25%**	**0.25%**	**0.50%**
Profit (Loss) before tax	2,151	1,076	-1,076	-2,151	753	377	-377	-753

Foreign currency risk

Foreign currency risk due to assets, liabilities, net investment in foreign operations or transactions in currencies other than the euro and due to the potential changes in associated cash flows in euros as a result of changes in the spot rate.

(EXPRESSED IN THOUSANDS OF EUROS)

As a result of the significant investments in the US, the Group's balance sheet could be significantly affected by fluctuations in the USD/EUR exchange rate. The ultimate objective of the exchange-rate risk management policy is to offset (at least partially) the potential fall in the value of assets denominated in currencies other than the euro by savings due to decreases in value of the liabilities in these currencies.

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

At 31 December 2012, “Other Loans” included two loans totalling USD 301 million (31 December 2011: USD 374 million) (see Note 22) which were designated as hedges of net investments in the US subsidiaries and are used to hedge the Group's exposure to foreign currency risk on these investments.

The gains or losses on the translation to euros of these loans are recognised in equity to offset any gains or losses on the translation of the net assets at these subsidiaries.

In addition, the Group is exposed to foreign currency risk on its transactions. This risk arises from purchases and sales made by the operating units in currencies other than the functional currency.

In relation to important transactions, the Group uses forward foreign currency contracts to eliminate or minimise foreign currency risk. These contracts must be stated in the same currency as the item that is being hedged and they must not be arranged until the definitive contract is entered into, in order to obtain the best possible correlation with the hedged underlying.

As indicated in the preceding paragraph, certain Rice Business companies (Herba, S&B Herba, TBA Sundra, Boost and Euryza) and Pasta Business companies (Panzani) have foreign currency forward contracts and foreign currency options (foreign currency swaps) to mitigate the exposure of their commercial transactions. These transactions are carried out in order to minimise foreign currency risk although they do not qualify for hedge accounting. The outstanding contracts at 2012 year-end were as follows:

	Notional amount (thousands)	
Currency	**2012**	**2011**
USD	38,879	62,681
CZK	0	8,500
EUR	10,961	14,616
GBP	2,700	332

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

- Only financial instruments sensitive to material changes as a result of changes in exchange rates were included.

(EXPRESSED IN THOUSANDS OF EUROS)

- All borrowings constituting an effective hedge of the object of the investment are excluded.
- The exchange rate was considered as the sole variable, with all other variables in the model remaining constant.

Impact on profit or loss

Changes in EUR

In relation to derivatives:

	2012				2011			
Income/(Expense)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit (Loss) before tax	1,264	665	-665	-1,264	2,764	1,434	-1,434	-2,764

In relation to other financial instruments:

	2012				2011			
Income/(Expense)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit (Loss) before tax	563	295	-295	-563	913	478	-478	-913

Changes in GBP

In relation to derivatives:

	2012				2011			
Income/(Expense)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit (Loss) before tax	40	17	-17	-40	-187	-84	84	187

In relation to other financial instruments:

	2012				2011			
Income/(Expense)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit (Loss) before tax	-169	-89	89	169	-707	-370	370	707

Changes in USD

In relation to derivatives:

	2012				2011			
Income/(Expense)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit (Loss) before tax	-539	-282	282	539	-2,234	-1,171	1,171	2,234

In relation to other financial instruments:

	2012				2011			
Income/(Expense)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit (Loss) before tax	-120	-228	120	228	-108	-206	108	206

Impact on borrowings

Changes in USD

	2012				2011			
+ Debt / (-Debt)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
ECB borrowings	-19,230	-10,073	10,073	19,230	-32,607	-17,080	17,080	32,607

Price risk of other financial assets

The Group is exposed to changes in the price of certain financial assets and liabilities. The most significant effect relates to the shares of Deoleo Corporación Alimentaria, S.A. and Biosearch, S.A., which are recognised as available-for-sale financial assets in the consolidated balance sheet for the year ended 31 December 2012 (see Note 12).

Changes in their fair value are recognised in the income statement from 30 June onwards, when it is considered that they had suffered permanent impairment.

Liquidity risk

The Group's objective is to match the maturities of its payables to its ability to generate cash flows to settle these obligations.

In order to achieve this, it maintains a balance between continuity of the financing and flexibility through the use of renewable credit facilities, bank loans that may include grace periods to adapt them to the return on the related assets, and forward purchase contracts. A detail of the borrowings at 31 December 2012 and the related maturity is provided in Note 22.

