EBRO FOODS, S.A.
(formerly Ebro Puleva, S.A.)

CONSOLIDATED FINANCIAL STATEMENTS
AND DIRECTORS' REPORT

for the year ended 31 December 2010

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.

Translation 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 2010 AND 2009
THOUSANDS OF EUROS

	Notes	12/31/10	12/31/09
NON-CURRENT ASSETS			
Non-current assets	9	293,461	295,522
Property, plant and equipment	10	449,594	544,729
Investment property	11	31,252	32,152
Financial assets	12	111,924	37,898
Investements in associates	13	3,097	6,786
Deferred tax assets	25	64,154	52,412
Goodwill	14	767,211	801,686
Other current assets		-	-
		1,720,693	**1,771,185**
CURRENT ASSETS			
Inventories	15	260,438	277,528
Trade and other receivables	16	282,976	341,682
Current income tax	25	3,222	28,650
Tax receivables	25	33,563	36,715
Financial assets	12	22,858	24,331
Derivatives and other financial instruments	28	129	203
Other current assets		5,444	4,241
Cash	17	555,707	199,930
		1,164,337	**913,280**
Non-current assets held for sale		-	-
TOTAL ASSETS		**2,885,030**	**2,684,465**

	Notes	12/31/10	12/31/09
EQUITY		**1,607,446**	**1,298,160**
Equity attributable to the shareholders of the Parent			
Share capital	18	92,319	92,319
Share premium	18	4	4
Restricted reserves	18	21,633	21,633
Unrestricted reserves (accumulated profit)	18	1,501,825	1,229,166
Translation differences	18	-23,038	-55,073
Treasury shares	18	-	-7,727
		1,592,743	**1,280,322**
Non-controlling interests		**14,703**	**17,838**
NON-CURRENT LIABILITIES			
Deferred income	19	5,866	14,793
Provisions for pensions and similar obligations	20	32,230	409,53
Other provisions	21	87,591	73,784
Financial liabilities	22	354,031	521,520
Other non-financial payables	23	66	61
Deferred tax liabilities	25	193,755	144,839
		673,539	**795,950**
CURRENT LIABILITIES			
Financial liabilities	22	219,441	235,281
Derivatives and other financial instruments	28	161	350
Trade and other payables	24	352,463	324,788
Current income tax	25	8,584	3,443
Tax payables	25	16,251	13,687
Other current liabilities		7,145	12,806
		604,045	**590,355**
Non-current liabilities held for sale		-	-
TOTAL LIABILITIES		**2,885,030**	**2,684,465**

The accompanying Notes 1 to 32 are an integral part of the consolidated balance sheet at 31 December 2010.

Translation 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 INCOME STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009
THOUSANDS OF EUROS

	Notes	12/31/10	12/31/09
Income (revenue)	6	1,702,023	1,765,397
Change in inventories of finished goods and work in progress		-4,902	-31,565
In-house work capitalised		959	193
Other operating income	8	34,408	38,381
Cost of material used and other external expenses	6	-831,438	-909,278
Staff costs	8	-243,843	-225,600
Depreciation and amortisation charge	9, 10 and 11	-58,629	-53,158
Other operating expenses	8	-397,541	-409,329
PROFIT FROM OPERATIONS		**201,037**	**175,041**
Finance income	8	21,870	22,861
Finance expenses	8	-31,128	-44,654
Impairment losses for goodwill	14	-177	-28,138
Share of results in associates	13	1,760	-674
CONSOLIDATED PROFIT BEFORE TAX		**193,362**	**124,436**
Income tax	25	-63,945	-31,156
CONSOLIDATED PROFIT (continuing operations)		**129,417**	**93,280**
Net profit from discontinued operations	7	259,525	79,543
CONSOLIDATED PROFIT FOR THE YEAR		**388,942**	**172,823**
Attribuible to:			
Shareholders of the Parent		**388,797**	**176,539**
Non-controlling interests		145	-3,716
		388,942	**172,823**

	Notes	31/12/10	31/12/09
Earnings per share (euros):	18		
- From continuing operations			
Basic		0.843	0.642
Diluted		0.843	0.642
- Of total profit			
Basic		2.535	1.169
Diluted		2.535	1.169

The accompanying Notes 1 to 32 are an integral part of the consolidated income statement for the year ended 31 December 2010.

Translation 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 STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009
(THOUSANDS OF EUROS)

	Notes	**12/31/10**	**12/31/09**
Gains (losses) on measurement of available-for-sale financial assets	12	51,548	-51
Translation differences		32,035	2,375
Translation differences reversed to profit or loss for the year		-	-
Actuarial gains and losses		-1,141	-1,883
Tax effect of items recognised against, or transferred from, equity		-15,012	694
Net profit (loss) recognised in equity		**67,430**	**1,135**
Net profit for the year		**388,942**	**172,823**
Total recognised income and expense in the year	18	**456,372**	**173,958**
Attributable to:			
Shareholders of the Parent	18	456,227	177,732
Non-controlling interests	18	145	-3,774
		456,372	**173,958**

The accompanying Notes 1 to 32 are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2010.

EBRO FOODS CONSOLIDATED GROUP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR
THE YEARS ENDED 31 DECEMBER 2010 AND 2009
THOUSANDS OF EUROS

			Equity attributable to the shareholders of the Parent								
						Restricted reserves		Unrestricted reserves			
	Equity	Non-controlling interests	Total	Share capital	Share premium	Revaluation reserve	Legal reserve	Accumulated profits	Profit or Loss	Translation differences	Treasury Shares
Balance at 31 December 2008	1,228,686	25,555	1,203,131	92,319	34,333	3,169	18,464	1,043,746	130,637	-57,506	-62,031
- Appropriation of profit for 2008	0	0	0	0	0	0	0	130,637	-130,637	0	0
- Dividends paid	-112,883	-2,100	-110,783	0	0	0	0	-110,783	0	0	0
- Purchase/sale of treasury shares (net)	11,507	0	11,507	0	0	0	0	0	0	0	11,507
- Gains and losses on sales of treasury shares	-1,149	0	-1,149	0	0	0	0	-1,149	0	0	0
- Changes in the scope of consolidation	-1,843	-1,843	0	0	0	0	0	0	0	0	0
- Other changes	-116	0	-116	0	-34,329	0	0	-8,584	0	0	42,797
Total appropriation of profit and transactions with shareholders	-104,484	-3,943	-100,541	0	-34,329	0	0	10,121	-130,637	0	54,304
- Net profit for 2009 (profit or loss)	172,823	-3,716	176,539	0	0	0	0	0	176,539	0	0
- Changes in translation differences	2,375	-58	2,433	0	0	0	0	0	0	2,433	0
- Fair value of financial instruments:			0								
1. Unrealised gains	-51	0	-51	0	0	0	0	-51	0	0	0
2. Realised gains/losses	0	0	0	0	0	0	0	0	0	0	0
- Change due to actuarial gains or losses	-1,883	0	-1,883	0	0	0	0	-1,883	0	0	0
- Tax effect of gains and losses recognised in equity	694	0	694	0	0	0	0	694	0	0	0
Total profit for the year	173,958	-3,774	177,732	0	0	0	0	-1,240	176,539	2,433	0
Balance at 31 December 2009	1,298,160	17,838	1,280,322	92,319	4	3,169	18,464	1,052,627	176,539	-55,073	-7,727
- Appropriation of profit for 2009	0	0	0	0	0	0	0	176,539	-176,539	0	0
- Dividends paid	-155,631	-1,897	-153,734	0	0	0	0	-153,734	0	0	0
- Purchase/sale of treasury shares (net)	7,727	0	7,727	0	0	0	0	0	0	0	7,727
- Gains and losses on sales of treasury shares	2,201	0	2,201	0	0	0	0	2,201	0	0	0
- Changes in the scope of consolidation	-1,383	-1,383	0	0	0	0	0	0	0	0	0
Total appropriation of profit and transactions with shareholders	-147,086	-3,280	-143,806	0	0	0	0	25,006	-176,539	0	7,727
- Net profit for 2010 (profit or loss)	388,942	145	388,797	0	0	0	0	0	388,797	0	0
- Change in translation differences	32,035	0	32,035	0	0	0	0	0	0	32,035	0
- Fair value of financial instruments:		0		0	0	0	0	0	0	0	0
1. Unrealised gains	51,548	0	51,548	0	0	0	0	51,548	0	0	0
2. Realised gains/losses	0	0	0	0	0	0	0	0	0	0	0
- Change due to actuarial gains and losses	-1,141	0	-1,141	0	0	0	0	-1,141	0	0	0
- Tax effect of gains and losses recognised in equity	-15,012	0	-15,012	0	0	0	0	-15,012	0	0	0
Total profit for the year	456,372	145	456,227	0	0	0	0	35,395	388,797	32,035	0
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	-23,038	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 2010.

Translation 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 STATEMENTS OF CASH FLOWS FOR
THE YEARS ENDED 31 DECEMBER 2010 AND 2009

THOUSANDS OF EUROS	**12/31/10**	**12/31/09**
Proceeds from sales and services	2,296,733	2,561,509
Payments to suppliers and employees	-1,985,678	-2,233,182
Interest paid	-10,165	-26,939
Interest received	5,820	3,077
Dividends received	1,882	1,852
Other collections/payments in operating activities	12,620	17,101
Income taxes paid	-121,722	-77,610
Total net cash flows from operating activities	**199,490**	**245,808**
Investments in non-current assets	-69,617	-87,571
Disposals of non-current assets	17,132	14,422
Investments in financial assets	-47,760	-2,658
Disposals of financial assets	627,218	356.182
Other proceeds/payments relating to investing activities	4,153	18,250
Total net cash flows from investing activities	**531,126**	**298,625**
Treasury share transactions	9,928	9,441
Dividends paid to shareholders	-105,328	-110,483
Bank borrowing drawdowns	55,932	12,371
Repayment of bank borrowings	-346,710	-378,672
Other financial collections/payments and grants related to assets	1,837	922
Total net cash flows from financing activities	**-384,341**	**-466,421**
Translation differences on cash flows from foreign operations	-533	-739
INCREASE (DECREASE) in cash and cash equivalents	**345,742**	**77,273**
Cash and cash equivalents at beginning of year	199,930	122,390
Effect of year-end exchange rate on beginning balance	10,035	267
Cash and cash equivalents at end of year	**555,707**	**199,930**

The consolidated statements of cash flows for 2010 and 2009 include the cash flows relating to the discontinued operations of the dairy product business. The main aggregates are as follows:

Total net cash flows from operating activities	30,352	30,570
Total net cash flows from investing activities	-4,681	-6,882
Total net cash flows from financing activities	1,491	-45,158

The accompanying Notes 1 to 32 are an integral part of the consolidated statement of cash flows for the year ended 31 December 2010.

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

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

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

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

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

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

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

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

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

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

The consolidated financial statements for 2009 were approved by the shareholders at the Annual General Meeting of Ebro Puleva, S.A. on 1 June 2010 and were filed at the Madrid Mercantile Registry.

The appropriation of profit of the Parent proposed by the directors of Ebro Foods, S.A. at the Board of Directors Meeting held on 30 March 2011 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)
Basis of appropriation	
Unrestricted reserves	572,980
Income statement (profit)	364,160
	937,140

As in prior years, as a result of the consolidated profit for 2010 of the Ebro Puleva Group, the distribution of an ordinary dividend payable in cash out of unrestricted reserves of EUR 0.416 per share can be proposed, payable in four quarterly payments of EUR 0.104 each, on 4 April, 4 July, 3 October and 22 December 2011, for a total of EUR 64,008 thousand.

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 foreseen by the Law or the bylaws have been made, dividends may only be distributed with a charge to the profit for the year or to unrestricted reserves if the value of equity is not, or does not become as a result of the distribution, lower than the share capital. To this end, the 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 2010, which were authorised for issue by the Parent's directors on 30 March 2011, have not yet been approved by the shareholders at the Annual General Meeting, although it is considered that they will be approved without any changes (similarly, the 2010 financial statements of Ebro Foods, S.A. and of its subsidiaries and associates have not yet been approved by the shareholders at the related Annual General Meetings).

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

2. Use of estimates and assumptions

The information in these consolidated financial statements is the responsibility of the 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 (see Notes 3-f, 3-g and 3-h).

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

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

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

- The probability of occurrence and the amount of liabilities of uncertain amount or of contingent liabilities (see Note 3-o).
- The recoverability of the deferred tax assets (see Note 3-q).

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

b) Comparative information

For comparison purposes the Group presents, in addition to the figures for the year ended 31 December 2010 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 2009.

Under accounting standards in force, the agreement for the sale of the dairy product business entered into on 2 September 2010 (see Note 7) required that the consolidated income statement for 2009 be changed to disclose continuing activities separately from discontinued activities and therefore present uniform comparative figures with the consolidated income statement for 2010. It was not necessary to make other significant changes to the figures for 2009.

c) Changes in the scope of consolidation

The main changes in the scope of consolidation in 2010 and 2009 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

<u>Subsidiaries</u>

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

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

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

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

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

Associates

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

b) Translation methods

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

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

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

c) Foreign currency 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

These include cash and cash equivalents, which 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 the related funds in which are available immediately without any kind of penalty. These assets are measured at acquisition cost, which approximates their realisable value.

e) Property, plant and equipment and investment property

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

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

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

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

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

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

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

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

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

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

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

- 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 events and circumstances continue to support an indefinite useful life assessment for them.

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

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

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

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

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

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

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

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

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

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

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

j) Financial assets (investments)

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

- <u>Investments</u>

  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 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 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 2010, 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 2010 and 2009 no financial assets were reclassified among the categories defined in the preceding paragraphs.

- Other receivables

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

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

k) Trade and other receivables

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

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

l) Inventories

Inventories are measured at weighted average acquisition or production cost.

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

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

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

m) Deferred income - Grants

Grants received are accounted for as follows:

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

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

n) Retirement benefit and similar obligations

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

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

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

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

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

Pursuant to the current collective agreement and other agreements, Ebro Foods, S.A. (mainly) is obliged to pay annual supplementary payments of various kinds and other bonuses for long service and retirement of certain of their permanent employees who retire at the legally stipulated age or who take early retirement.

The provision recognised represents the present value, calculated by an independent actuary, of the possible future payment obligations of the companies concerned to their former and current employees in connection with the aforementioned retirement bonus obligations. This provision was externalised in accordance with current legislation (see Note 20). Since 2002 the companies concerned have been obliged to make annual contributions to external pension funds in order to re-adjust the contributions to the possible obligations vested at the end of each reporting period. In any case, these re-adjustments are not material with respect to consolidated profit or loss.

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

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

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

o) Other provisions

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

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

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

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

p) Financial liabilities - Loans and credit facilities

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

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

q) Income tax

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

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

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

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

r) Financial instruments

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

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

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

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

s) Revenue recognition

Revenue and expenses are recognised on an accrual basis. Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of the Group when 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 for the net amount non-financial asset purchase or sale contracts settled for the net amount of cash or through some other financial instrument. Agreements entered into and held for the purpose of receiving or delivering such non-financial assets are recognised in accordance with the contractual terms of the purchase, sale or usage expectations of the Group.

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

t) Information on environmental issues

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

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

u) CO_2 emission allowances

The Group recognises CO_2 emission allowances as intangible assets with indefinite useful lives. The allowances received at zero cost under the related National Allocation Plans are measured at the market price prevailing 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 (930,225 tonnes before the sale of the dairy product business).

Without taking into account the allocations and consumption of the dairy product business, which was sold in 2010, in 2010 and 2009 the Group received at zero cost emission allowances equal to 69,163 tonnes each year, under the national allocation plans approved in Spain.

These plans also provide for the allocation at zero cost of emission allowances for 2011 equal to 69,163 tonnes. In 2010 and 2009 the Group consumed 11,185 and 67,525 tonnes of emission allowances, respectively.
These allowances are initially recognised as an intangible asset and an item of deferred income at their market value when they are received, and they are allocated to “Other Operating Income” in the consolidated income statement as the CO_2 emissions that they are intended to cover are made.

Since 2005 companies that make CO_2 emissions in the course of their business activities have had to deliver in the first few months of the following year CO_2 emission allowances equal to the emissions made during the year. The obligation to deliver emission allowances for the CO_2 emissions made during the year is recognised under “Non-Current Liabilities - Other Provisions” in the consolidated balance sheet, and the related cost was recognised under “Cost of Materials Used and Other External Expenses” in the consolidated income statement.

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

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

At 31 December 2010 (2009 still with the dairy product business), the provision recognised in the consolidated balance sheet in relation to the emissions made by the Group in that year amounted to EUR 149 thousand (2009: EUR 2,420 thousand). This amount will be covered by the emission allowances received under the related national allocation plans.

v) Treasury shares

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

w) New IFRSs and IFRICs

The measurement bases (accounting policies) adopted in preparing the consolidated financial statements for 2010 are consistent with those applied in preparing the consolidated financial statements for 2009, except for the following new IFRSs and IFRICs and changes to existing standards or interpretations that came into force from 1 January 2010:

- IFRS 2 Share-based Payments (Amended)

- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) The revised IFRS 3 and the amendments to IAS 27 give rise to very significant changes in several matters relating to accounting for business combinations which, in general, place greater emphasis on the use of fair value. Some of the most significant changes relate to the treatment of transaction costs, which will be accounted for as expenses rather than considered an increase in the cost of the business combination as per the current accounting treatment; step acquisitions, in which the acquirer revalues the existing investment at fair value on the date it obtains control; or the option to measure the non-controlling interests in the acquiree at fair value rather than measure them at the proportional part of the fair value of the net assets acquired as per the current accounting treatment. Since the standard will be applied prospectively it has no impact on the business combinations performed before 1 January 2010.

- IAS 39 Financial instruments: Recognition and measurement – Items that can be classified as hedged

- IFRIC 12 Service Concession Arrangements

- IFRIC 15 Agreements for the Construction of Real Estate

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

- IFRIC 17 Distributions of Non-cash Assets

- IFRIC 18 Transfers of Assets from Customers

- Changes to IFRS 5 Non-current Assets Held-for-sale and Discontinued Operations included in the Amendments to IFRSs issued in May 2008.

The adoption of these standards, interpretations and amendments had no material impact on the Group's financial position or results. The Group did not opt for the early adaptation of any standard, interpretation or amendment that had been published but whose application was not obligatory.

At the date of preparation 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (THOUSANDS OF EUROS)

Standards and amendments to standards		Obligatory application in the years beginning on or after
Approved for use in the European Union		
Amendments to IAS 32	Classification of Rights Issues	1 February 2010
Revision of IAS 24	Related Party Disclosures	1 January 2011
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Not approved for use in the European Union		
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2013
Amendments to IFRSs (May 2010)	Non-urgent amendments to IFRSs	Various (mainly 1 January 2011)
Amendments to IFRS 7	Transfers of Financial Assets	1 July 2011
Amendments to IAS 12	Deferred Taxes on Investment Property	1 January 2012

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 on 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 contracts. At the reporting date, the future impact of the adoption of this standard had still not been analysed.

The directors have assessed the potential impact of applying these standards in the future and estimate that their entry into force will not have a material impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (THOUSANDS OF EUROS)

4. SUBSIDIARIES AND ASSOCIATES

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

SUBSIDIARIES AND ASSOCIATES	% of ownership		Parent		Location	Line of business
	12/31/10	12/31/09	12/31/10	12/31/09		
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)	Farming
Arotz Foods, S.A.	100.0%	100.0%	EF	EF	Madrid (Spain)	Production and preservation of vegetables
Puleva Food, S.L. (Grupo) (PF) **(A)**	0.0%	100.0%	EF	EF	Granada (Spain)	Production of dairy products
Lactimilk, S.A. (Group) (LACT) **(A)**	0.0%	100.0%	EF	EF	A Coruña (Spain)	Production of dairy products
Biosearch, S.A. (formerly Puleva Biotech) (	50.90%	50.90%	EF	EF	Granada (Spain)	Development and marketing of new products
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)	Real estate
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
Birkel Teigw aren Gmbh (Birkel)	100.0%	100.0%	EF	EF	Germany	Production and sale of pasta and sauces
Azucarera Energías, S.L.	60.0%	60.0%	EF	EF	Madrid (Spain)	Combined heat and pow er generation
Lince Insurance Ltd.	0.0%	100.0%	EF	EF	Dublin (Ireland)	Insurance - liquidated in 2010
Netw orks Meal Solutions, S.A. (NMS)	100.0%	100.0%	EF	PF	Madrid (Spain)	Dormant
JJ. Softw are de Medicina, S.A. **(B)**	26.8%	26.8%	NMS	NMS	Madrid (Spain)	Dormant
Fundación Puleva	100.0%	100.0%	EF	PF	Madrid (Spain)	Foundation
Puleva Salud, S.A. **(A)**	0.0%	91.25%	PF	PF	Granada (Spain)	Internet
Grelva, S.L. **(A)**	0.0%	100.0%	PF	PF	Granada (Spain)	Combined heat and pow er generation
Miguel Sancho Puleva, S.A. **(A)**	0.0%	100.0%	PF	PF	Granada (Spain)	Dormant
Edda, S.A. **(A)**	0.0%	100.0%	PF	PF	Granada (Spain)	Dormant
Nutrilac, S.L. **(A)**	0.0%	100.0%	PF	PF	Granada (Spain)	Dormant
Castillo Castelló, S.A. **(A)**	0.0%	80.0%	LACT	LACT	Lleida (Spain)	Sale of dairy products
Innovalact El Castillo, S.A. **(A)**	0.0%	100.0%	LACT	LACT	Lleida (Spain)	Sale of dairy products
El Castillo Madibic, S.L. **(A)**	0.0%	50.0%	LACT	LACT	Barcelona (Spain)	Sale and development of services relating to livestock farming
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%	HF	HF	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%	Boost	Boost	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
Arrozeíras 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (THOUSANDS OF EUROS)

SUBSIDIARIES AND ASSOCIATES	% of ownership		Parent		Location	Line of business
	12/31/10	12/31/09	12/31/10	12/31/09		
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
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	PF	Seville (Spain)	Sale of rice
Herba Trading, S.A. (formerly Uniasa, S.A.)	100.0%	100.0%	HR	PF	Seville (Spain)	Sale of rice
Formalac, S.L.	100.0%	100.0%	HR	PF	Seville (Spain)	Sale of rice
Eurodairy, S.L.	100.0%	100.0%	HR	LACT	Seville (Spain)	Sale of rice
Española de I+D, S.A.	60.0%	60.0%	HR	Biosearch	Valencia (Spain)	Development and marketing of new products
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 (formerly Rivland, Inc.) **(B)**	50.0%	50.0%	Riviana	Riviana	Houston (US)	Production and sale of rice
South La Fourche, Inc **(B)**	50.0%	50.0%	Riviana	Riviana	Houston (US)	Farm land
N&C Boost N. V. (N.C. Boost)	100.0%	100.0%	R. Int.	R. Int.	Amberes (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	Paris (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
Mowe Teigwaren Gmbh	100.0%	100.0%	Birkel	Birkel	Waren (Germany)	Production and sale of pasta and sauces

(A) These companies made up the dairy product business which was sold in 2010 and discontinued in 2009 and 2010 (see Note 7).

(B) Associates accounted for using the equity method.

(C) The Parent's directors consider that the percentage of direct control held at 31 December 2010 by Ebro Foods, S.A. over Biosearch, S.A. (formerly Puleva Biotech, S.A.) (50.90%) is a controlling interest and, therefore, Biosearch, S.A. was fully consolidated. However, on 13 January 2011, the interest in this company was disposed of (see Note 31, Events After the Reporting Period).

None of the subsidiaries or associates is officially listed, except for Biosearch, S.A., whose shares are traded on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. All of the company's shares are officially listed. The shares were admitted to trading on 17 December 2001 and their market price at 31 December 2010 was EUR 0.62 per share (2009: EUR 0.94 per share).

The financial statements of all the consolidated companies were at 31 December 2010 and 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (THOUSANDS OF EUROS)

5. MOST SIGNIFICANT CORPORATE TRANSACTIONS (BUSINESS COMBINATIONS AND/OR SALES) IN 2010 AND 2009 AND EFFECT ON COMPARABILITY

5.1 *Intra-Group transactions in 2009*

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

5.2 *Intra-Group transactions in 2010*

Some companies that were part of the dairy product business and were practically dormant were transferred, prior to the sale of this business, to other Group companies without any impact on the consolidated financial statements. There were no other significant intra-Group corporate transactions in 2010.

5.3 Corporate transactions affecting the scope of consolidation in 2010 and 2009 and effect on comparability. Changes in the scope of consolidation

In 2009, except for the merger described in Note 5.1 above, there were other changes in the scope of consolidation, the most significant of which were as follows:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (THOUSANDS OF EUROS)

In 2010, except for the merger described in Note 5.2 above, there were other changes in the scope of consolidation, the most significant of which were as follows:

Exclusions from the scope of consolidation in 2010:			
Company affected	**Subgroup**	**%**	**Comments**
Puleva Food, S.L., Lactimilk, S.A., and subsidiaries composing the dairy product business	Dairy product	100%	Sale of entire ownership interest (see Note 7)
Lince Insurance Ltd.	Other	100%	Liquidation of the company

The sale of the dairy product business was agreed on 30 March 2010. The conclusion of the sale was subject to approval by the European competition authorities, which was granted in August 2010 and the sale was formalised on 2 September 2010. Accordingly, the income and expenses of the dairy product business for the first eight months of 2010 and for all of 2009 were reclassified and presented in the accompanying consolidated income statements for both years as net profits or losses from discontinued operations (see Note 7).

The remaining exclusions for 2010 do not have a significant impact on the comparability with 2009.

5.4 *Investment commitments at 2010 year-end*

- On 25 November 2010, the Board of Directors of Ebro Foods, S.A. reached an agreement with the Board of Directors of the SOS Group to acquire its rice division for an initial estimated amount of EUR 195 million. On 31 March 2011, a framework agreement is expected to be entered into which will include the terms and conditions for the transfer of the rice divisions in Spain, the Netherlands and the US. The price agreed upon by the parties for the transfer of the businesses amounts to approximately EUR 197 million. This amount includes adjustments to the initial estimated price relating to the overhead costs to be ultimately transferred with the businesses and which are inherent thereto.

  The definitive completion of the transaction was subject to the approval of SOS's creditor banks, which was granted in December 2010, and to approval the competition authorities, which is currently being processed. It is estimated that formalisation and execution of this agreement with the SOS Group will be completed in the first half of 2011.

  In addition, also in relation to the offer made by Ebro Foods, S.A. on 25 November 2010, on 30 March 2011, the acquisition of the SOS Group's rice trademarks in the Portuguese market was formalised for approximately EUR 8 million.

- On 25 November 2010, the Board of Directors of Ebro Foods, S.A. resolved to acquire the Australian Group, Ricegrowers Limited-SunRice (SunRice), having completed the due diligence for this Group and finalised the wording of the definitive terms of the agreement (Scheme Implementation Agreement, SIA), which will be submitted for approval by SunRice's shareholders in May. In accordance with the definitive terms of the transaction, Ebro Foods, S.A. will purchase all of the share capital of SunRice for AUD 600 million (approximately EUR 440 million). As part of the agreements reached, Ebro will sign a Rice Acquisition Framework Agreement for the coming years, establishing a number of general principles to apply upon completion of the transaction, whereby SunRice undertakes to purchase rice harvests from Australian farmers using price-setting mechanisms, create a Farmers' Advisory Council and make a commitment towards the development of local communities and the promotion of R&D+i.

  The acquisition of SunRice is subject to the approval of 75% or more of the votes of the company's shareholders, and in conformity with Australian legislation, the approval of the Australian courts and competition authorities of the respective countries. In this respect, SunRice's shareholders will foreseeably approve the transaction in May 2011, subject to compliance with all the terms and conditions agreed upon in the SIA and the relevant approvals from the regulatory authorities.

6. SEGMENT REPORTING

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

As indicated in Note 7, in 2010 the dairy product business was sold. Following the sale, the Ebro Foods Group continued to be divided into the following lines of business 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 operating segments is presented in the table at the end of this Note.

Rice business

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

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

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

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

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

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

Pasta business

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

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

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

***New World Pasta Group*:** New World Pasta is a leading company in the dry pasta sector in the US and Canada with an extensive, complementary and solid portfolio of brand names with market shares of 23.9% and 34.8%, respectively.

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

Other businesses and/or activities:

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

Biosearch, S.A. (formerly Puleva Biotech, S.A.):

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

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

Asset management:

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

Basis and methodology for segment reporting

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

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

Inter-segment transactions

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (THOUSANDS OF EUROS)

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 Birkel.
- In the US - the businesses of Riviana and NWP.
- Rest of the world - basically the rice business of Herba, plus a portion of the exports of Panzani.

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:

2009 - Geographical area	Spain	Europe	Americas	Other	TOTAL
Segment revenue	131,549	982,984	690,239	58,137	1,862,909
Inter-segment sales	-10,939	-60,198	-26,375	0	-97,512
Total revenue	**120,610**	**922,786**	**663,864**	**58,137**	**1,765,397**
Intangible assets	21,783	118,749	154,912	78	295,522
Property, plant and equipment	185,894	186,854	151,337	20,644	544,729
Other assets	482,777	791,553	542,436	27,448	1,844,214
Total assets	**690,454**	**1,097,156**	**848,685**	**48,170**	**2,684,465**
Non-current asset additions	**6,363**	**18,597**	**54,983**	**877**	**80,820**

2010 - Geographical area	Spain	Europe	Americas	Other	TOTAL
Segment revenue	117,023	928,966	686,559	77,763	1,810,311
Inter-segment sales	-8,105	-58,218	-41,965	0	-108,288
Total revenue	**108,918**	**870,748**	**644,594**	**77,763**	**1,702,023**
Intangible assets	6,026	120,713	166,649	73	293,461
Property, plant and equipment	76,323	189,158	164,532	19,581	449,594
Other assets	753,455	809,682	552,846	25,992	2,141,975
Total assets	**835,804**	**1,119,553**	**884,027**	**45,646**	**2,885,030**
Non-current asset additions	**11,344**	**27,773**	**30,949**	**508**	**70,574**

6.2 Operating segments

The following tables present information on the revenue and profit or loss of the continuing operations and certain information on assets and liabilities relating to the Group's operating segments for the years ended 31 December 2010 and 2009:

INFORMATION ON OPERATING 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	12/31/10	12/31/09	12/31/10	12/31/09	12/31/10	12/31/09	12/31/10	12/31/09	12/31/10	12/31/09
Intangible assets	293,461	287,918	111,949	107,509	175,890	166,511	1,694	9,175	3,928	4,723
Property, plant and equipment	449,594	442,161	206,615	198,300	211,584	204,351	3,214	9,149	28,181	30,361
Investment property	31,252	23,042	28,960	25,883	1	317	12,031	9,604	-9,740	-12,762
Financial assets	134,782	59,136	8,644	2,261	5,789	482	120,131	1,401,449	218	-1,345,056
Investments in associates	3,097	6,786	42,037	35,879	31	421	1,173,429	0	-1,212,400	-29,514
Deferred tax assets	64,154	47,825	11,758	9,763	32,721	7,431	16,829	22,067	2,846	8,564
Goodwill	767,211	747,508	246,909	230,601	508,554	505,159	0	0	11,748	11,748
Other non-current assets	0	0	0	0	0	0	0	0	0	0
Receivable from Group companies	0	0	42,663	27,410	126,714	17,852	15,744	44,147	-185,121	-89,409
Other current assets	1,141,479	739,250	352,797	309,806	323,367	344,103	439,238	53,092	26,077	32,249
	2,885,030	**2,353,626**	**1,052,332**	**947,412**	**1,384,651**	**1,246,627**	**1,782,310**	**1,548,683**	**-1,334,263**	**-1,389,096**
Non-current assets classified as held for sale	0	330,839							0	330,839
Total assets	**2,885,030**	**2,684,465**							**-1,334,263**	**-1,058,257**
Total equity	1,607,446	1,298,160	655,000	550,826	1,017,013	894,130	1,098,857	867,020	-1,163,424	-1,013,816
Deferred income	5,866	8,119	1,684	2,199	0	0	0	0	4,182	5,920
Provisions for pensions and similar obligations	32,230	40,503	12,602	13,590	18,422	22,385	854	4,151	352	377
Other provisions	87,591	69,614	3,521	507	9,236	4,354	74,061	65,193	773	-440
Non-current and current financial liabilities	573,472	736,155	167,589	183,350	27,725	66,386	365,379	484,301	12,779	2,118
Other non-financial accounts payable	66	61	41	61	0	0	0	0	25	0
Deferred tax liabilities	193,755	144,231	54,816	45,295	82,219	50,710	56,740	48,248	-20	-22
Payable to Group companies	0	0	24,135	22,233	6,912	57,131	168,667	69,098	-199,714	-148,462
Other current liabilities	384,604	299,950	132,944	129,351	223,124	151,531	17,752	10,672	10,784	8,396
	2,885,030	**2,596,793**	**1,052,332**	**947,412**	**1,384,651**	**1,246,627**	**1,782,310**	**1,548,683**	**-1,334,263**	**-1,145,929**
Liabilities associated with assets classified as held for sale	0	87,672							0	87,672
Total equity and liabilities	**2,885,030**	**2,684,465**							**-1,334,263**	**-1,058,257**
Investments in the year	70,574	80,820	29,032	56,925	34,950	17,196	3,336	129		
Capital employed	995,309	1,017,239	506,347	495,768	442,061	469,915	27,666	-3,681		
ROCE	21.3	18.5	19.6	19.7	30.2	23.2	-	-		
Gearing	23.8%	55.9%								
Average headcount for the year	4,984	4,635								
Stock market data:										
Number of shares	153,865	153,865								
Market capitalisation at year-end	2,436	2,236	Millions of euros							
Earnings per share	2.53	1.17								
Dividend per share	0.7	0.94								
Underlying carrying amount per share	10.35	8.32								

INFORMATION ON OPERATING 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	12/31/10	12/31/09	12/31/10	12/31/09	12/31/10	12/31/09	12/31/10	12/31/09	12/31/10	12/31/09
External revenue	1,702,023	1,765,397	766,505	791,452	898,803	909,797	1,098	69	35,617	64,079
Net inter-segment revenue		0	45,053	45,697	17,298	19,198	3,486	75,448	-65,837	-140,343
Total revenue	**1,702,023**	**1,765,397**	**811,558**	**837,149**	**916,101**	**928,995**	**4,584**	**75,517**	**-30,220**	**-76,264**
Changes in inventories	-4,902	-31,565	-4,354	-31,296	-1,971	856	0	0	1,423	-1,125
Capitalised expense of Group work on non-current assets	959	193	18	13	941	171	0	0	0	9
Other operating income	34,408	38,381	23,333	5,594	7,926	3,748	521,184	140,628	-518,035	-111,589
Materials consumed and other expenses	-831,438	-909,278	-445,948	-472,397	-430,890	-473,178	0	0	45,400	36,297
Staff costs	-243,843	-225,600	-92,687	-82,336	-131,165	-125,371	-11,574	-8,515	-8,417	-9,378
Depreciation and amortisation charge	-58,629	-53,158	-28,251	-21,009	-26,749	-28,253	-709	-360	-2,920	-3,536
Other operating expenses	-397,541	-409,329	-164,172	-153,529	-220,471	-202,763	-50,308	-33,206	37,410	-19,831
Profit or loss from operations	**201,037**	**175,041**	**99,497**	**82,189**	**113,722**	**104,205**	**463,177**	**174,064**	**-475,359**	**-185,417**
Finance income	21,870	22,861	15,158	16,949	1,778	2,932	17,923	5,071	-12,989	-2,091
Finance expenses	-31,128	-44,654	-14,995	-22,073	-4,944	-6,206	-47,375	-17,833	36,186	1,458
Impairment losses on goodwill	-177	-28,138	-177	-185	0	-15,953	0	0	0	-12,000
Share of results of associates	1,760	-674	1,752	1,638	0	-11	0	0	8	-2,301
Consolidated profit or loss before tax	**193,362**	**124,436**	**101,235**	**78,518**	**110,556**	**84,967**	**433,725**	**161,302**	**-452,154**	**-200,351**

7. DISCONTINUED OPERATIONS

On 30 March 2010, Ebro Foods, S.A., which wholly owned its dairy product business (Puleva Food, S.L. and Lactimilk, S.A.) and Grupo Lactalis Iberia, S.A. (GLI), entered into an agreement for the sale and purchase of the companies composing the dairy product business. The conclusion of the sale and purchase was subject to approval by the European competition authorities, which was granted in August 2010. The sale was formally executed on 2 September 2010.

The terms of the transaction were that GLI acquired the dairy product business for an amount clear of debt of EUR 630 million, which, at the date of execution, following the working capital and debt adjustments agreed upon, resulted in a total price of EUR 644 million.

Based on all the foregoing, and in accordance with current accounting legislation, the income and expenses of the dairy product business for the first eight months of 2010 and for all of 2009 were reclassified and presented in the accompanying consolidated income statements for the two periods as net profit from discontinued operations, the impact of which is summarised below:

Income and expense from discontinued operations

Thousands of euros	2.010		2.009	
	Dairy product business	Sugar business	Dairy product business	Sugar business
	8 months	Various	12 months	4 months
- Income (revenue)	292,002	-	432,334	155,017
- Changes in inventories	-955	-	6,329	-18,028
- Capitalised expenses of Group work on non-current assets	948	-	1,843	975
- Other operating income	3,746	-	5,160	2,825
	295,741	-	445,666	140,789
- Materials consumed and other expenses	-167,791	-	-257,316	-100,933
- Staff costs	-31,907	-	-47,375	-19,734
- Depreciation and amortisation charge	-9,555	-	-14,886	-2,024
- Outside services	-51,867	-	-76,009	-19,350
- Other operating expenses	-7,259	-	-2,803	-4,422
	-268,379	-	-398,389	-146,463
Profit (Loss) from operations	**27,362**	**-**	**47,277**	**-5,674**
Net finance costs	909	-	1,286	-2,998
Impairment of good will	-5	-	-8	-
Consolidated profit (loss) before tax	**28,266**	**-**	**48,555**	**-8,672**
Income tax	-5,295	-	-12,200	5,039
Consolidated profit (loss)	**22,971**	**-**	**36,355**	**-3,633**
- Gain on the sale of the business before income tax	405,257	-7,999	-	114,489
- Decrease in profit due to guarantees provided to the buyer in connection with the outcome of outstanding litigation relating to the business (provision) - see Note 21	-28,231	-13,064	-	-57,387
- Income tax on the gain on the sale	-119,051	-358	-	-10,281
	280,946	**-21,421**	**36,355**	**43,188**
Total net profit from discontinued operations	**259,525**		**79,543**	

The sale of the sugar business was executed on 30 April 2009. Accordingly, in the first half of 2009 it was still recognised as a discontinued activity. In 2010 a loss of EUR 21,063 thousand was recognised before the income tax effect. The amounts recognised in profit or loss for 2010 result from new events that occurred during the year that affect both the estimates of the security interests provided to the purchaser of the sugar business and the selling price of this business by partially reducing the uncollected amounts that were deferred:

- As indicated in Note 21, on 20 July 2010, the Criminal Chamber of the Supreme Court handed down an unfavourable judgment whereby, in accordance with the commitments and guarantees assumed by Ebro Foods, S.A., as the seller, on 21 July 2010, the former paid ABF EUR 27.6 million. The interest that will foreseeably be paid in the coming months remains outstanding. With respect to the remaining guarantees for which provisions were recognised, there were no material changes in their position compared to the previous year. In 2010 the Company decided to increase the provision for these guarantees in order to cover all of the risk, which gave rise to an increased expense in 2010 of EUR 13,064 thousand.

- In addition, since it was ultimately not possible to collect certain amounts that were expected to be collected as a portion of the selling price and from the definitive settlement of the restructuring costs relating to the CMO of the sugar sector, an additional expense of EUR 7,999 thousand was recognised in 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (THOUSANDS OF EUROS)

8. OTHER INCOME AND EXPENSES

8.1 Other operating income (continuing operations)

		2010		2009
Government grants (related to income and to assets)		3,024		4,764
Income from CO_2 emission allowances		149		1,047
Other current operating income		7,877		4,270
Gains on non-current asset disposals		15,376		9,036
Gains on disposals of investment property		227		538
Gains on disposals of equity investments		0		14,027
Income from reversals of impairment losses on non-current assets		2,424		37
Other income		5,331		4,662
Income from litigation (provisions recovered)	3,123		3,826	
Other more minor items of income	2,208		836	
		34,408		**38,381**

The other operating income in 2010 includes the following non-recurrent items:

- A gain of EUR 15,376 thousand on the sale of property, plant and equipment.
- Indemnities received amounting to EUR 3,123 thousand from a dispute concluded by an out-of-court settlement.
- The rest of the other operating income relates to grants, income from CO_2 emission allowances and other more minor amounts of operating income.

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

- A gain of EUR 9,036 thousand on the sale of property, plant and equipment (mainly relating to one of the properties in northern Spain).
- A gain of EUR 13,980 thousand on the sale of the entire ownership interest in the associate Biocarburantes de Castilla y León, S.A.
- Reversals of provisions for disputes amounting to EUR 3,826 thousand.
- The rest of the other operating income relates to grants, income from CO_2 emission allowances and other more minor amounts of operating income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (THOUSANDS OF EUROS)

8.2 Other operating expenses (continuing operations)

		2010		2009
External expenses and outside services		(268,484)		(268,730)
Advertising expenditure		(80,473)		(75,750)
Research and development expenditure		(4,605)		(5,865)
Expenses relating to CO_2 emission allowances		(149)		(1,047)
Taxes other than income tax		(8,589)		(14,012)
Losses on disposals of non-current assets and impairment losses		(11,282)		(34,616)
Other expenses and provisions recognised		(23,959)		(9,309)
Provision for litigation and disputes	(4,594)		(3,383)	
Sundry industrial restructuring costs	(15,928)		(2,660)	
Other more minor expense items	(3,437)		(3,266)	
		(397,541)		(409,329)

The other operating expenses in 2010 include the following non-recurrent items:

- Losses of EUR 1,009 thousand on the derecognition or disposal of various items of industrial equipment and fixtures.
- Recognition of an impairment loss of EUR 8,270 thousand on property, plant and equipment, of which the most significant portion amounting to EUR 6,326 thousand was recognised at year-end due to the forecast closure in the second half of 2010 of the Houston (USA) plant.
- Period provision of EUR 4,594 thousand for certain legal proceedings in process.
- Expenses of EUR 15,928 thousand arising from various industrial restructuring processes, of which the most significant portion amounting to EUR 11,023 thousand relate to the pasta business.