Credit risk (counterparty)

This risk arises when a counterparty fails to meet its contractual obligations resulting in a financial loss for the Group.

The risk is mitigated through an appropriate selection policy in relation to the transactions and banks that act as a counterparty in these transactions based on their credit ratings and obtaining sufficient guarantees to mitigate this risk.

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

29. INFORMATION ON THE ENVIRONMENT

Being fully aware that the growth of the Company must be sustainable, one of Ebro Foods' basic management principles is the implementation at its subsidiaries of the tools and measures necessary to strike the greatest possible balance between the pursuit of its business and protecting the environment. Accordingly, it has certain environmental performance objectives which it updates according to the new circumstances that arise in the various businesses.

These objectives are as follows:

- Minimise the environmental impact of its activity through the continuous implementation of measures to reduce environmental pollution, promote the rational use of resources, minimise the consumption of water, paper and energy, reduce the generation of waste and emissions, and seek eco-efficient solutions.
- Develop and progressively implement an Environmental Management System which meets the requirements of the UNE-EN-ISO 14001:2004 standard, or, where

applicable, carry out environmental management practices that improve its production practices.

- Implement training and environmental awareness programmes for the Company's employees.
- Ensure that the Group companies comply with the environmental legislation applicable to the pursuit of the business.
- Cooperate with the public authorities for the purpose of implementing programmes aimed at restoring the environment or improving biodiversity in areas where the Company has previously carried on a production activity.
- Promote the implementation of environmental best practices among its suppliers and customers, making them aware of Ebro Foods' commitment in this connection.
- In those cases in which it is considered necessary, perform internal and external audits on environmental performance.

Also, in order to ensure the fulfilment of the packaging and packaging waste reduction, recycling and recovery objectives defined in Law 11/1997, of 24 April, the Spanish subsidiary Herba is a member of Ecoembalajes España, S.A. (Ecoembes), a not-for-profit public limited liability company the mission of which is to design and develop systems aimed at the separate collection and recovery of used packaging and packaging waste. Ecoembes uses what is known as the Green Dot concept (a symbol that appears on the packaging) to evidence that the packer of the product has paid an amount of money for each package placed on the market.

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

Lastly, various Group companies have taken out third-party liability insurance to cover sudden unintentional pollution, since they consider that such insurance covers all possible risks in this connection. To date, there have been no significant claims in this connection. There have, however, been favourable opinions and reports from audits, inspections, the absence of allegations in the processing of Integrated Environmental Authorisations, etc.

30. FEES PAID TO AUDITORS

"Fees Paid to Auditors" in the consolidated income statement includes the fees paid to the auditors of the consolidated financial statements.

In 2012 (2011), the fees for the financial audit services and other services provided by the Company's auditor, Deloitte, S.L., or by a firm related to the auditor resulting from control, common ownership or management were as follows (in thousands of euros):

- The fees for audit services in 2012 amounted to EUR 1,456 thousand (2011: EUR 1,650 thousand) and for other attest services amounted to EUR 48 thousand (2011: EUR 131 thousand).

- The fees for tax advisory and/or other services amounted to EUR 207 thousand (2011: EUR 257 thousand).

31. EVENTS AFTER THE REPORTING PERIOD

On 15 February 2013 Ebro Foods, S.A. reached an agreement to acquire 25% of Riso Scotti S.p.A., the parent company of the Scotti Group. Scotti is an Italian group specialising in rice production and processing and is the leading risotto rice producer in Italy. It has a wide range of products which it markets under the Scotti trademark in more than 70 countries. Its portfolio includes numerous high value-added products (rice and soy milk, rice biscuits, rice bran oil, ready meals, etc.) which bring the tradition of Italian cuisine up to date and are targeted at the premium sector. The agreed-upon price for 25% of Riso Scotti amounted to EUR 18 million and, pending the completion of due diligence reviews, the transaction is expected to be completed prior to 31 May 2013.

On 13 March 2013, the Ebro Group entered into an agreement to acquire a rice production plant in Haryana, India, which was owned by Olam International, an integrated supplier of agricultural products and food ingredients based in Singapore. This modern, cutting-edge rice production plant has a capacity to process 18 tonnes of paddy per hour, more than 100,000 tonnes of rice per year. In addition to the industrial assets, all of its employees and its sales network will be transferred to the Ebro Group. The agreed-upon price for this transaction amounted to USD 14.5 million and is expected to be completed at the end of March 2013, subject to the approval of the regulatory authorities.

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

32. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.