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

- Losses of EUR 5,449 thousand on the derecognition or disposal of various items of industrial equipment and fixtures. The most significant is the loss of EUR 2,389 thousand on the sale of industrial combined heat and power generation equipment.
- Recognition of an impairment loss of EUR 11,159 thousand on property, plant and equipment.
- Recognition of an impairment loss of EUR 5,000 thousand on intangible assets. This impairment loss relates to one of the trademarks the value of which is expected to recover in the future.
- Period provision of EUR 3,023 thousand for certain legal proceedings in process.
- Expenses of EUR 2,895 thousand arising from various labour force restructuring processes.
- Expense (reduction in sale proceeds) of EUR 12,877 thousand arising from the out-of-court settlement in June 2009 with the buyer of the land of the former sugar refinery in Alagón (Zaragoza).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (THOUSANDS OF EUROS)

Finance costs and income (continuing operations)

	2010	2009
Finance costs		
On payables to third parties	(11,709)	(25,355)
On financial adjustment of provisions for litigations	(1,591)	(1,690)
On financial cost of pensiones and similar obligations	(917)	(983)
Losses on derecognition or disposal of financial assets and liabilities	0	(160)
Provisions for impairment of financial assets	(1,953)	(1,164)
Expenses and losses relating to derivatives and financial instruments	(829)	(835)
Exchange losses	(14,129)	(14,467)
	(31,128)	(44,654)
Finance income		
On investments with third parties	7,784	4,507
On financial income from pensions and similar obligations	25	0
Gains on derecognition or disposal of financial assets and liabilities	12	92
Impairment losses on financial assets reversed	911	1,269
Gains on derivatives and financial instruments	982	578
Exchange gains	12,156	16,415
	21,870	**22,861**
Net finance costs	**(9,258)**	**(21,793)**

8.3 Staff costs (continuing operations)

	2010	2009
Wages and salaries	(188,651)	(170,957)
Other employee benefit costs	(16,246)	(15,210)
Social security and similar costs	(32,792)	(31,534)
Termination benefits	(23)	(126)
Post-employment benefit and similar costs	(6,131)	(7,773)
	(243,843)	**(225,600)**

The detail of the average number of employees in 2010 and 2009 and of the 2010 and 2009 year-end headcounts at the Group companies (taking into account the changes on the scope of consolidation during the period) is as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (THOUSANDS OF EUROS)

AVERAGE HEADCOUNT

AVERAGE NUMBER	MEN		WOMEN		
2009	PERMAN-ENT	TEMPORARY	PERMAN-ENT	TEMPORARY	TOTAL
Executives	128	0	49	0	177
Supervisors	384	7	144	11	546
Clerical staff	186	15	317	23	541
Assistants	89	5	34	5	133
Sales personnel	151	3	70	1	225
Other staff	1,975	492	506	40	3,013
	2,913	**522**	**1,120**	**80**	**4,635**
Dairy product business (sold in 2010)	785	74	174	25	1,058
TOTAL	**3,698**	**596**	**1,294**	**105**	**5,693**

AVERAGE NUMBER	MEN		WOMEN		
2010	PERMAN-ENT	TEMPORARY	PERMAN-ENT	TEMPORARY	TOTAL
Executives	127	1	52	0	180
Supervisors	412	5	149	15	581
Clerical staff	183	16	313	25	537
Assistants	88	7	34	8	137
Sales personnel	146	4	62	2	214
Other staff	2,010	705	498	122	3,335
TOTAL	**2,966**	**738**	**1,108**	**172**	**4,984**

YEAR-END HEADCOUNT	MEN		WOMEN		
2009	PERMAN-ENT	TEMPORARY	PERMAN-ENT	TEMPORARY	TOTAL
Executives	128	0	50	0	178
Supervisors	395	9	143	14	561
Clerical staff	187	9	318	25	539
Assistants	89	5	34	5	133
Sales personnel	152	3	68	1	224
Other staff	1,907	394	498	32	2,831
	2,858	**420**	**1,111**	**77**	**4,466**
Dairy product business (sold in 2010)	784	72	176	29	1,061
TOTAL	**3,642**	**492**	**1,287**	**106**	**5,527**

YEAR-END HEADCOUNT	MEN		WOMEN		
2010	PERMAN-ENT	TEMPORARY	PERMAN-ENT	TEMPORARY	TOTAL
Executives	125	1	52	0	178
Supervisors	407	8	151	20	586
Clerical staff	187	15	315	30	547
Assistants	91	6	34	9	140
Sales personnel	132	5	57	2	196
Other staff	1,931	489	444	81	2,945
TOTAL	**2,873**	**524**	**1,053**	**142**	**4,592**

9. INTANGIBLE ASSETS

The detail of the consolidated Group's intangible assets at 31 December 2010 and 2009, of the related accumulated amortisation and impairment losses and of the changes therein each year is as follows (in thousands of euros):

Carrying amounts	Development expenditure	Trademarks and patents	Computer software	CO_2 emission allowances and other	Intangible assets in progress	Total
Balance at 31 December 2008	4,070	284,847	8,061	2,799	518	**300,295**
Balance at 31 December 2009	4,192	279,357	8,481	2,555	937	**295,522**
Balance at 31 December 2010	15	280,209	7,625	558	5,054	**293,461**

Gross cost	Development expenditure	Trademarks and patents	Computer software	CO_2 emission allowances and other	Intangible assets in progress	Total
Balance at 31 December 2008	**8,774**	**290,246**	**28,723**	**2,818**	**518**	**331,079**
Business combination						0
Sales of businesses						0
Increases in the year	1,368	3,487	4,384	2,528	922	12,689
Decreases in the year	(246)	(195)	(784)	(2,768)		(3,993)
Translation differences		(3,607)	(292)		(8)	(3,907)
Assets classified as held for sale						0
Transfers	518		99		(495)	122
Balance at 31 December 2009	**10,414**	**289,931**	**32,130**	**2,578**	**937**	**335,990**
Business combination						0
Sales of businesses	(9,210)	(9,348)	(10,331)	(1,632)	(772)	(31,293)
Increases in the year	1	197	3,294	2,304	4,871	10,667
Decreases in the year	(216)	(27)	(4)	(2,663)		(2,910)
Translation differences		12,328	816		18	13,162
Assets classified as held for sale						0
Transfers	(34)	3	(4)			(35)
Balance at 31 December 2010	**955**	**293,084**	**25,901**	**587**	**5,054**	**325,581**

Accumulated amortisation and impairment losses	Development expenditure	Trademarks and patents	Computer software	CO_2 emission allowances and other	Intangible assets in progress	Total
Balance at 31 December 2008	**(4,704)**	**(5,399)**	**(20,662)**	**(19)**	**0**	**(30,784)**
Business combination						0
Sales of businesses						0
Increases in the year	(1,410)	(5,509)	(3,928)	(4)		(10,851)
Decreases in the year	140	195	720			1,055
Translation differences		9	144			153
Assets classified as held for sale						0
Transfers	(248)	130	77			(41)
Balance at 31 December 2009	**(6,222)**	**(10,574)**	**(23,649)**	**(23)**	**0**	**(40,468)**
Business combination						0
Sales of businesses	5,983	178	9,207			15,368
Increases in the year	(951)	(2,275)	(3,637)	(6)		(6,869)
Decreases in the year	216	25	13			254
Translation differences		4	(444)			(440)
Assets classified as held for sale						0
Transfers	34	(233)	234			35
Balance at 31 December 2010	**(940)**	**(12,875)**	**(18,276)**	**(29)**	**0**	**(32,120)**

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 2010 and 2009 the most significant of these assets were tested for impairment (by independent valuers -American Appraisal-) and the following carrying amounts were allocated to the following cash-generating units**:**

- EUR 13,293 thousand (2009: EUR 15,043 thousand) of the carrying amount of the trademarks were allocated to the Herba Germany cash-generating unit of the Herba rice business segment.
- EUR 90,909 thousand (2009: EUR 84,082 thousand) of the carrying amount of the trademarks were allocated to the cash-generating unit of the US Riviana rice business segment.
- EUR 83,182 thousand (2009: EUR 83,182 thousand) of the carrying amount of the trademarks were allocated to the cash-generating unit of the French Panzani pasta business segment.
- EUR 0 (2009: EUR 9,150 thousand) of the carrying amount of the trademarks were allocated to the Puleva Infantil cash-generating unit as part of the dairy product business segment, which was sold in 2010.
- EUR 71,460 thousand (2009: EUR 65,725 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 (2009: EUR 13,408 thousand) of the carrying amount of the trademarks were allocated to the cash-generating unit of the European Birkel pasta business segment.
- EUR 3,752 thousand (2009: EUR 3,752 thousand) of the carrying amount of the trademarks and other similar intangible assets were allocated to the Biosearch, S.A. cash-generating unit.
- EUR 4,000 thousand (2009: EUR 4,000 thousand) of the carrying amount of the trademarks were allocated to the Risella (Finland) cash-generating unit as part of the Herba rice business segment.

The recoverable amount of these trademarks, or of the cash-generating units to which they belong, was determined on the basis of their value in use, using cash flow projections based on five-year budgets. The discount rates used in the cash flow projections range from 6.8% to 7.1%, depending on the geographical area in which the trademark or cash-generating unit is located, and the cash flows for periods beyond the five-year period are extrapolated using a growth rate equal to the average long-term growth rate of the unit in question, which is usually between 0.0% and 2% depending on the business concerned.

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

Changes in the year

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

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

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

In 2010 the most significant changes in "Intangible Assets" were as follows:

- Increase of EUR 10,667 thousand relating to new intangible assets, mostly the acquisition of computer hardware and, to a lesser extent, CO_2 allowances.
- Increase of EUR 12,722 relating to translation differences.
- Decrease relating to the amortisation charge for the year and impairment losses of EUR 5,077 thousand and EUR 1,792 thousand, respectively.
- Decrease of EUR 15,923 thousand due to the sale of the dairy product business.

In 2010 CO_2 emission rights amounting to EUR 2,663 thousand were derecognised and there were other non-material additions and reductions.

Therefore, at 31 December 2010, "Trademarks" included mainly:

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

The charges and, where applicable, credits relating to these non-current assets amounted to EUR 5,077 thousand and EUR 1,792 thousand, respectively in 2010 and EUR 0 thousand of losses for the disposal of these assets (2009: EUR 5,851 thousand, EUR 5,000 thousand, and EUR 0, respectively).

It should be taken into account that EUR 1,457 thousand of the aforementioned amortisation charge for 2010 (2009: EUR 2,433 thousand) should be deducted in relation to the assets of the dairy product business, the income and expenses of which were reclassified to discontinued operations (see Note 7).

The impairment of intangible assets in 2009 amounting to EUR 5,000 thousand related to the impairment loss on one of the trademarks of the Herba Germany cash-generating unit of the Herba rice business. The valuation following the impairment test on this trademark, performed at 31 December 2009, gave rise to the aforementioned impairment loss due to the unfavourable sales performance in 2009 and the fall in forecast future sales.

10. PROPERTY, PLANT AND EQUIPMENT

The detail of the consolidated Group's property, plant and equipment at 31 December 2010 and 2009, of the related accumulated depreciation and impairment losses and of the changes therein each year is as follows (in thousands of euros):

Carrying amounts	Land	Buildings	Plant and machinery	Other fixtures, tools and furniture	Other items of plant and equipment	Property, plant and equipment in the course of construction	Total
Balance at 31 December 2008	75,362	126,394	298,791	18,380	7,494	30,939	**557,360**
Balance at 31 December 2009	75,411	141,442	275,630	17,386	7,688	27,172	**544,729**
Balance at 31 December 2010	67,748	126,319	223,695	13,096	4,184	14,552	**449,594**

Gross cost	Land	Buildings	Plant and machinery	Other fixtures, tools and furniture	Other items of plant and equipment	Property, plant and equipment in the course of construction	Total
Balance at 31 December 2008	**75,362**	**233,893**	**727,640**	**45,653**	**22,039**	**38,761**	**1,143,348**
Business combination			95				95
Disposals of businesses							0
Increases in the year	4,489	28,852	40,615	2,821	2,064	(5)	78,836
Decreases in the year	(3,788)	(2,825)	(19,768)	(826)	(1,631)		(28,838)
Translation differences	(270)	(1,169)	(2,046)	(9)	56	(505)	(3,943)
Assets classified as held for sale							0
Transfers	(382)	(2,141)	193	527	(613)	(542)	(2,958)
Balance at 31 December 2009	**75,411**	**256,610**	**746,729**	**48,166**	**21,915**	**37,709**	**1,186,540**
Business combination							0
Disposals of businesses	(8,902)	(42,425)	(163,439)	(10,707)	(11,023)	(903)	(237,399)
Increases in the year	854	9,782	64,928	1,591	2,151	(13,059)	66,247
Decreases in the year	(62)	(1,089)	(21,357)	(342)	(1,008)		(23,858)
Translation differences	1,858	5,104	10,541	129	235	1,419	19,286
Assets classified as held for sale							0
Transfers	(1,411)	1,847	(1,066)	(35)	(476)		(1,141)
Balance at 31 December 2010	**67,748**	**229,829**	**636,336**	**38,802**	**11,794**	**25,166**	**1,009,675**

Accumulated depreciation and impairment losses	Land	Buildings	Plant and machinery	Other fixtures, tools and furniture	Other items of plant and equipment	Property, plant and equipment in the course of construction	Total
Balance at 31 December 2008	**0**	**(107,499)**	**(428,849)**	**(27,273)**	**(14,545)**	**(7,822)**	**(585,988)**
Business combination			(17)				(17)
Disposals of businesses							0
Increases in the year		(9,114)	(56,769)	(3,736)	(3,059)	(2,715)	(75,393)
Decreases in the year		870	13,067	569	3,115		17,621
Translation differences		155	1,140	10	(23)		1,282
Assets classified as held for sale							0
Transfers		420	329	(350)	285		684
Balance at 31 December 2009	**0**	**(115,168)**	**(471,099)**	**(30,780)**	**(14,227)**	**(10,537)**	**(641,811)**
Business combination							0
Disposals of businesses		24,740	99,737	8,197	6,895		139,569
Increases in the year		(14,755)	(56,257)	(3,512)	(1,570)	(77)	(76,171)
Decreases in the year		2,534	18,437	323	1,069		22,363
Translation differences		(739)	(4,867)	(112)	(38)		(5,756)
Assets classified as held for sale							0
Transfers		(122)	1,408	178	261		1,725
Balance at 31 December 2010	**0**	**(103,510)**	**(412,641)**	**(25,706)**	**(7,610)**	**(10,614)**	**(560,081)**

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

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

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

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

Changes in 2009

The most significant changes in "Property, Plant and Equipment" in 2009 were as follows:

- Net decrease of EUR 2,661 thousand due to translation differences.
- Increase of EUR 78,836 thousand due to the investments in 2009. They relate basically to the new plant of the rice business in the US and the technical improvements and new fixtures at the plants in Denmark and France and of Puleva Biotech.
- Decrease due to the depreciation charge for the year of EUR 61,951 thousand.
- Decrease due to the impairment losses recognised in the year amounting to EUR 13,442 thousand. Of the impairment losses recognised on property, plant and equipment, the most significant amount, EUR 6,189 thousand, related to the foreseen closure in 2010 of the Houston plant (US), and EUR 2,715 thousand and EUR 2,255 thousand related to biodiesel equipment and to combined heat and power generation equipment, respectively.
- Decrease due to transfers to investment property amounting to EUR 2,247 thousand.
- In 2009 the net disposals amounted to EUR 11,217 thousand.

Changes in 2010

The most significant Changes in "Property, Plant and Equipment" in 2010 were as follows:

- Increase of EUR 13,530 thousand due to translation differences.
- Increase of EUR 66,247 thousand due to the investments in 2010. They relate basically to the new plant of the rice business in the US and the technical improvements and new fixtures at the Panzani and NWP pasta plants.
- Decrease due to the depreciation charge for the year of EUR 63,061 thousand.
- Decrease due to the impairment losses recognised in the year amounting to EUR 13,110 thousand, of which EUR 4,840 thousand related to the dairy product business sold in 2010 and the remaining EUR 8,270 thousand to the other continuing businesses (see Note 8.2).

- Decrease of EUR 97,830 thousand due to the sale of the dairy product business.
- In 2010 net disposals amounted to EUR 3,919 and provisions amounting to EUR 2,424 thousand, which were finally not needed, were reversed.

The depreciation charges and impairment losses relating to these items of property, plant and equipment amounted to EUR 63,061 thousand and EUR 13,110 thousand, respectively in 2010 (2009: EUR 61,951 thousand and EUR 13,442 thousand, respectively).

It should be taken into account that in 2010 EUR 8,073 thousand and EUR 4,840 thousand, respectively, should be deducted from the aforementioned depreciation charge and impairment losses, respectively (2009: EUR 12,385 thousand and EUR 2,283 thousand, respectively), in relation to the assets of the dairy product business the income and expenses of which were reclassified to discontinued operations (see Note 7).

Also, in relation to the sale or disposal of property, plant and equipment in 2010, in some cases, there were losses of EUR 1,220 thousand and, in other cases, there were gains of EUR 15,376 thousand on the sale of these assets (2009: EUR 5,576 thousand and EUR 9,036 thousand, respectively).

Of the impairment losses recognised in 2010 and 2009 on property, plant and equipment, the most significant amounting to EUR 6,326 thousand and EUR 6,189 thousand, respectively, related to the closure of the Houston plant (US) in 2010.

The construction of the new plant of the rice business in Memphis (US) resulted in the decision to close the Houston plant (US) and the transfer of part of the industrial equipment to the new facilities. The final closure of the Houston plant was conditional on the entry into operation and complete start-up of the new plant in Memphis. The final closure of the Houston plant was expected to take place on 30 September 2010 but has currently been postponed until the first quarter of 2011.

Practically all the impairment losses on the industrial assets at the Houston plant relate to the machinery and/or other industrial equipment that could not be transferred to the new Memphis plant. At each year-end the industrial plan of the new plant under construction is reviewed in order to identify any changes in decisions to re-use or not re-use certain machinery and industrial equipment at the current Houston plant.

At 2010 and 2009 year-end, the recoverable amount of the assets at the Houston plant was determined, and was taken to be the higher of value in use or realisable value. Value in use was applied to the industrial machinery and equipment which is not to be transferred until the final closure of the plant, and their useful lives were re-estimated until the closure (given that their realisable value will be zero or very near to zero at that date).

The impairment recognised in both 2010 and 2009 relates to the decline in value of these assets still in operation as a result of the reduction of their useful lives due to the forthcoming closure of the plant.

11. INVESTMENT PROPERTY

The detail of the consolidated Group's investment property at 31 December 2010 and 2009, of the related accumulated depreciation and impairment losses and of the changes therein each year is as follows (in thousands of euros):

Carrying amounts	Land	Buildings	Total
Balance at 31 December 2008	19,101	11,425	**30,526**
Balance at 31 December 2009	18,595	13,557	**32,152**
Balance at 31 December 2010	19,710	11,542	**31,252**

	Gross values			Accumulated depreciation and impairment losses		
	Land	Buildings	Total	Land	Buildings	Total
Balance at 31 December 2008	**19,522**	**17,344**	**36,866**	**(421)**	**(5,919)**	**(6,340)**
Business combination			0			0
Sales of businesses			0			0
Increases in the year	611	513	1,124		(242)	(242)
Decreases in the year	(1,361)	(606)	(1,967)		416	416
Translation differences		50	50		(2)	(2)
Transfers	381	2,600	2,981	(137)	(597)	(734)
Balance at 31 December 2009	**19,153**	**19,901**	**39,054**	**(558)**	**(6,344)**	**(6,902)**
Business combination			0			0
Sales of businesses	(28)	(1,104)	(1,132)		811	811
Increases in the year	1,008	150	1,158		(46)	(46)
Decreases in the year	(1,299)	(146)	(1,445)	421	42	463
Translation differences	(1)	23	22		(4)	(4)
Transfers	1,461	(2,903)	(1,442)	(447)	1,162	715
Balance at 31 December 2010	**20,294**	**15,921**	**36,215**	**(584)**	**(4,379)**	**(4,963)**

The depreciation charge for 2010 amounted to EUR 46 thousand (2009: EUR 242 thousand) and impairment losses amounting to EUR 0 thousand (2009: EUR 0 thousand) were recognised.

It should be taken into account that EUR 25 thousand of the aforementioned depreciation charge for 2010 (2009: EUR 68 thousand) should be deducted in relation to the assets of the dairy product business, the income and expenses of which were reclassified to discontinued operations (see Note 7).

Except for the assets derecognised as a result of the sale of the dairy product business in 2010, which amounted to EUR 321 thousand, no other significant changes arose this year.

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

In June 2009 an out-of-court settlement was reached with the buyer of the land of the old sugar refinery in Alagón (Zaragoza) in connection with an amount outstanding of EUR 24,000 thousand, resolving the dispute. Through this agreement, Ebro Foods, S.A. recovered 40% of the land sold (which was recognised at the historical acquisition cost prior to the sale) as consideration for 40% of the total original price of the transaction. The rest of the price was deferred and secured with a bank guarantee.

The balance receivable of EUR 12,000 thousand will be paid in five annual instalments of EUR 2,400 thousand each. The instalments for July 2009 and 2010 have already been collected. In 2009 this transaction gave rise to an expense (reduction in the proceeds from the sale) of EUR 12,877 thousand, which was recognised under "Other Operating Expenses" in the accompanying consolidated income statement for 2009.

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 one specific case, England.

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 and not 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 101 million at 31 December 2010.

12. FINANCIAL ASSETS

The detail of "Financial Assets" in the consolidated balance sheets at 31 December 2010 and 2009 is as follows (in thousands of euros):

	12/31/10			12/31/09		
	Total	Non-current	Current	Total	Non-current	Current
Held-for trading financial assets:	**498**	**424**	**74**	**149**	**149**	**0**
Available-for-sale financial assets	**99,331**	**99,331**	**0**	**0**	**0**	**0**
Held-to-maturity investments:						
- Guarantees and deposits	**1,169**	**1,144**	**25**	**2,279**	**1,011**	**1,268**
Loans and receivables:						
- Loans and receivables - associates	0	0	0	0	0	0
- Loans and receivables - third parties	33,784	11,025	22,759	59,801	36,738	23,063
	33,784	**11,025**	**22,759**	**59,801**	**36,738**	**23,063**
TOTAL FINANCIAL ASSETS	**134,782**	**111,924**	**22,858**	**62,229**	**37,898**	**24,331**

Financial assets amounting to EUR 3,093 thousand were derecognised as a result of the sale of the dairy product business in 2010.

Available-for-sale financial assets

"Available-For-Sale-Financial Assets" relate to the investment in SOS Corporación, S.A. in December 2010 through the subscription of 95,510,218 shares of the capital increase performed by the aforementioned company at a cost of EUR 0.5 per share. It represents 9.3% of the share capital of SOS Corporación, S.A. This financial asset is recognised at fair value through equity, until it is derecognised or becomes impaired, at which time the amount thus recognised is allocated to the income statement. At 31 December 2010, the fair value per the market price of this investment was EUR 1.04 per share, and, therefore, a net gain of EUR 36,102 thousand was recognised directly in equity (a gross gain of EUR 51,574 thousand less EUR 15,472 thousand of its tax effect).

Loans and receivables - third parties

The decrease in the balance of "Loans and Receivables – Third Parties" at 31 December 2010 with respect to 31 December 2009 is due to the collections that took place under the repayment schedule and the adjustment of part of the deferred price relating to the sale of the sugar business (see Note 7). The balance of "Loans and Receivables - Third Parties" at 31 December 2010 and 2009 included mainly the following:

- EUR 0 thousand in 2010 and EUR 2,952 thousand in 2009 relating to the financing granted to livestock farmers of the dairy product business sold in 2010.

- EUR 13,760 thousand in 2010 and EUR 31,800 thousand in 2009 relating to the deferred portion of the selling price in 2009 of the sugar business, earning explicit interest tied to Euribor.

- EUR 6,893 thousand in 2010 and EUR 9,054 thousand relating to the deferred portion of the selling price in 2009 of the Alagón land (see Note 11), earning implicit interest at 2.5%.

- EUR 7,655 thousand in 2010 and EUR 15,027 thousand in 2009 relating to the deferred portion of the selling price in 2009 of the investment in Biocarburantes de Castilla y León, S.A., earning implicit interest at 2.5%.

Of the total balance of this line item in 2010, EUR 33,264 thousand (2009: EUR 59,319 thousand) were denominated in euros and EUR 520 thousand (2009: EUR 482 thousand) were denominated in US dollars.

The following amounts fall due each year from 2011 onwards: EUR 22,759 thousand, EUR 4,794 thousand, EUR 5,711 thousand, with the remaining EUR 520 thousand falling due from 2014 onwards.

13. INVESTMENTS IN ASSOCIATES

The changes in 2010 and 2009 were as follows (in thousands of euros):

Associate	Balance at 12/31/08	Increases due to acquisitions	Decreases due to sales	Dividends paid	Profit (Loss) for the year	Translation differences	Other changes	Balance at 12/31/09
Biocarburantes de Castilla y León, S.A	5,096		(2,546)		(2,550)			0
Lince Insurance, Ltd.	4,087				249		(919)	3,417
Asociadas de Riviana Foods Inc.	3,292			(1,850)	1,640	(104)		2,978
Asociadas de Dosbio 2010, S.L.	306		(306)					0
Asociadas de Grupo P. Biotech	38		(38)					0
Asociadas de Herba	83				(2)		(81)	0
Asociadas Panzani in liquidation	391	11			(11)			391
	13,293	**11**	**(2,890)**	**(1,850)**	**(674)**	**(104)**	**(1,000)**	**6,786**

Associate	Balance at 12/31/09	Increases due to acquisitions	Decreases due to sales	Dividends paid	Profit (Loss) for the year	Translation differences	Other changes	Balance at 12/31/10
Lince Insurance, Ltd. (in liquidation)	3,417				8		(3,425)	0
Asociadas de Riviana Foods Inc.	2,978			(1,870)	1,752	235		3,095
Asociadas Panzani in liquidation	391						(389)	2
	6,786	**0**	**0**	**(1,870)**	**1,760**	**235**	**(3,814)**	**3,097**

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

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

In 2010 the process of liquidation of Lince Insurance, Ltd. (which managed the Group's non-current asset insurance policies) was completed.

14. GOODWILL

The changes in 2010 and 2009 in "Goodwill" were as follows (in thousands of euros):

Segment	Cash-generating unit or group of cash-generating units	12/31/08	Increases	Decreases and other	Decrease due to impairment	Translation differences	12/31/09
Herba Rice	Danrice (Denmark)	14,524					14,524
Herba Rice	Vogan (UK)	1,107				81	1,188
Herba Rice	Riceland (Hungary)	2,126					2,126
Herba Rice	Steve & Brotherton (UK)	611					611
Herba Rice	Mundiriz (Morocco)	2,114	9		(185)	(26)	1,912
Dairy product	Puleva Food (FC merger)	53,754		1	(8)		53,747
Dairy product	Lactimilk, S.L.	429					429
US Riviana	US Riviana Group	85,476				(2,891)	82,585
US Riviana	Minute Rice	132,123				(4,468)	127,655
Panzani France	Panzani Group	417,449					417,449
US pasta	NWP Group	100,842			(15,953)	2,822	87,711
Other	Jiloca, S.A.	129					129
Other	P. Biotech Group	25,728		(2,108)	(12,000)		11,620
		836,412	**9**	**(2,107)**	**(28,146)**	**(4,482)**	**801,686**

Segment	Cash-generating unit or group of cash-generating units	12/31/09	Increases	Decreases and other	Decrease due to impairment	Translation differences	12/31/10
Herba Rice	Danrice (Denmark)	14,524					14,524
Herba Rice	Vogan (UK)	1,188				37	1,225
Herba Rice	Riceland (Hungary)	2,126					2,126
Herba Rice	Steve & Brotherton (UK)	611					611
Herba Rice	Mundiriz (Morocco)	1,912			(177)	34	1,769
Dairy product	Puleva Food (FC merger)	53,747		(53,747)			0
Dairy product	Lactimilk, S.L.	429		(429)			0
US Riviana	US Riviana Group	82,585				6,448	89,033
US Riviana	Minute Rice	127,655				9,965	137,620
Panzani France	Panzani Group	417,449					417,449
US pasta	NWP Group	87,711				3,394	91,105
Other	Jiloca, S.A.	129					129
Other	P. Biotech Group	11,620					11,620
		801,686	**0**	**(54,176)**	**(177)**	**19,878**	**767,211**
Total gross value		846,520		(54,176)		21,061	813,405
Total accumulated impairment		(44,834)			(177)	(1,183)	(46,194)

In 2010 and 2009 there were no business combinations that gave rise to significant goodwill. The decreases in goodwill in the dairy product segment are a result of the sale of this business in 2010 (see Note 7).

The goodwill arose from business combinations or the acquisition of intangible assets. On 31 December 2010 and 2009, 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 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 2010:

- In the European rice and pasta businesses, growth rates between 1.5% and 2% and average discount rates of 7.0% were used except in Hungary which, as a result of its special characteristics, used a discount rate of 11.6% and a growth rate of 2.5%.

- In the case of the goodwill relating to Biosearch, S.A., as a result of the special characteristics of its business, a discount rate of 13.71% and a growth rate of 1.9% were applied.

- In the US rice and pasta businesses, discount rates of 6.8% and growth rates of between 0% and 2.2% were used.

The most significant assumptions used to measure each cash-generating unit at 31 December 2010 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 and possible change in any of the assumptions used in calculating the recoverable amount of the cash-generating unit to which the goodwill was allocated would cause its carrying amount to exceed its recoverable amount.

15. INVENTORIES

The detail of “Inventories” at 31 December 2010 and 2009 is as follows (in thousands of euros):

	12/31/2010	12/31/2009
Goods held for resale	17,951	12,977
Raw materials	92,378	84,801
Consumables and spare parts	3,723	8,004
Containers	17,628	16,311
Work in progress	28,859	27,390
Finished goods	78,513	113,613
By-products and waste	3,552	5,979
Advances to suppliers	22,587	11,259
TOTAL GROSS INVENTORIES	**265,191**	**280,334**
Inventory write-downs	-4,753	-2,806
TOTAL NET INVENTORIES	**260,438**	**277,528**

At 31 December 2009, “Inventories” includes EUR 37,085 thousand relating to the dairy product business sold in 2010.

At 2010 year-end the balance of “Advances to Suppliers” in the consolidated balance sheet included EUR 18,258 thousand (2009: EUR 7,957 thousand) relating to payments made to rice growers and there were firm paddy rice purchase agreements amounting to EUR 32,242 thousand (2009: EUR 10,805 thousand). Also, the Riviana Group has raw material purchase commitments totalling approximately EUR 14,490 thousand (2009: EUR 15,266 thousand).

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

In 2010 the inventory write-downs recognised and reversed amounted to EUR 4,515 thousand and EUR 2,517 thousand (2009: EUR 7,934 thousand and EUR 13,765 thousand, respectively) and the translation losses to EUR 51 thousand.

16. TRADE AND OTHER RECEIVABLES

The detail of "Trade and Other Receivables" at 31 December 2010 and 2009 is as follows (in thousands of euros):

	12/31/10	12/31/09
Trade receivables	267,143	256,419
Receivable from associates	-	-
Sundry accounts receivable	22,476	27,077
Allowances	-66,43	-8,205
Trade receivables - dairy product business (sold in 2010)		66,391
TOTAL	**282,976**	**341,682**

The terms and conditions applicable to the accounts receivable from related parties are disclosed in Note 27. The trade receivables are not interest earning and generally mature at between 30 and 90 days. The detail of the age of the trade receivables at 31 December 2010 is as follows:

Age of the receivables	Gross	Allowance	Net
Within 6 months	260,928	-1,745	259,183
Between 3 and 6 months	1,769	-268	1,501
Between 6 and 12 months	865	-375	490
Between 12 and 18 months	810	-568	242
Between 18 and 24 months	332	-4	328
More than 24 months	2,439	-2,262	177
	267,143	**-5,222**	**261,921**

In 2010 the provision recognised for trade and other receivables amounted to EUR 924 thousand (2009: EUR 1,602 thousand), the allowances used in this connection amounted to EUR 2,653 thousand (2009: EUR 2,607 thousand) and the related translation differences amounted to EUR 167 thousand (2009: EUR 57 thousand).

17. CASH AND CASH EQUIVALENTS

The detail of "Cash and Cash Equivalents" at 31 December 2010 and 2009 is as follows (in thousands of euros):

	12/31/10	12/31/09
Cash on hand and at banks	216,928	123,373
Short-term deposits and similar	338,779	35,230
Cash and cash equivalents of dairy product business (sold in 2010)		41,327
TOTAL	**555,707**	**199,930**

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 555,707 thousand at 2010 year-end (2009 year-end: EUR 199,930 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 2010 these investments earned annual average interest of around 3.0% (2009: 3.0%).

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

18.1 Share capital and reserves

Share capital

At 31 December 2010 and 2009, 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.

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, at 31 December 2010 (2009), 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 13,588,347 (2009: 13,588,347) shares representing 8.831% (2009: 8.831%) and indirect holder, through Hispafoods Invest, S.L., of 10,600,210 (2009: 10,600,210) shares representing 6.889% (2009: 6.889%). In total, holder of 24,188,557 (2009: 24,188,557) shares representing 15.721% (2009: 15.721%)

- Sociedad Anónima Damm: indirect holder, through Corporación Económica Damm, S.A., of 14,350,000 (2009: 10,300,000) shares representing 9.326% (2009: 6.694%).

- Sociedad Estatal de Participaciones Industriales: indirect holder, through Alimentos y Aceites, S.A., of 13,315,016 (2009: 13,315,016) shares representing 8.654% (2009: 8.654%).

- Corporación Financiera Alba, S.A.: indirect holder, through Alba Participaciones, S.A., of 8,777,719 shares representing 5.70%. It became a significant shareholder on 9 September 2010.

- Lolland, S.A.: indirect holder, through Casa Grande Cartagena, S.L., of 7,693,290 (2009: 9,707,778) shares representing 5.000% (2009: 6.309%).

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 distribution of an extraordinary stock 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 2010 and 2009, 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 13.0 million (2009: EUR 25.6 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 “Accumulated profit”.

The consolidated equity includes EUR 38,531 thousand in 2010 (2009: 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 2010 and 2009 is as follows (in thousands of euros):

	12/31/10	12/31/09
Herba business companies	(5,139)	(8,941)
RIVIANA Group	(18,527)	(26,194)
NWP Group	628	(19,938)
TOTAL	**(23,038)**	**(55,073)**

Treasury shares

In 2009, the Parent made treasury share purchases and sales pursuant to authorisations granted by the shareholders at the Annual General Meetings held on 28 April 2009 and 9 June 2008, and, in accordance with current legislation, the Spanish National Securities Market Commission (CNMV) was notified accordingly. In 2009 1,064,871 treasury shares were acquired and 1,849,002 were sold and, in addition, 3,628,135 shares were distributed in the form of an extraordinary stock dividend. At 2009 year-end the Company held 666,469 treasury shares representing 0.43% of its share capital. At 2009 year-end no decision had been taken regarding the specific use to which these treasury shares would be put.

In 2010 the Parent was authorised by the shareholders at the Annual General Meetings held on 28 April 2009 and 1 June 2010 to purchase and sell treasury shares, and, in accordance with current legislation, the CNMV was notified accordingly. No shares were acquired in 2010 and 666,469 treasury shares were sold. At 31 December 2010, the Company held no treasury shares.

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 2010 and 2009) 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 2010 and 2009).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (THOUSANDS OF EUROS)

	12/31/10	12/31/09
Net profit attributable to the ordinary shareholders of the Parent from continuing operations	129,272	96,996
Profit attributable to the ordinary shareholders of the Parent from discontinued operations	259,525	79,543
Net profit attributable to the ordinary shareholders of the Parent	388,797	176,539
Interests in non-cumulative redeemable convertible preference shares	0	0
Net profit attributable to the ordinary shareholders of the Parent adjusted by the effect of the non-cumulative redeemable convertible preference shares	388,797	176,539

	2010 Thousands	2009 Thousands
Weighted average ordinary shares for basic earnings per share (*)	153,375	151,072
Dilutive effect:		
Share options	0	0
Redeemable preference shares	0	0
Weighted average ordinary shares adjusted by dilutive effect	153,375	151,072

(*) 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

The distribution of dividends approved by the shareholders at the Annual General Meeting held on 1 June 2010 was as follows:

a) As a result of the Ebro Foods Group's consolidated profit for 2009, it was resolved to distribute an ordinary dividend payable in cash out of unrestricted reserves of EUR 0.40 per share in four quarterly payments of EUR 0.10 each, on 5 April, 1 July, 1 October and 23 December 2010, for a total of EUR 61,546 thousand.

b) Also, and on an independent basis, with the condition that the dairy product business was successfully sold, an extraordinary dividend was approved consisting of a cash payment out of unrestricted reserves of EUR 0.60 per share (in addition to the ordinary dividend) in four payments of EUR 0.15 each, on 1 October and 23 December 2010 and 4 April and 4 July 2011, and totalling EUR 92,319 thousand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (THOUSANDS OF EUROS)

Dividends declared, paid and payable in the year:	2010	2009
Dividends on ordinary shares:		
Final dividend paid for 2009: EUR 0.70 (2008: EUR 0.94)	107,705	145,111
Extraordinary dividend for 2009 paid in 2011: EUR 0.30 (*)	46,160	0
Interim dividend for 2010: EUR 0 (2009: EUR 0)	0	0
	153,865	**145,111**
Proposal for approval by shareholders at General Meeting (not recognised as a liability at 31 December)		
Ordinary dividend for 2010: EUR 0.416 (2009: EUR 0.40)	64,008	61,546
Extraordinary dividend for 2009: EUR 0.60	0	92,319
	64,008	**153,865**

(*) Recognised as a liability at 31 December 2010 (see Note 22).

19. DEFERRED INCOME

This account includes essentially grants related to assets and CO_2 emission allowances received. The changes in 2010 and 2009 were as follows:

	Government grants		CO_2 emission allowances		TOTAL	
	12/31/2010	12/31/2009	12/31/2010	12/31/2009	12/31/2010	12/31/2009
Beginning balance	14,614	15,201	179	390	14,793	15,591
Decrease due to sale of dairy product business	-5,538		-570		-6,108	0
Grants written off	188	-742			188	-742
Grants received	547	4,332			547	4,332
Increase due to CO2 emission allowances			2,304	2,529	2,304	2,529
Other increases/decreases			-357	-70	-357	-70
Translation differences	4	6	0	0	4	6
Transfers to profit from continuing operations	-3,124	-4,183	-149	-2,670	-3,273	-6,853
Transfers to profit from discontinued operations	-1,170		-1,062		-2,232	0
Ending balance	**5,521**	**14,614**	**345**	**179**	**5,866**	**14,793**

"Deferred Income" at 31 December 2010 and 2009 relates to grants related to assets granted to various Group companies in relation to investments in property, plant and equipment (to date these companies have met all the terms and conditions associated with the grants), the value assigned to the CO_2 emission allowances received under the related national plans and other more minor items.

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

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

GRANTS RELATED TO ASSETS	Amount not yet allocated to profit or loss			
	< 1 year	2-5 years	> 5 years	Total
Detail of ending balance by due date	702	1,823	2,996	5,521

20. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The changes in "Provisions for Pensions and Similar Obligations" at the Group in 2010 were as follows (in thousands of euros):

	12/31/2010	12/31/2009		
	Total	Continuing operations	Discontinued operations	Total
Balance at 1 January	**40,953**	**39,060**	**0**	**39,060**
Translation differences	1,718	-231	0	-231
Business combinations	0	0	0	0
Amounts used and payments	-19,320	-9,488	257	-9,231
Transfers from other accounts	329	368	240	608
Excessive provisions and termination benefits	-4	-36	0	-36
Charge for the year - actuarial changes	1,141	1,883	0	1,883
Charge for the year to financial profit or loss	892	993	0	993
Charge for the year to staff costs	6,131	7,773	-47	7,726
Charge for the year to other operating expenses	390	181	0	181
Balance at 31 December	**32,230**	**40,503**	**450**	**40,953**

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

	12/31/10	12/31/09
Defined benefit obligations	20,008	23,134
Retirment bonus and other similar obligations	10,897	9,710
Senior executive incentive programme (see Note 27.6)	1,325	8,109
TOTAL	**32,230**	**40,953**

31 DECEMBER 2010 (THOUSANDS OF EUROS)

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

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

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

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

20.1 Retirement bonus and other similar obligations

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

	12/31/10	12/31/09
Ebro Foods, S.A. (EF)	406	352
Panzani France Group (Panzani)	9,155	8,268
Herba Rice Group (Herba)	666	709
BIRKEL Group	269	204
Riviana US Group (Riviana)	249	0
BPB (Belgium)	152	177
SUBTOTAL	**10,897**	**9,710**

20.1.1 Ebro Foods, S.A.

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

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

Each year subsequent to the arrangement of the externalised policies, the adjustments are made that could be required to regularise the policies as a result of the obligations vested each year by current employees and of the changes in their personal and salary conditions with respect to those envisaged in the technical bases detailed in the notes to the consolidated financial statements for 2001. As a result of the possible adjustments to the coverage of these policies, the related premiums are paid to the insurance company so that the obligations to the employees are adequately covered on a permanent basis. The premiums paid for 2010 and 2009 were for very small amounts and were recognised under “Staff Costs”.

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

The balance of the account at 31 December 2010 of Ebro Foods, S.A. totalling EUR 406 thousand (31 December 2009: EUR 352 thousand) relates to the provision to meet the possible long-service bonus obligations to employees that do not have to be externalised. The expense for 2010 was EUR 54 thousand (2009: EUR 184 thousand).

20.1.2 Panzani Group companies

The Panzani Group companies have obligations to employees, basically for retirement bonuses (provisions of EUR 8,042 thousand and EUR 7,236 thousand at the end of 2009 and 2010, respectively) and for long-service bonuses (provisions of EUR 1,113 thousand and EUR 1,032 thousand at the end of 2010 and 2009, respectively). The aforementioned provisions were recorded on the basis of in-house actuarial calculations. The related expense in 2010 was EUR 1,472 thousand (2009: EUR 294 thousand). These provisions are in-house provisions and are not invested in specific assets.

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 2010 year-end the provisions amounted to EUR 489 thousand (2009 year-end: EUR 549 thousand). The related expense in 2010 was EUR 28 thousand (2009: EUR 57 thousand).

Also, certain Herba Group subsidiaries (S&B Herba in the UK, Boost in Germany, Danrice in Denmark and Herba in Puerto Rico) have defined contribution pension obligations to certain of their employees, on the basis of an annual contribution based on a percentage of their salaries. The related expense in 2010 was EUR 511 thousand (2009: EUR 516 thousand).

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

20.1.4 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 269 thousand and EUR 204 thousand at the end of 2010 and 2009, respectively). The related provisions were recorded on the basis of in-house actuarial calculations. These provisions are in-house provisions and are not invested in specific assets.

20.2 Defined benefit pension and other obligations

The detail, by company, is as follows:

Defined benefit obligations	12/31/10			12/31/09		
In thousands of euros	Pension obligations	Other obligations	Total	Pension obligations	Other obligations	Total
Riviana Group (US)	8,234	-2,656	5,578	8,723	-2,126	6,597
NWP Group (USA and Canada)	5,216	1,354	6,570	7,288	1,264	8,552
Boost (Herba) (Belgium)	223		223	214		214
Euryza (Herba) (Germany)	3,234		3,234	2,970		2,970
S&B Group (Herba) (UK)	2,387		2,387	2,074		2,074
Birkel Group (Germany)	2,016		2,016	2,727		2,727
	21,310	**-1,302**	**20,008**	**23,996**	**-862**	**23,134**

The changes in 2010 and 2009 in the obligations included in the foregoing table, broken down by geographical area (since this is the most appropriate and uniform basis for reporting obligations of this nature), were as follows:

	Riviana Group		NWP Group		European companies	
Thousands of euros	31/12/10	31/12/09	31/12/10	31/12/09	31/12/10	31/12/09
Provision for pensions - obligations						
Balance at beginning of year	28,135	26,547	22,353	25,760	14,977	14,588
Business combinations					0	0
Period provisions	3,313	3,313	1,808	1,776	1,034	1,084
Actuarial changes	1,260	2,304	-135	831	288	3,491
Payments in the year	-1,069	-3,046	-5,052	-6,874	-477	-4,165
Labour force restructuring	-4,767	0	-1,377	323	0	0
Estimated unrecognised losses	0	0	0	0	0	0
Translation differences	2,212	-983	1,903	537	278	-21
Balance at 31 December	29,084	28,135	19,500	22,353	16,100	14,977
Provision for pensions - plan assets						
Balance at beginning of year	-21,539	-18,271	-13,801	-16,231	-6,992	-7,312
Business combinations					0	0
Return on plan assets	-1,748	-4,487	-1,286	-2,126	-655	-1,087
Company contributions	-4,377	-2,580	-1,790	-2,011	-631	-2,576
Payments in the year	5,836	3,046	5,052	6,874	251	3,962
Translation differences	-1,678	754	-1,105	-307	-213	21
Balance at 31 December	-23,506	-21,538	-12,930	-13,801	-8,240	-6,992
Net balance at 31 December	**5,578**	**6,597**	**6,570**	**8,552**	**7,860**	**7,985**
Deferred recognition of net differences: (losses) gains	0	0	0	0	0	0
Net balance sheet balance at 31 December	**5,578**	**6,597**	**6,570**	**8,552**	**7,860**	**7,985**

	Riviana Group		NWP Group		European companies	
Annual net cost by component	31/12/10	31/12/09	31/12/10	31/12/09	31/12/10	31/12/09
Annual service cost	1,858	1,720	790	499	123	139
Interest cost	1,456	1,592	1,018	1,277	822	858
Return on plan assets	-1,367	-1,179	-867	-949	-474	-391
Labour force restructuring	0	0	0	0	0	0
Estimated unrecognised losses	0	7	0	0	315	119
	1,947	**2,140**	**941**	**827**	**786**	**725**
Actuarial changes recognised directly in consolidated equity (losses) gains	-736	678	-215	-275	504	-2,286

Actuarial assumptions	31/12/10	31/12/09	31/12/10	31/12/09	31/12/10	31/12/09
Discount rate	5.36%	6.00%	5.25%	5.38%	4.7% al 5.5%	5% al 5.80%
Salary increase rate	3.5%	3.50%	0.00%	0.00%	2.5% al 3.5%	2.5% al 3.5%
Return on plan assets	7.75%	7.75%	7.50%	7.00%	6.70%	6.80%

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.

Lastly, the Riviana and NWP Groups have voluntary contribution plans for all their employees in the US. The companies contribute a total amount equal to a percentage of the contribution of the employees. The total expense relating to these plans in 2010 was EUR 1,489 thousand (2009: EUR 721 thousand).

21. OTHER PROVISIONS

The changes in "Other Provisions" in 2010 and 2009 were as follows (in thousands of euros):

Changes in other provisions	12/31/2010	12/31/2009		
	Total	Continuing operations	Discontinued operations	Total
Beginning balance	73,784	17,344	2,966	20,310
Translation differences	50	-4	0	-4
Business combinations	0	0	0	0
Transfers	-924	-1,608	-31	-1,639
Amounts used and payments	-38,846	-7,571	-1,630	-9,201
Charge for the year for other provisions	14,999	8,234	103	8,337
Charge for the year for CO_2	149	1,027	1,393	2,420
Charge for the year for the sale of businesses (Note 7)	41,295	57,387	0	57,387
Amounts credited to profit or loss due to provisions released	-115	-3,826	0	-3,826
Liabilities relating to the dairy product business (sold in 2010)	-2,801	0	0	0
Ending balance	**87,591**	**70,983**	**2,801**	**73,784**

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

Summary of provisions by item covered	12/31/10	12/31/09		
	Total	Continuing operations	Discontinued operations	Total
Outcome of litigation relating to sale of the sugar business	45,655	59,077	0	59,077
Outcome of litigation relating to sale of the dairy product business	28,406	0	0	0
Other litigation and disputes	6,130	10,222	1,336	11,558
Modernisation and restructuring plans	6,172	601	0	601
CO_2 allowances	149	945	1,336	2,281
Other sundry contingencies of non-material amounts	1,079	138	129	267
	87,591	**70,983**	**2,801**	**73,784**

	12/31/10	12/31/09
Ebro Foods, S.A.	74,061	65,193
Panzani Group	5,658	4,266
Riviana Group	2,793	0
Birkel Group	3,508	0
Other	1,571	1,524
TOTAL CONTINUING OPERATIONS	**87,591**	**70,983**

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

At 31 December 2010 (2009), this heading included a provision of EUR 45,655 thousand (2009: EUR 59,077 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 recognised constitute an adjustment to the selling price and, consequently are recognised as a decrease in gains in the year in which they are recognised.

Developments in 2010: On 20 July 2010, the Criminal Chamber of the Supreme Court handed down an unfavourable judgment whereby, in accordance with the commitments assumed by Ebro Foods, S.A., as the seller, on 21 July 2010, the former paid ABF EUR 27.6 million. The interest that will foreseeably be paid in the coming months remains outstanding. With respect to the remaining guarantees for which provisions were recognised, there were no material changes in their position compared to the previous year, except for two, the resolution of which led to the additional payment of EUR 0.3 million to ABF. In 2010 the Company decided to increase the provision for these guarantees in order to cover all of the current risks, which gave rise to an increased expense in 2010 of EUR 13,064 thousand (see Note 7).

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

At 31 December 2010, the balance of the provision for the outcome of litigation in progress, involving Puleva Food, S.L., relating to the buyer in the sale of the dairy product business in 2010 amounted to EUR 28,406 thousand (principal and interest, which amounted to EUR 28,231 thousand and EUR 175 thousand, respectively)

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 recognised constitute an adjustment to the selling price and, consequently are recognised as a decrease in gains in the year in which they are recognised (see Note 7).

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 2010, provisions had been recognised for other litigation and disputes amounting to EUR 6,130 thousand (31 December 2009: EUR 11,558 thousand) in relation to court proceedings in progress and other claims. The Parent's directors and internal and external legal advisers do not expect any additional material liabilities to arise in connection with the outcome of these court proceedings and claims.

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

	12/31/10	12/31/10
Sundry tax and customs duty assessments signed on contested bas	75,652	70,162
Risks relating to appels for judicial review	7,478	3,161
Other litigation-related risks	0	3,19
	83,130	**75,513**

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

1.- Internal movements of sugar among production plants:

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

1.2 The penalties arising from the matters described in point 1.1 are being disputed together in the same litigation and amount to EUR 6,731 thousand. Amount provisioned. Classification for accounting purposes: probable.

1.3 Also in relation to internal movements of sugar among production plants, an income tax assessment was signed on a contested basis as a result of the increase in the tax base due to alleged sugar sales in 1999. Tax deficiency: EUR 3,611 thousand. An appeal was filed at the National Appellate Court. Amount provisioned. Classification for accounting purposes: probable.

1.4 The penalty arising from the assessment referred to in point 1.3. amounts to EUR 2,076 thousand. An appeal was also filed in this connection at the National Appellate Court. Amount provisioned. Classification for accounting purposes: probable.

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

3.- Civil court claim filed by several sugar business customers for alleged damage and losses arising from industrial sugar price rigging in 1995 and 1996 declared by the Spanish Competition Agency in its resolution of 15 April 1999. Amount: EUR 4,105 thousand. The decision handed down at first instance upheld half of the claim. The Company had already paid half of the amount by way of provisional enforcement. A provision has not been made for the remaining amount since both parties have filed an appeal and have challenged the appeal of the other side. Classification for accounting purposes: possible.

4.- Preliminary proceedings 206/2002 (Central Examining Court no. 5) and 323/2006 (Central Examining Court no. 4). Possible secondary third-party liability of Puleva Food, S.L.U. in two criminal proceedings currently at the examining stage at the National Appellate Court in relation to alleged fraud in connection with the supplementary milk levy in the period from 1997 to 2005. Proceedings are currently in progress against intermediary companies, cooperatives and practically all the Spanish dairy product companies. In the first of the proceedings (Central Examining Court no. 5), the court-appointed experts presented a report quantifying the milk levy defrauded for the period as a whole by the Spanish dairy product industry at EUR 250 million, of which approximately EUR 35 million are attributable to Puleva or to companies absorbed by it.

In the second proceeding (Central Examining Court no.4), in 2010 an expert's report from the tax authorities was presented, which has yet to be ratified, estimating the amounts of milk on which the quota attributable to Puleva should be calculated (2001/02 marketing year: 48.7 million kg and 2002/03 marketing year: 42.6 million kg).

The actions brought against Puleva Food, S.L.U. are not expected to be successful in the marketing years that have become statute-barred since the marketing years become statute-barred on an annual basis. With respect to the marketing years that cannot be considered statute-barred, the actions brought are expected to be successful even if the defence counsel argues that (i) since there was no legal concept of a milk levy in Spain until 2004, a crime relating to alleged fraudulent conduct prior to that date cannot be considered to have been committed retrospectively; and (ii) fraud cannot be deemed to have been committed when all the periodic reports submitted by Puleva to FEGA (Spanish Agricultural Guarantee Fund) have been absolutely accurate and have reflected all the milk bought both directly from farmers and indirectly from intermediaries, all of which were authorised by FEGA to operate as such.

The Company recognised a provision of EUR 28 million based on the amounts corresponding to the non-statute-barred marketing years and the related interest. Accounting classification: probable in relation to the non-statute-barred marketing years.

5.- Azucarera Energías, S.A. has stated its intention to file a claim against Azucarera Ebro S.L. due to the unilateral termination of the supply agreement, which bound the two companies, in relation to the Rinconada plant (Seville). A provision was recognised in the financial statements of Ebro Foods, S.A. for the amount that would have to be paid to the buyer pursuant to the conditions established in the agreement for the sale of the sugar business.

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

22. FINANCIAL LIABILITIES

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

Financial liabilities	12/31/10		12/31/09	
	Non-current	Current	Non-current	Current
Long-term bank loans and credit facilities	353,200	64,436	508,554	105,190
Short-term bank loans and credit facilities		108,445		121,565
Other loans from official institutions	634	400	473	175
Payable to associates	0	0	0	0
Dividends payable (Note 18.3)		46,160		0
Guarantees and deposits received (financial)	197	0	198	0
Financial liabilities relating to the dairy product business (sold in 2010)			12,295	8,351
Total financial liabilities	**354,031**	**219,441**	**521,520**	**235,281**

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

Detail, by company or segment, of the bank loans and credit facilities	12/31/2009	12/31/2010	2012	2013	2014	2015	Other
- Ebro Foods, S.A	405,737	279,518	55,032	55,032	27,602	70,926	70,926
- US Riviana Group	102,463	73,643	36,821	36,822			
- French Panzani Group	64	51	13	13	13	12	
- Arotz Foods, S.A.	261	0					
- Jiloca, S.A.	10	0					
- Biosearch, S.A.	19	12	12				
Long-term bank loans and credit facilities	**508,554**	**353,200**	**91,854**	**91,867**	**27,615**	**70,938**	**70,926**
- Ebro Foods, S.A	78,537	39,674					
- French Panzani Group	62,161	26,490					
- Herba Rice Group	46,733	57,063					
- US Riviana Group	34,294	36,954					
- Biosearch, S.A.	0	12,426					
- Birkel Group	3,500	0					
- Other companies	1,530	274					
Short-term bank loans and credit facilities	**226,755**	**172,881**					
Total bank loans and credit facilities	**735,309**	**526,081**					

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

CURRENCY	12/31/10	12/31/09
Euro	98,047	185,772
US dollar	418,403	542,495
Moroccan dirham	5,573	5,376
Egyptian pound	2,313	0
Thai baht	0	1,666
Polish zloty	1,745	0
Total	**526,081**	**735,309**

The long-term bank loans of Ebro Foods, S.A. financed the investments in Riviana Inc (2004), Panzani SAS (2005) and New Word Pasta Company (2006) and are guaranteed by the subsidiaries Puleva Foods, S.L., (until August 2010 when it ceased to be guarantor), Herba Food, S.L., Herba Ricemills, S.L., Panzani SAS and Riviana Foods Inc., and relate to:

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- A syndicated loan agreement entered into in November 2004, novated in May 2005 and again in November 2006 and April 2009, amounting to EUR 287.9 million, which was repaid in full in 2010 in accordance with the repayment schedule (EUR 71 million remained outstanding at 31 December 2009). This euro loan bears annual interest at 1-, 3-, 6 or 12-month EURIBOR, plus a market spread.

- A syndicated loan agreement entered into in May 2005, novated in November 2006, April 2009 and August 2010, amounting to USD 221 million (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 long-term bank loans also include the loan obtained by the Riviana Group in May 2007 to replace the bridge loan arranged in October 2006 for an initial amount of USD 246 million less USD 24.6 million repaid early in May 2009. This loan was granted for the acquisition of the Minute Rice brand and bears interest at LIBOR plus a market spread. This loan is being repaid over five years in ten equal half-yearly instalments, the first of which was paid in November 2007. It is guaranteed by the other US subsidiary NWP Inc.

In relation to the other bank borrowings, at 31 December 2010 the various Group companies had arranged unsecured credit facilities with banks with a total limit of around EUR 330 million (31 December 2009: EUR 480 million), against which a total of EUR 108 million had been drawn down at 31 December 2010 (31 December 2009: EUR 130 million). The credit facilities of the Panzani Group, with a limit of EUR 30 million in 2010 (2009: EUR 88 million) are secured by collection rights.

At 31 December 2010 and 2009, there were also note and bill discounting facilities, issues of guarantees and other bank guarantees, the detail being as follows:

At 31 December 2010 FINANCING ARRANGED	Amount drawn down	Amount available	Total limit
Note and bill discounting facilities	908	1,000	1,908
Bank guarantee lines	93,677	55,849	149,526
Total consolidated Group	**94,585**	**56,849**	**151,434**

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

The average annual interest rate on the short-term loans in 2010 was 2.3%.

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 2010 and 2009, all the ratios were being achieved.

23. OTHER NON-FINANCIAL PAYABLES

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

24. TRADE AND OTHER PAYABLES

The detail of "Trade and Other Payables" is as follows:

	12/31/10	12/31/09
Trade payables	287,869	209,684
Other payables	29,647	30,611
Remuneration payable	34,947	32,302
Trade payables relating to the dairy product business sold in 2010		52,191
TOTAL	**352,463**	**324,788**

Trade payables do not bear interest and, in general, mature 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. Additional Provision Three. "Disclosure obligation" provided for in Law 15/2010, of 5 July.

The balance of the Spanish Group companies payable to suppliers, which at 31 December 2010, was past due by more than the maximum payment period, was EUR 934 thousand.

25. TAX MATTERS

The detail of the tax receivables and payables at 31 December 2010 and 2009 is as follows (in thousands of euros):

	Tax receivables		Tax payables	
	12/31/10	12/31/09	12/31/10	12/31/09
VAT and personal income tax withholdings	29,857	23,297	(12,087)	(8,800)
Social security taxes			(1,449)	(1,884)
Grants receivable	3,420	5,348		
Other tax receivables and payables	286	8,070	(2,715)	(3,003)
Total tax receivables and payables	**33,563**	**36,715**	**(16,251)**	**(13,687)**
Net income tax payable	**3,222**	**28,650**	**(8,584)**	**(3,443)**

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

Also, income tax rates vary from one country to another and include most notably due to their relative importance: 30% in Spain, 34.93% in France, 37.5% in the US and 30% in Germany. 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 2010 and 2009 is as follows (in thousands of euros):

INCOME STATEMENT - INCOME TAX	12/31/10	12/31/09
Current income tax expense - continuing operations	29,227	15,979
Current income tax expense - sale of discontinued operations	113,281	17,135
Total deferred tax expense	23,503	24,312
Reclassification to expenses due to impairment of goodwill	-	-15,953
Deferred tax expense recognised in equity	15,012	-694
Adjustment of prior year's tax	6,743	1,511
Adjustment of net deferred taxes	-3,747	811
Equivalent tax payable	4,466	1,471
	188,485	**44,572**

Tax expense recognised directly in equity	12/31/10	12/31/09
Expenses incurred in change of share capital of subsidiaries	-	-
Change in fair value of financial assets	15,472	-19
Change due to actuarial gains and losses	-460	-675
	15,012	**-694**

	12/31/2010		12/31/2009	
	Accounting	Tax	Accounting	Tax
Profit before tax from continuing operations	**193,362**	**193,362**	**124,436**	**124,436**
Profit before tax from sale of discontinued operations (Note 7)	**355,963**	**355,963**	**57,102**	**57,102**
Reclassification to expenses due to impairment of goodwill	**-**	**-**	**15,953**	**15,953**
Profit before tax recognised in equity	**50,407**	**50,407**	**-1,934**	**-1,934**
Foreign currency hedges recognised in translation differences	**-32,938**	**-32,938**	**12,764**	**12,764**
	566,794	**566,794**	**208,321**	**208,321**
Permanent differences of Group companies	854	854	1,162	1,162
Permanent differences due to consolidation adjustments	29,006	29,006	-15,609	-15,609
Tax losses for the year	14,545	14,545	6,655	6,655
Offset of individual tax losses	-453	-453	-1,525	-1,525
Adjusted accounting profit	**610,746**	**610,746**	**199,004**	**199,004**
Temporary differences of Group companies		-63,131		-62,217
Temporary differences due to consolidation adjustments		-4,410		3,410
Tax losses for the year		2,852		12,097
Offset of tax losses		-50,656		-39,833
Adjusted taxable profit	**610,746**	**495,401**	**199,004**	**112,461**
Effect of different tax rates (tax base)	22,593	9,820	26,105	8,613
Taxable profit of the accounting Group	**633,339**	**505,221**	**225,109**	**121,074**
Net tax payable at 30%	190,002	151,566	67,533	36,322
Tax credits taken	-8,979	-9,059	-10,800	-3,208
Net tax payable	**181,023**	**142,507**	**56,733**	**33,114**
Adjustment of prior year's tax	6,743		1,511	
Adjustment of net deferred taxes	-3,747		810	
Equivalent tax payable	4,466	4,466	1,471	-
Reclassification to expenses due to impairment of goodwill	-		-15,953	
Adjustment of prior year's net tax payable		-		2,567
Total tax expense	**188,485**	**146,973**	**44,572**	**35,681**
Tax expense - continuing operations	63,945		31,156	
Tax expense - sale of discontinued operations (Note 7)	119,409		10,281	
Tax expense recognised in equity	15,012		-694	
Tax expense recognised in translation differences	-9,881		3,829	
	188,485		**44,572**	

“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 2010 resulted in income tax payable (net tax payable).

The companies' temporary differences in 2010 and 2009 were as follows:

- Net increase of EUR 32,938 thousand (2009: decrease of EUR 12,764 thousand) as a result of the net exchange differences on the hedging of the US dollar loans.
- Decrease of EUR 51,101 thousand (2009: increase of EUR 1,956 thousand) due to the effect of the recognition at fair value of the available-for-sale financial assets (2009: EUR 0) and to the actuarial changes in the pension obligations, recognised directly in equity.
- Decrease of EUR 16,504 thousand (2009: EUR 14,938 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.
- Decrease of EUR 20,780 thousand (2009: EUR 20,780 thousand) due to the amortisation for tax purposes of the goodwill arising from acquisitions of foreign operations.
- Increase of EUR 7,500 thousand (2009: EUR 7,500 thousand) due to the reversal in 2010 (the last year of the four stipulated under the related legislation) of the tax credit taken in 2006 in relation to the investment in NWP.
- Decrease of EUR 15,184 thousand (2009: EUR 23,191 thousand), principally at the Riviana Group, due mainly to the amortisation for tax purposes of trademarks, and to transactions of other companies with positive or negative tax effects arising from provisions reversed and/or recognised in the year, to the recognition and/or reversal of impairment losses on non-current and financial assets and to provisions for other contingencies that were or were not deductible for tax purposes in the year.

The temporary differences due to consolidation adjustments in 2010 and 2009 relate primarily to the elimination of intra-Group gains of the sale of investment property and the elimination of provisions recognised for investments between Group companies.

In 2009, the tax losses recognised as temporary differences arose mainly from the impairment of goodwill amounting to EUR 12,000 thousand in the case of the Biosearch, S.A. extracts business, and from the offset of prior years' tax losses of NWP (EUR 32,220 thousand) and of the Spanish tax group (EUR 7,536 thousand).

In 2010 the tax losses recognised as temporary differences arose mainly from the offset of the prior years' tax losses of NWP against the gain on the acquisition of EUR 49,670 thousand.

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

Lastly, the permanent differences due to consolidation adjustments relate mainly to the elimination and related reversal of amounts recognised under provisions between companies in subgroups that belong to the accounting group. However, in 2010 the provisions include EUR 27,613 thousand relating to the portion of the consolidated reserves of the dairy product group sold in 2010, to which the double taxation tax credit is not applicable.

The tax credits relate mainly to tax credits for new product development and innovation expenditure, for patronage and the reinvestment of income from non-current asset sales. The amount of reinvestments made by the Spanish tax group that entitled it to take tax credits for the reinvestment of income in 2010 was EUR 47.7 million (2009: EUR 1.5 million) (EUR 16.2 million, EUR 11.2 million and EUR 76.3 million, in the period from 2008 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 2010, there were unused reinvestment tax credits amounting to EUR 49.1 million, which are conditional upon reinvestment by the Spanish tax group of EUR 818 million (within a time frame that ends mainly in August 2013).

The detail of the deferred taxes for the years ended 31 December 2010 and 2009 is as follows (in thousands of euros):

	12/31/10		31/12/09	
	Assets	Liabilities	Assets	Liabilities
Balance at 1 January	**52,412**	**-144,839**	**46,688**	**-136,199**
Transfer of balances	-1,526	-647	3,698	-1,969
Translation differences	2,615	-2,355	77	1,163
Reductions due to the sale of the dairy product business	-4,587	608	-	-
Recognised in / derecognised from profit or loss	-17,281	-1,076	-12,084	-8,308
Recognised in / derecognised from equity	-142	-15,113	642	-98
Adjustments	1,175	-20,881	-2,348	358
Change in provision for deferred taxes	31,488	-9,452	15,739	214
Balance at 31 December	**64,154**	**-193,755**	**52,412**	**-144,839**

The detail, by most significant line item, of the deferred taxes at 31 December 2010 and 2009 is as follows:

	12/31/10		12/31/09	
	Deferred tax		Deferred tax	
	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	5,113	-56,214	5,998	-55,829
Investment property	6,329	-	7,245	-
Goodwill	5,629	-33,316	7,583	-27,696
Other intangible assets	3,198	-66,172	3,788	-47,814
Inventories	2,768	-2,288	1,721	-2,368
Accounts receivable and prepayments and accrued income	337	-223	801	-283
Pension and similar obligations	6,667	2,214	4,431	2,303
Other long-term provisions	7,680	-1,310	6,718	-10
Accounts payable and accrued expenses and deferred income	9,660	-550	8,203	-1,368
Tax credit carryforwards	10,808	-	8,577	-
Tax loss carryforwards	5,963	-	28,562	-
Deferral of tax benefits	-	-13,604	-	-3,115
Valuation adjustments relating to held-for-sale financial assets	-	-15,472	-	-
Provisions and tax credits for reinvestment of income of the tax group	2	-6,820	273	-18,111
	64,154	**-193,755**	**83,900**	**-154,291**
Provision for deferred taxes	-	-	-31,488	9,452
TOTAL	**64,154**	**-193,755**	**52,412**	**-144,839**

The changes in the provisions relate in full to NWP for a net total of EUR 22,036 thousand. In 2010 the subsidiary NWP (US) was able to use all its remaining tax loss carryforwards once the last year for use of these tax assets was clarified. Consequently, they were recognised in 2010. The subsidiary also has tax credit carryforwards of EUR 10,546 thousand (other than those arising from tax losses) to which no limitations apply and deferred taxes for similar amounts, which have been reclassified as liabilities.
In addition to the aforementioned tax loss carryforwards of the Group companies, at 31 December 2010 there were tax loss carryforwards available for offset over the coming 15 years amounting to EUR 25 million (31 December 2009: EUR 20 million).

Also, the Spanish tax group has all years since 2004 open for review by the tax authorities for all the taxes applicable to it. The other Group companies have the taxes and years open for review in accordance with the local legislation applicable in each case which have not previously been subject to tax audit and which in most cases are the years since 2006.

26. OBLIGATIONS AND CONTINGENCIES

Obligations under operating leases - Group as lessee

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

	12/31/10	12/31/09
Within one year	7,372	6,827
Between one and five years	18,799	17,510
After five years	902	353
Total	**27,073**	**24,690**

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 2010 and 2009 is as follows (in thousands of euros):

	12/31/10	12/31/09
Within one year	485	543
Between one and five years	928	420
After five years	97	0
Total	**1,510**	**963**

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Non-current asset investment commitments

At 31 December 2010, the Group had investment commitments for acquisitions and renewals of machinery amounting to EUR 18,000 thousand (31 December 2009: EUR 21,000 thousand) and computer software amounting to EUR 3,000 thousand (31 December 2009: EUR 3,500 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 2010 and 2009 the following bank guarantees had been provided:

	12/31/10	12/31/09
From banks: to courts and agencies for economic-administrative claims and tax deferral (Note 21)	38,615	68,299
From banks: to FEGA, customs authorities and third parties to guarantee the fulfilment of ordinary trading obligations	54,641	53,170
Other bank guarantees	421	358
To banks to guarantee the fulfilment of obligations of associates and non-Group companies	367	51,808
TOTAL	**94,044**	**173,635**

In 2009 guarantees (counterguarantees) amounting to EUR 64,427 thousand were provided to courts and agencies in relation to claims of which a significant amount was recovered in 2010, in order to cover the guarantees provided by Azucarera Ebro, S.L. in the litigation in which it is involved. Based on the contractual agreements entered into, Ebro Foods, S.A. has guaranteed to the buyer of Azucarera Ebro, S.L. that it will cover any liability that might arise from the outcome of this litigation (see Note 21.1).

In relation to the guarantees existing at 31 December 2009 of guarantees provided to banks to secure payment in transactions of other companies for the syndicated loan arranged by Biocarburantes de Castilla y León, S.A. in 2004 with various banks, as expected, Ebro Foods, S.A. ceased to act as guarantor from 1 June 2010 onwards, thereby cancelling these guarantees without being liable for them. The balance at 31 December 2010 relates to the guarantee provided by the Group to one of the associates.

Lastly, the credit facilities granted to the Panzani Group with a limit of EUR 30 million in 2010 (2009: EUR 88 million) are secured by collection rights.

27. RELATED PARTY TRANSACTIONS

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

During the years ended 31 December 2010 and 2009 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.

In preparing information on related-party transactions, the following changes in the structure of the Board and the changes in the scope of the Ebro Foods Group companies in 2010 were taken into account:

- The significant shareholder Instituto Hispánico del Arroz, S.A. was appointed director on 1 June 2010 and, consequently, the transactions performed from 1 January to 31 May (inclusive) are included in the Note relating to significant shareholders while the transactions performed from 1 June 2010 are included under the Note on Directors.

- Caja España de Inversiones and Juan Domingo Ortega Martínez stepped down from the Board of Directors on 1 June 2010 and, therefore, the amount reflected in the 2010 column relates only to related-party transactions performed from 1 January to 31 May (inclusive).

- Caja de Ahorros de Salamanca y Soria stepped down from the Board of directors on 22 September 2010 and, therefore, the amount reflected in the 2010 column relates only to related-party transactions performed from 1 January to 21 September 2010 (inclusive).

- Puleva Food, S.L. was sold on 2 September 2010 and, consequently, only the related-party transactions performed with this company from 1 January to 1 September 2010 were included.

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

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	AMOUNT 2010	AMOUNT 2009
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	190	216
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	BOOST NUTRITION, C.V.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	0	9
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	S&B HERBA FOODS, LTD	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	62	230
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	534	4,442
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	BOOST NUTRITION, C.V.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	0	11
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	S&B HERBA FOODS, LTD	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	84	231

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SIGNIFICANT SHAREHOLDER	EBRO FOODS GROUP COMPANY	TYPE OF TRANSACTION	AMOUNT 2010	AMOUNT 2009
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	SALE OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS OR OTHER ASSETS	0	5
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	PURCHASE OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS OR OTHER ASSETS	0	8
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	SERVICES RENDERED	0	2
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	SERVICES RECEIVED	0	87
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	LEASES	0	76
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (DEHESA NORTE, S.A.)	HERBA RICEMILLS, S.L.U.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	124	226
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (DEHESA NORTE, S.A.)	BOOST NUTRITION, C.V.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	0	9
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (DEHESA NORTE, S.A.)	S&B HERBA FOODS, LTD	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	62	228
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (DEHESA NORTE, S.A.)	HERBA RICEMILLS, S.L.U.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	95	222
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (DEHESA NORTE, S.A.)	BOOST NUTRITION, C.V.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	0	11
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (DEHESA NORTE, S.A.)	S&B HERBA FOODS, LTD	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	84	228
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (ISLASUR, S.A.)	HERBA RICEMILLS, S.L.U.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	39	209
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (ISLASUR, S.A.)	BOOST NUTRITION, C.V.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	90	140
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (ISLASUR, S.A.)	S&B HERBA FOODS, LTD	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	62	105
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (ISLASUR, S.A.)	HERBA RICEMILLS, S.L.U.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	27	217
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (ISLASUR, S.A.)	BOOST NUTRITION, C.V.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	94	142
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (ISLASUR, S.A.)	S&B HERBA FOODS, LTD	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	84	106
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (AUSTRALIAN COMMODITIES, S.A.)	HERBA RICEMILLS, S.L.U.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	45	213
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (AUSTRALIAN COMMODITIES, S.A.)	BOOST NUTRITION, C.V.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	90	56
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (AUSTRALIAN COMMODITIES, S.A.)	S&B HERBA FOODS, LTD	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	63	214
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (AUSTRALIAN COMMODITIES, S.A.)	HERBA RICEMILLS, S.L.U.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	24	215
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (AUSTRALIAN COMMODITIES, S.A.)	BOOST NUTRITION, C.V.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	94	57
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (AUSTRALIAN COMMODITIES, S.A.)	S&B HERBA FOODS, LTD	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	85	215
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (EL COBUJON, S.A.)	HERBA RICEMILLS, S.L.U.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	113	230
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (EL COBUJON, S.A.)	BOOST NUTRITION, C.V.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	6	9
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (EL COBUJON, S.A.)	S&B HERBA FOODS, LTD	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	62	218
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (EL COBUJON, S.A.)	HERBA RICEMILLS, S.L.U.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	92	231
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (EL COBUJON, S.A.)	BOOST NUTRITION, C.V.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	7	11
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (EL COBUJON, S.A.)	S&B HERBA FOODS, LTD	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	84	218
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (MUNDIARROZ, S.A.)	HERBA RICEMILLS, S.L.U.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	46	232
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (MUNDIARROZ, S.A.)	BOOST NUTRITION, C.V.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	85	23
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (MUNDIARROZ, S.A.)	S&B HERBA FOODS, LTD	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	62	232
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (MUNDIARROZ, S.A.)	HERBA RICEMILLS, S.L.U.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	24	233
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (MUNDIARROZ, S.A.)	BOOST NUTRITION, C.V.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	90	24
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (MUNDIARROZ, S.A.)	S&B HERBA FOODS, LTD	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	84	234

SIGNIFICANT SHAREHOLDER	EBRO FOODS GROUP COMPANY	TYPE OF TRANSACTION	AMOUNT 2010	AMOUNT 2009
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (PESQUERÍA ISLA MAYOR, S.A.)	HERBA RICEMILLS, S.L.U.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	116	342
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (PESQUERÍA ISLA MAYOR, S.A.)	BOOST NUTRITION, C.V.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	24	17
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (PESQUERÍA ISLA MAYOR, S.A.)	S&B HERBA FOODS, LTD	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	62	105
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (PESQUERÍA ISLA MAYOR, S.A.)	HERBA RICEMILLS, S.L.U.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	90	341
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (PESQUERÍA ISLA MAYOR, S.A.)	BOOST NUTRITION, C.V.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	29	18
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (PESQUERÍA ISLA MAYOR, S.A.)	S&B HERBA FOODS, LTD	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	84	106
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA NUTRICIÓN, S.L.U.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	0	1
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (DEHESA NORTE, S.A.)	HERBA NUTRICIÓN, S.L.U.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	0	1
SOCIEDAD ANÓNIMA DAMM (ESTRELLA DE LEVANTE, S.A.)	HERBA RICEMILLS, S.L.U.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	218	1
SOCIEDAD ANÓNIMA, DAMM	HERBA RICEMILLS, S.L.U.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	2,167	2,041
SOCIEDAD ANÓNIMA DAMM (PLATAFORMA CONTINENTAL, S.L.)	HERBA RICEMILLS, S.L.U.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	208	90
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA FOODS, S.L.U.	SERVICES RECEIVED	25	50
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA NUTRICIÓN, S.L.U.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	0	1
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (DEHESA NORTE, S.A.)	HERBA NUTRICIÓN, S.L.U.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	0	1
SOCIEDAD ANÓNIMA DAMM (CERBEDAM, S.L.)	PULEVA FOOD, S.L.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	16	21
SOCIEDAD ANÓNIMA DAMM (CERBELEVA, S.L.)	PULEVA FOOD, S.L.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	35	64
SOCIEDAD ANÓNIMA DAMM (DISTRIDAM, S.L.)	PULEVA FOOD, S.L.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	274	392

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

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

DIRECTORS / EXECUTIVES	EBRO FOODS GROUP COMPANY	TYPE OF TRANSACTION	AMOUNT 2010	AMOUNT 2009
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	143	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	BOOST NUTRITION, C.V.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	127	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	3,381	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	BOOST NUTRITION, C.V.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	127	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	SALE OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS OR OTHER ASSETS	4	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	LEASES	102	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (DEHESA NORTE, S.A.)	HERBA RICEMILLS, S.L.U.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	228	0

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DIRECTORS / EXECUTIVES	EBRO FOODS GROUP COMPANY	TYPE OF TRANSACTION	AMOUNT 2010	AMOUNT 2009
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (DEHESA NORTE, S.A.)	BOOST NUTRITION, C.V.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	9	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (DEHESA NORTE, S.A.)	HERBA RICEMILLS, S.L.U.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	229	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (DEHESA NORTE, S.A.)	BOOST NUTRITION, C.V.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	9	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (ISLASUR, S.A.)	BOOST NUTRITION, C.V.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	172	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (ISLASUR, S.A.).	S&B HERBA FOODS, LTD	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	6	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (ISLASUR, S.A.)	HERBA RICEMILLS, S.L.U.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	19	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (ISLASUR, S.A.)	BOOST NUTRITION, C.V.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	172	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (ISLASUR, S.A.)	S&B HERBA FOODS, LTD	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	6	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (AUSTRALIAN COMMODITIES, S.A.)	BOOST NUTRITION, C.V.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	165	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (AUSTRALIAN COMMODITIES, S.A.)	BOOST NUTRITION, C.V.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	165	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (AUSTRALIAN COMMODITIES, S.A.)	HERBA RICEMILLS, S.L.U.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	107	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (EL COBUJON, S.A.)	HERBA RICEMILLS, S.L.U.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	119	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (EL COBUJON, S.A.)	BOOST NUTRITION, C.V.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	121	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (EL COBUJON, S. A.)	EURYZA GMBH	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	17	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (EL COBUJON, S.A.)	HERBA RICEMILLS, S.L.U.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	119	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (EL COBUJON, S.A.)	BOOST NUTRITION, C.V.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	121	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (EL COBUJON, S.A.)	EURYZA GMBH	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	17	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (MUNDIARROZ, S.A.)	BOOST NUTRITION, C.V.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	255	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (MUNDIARROZ, S.A.)	EURYZA GMBH	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	46	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (MUNDIARROZ, S.A.)	BOOST NUTRITION, C.V.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	256	0

DIRECTORS / EXECUTIVES	EBRO FOODS GROUP COMPANY	TYPE OF TRANSACTION	AMOUNT 2010	AMOUNT 2009
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (MUNDIARROZ, S.A.)	EURYZA GMBH	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	46	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (PESQUERÍA ISLA MAYOR, S.A.)	HERBA RICEMILLS, S.L.U.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	34	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (PESQUERÍA ISLA MAYOR, S.A.)	BOOST NUTRITION, C.V.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	128	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (PESQUERÍA ISLA MAYOR, S.A.).	S&B HERBA FOODS, LTD	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	115	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (PESQUERÍA ISLA MAYOR, S.A.)	HERBA RICEMILLS, S.L.U.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	34	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (PESQUERÍA ISLA MAYOR, S.A.)	BOOST NUTRITION, C.V.	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	129	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (PESQUERÍA ISLA MAYOR, S.A.)	S&B HERBA FOODS, LTD	PURCHASE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	115	0
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA FOODS, S.L.U.	SERVICES RECEIVED	25	0
JUAN DOMINGO ORTEGA MARTINEZ (QUESOS FORLASA, S.A.)	PULEVA FOOD, S.L.U.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	1,760	156
CAJA DE AHORROS DE SALAMANCA Y SORIA	PULEVA FOOD, S.L.U.	SALE OF GOODS (FINISHED GOODS OR WORK IN PROGRESS)	0	3
CAJA DE AHORROS DE SALAMANCA Y SORIA	EBRO FOODS, S.A.	FINANCING AGREEMENTS: LOANS - BORROWER	Available: 51,203 Drawn down: 51,203	Available: 48,509 Drawn down: 48,509
CAJA ESPAÑA DE INVERSIONES, C.A.M.P.	EBRO FOODS, S.A.	FINANCING AGREEMENTS: LOANS - BORROWER	Available: 28,390 Drawn down: 28,390	Available: 24,253 Drawn down: 24,253
CAJA ESPAÑA DE INVERSIONES, C.A.M.P.	EBRO FOODS, S.A.	FINANCING AGREEMENTS: LOANS - BORROWER	Available: 6,000 Drawn down: 144	Available: 6,000 Drawn down: 144

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

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

Dividends 2010:

- Dividends to significant shareholders: 28,400
- Dividends to directors and executives: 21,419

Dividends 2009:

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

27.4 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 company's normal business activities in terms of their purpose and terms and conditions

There were no related-party transactions of this type in 2010.

27.5 Related-party transactions between Ebro Foods Group companies and Biosearch

Following is a description of the significant transactions with a transfer of funds or obligations performed in 2010 between the Biosearch Group and the wholly-owned subsidiaries of its significant shareholder, Ebro Foods, S.A.: Puleva Food, S.L.U., Herba Ricemills, S.L.U., Boost Nutrition C.V., Riviana Foods, Inc., S&B Herba Foods, Ltd. and Dosbio.

In preparing this information, the following changes were taken into account in the scope of the Ebro Foods Group companies:

On 1 July 2010, Biosearch, S.A. sold its ownership interest in Española de I+D, S.A. (the only other subsidiary composing the Biosearch Group). Therefore, the related-party transactions of this subsidiary with the Ebro Foods S.A. Group disclosed below relate to the first half of 2010.

On 2 September 2010, Ebro Foods, S.A. sold Puleva Food, S.L.U. to the Lactalis Group. The related-party transactions between Biosearch, S.A. and Puleva Foods, S.L.U. detailed below were performed at the Group during the first eight months of 2010.

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

In 2010 Biosearch, S.A. and Española de I+D, S.A. continued to work with the aforementioned Ebro Foods Group companies under the various agreements between the parties.

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

   In 2010 Biosearch, S.A. provided R&D+i services to Puleva Food, S.L.U. based on certain specific agreements, entered into by the two companies in the context of a framework agreement entered into in 2001 to provide advisory activities. The various projects may be grouped together in the following categories:

   - Nutritional and clinical assessment
   - Development of new packaging technologies
   - Development of new products

- Quality assurance and food safety
- Product reformulation and ingredient accreditation

The net amount billed for services rendered in 2010 was EUR 1,595 thousand.

In 2010 Biosearch sold Omega-3 products (EPA and DHA) and isoflavones to Puleva Food, S.L.U., amounting to EUR 1,866 thousand.

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

Pursuant to the sale and purchase agreement of 1 July 2010, Biosearch, S.A. sold 60% of the share capital of Española de I+D, S.A. to Herba Ricemills, S.L.U. ("Herba"). The total amount of the transaction was EUR 397 thousand.

In 2010 Biosearch, S.A. sold products to Herba, amounting to EUR 166 thousand.

In 2010 Biosearch, S.A. rendered analytical quality services to Herba amounting to EUR 18 thousand and R&D services amounting to EUR 44 thousand and billed EUR 4 thousand in connection with other items.

3. <u>Relations between Herba Ricemills, S.L.U. and Española de I+D, S.A. (subsidiary of Biosearch, S.A.)</u>

In 2010 the value of the services rendered to Herba Ricemills, S.L.U. by Española de I+D, S.A. until the date of its acquisition from Biosearch, S.A. was EUR 361 thousand.

These services form part of the consortium agreement for the R&D+i Project (cereal project) presented to Corporación Tecnológica de Andalucía and Agencia de Innovación y Desarrollo de Andalucía, entered into on 22 February 2007. Led by Herba Ricemills, Española de I+D, S.A. has been contributing to the Project pursuant to the scientific and technical specifications and through the persons detailed in the agreement, the research and development work, resources and services included in the activity framework that constitutes its company object.

4. <u>Relations between Ebro Foods, S.A. and Biosearch, S.A.</u>

In the context of the reform of the sugar CMO, Azucarera Ebro, S.L., then an Ebro Group subsidiary, presented in 2007 the Restructuring Plan of the Northern Region, whereby a certain number of jobs had to be maintained at its plants in Castilla y León, resulting in the Ebro Group's commitment to keep 15 jobs in Peñafiel.

In February 2009, the Boards of Directors of Ebro Foods, S.A. and Biosearch, S.A. authorised an investment project to set up a plant for the production of bioactive ingredients in Peñafiel. In order to carry on this activity, Ebro undertook to contribute the required land so that Biosearch could install the necessary machinery and it also planned to use in the project the employees that the Ebro Group had committed to maintain in Peñafiel.

On 1 January 2010, this group of 15 employees was effectively transferred to Biosearch. However, 10 of these 15 employees subsequently requested to leave the company under a voluntary redundancy scheme. Therefore, there are currently 5 employees at the plant in Peñafiel.

As a result of an agreement entered into on 15 July 2010, Ebro Foods paid Biosearch the amount required to compensate the transfer of employees on 1 January 2010 (EUR 2,399 thousand).

Biosearch, S.A. received services from the Parent Ebro Foods, S.A. in 2010 amounting to EUR 131 thousand, in relation to IT and the passing on of the cost of insurance premiums arranged for the Ebro Foods Group. Also, Biosearch acquired intangible assets of Ebro Foods amounting to EUR 56 thousand.

5. Other relations

In 2010 Biosearch, S.A. billed EUR 8 thousand to Boost Nutrition C.V. for analytical quality services rendered. It also rendered various services to Riviana Foods Inc. and S&B Herba Foods Ltd amounting to EUR 1 thousand, respectively.

Up to the exclusion of Puleva Foods, S.L.U. from the scope of consolidation of the Ebro Foods Group, there were current account agreements between Puleva Food, S.L.U. and Ebro Foods, S.A. and the balances resulting from any transfer or loan of cash made between these companies and Biosearch, S.A. bore interest at market rates. In 2010 Biosearch, S.A. paid borrowing costs of EUR 78 thousand in this connection to Puleva Food, S.L.U.

Puleva Food, S.L.U. provides Biosearch, S.A. with certain goods and services such as the lease of the sales offices and of the industrial buildings for the normal performance of its operations, certain industrial supplies, counselling and administrative services, etc. Biosearch, S.A. paid a total of EUR 351 thousand in this connection in 2010.

27.6 Directors and executives

Directors' remuneration – Ebro Foods, S.A.'s Board members earned total remuneration at all the Group companies amounting to EUR 6,361 thousand in 2010 (2009: EUR 9,930 thousand), the detail being as follows (in thousands of euros):

DIRECTORS' REMUNERATION AND OTHER BENEFITS	2010	2009
REMUNERATION		
Attendance fees	355	300
Bylaw-stipulated profit sharing	2,565	2,332
Total non-executive directors	**2,920**	**2,632**
Wages, salaries and professional fees	3,441	7,298
Termination benefits and other	0	0
Total executive directors	**3,441**	**7,298**
TOTAL REMUNERATION	**6,361**	**9,930**
OTHER BENEFITS		
Life insurance and retirement benefits	0	52

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

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The individualised breakdown of the remuneration in 2010 is as follows:

DIRECTOR	BY-LAW STIPULATED PROFIT SHARING	ATTENDANCE FEES	ATTENDANCE FEES AT OTHER GROUP BOARDS	REMUNERATION FOR EXECUTIVE FUNCTIONS	TOTAL
A. HERNANDEZ	352	26	3.5	1,320	1,702
J. CARBO	0	0	0	1,603	1,603
F. HERNANDEZ	0	9	1.5	518	529
HISPARROZ	123	11	0	0	134
CAJA ESPAÑA	75	15	0	0	90
E. RUIZ GALVEZ	127	24	0	0	151
CAJA DUERO	154	21	0	0	175
J. NIETO	39	8	0	0	47
J. I. COMENGE	145	27	0	0	172
L. DEL PINO	242	26	1.5	0	269
F. CASTELLO	170	31	0	0	201
ALICESA	174	24	0	0	198
J. BARREIRO	289	27	0	0	316
B. HERNANDEZ	170	31	0	0	201
J. D. ORTEGA	73	12	0	0	85
DAMM	0	14	0	0	15
D. CARCELLER	271	15	1.5	0	286
A. OETKER	64	11	0	0	75
S. DAURELLA	97	15	0	0	112
TOTAL	**2,565**	**347**	**8**	**3,441**	**6,361**

The Board of Directors, at its meeting held on 9 February 2011 and at the proposal of the Recruitment and Remuneration Committee resolved, for 2010 and with respect to the Chairman and non-executive directors, to establish the bylaw-stipulated profit-sharing at EUR 2,565,454, and, accordingly, to propose to the shareholders at the Annual General Meeting the assignation of a percentage of 0.66% of the consolidated net profit attributable to the Company in 2010. The Board also resolved to maintain the attendance fees from the previous year at EUR 1,600 for attending Board meetings and EUR 800 for attending the various committee meetings. EUR 347,400 of fees for attending the various collective bodies of Ebro Foods, S.A. were paid in 2010. The fees for attending the Board Meetings of Biosearch, S.A., which were set at EUR 700, were earned by directors of this subsidiary that sit on the Board of Directors of Ebro Foods, S.A. and totalled EUR 7,700. 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 355,100 in 2010.

Of the total remuneration of the executive directors in 2010 amounting to EUR 3,441 thousand, EUR 437 thousand relate to the early settlement, in one case, of the Deferred Annual Remuneration System associated with the 2010-2012 Strategic Plan of the Ebro Foods Group. Also, a EUR 445 thousand provision was recognised in the 2010 separate financial statements as a provisional estimate of the Deferred Annual Remuneration System for that year. This figure will be paid in 2012.

The aforementioned Deferred Annual Remuneration System is not tied to the value of the Ebro Foods share and does not entail the receipt by the beneficiaries of shares or of any other right thereon.

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

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 financial statements discloses information that the directors, in compliance with their duty of loyalty, have communicated to the Parent, relating to the equity interests and positions held at companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Ebro Foods, S.A., whether or not these companies form part of the Ebro Foods Group.

- Antonio Hernández Callejas:

  - Direct ownership interest of 16.666% in Instituto Hispánico del Arroz, S.A. No position is held.
  - Indirect ownership interest of 3.620% in Casarone Agroindustrial, S.A. No position is held.
  - Direct ownership interest of 0.001% in SOS Corporación Alimentaria. He holds the position of director.

- Blanca Hernández Rodríguez:

  - Direct ownership interest of 16.666% in Instituto Hispánico del Arroz, S.A. No position is held.
  - Indirect ownership interest of 3.020% in Casarone Agroindustrial, S.A. No position is held.

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

- Demetrio Carceller Arce:

  - Direct ownership interest of 0.001% in SOS Corporación Alimentaria. He holds the position of director.

- Dr. Rudolf-August Oetker:

  - He holds a 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 two companies belonging to the Dr. August Oetker KG Group: Dr. Oetker GmbH and Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft KG.

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

Name of director	Ebro Foods Group company	Position
Antonio Hernández Callejas	Panzani, S.A.S.	Director
Antonio Hernández Callejas	New World Pasta Company	Director
Antonio Hernández Callejas	Riviana Foods, Inc.	Director
Antonio Hernández Callejas	Biosearch, S.A.	Director
Antonio Hernández Callejas	Ebro America, Inc.	Chairman
Antonio Hernández Callejas	N&C Boost, N.V.	Director
Antonio Hernández Callejas	Boost Nutrition, C.V.	Director
Antonio Hernández Callejas	Danrice, A/S	Director
Antonio Hernández Callejas	Joseph Heap&Sons Limited	Director
Antonio Hernández Callejas	S&Herba Foods Limited	Director
Antonio Hernández Callejas	Anglo Australian Rice Limited	Director
Antonio Hernández Callejas	Vogan & Co Limited	Director
Antonio Hernández Callejas	A W Mellish Limited	Director acting severally
Antonio Hernández Callejas	Joseph Heap Property Limited	Director acting severally
Antonio Hernández Callejas	Heap Comet Limited	Director acting severally
Antonio Hernández Callejas	Herba Germany GmbH	Director acting severally
Antonio Hernández Callejas	Arrozeiras Mudiarroz, S.A.	Chairman
Antonio Hernández Callejas	Bosto Panzani Benelux N.V.	Director

Except for the aforementioned cases, it is hereby stated that none of the directors or parties related to the directors pursuant to Article 231 of the Spanish Limited Liability Companies Law have notified the Parent that they have any percentage of ownership or hold a position in companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Ebro Foods, S.A. and its Group companies.

In 2010 and 2009 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 under non-arm's length conditions.

Remuneration of executives - In 2010 Ebro Foods, S.A. had ten executives (2009: 10), the total aggregate remuneration of which in 2010 was EUR 2,103 thousand (2009: EUR 2,741 thousand), of which EUR 2,103 thousand (2009: EUR 2,615 thousand) related to wages and salaries and EUR 0 (2009: EUR 126 thousand) to termination benefits.

In relation to the executives (excluding executive directors) of the Ebro Foods Group. included in the Deferred Annual Remuneration System associated with the Group's 2010-2012 Strategic Plan described in Note 27.6, the total amount for which a provision was recognised in 2010 was EUR 680 thousand. This amount will be paid in 2012.

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 provided for in the Spanish Workers' Statute due to the length of service.

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 62,000 and in force until 30 April 2011. 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 indentify, assess, manage and minimise the risks to which its main business activities are exposed.

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

The 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:

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

The management strategy of the Ebro Foods Group has changed in the past few years with its activity concentrated in businesses that are considered key and an orderly reduction in financial leverage.

	CONSOLIDATED				
NET DEBT (Thousands of euros)	**2008**	**2009**	***2009/2008***	**2010**	***2010/2009***
Equity	1,203,131	1,280,322	*6.4%*	1,592,743	*24.4%*
Net debt	1,055,853	556,800	*-47.3%*	17,600	*-96.8%*
Average net debt	1,208,078	716,725	*-40.7%*	378,336	*-47.2%*
Leverage	87.8%	43.5%	*-50.4%*	1.1%	*-97.5%*
Leverage ratio AD ***(1)***	100.4%	56.0%	*-44.2%*	23.8%	*-57.6%*
EBITDA	224,074	243,824	*8.8%*	271,549	*11.4%*
Coverage	4.71	2.28		0.06	

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

The reduction in borrowings in 2010 is primarily a result of the high level of cash generated from operations and the sale of the dairy product business. This cash-generating capacity made it possible to approve a total dividend (ordinary and extraordinary) of EUR 154 million.

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 and liquidity and credit risk.

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

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

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

Cash flow interest rate risk

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

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

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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 2.9 million with interest rate changes equal to 50 basis points (2009: EUR 3.4 million). The interest rate risk exposure has reduced significantly because the Group's borrowings have decreased in recent years.

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 rate

	2010				2009			
Income/(Expense)	**-0.50%**	**-0.25%**	**0.25%**	**0.50%**	**-0.50%**	**-0.25%**	**0.25%**	**0.50%**
Profit (Loss) before tax	2,947	1,473	-1,473	-2,947	3,362	1,680	-1,680	-3,362

Foreign currency risk

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 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, a considerable portion of its investments in the US are hedged in this way.

At 31 December 2010, "Other Receivables" included two loans totalling USD 411 million (31 December 2009: EUR 586 million) (see Note 22) which were designated as hedges of net investments in the US subsidiaries and are used to hedge the Group's exposure to foreign currency risk on these investments. The gains or losses on the translation to euros of these loans are recognised in equity to offset any gains or losses on the translation of the net investments in the subsidiaries.

In addition, the Group is exposed to foreign currency risk on its transactions. This risk arises from purchases and sales made by the operating units in currencies other than the functional currency. In relation to important transactions, the Group's operating units use forward foreign currency contracts to eliminate or reduce foreign currency risk. Forward foreign currency contracts must be expressed in the same currency as the item that they are hedging and they will not be arranged until a firm agreement has taken place, the objective of which is to achieve the best correlation possible with the hedged underlying.

As indicated in the foregoing paragraph, certain rice business companies (Herba, S&B Herba and Euryza) and pasta business companies (Panzani) have forward foreign currency contracts (foreign currency swaps) to mitigate the 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 2010 year-end were as follows:

	Notional amount (thousands)	
Currency	**2010**	**2009**
USD	26,892	28,436
EUR	16,304	11,839
GBP	1,953	2,702

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (THOUSANDS OF EUROS)

Sensitivity analysis

Impact on Group results

Changes in the euro exchange rate

Arising from derivatives:

	2010				2009			
Income/(Expense)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit (Loss) before tax	-186	-122	122	186	99	56	-56	-99

Arising from other financial instruments:

	2010				2009			
Income/(Expense)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit (Loss) before tax	977	512	-512	-977	234	120	-120	-234

Changes in the pound sterling exchange rate

Arising from derivatives:

	2010				2009			
Income/(Expense)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit (Loss) before tax	-727	-354	354	727	909	444	-444	-909

Arising from other financial instruments:

	2010				2009			
Income/(Expense)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit (Loss) before tax	-692	-253	253	482	-351	-180	180	351

Changes in the US dollar exchange rate

Arising from derivatives:

	2010				2009			
Income/(Expense)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit (Loss) before tax	678	353	-353	-678	-609	-291	291	609

Arising from other financial instruments:

	2010				2009			
Income/(Expense)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit (Loss) before tax	-259	-495	259	495	-63	-120	63	120

Impact on borrowings

Changes in the US dollar exchange rate

	2010				2009			
+ Borrowing / (-Borrowing)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
ECB borrowings	-37,434	-18,717	18,717	37,434	-43,654	-21,827	21,827	43,654

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (THOUSANDS OF EUROS)

Impact on the Income Statements

Arising from derivatives:

	2010				2009			
Gains/Losses	-10.00%	-5.00%	5.00%	10.00%	-10.00%	-5.00%	5.00%	10.00%
Profit (Loss) before tax	-186	-122	122	186	99	56	-56	-99

Arising from other financial instruments:

	2010				2009			
Gains/Losses	-10.00%	-5.00%	5.00%	10.00%	-10.00%	-5.00%	5.00%	10.00%
Profit (Loss) before tax	977	512	-512	-977	234	120	-120	-234

Changes in the GBP

Arising from derivatives:

	2010				2009			
Gains/Losses	-10.00%	-5.00%	5.00%	10.00%	-10.00%	-5.00%	5.00%	10.00%
Profit (Loss) before tax	-727	-354	727	354	909	444	-444	-909

Arising from other financial instruments:

	2010				2009			
Gains/Losses	-10.00%	-5.00%	5.00%	10.00%	-10.00%	-5.00%	5.00%	10.00%
Profit (Loss) before tax	-692	-253	253	692	-351	-180	180	351

Changes in the USD

Arising from derivatives:

	2010				2009			
Gains/Losses	-10.00%	-5.00%	5.00%	10.00%	-10.00%	-5.00%	5.00%	10.00%
Profit (Loss) before tax	678	353	-353	-678	-609	-291	291	609

Arising from other financial instruments:

	2010				2009			
Gains/Losses	-10.00%	-5.00%	5.00%	10.00%	-10.00%	-5.00%	5.00%	10.00%
Profit (Loss) before tax	-259	-495	495	259	-63	-120	63	120

Impact on the indebteness

	2010				2009			
+borrowings/-borronwings	-10.00%	-5.00%	5.00%	10.00%	-10.00%	-5.00%	5.00%	10.00%
Financial Liabilities	-37,434	-18,717	18,717	37,434	-43,654	-21,827	21,827	43,654

Price risk of other financial assets and liabilities

The Group is exposed to changes in the price of certain financial assets and liabilities. The most significant effect relates to the shares of SOS Corporación Alimentaria, S.A. which are recognised as available-for-sale financial assets in the consolidated balance sheet for the year ended 31 December 2010 (see Note 12). Changes in their fair value are recognised in the Company’s equity.

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 2010 and the related maturity is provided in Note 22.

Credit risk (counterparty)

This risk arises if a counterparty breaches its contractual obligations, resulting in a financial loss for the Group.

The risk is mitigated by appropriately selecting the transactions and the financial entities acting as counterparty to these transactions based on their credit rating and the obtainment of sufficient security in order to mitigate this risk.

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

29. INFORMATION ON THE ENVIRONMENT

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

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

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

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

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

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

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

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

Independently from the above, all the companies have implemented in-house environmental training programmes, involving their employees in the measures that can have the most significant impact on savings in the consumption of water, energy and other resources.

Also, in order to ensure the fulfilment of the packaging and packaging waste reduction, recycling and recovery objectives defined in Law 11/1997, of 24 April, the two companies in the Dairy Product Division sold in 2010 (Puleva Food and Lactimilk) and Herba, the Rice Division's representative in Spain, are members of Ecoembalajes España, S.A. (Ecoembes), a not-for-profit public limited liability company the mission of which is to design and develop systems aimed at the selective collection and recovery of used packaging and packaging waste. Ecoembes uses what is known as the Green Dot concept (a symbol that appears on the packaging) to evidence that the packer of the product has paid an amount of money for each package placed on the market.

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

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

30. FEES PAID TO AUDITORS

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

In 2010, the fees for financial audit 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 2010 amounted to EUR 1,444 thousand (2009: EUR 1,507 thousand) and for other attest services amounted to EUR 116 thousand (2009: EUR 12 thousand).

- The fees for tax advisory and/or other services amounted to EUR 233 thousand (2009: EUR 28 thousand).

31. EVENTS AFTER THE REPORTING PERIOD

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

- 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. for a total price of EUR 8,281 thousand. Since the shares are sold at their underlying carrying amount (EUR 0.48 per share), this transaction will not give rise to any gains or losses in the 2011 financial statements of Ebro Foods, S.A. Following this sale, Ebro Foods, S.A. owns 12,117,806 shares that represent 21.002% of the share capital of Biosearch, S.A. but no longer participates in the Company's governing bodies or management (from 13 January 2011 it will no longer be a Group company investment and will become an investment in a financial asset).

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-a). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

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

EBRO FOODS GROUP

CONSOLIDATED DIRECTORS' REPORT FOR 2010 (THOUSANDS OF EUROS)

1. ANALYSIS OF THE YEAR. ORGANIC GROWTH

Backdrop

After two years of general crisis in the developed economies that bottomed out in the first half of 2009, 2010 saw a return to growth that enabled the phasing out of the tax stimulus measures implemented in the period. The return to growth was fostered mainly by developing countries, while the economies of the United States and the euro zone are still showing signs of weaknesses that are making recovery slower than on previous occasions. Nevertheless, the consensus is that the recovery is continuing, albeit at different rates, and new slowdowns are not expected, unless the situation in the oil-producing countries leads to a crisis in the availability of this product.

In developed economies, a hesitant recovery, the penalisation of highly-levered markets, such as the housing market, and the high unemployment rate has continued to push households towards saving. This situation does not allow for growth in spending, which has been the driving force behind recovery in previous crises. Despite this, food price indices in both the United States and the euro zone ended the year with positive figures following a 2009 marked by slowdowns. This situation points towards the return to spending habits affected by the intensity of the crisis, such as the number and cost of meals eaten outside the home and the perception of the quality/price ratio of products and distributors.

The wheat and rice market, which forms the basis of Ebro Foods' activity, began the year by maintaining the trend towards price stability seen in 2009, with good expectations for harvests and stock volumes. However, from June onwards the drought in the Black Sea producing area led to restricted wheat exports from these countries, which had an immediate effect on prices. From this moment on, concern grew in the grain markets with generalised price rises, particularly notable in the case of wheat which, together with episodes of floods in South East Asia, an American long-grain rice harvest of poorer quality than expected and positions taken in the futures markets, kept prices high until the end of the year.

Group earnings

Despite the weak recovery of the economy and consumer spending, as indicated above, the Ebro Foods Group maintained double-digit growth in the main business ratios. Net profit increased by 120.2% to EUR 388,797 thousand. If only continuing operations are considered performance was excellent, up 38.7% to EUR 129,417 thousand.

EBITDA increased by 11.4% with respect to 2009, with an AAGR of 10.1% during the period 2008-2010. The improvements were seen across all the margins in the income statement as a result of the endeavours made in cost and supply management, constant investment in production (CAPEX of EUR 69 million), in innovation and in adapting to consumer needs.

EBRO FOODS GROUP

CONSOLIDATED DIRECTORS' REPORT FOR 2010 (THOUSANDS OF EUROS)

The earnings for the period, and particularly those from discontinued operations, reflect the sale of the dairy product business. On 30 March 2010, Ebro Foods, S.A., which owned all the shares of its dairy product business (shares of Puleva Food, S.L., shares of Lactimlk, S.A. and the related trademarks) and Grupo Lactalis Iberia, S.A. (GLI), entered into a purchase and sale agreement for the companies forming the dairy product business. The sale was completed on 2 September 2010 following approval by the competition authorities.

The terms and conditions of the transaction established that the Lactalis Group would buy the dairy product business for an amount clear of debt of EUR 630 million, which at the date of execution, amounted to a total price of EUR 645 million, collected in full in 2010.

From completion of the transaction to the effective date of the sale, in accordance with International Financial Reporting Standards, the results of the dairy product business and its net profit (and other discontinued operations such as the sugar business sold in 2009) were presented as discontinued operations in the consolidated income statement for the period and for the periods prior to its inclusion in that category. The information disclosed in this consolidated directors' report reflects the aforementioned circumstance, except where expressly indicated otherwise.

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

CONSOLIDATED DATA						
Thousands of €	**2008**	**2009**	*2009/2008*	**2010**	*2010/2009*	*TAM I 2010/2008*
REVENUE	1,874,475	1,765,397	*-5.8%*	1,702,023	*-3.6%*	***-4.7%***
EBITDA	224,074	243,824	*8.8%*	271,549	*11.4%*	***10.1%***
% of revenue	*12.0%*	*13.8%*		*16.0%*		
EBIT	169,216	190,666	*12.7%*	212,920	*11.7%*	***12.2%***
% of revenue	*9.0%*	*10.8%*		*12.5%*		
Profit Before Tax	72,354	124,436	*72.0%*	193,362	*55.4%*	***63.5%***
% of revenue	*3.9%*	*7.0%*		*11.4%*		
Tax	-22,533	-31,156	*38.3%*	-63,945	*105.24%*	***68.5%***
% of revenue	*-1.2%*	*-1.8%*		*-3.8%*		
Consolidated Profit (continuing operations)	49,821	93,280	*87.2%*	129,417	*38.7%*	***61.2%***
% of revenue	*2.7%*	*5.3%*		*7,6%*		
Net profit from discontinued operations	82,049	79,543	*-3.1%*	259,525	*226.27%*	***77.8%***
% of revenue	*4.4%*	*4.5%*		*15.2%*		
Net profit	130,637	176,539	*35.1%*	388,797	*120.2%*	***72.5%***
% of revenue	*7.0%*	*10.0%*		*22.8%*		
Average working capital **(*)**	587,423	323,230	*-45.0%*	237,222	*-26.6%*	
Capital employed **(*)**	1,669,991	1,176,282	*-29.6%*	995,309	*-15.4%*	
ROCE **(1)** **(*)**	13.3	20.4		21.3		
Capex **(*)**	96,497	87,414	*-9.4%*	69,617	*-20.3%*	
Average headcount	4,761	4,635	*-2.6%*	4,984	*7.5%*	
	12/31/08	**12/31/09**	*2009/2008*	**12/31/09**	*2009/2008*	
Equity	11,203,131	1,280,322	*6.41%*	1,592,743	*24.4%*	
Net debit**(*)**	1,055,853	556,800	*-47.26%*	17,600	*-96.8%*	
Average Net debit **(*)**	1,208,078	716,725	*-40.67%*	378,336	*-47.2%*	
Gearing ratio **(2)**	1.00	0.56		0.23		
Total Assets	3,422,912	2,684,465		2,885,030		

(*) In order to keep these parameters consistent, they were calculated including both the results of the discontinued businesses and their assets and liabilities

(1) ROCE = (Profit from operations AAG last 12 months / (Intangibles assets - Property, plant and equipment - Working capital)

(2) Ratio of average net Interest-bearing financial debt with cost to equity (excluding non-controlling interest).

Revenue decreased slightly as the stability of raw material prices continued to be passed on to customers in the first half of the year. From then on, the upward trend in these markets led to the announcement of agreed price rises at year-end but they did not have a significant effect on annual sales. This trend in prices offset the **organic growth** that led to increased sales in most of the markets where Ebro Foods is present, with increases of between 20% and 25% in rice and ready-to-eat pasta, increases of 2.7% and 3.6% in sales of pasta and sauces in France and growth of 1% and 3.8% in the volume of pasta and rice in the United States.

Profitability grew spectacularly. The EBITDA/Sales ratio was 16%; higher than in previous years, with ROCE at 21.2%. The particularly notable performance of the profitability of the pasta business and of the Group's working capital facilitated this trend.

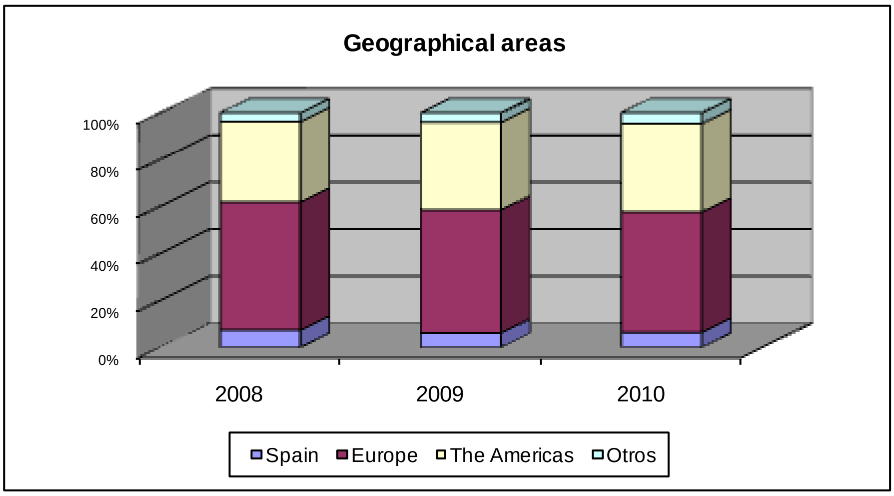
Profit from continuing operations improved as a result of the increase in profitability, of the funds generated by operations and of lower borrowing costs, which benefitted from lower interest rates, decreased indebtedness due to the sale of the dairy business and a fall in working capital.

The Ebro Foods strategy

The Group's strategy involves leadership in the business segments in which it operates**.** With the sale of the dairy product business the Ebro Foods Group put an end to its concentration on core businesses. The objective now is growth in new markets and pasta- or rice-based Meal Solution products. In this context, the preliminary agreements for the acquisition of the rice division of the SOS Group were announced for a total of EUR 197 million and for the acquisition of the Australian Ricegrowers Limited-SunRice (Sunrise) Group, subject to approval by the shareholders, for AUD 600 million.

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

- Low risk exposure. The Group's structure provides it with a geographically balanced source of income among developed countries that the management teams know well and where it is possible to share resources and develop synergies. The growth strategy places particular emphasis on these strategies. Also, a low-levered financial position allows growth without exposure to financial storms. The detail of sales, by geographical area, is as follows:

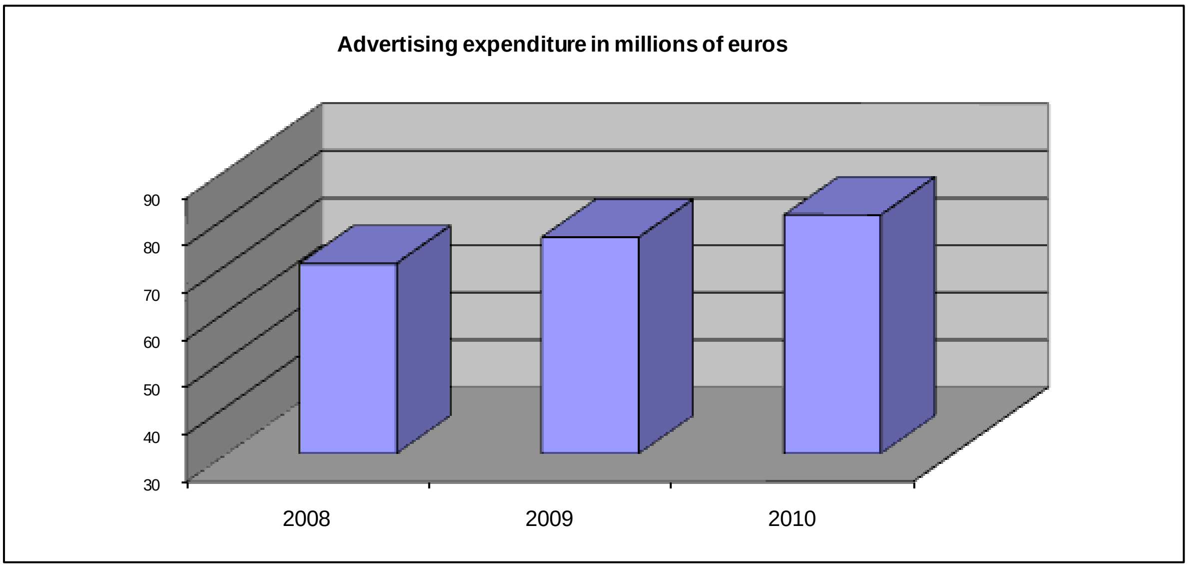


In recent years the Company has obtained constant growth in recurrent profits despite the volatility in basic raw materials markets. Diversification in the sources of supply has been essential to this positive performance, leading the Group to establish itself in producing areas and continually work on adapting grain varieties and origins to our customers' needs.

- Differentiation and innovation. Ebro Puleva is firmly committed to investment in products along two lines; major innovation and development, and firm backing of leading brands in its business areas. Consumer behaviour in the year has justified this strategy.

  In 2010 there were launches, or launches were being prepared, of frying pan based rice, a new range of frozen rice, a wide range of pasta-based products to eat hot or cold, pasta with vegetables and quick-cook pasta, new pasta for gratinating and new Halal dishes.

  Advertising expenditure is in constant growth to support both the new products and the identity of the existing ones. Advertising expenditure as a percentage of sales was 4.73% and exceeds 6.6% if industrial sales are eliminated. The following table show the growth in expenditure in recent years.



- Growth and consolidation of synergies. Ebro Puleva is a Group specialising in foodstuffs with a major presence in North America and Europe. Diversification is carried out through selective growth in the areas that enable synergies to be amply integrated. In 2010 the Group came one step closer to integrating all the businesses in the US under a single platform. The process, which to date had focussed on the main value levers such as information systems and the storage and logistics platform, will be completed in 2011.

  Internal growth is based on innovation and differentiation. In order for this to happen the Group has implemented an ambitious investment plan which first resulted in the construction of a new plant in the United States (in operation) and is now focussing on the partial renewal of the dry pasta lines and on increasing the capacity for pasta-based dishes.

The comparable CAPEX (eliminating the investments of the discontinued businesses) in the last three years is as follows:

Year	Amount (thousands of euros)
2008	49,395
2009	78,658
2010	64,691

The impact of the new rice plant in Memphis can be seen in the figures for 2009.

Financial position

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

NET DEBT (Thousands of euros)	2008	2009	2009/2008	2010	2010/2009
Equity	1,203,131	1,280,322	*6.4%*	1,592,743	*24.4%*
Net debt	1,055,853	556,800	*-47.3%*	17,600	*-96.8%*
Average net debt	1,208,078	716,725	*-40.7%*	378,336	*-47.2%*
Gearing ratio	87.8%	43.5%	*-50.4%*	1.1%	*-97.5%*
Gearing ratio AD ***(1)***	100.4%	56.0%	*-44.2%*	23.8%	*-57.6%*
	224,074	243,824	*8.8%*	271,549	*11.4%*
Coverage	4.71	2.28		0.06	

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

The Ebro Foods Group's strategy has changed in recent years, resulting in it concentrating its activity in businesses considered to be key and reducing financial leverage in an orderly manner.

Debt reduction in 2010 resulted basically from a high generation of cash from operations and the sale of the dairy product business. This generation capacity enabled the approval of a total dividend (extraordinary plus ordinary dividend) of EUR 154 million.

A consequence of the current debt position is the vote of confidence given by the market resulting in a share price increase of 9%, which is above that of the market benchmark (Ibex 35).

Main businesses

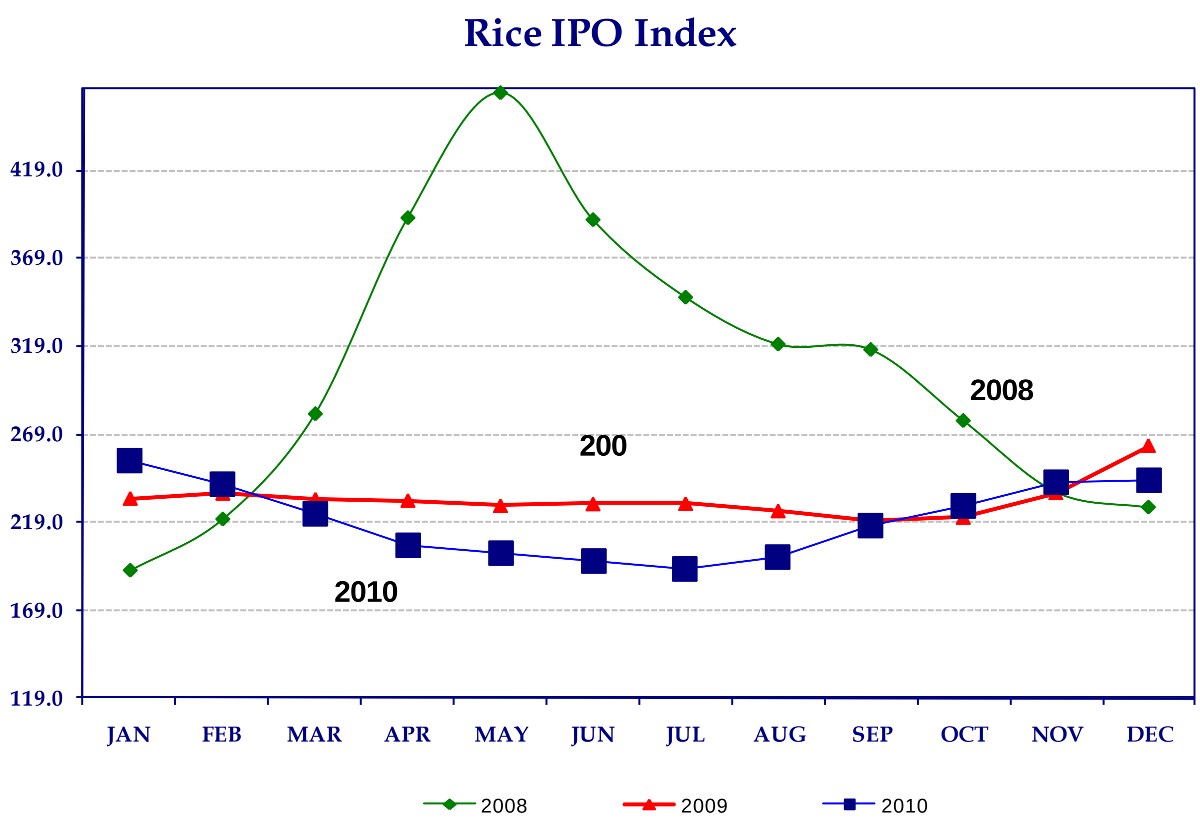
The Ebro Foods Group is organised around the following business areas:

- ✓ Rice Business: which includes the industrial and branding activities in relation to rice and other products. The Group operates throughout Europe, the Mediterranean Region, North America and Thailand through Herba and Riviana (USA).
- ✓ Pasta Business: which includes the production and marketing of dry and fresh pasta, sauces and semolina carried on by the Panzani, New World Pasta and Birkel Groups.
- ✓ Other Businesses: which include the research and development activities carried on by Biosearch in the nutraceutical area, the management of real estate assets and other activities related to foodstuffs and the management of the various businesses.

RICE

RICE BUSINESS						
Thousands of euros	2008	2009	2009/2008	2010	2010/2009	TAMI 2010/2008
Revenu	890,96	836,14	-6.2%	811,55	-3.0%	**-4.6%**
EBITD	126,56	118,56	-6.3%	123,26	4.0%	**-1.3%**
% of revenue	*14.2%*	*14.2%*		*15.2%*		
EBI	105,72	97,57	-7.7%	99,01	1.5%	**-3.2%**
% of revenue	*11.9%*	*11.7%*		*12.2%*		
Average working	263,28	185,44	-29.6%	181,78	-2.0%	
Capital	556,29	495,76	-10.9%	506,34	2.1%	
ROC	19.	19.		19.		
Cape	20,04	55,13	175.1%	37,85	-31.3%	

- Rice prices showed a downward trend until halfway through the year, with good harvests forecast, maintaining global stocks at high levels. From the summer onwards the trend changed as a result of the uncertainty arising from the floods in Pakistan and Thailand, from a slightly lower quality US harvest than foreseen and, lastly, due to contagious price instability in other grains.

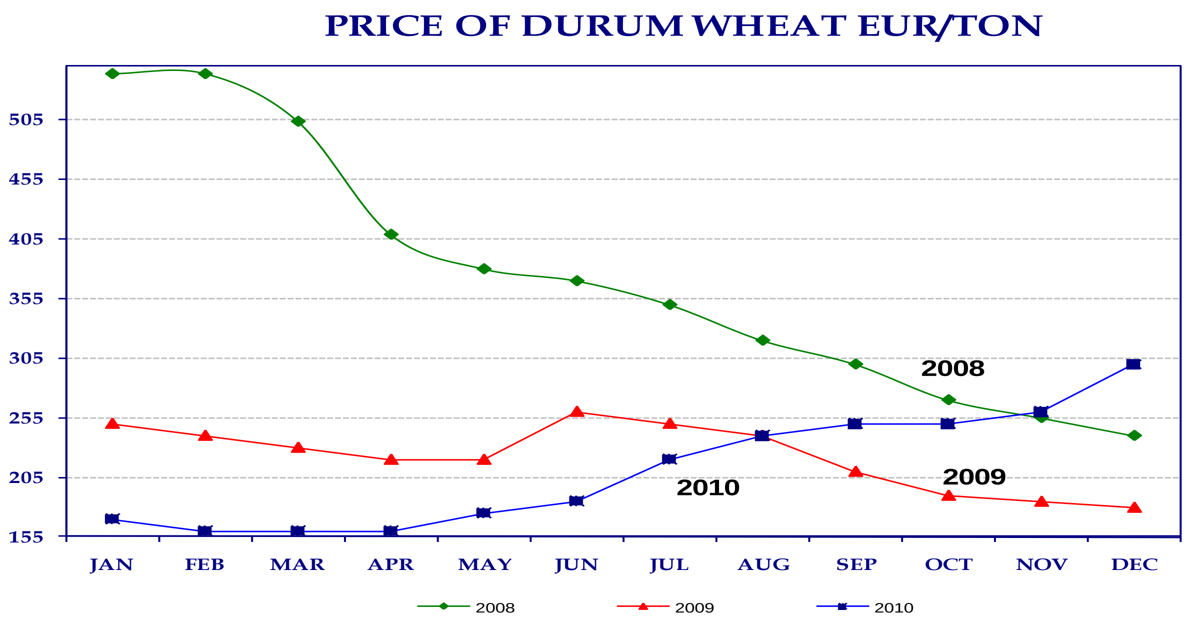


- Sales fell as a result of the changes in market prices. Volumes performed well generally although differences linked to the recovery in each country were observed.
- Pre-cooked rice continued to grow, up 11.7% in the United States, 14% in Canada, 9.2% in Germany and 11.4% in Spain (Nielsen Scantrack) and is now a key market category. The performance of the Group's brands was excellent: Minute grew well above the United States market (28.6% in volume) and Reis Fit injected new energy into the German market.
- Earnings were up slightly on 2009 (EBITADA increased 4% to EUR 123 million) despite the entry into operation of the new Memphis plant and the need to operate the old plant alongside it cut into this figure by EUR 5 million. Earnings fell compared with 2008 due to the absence of trading transactions in the Herba business.
- The endeavours made to manage working capital led to a ROCE of 19.6%, in line with 2009 which was a record for the area.
- The main investments made in the area relate to the new Memphis factory which operated alongside the old plant in Houston in 2009. Final investment amounted to USD 103.6 million. In 2011 a pre-cooked rice plant will be completed, representing an additional investment of USD 7 million.

PASTA

PASTA BUSINESS						
Thousands of euros	2008	2009	*2009/2008*	2010	*2010/2009*	*TAMI 2010/2008*
Revenu	993,696	928,077	*-6.6%*	916,101	*-1.3%*	***-4.0%***
EBITDA	105,993	137,057	*29.3%*	160,484	*17.1%*	***23.0%***
% of revenue	*10.7%*	*14.8%*		*17.5%*		
EBIT	75,581	108,831	*44.0%*	133,741	*22.9%*	***33.0%***
% of revenue	*7.6%*	*11.7%*		*14.6%*		
Average working	121,795	91,292	*-25.0%*	60,427	*-33.8%*	
Capital	511,570	469,915	*-8.1%*	442,061	*-5.9%*	
ROCE	14.	23.		30.		
Cape	20,747	18,359	*-11.5%*	32,652	*77.9%*	

- Following the first half of 2010 without significant changes and a good 2009/10 campaign, from June and the harvest, the grain markets became unstable which affected the price of durum wheat which, being a narrow market, is very susceptible to changes in the prices of other grains.



- Sales reflect the fall in at-source prices and the passing-on thereof to the customer and the abandonment of wholesale flour sales made by Panzani in prior years. Only in the last third of the year, in view of the at-source raw material prices situation, a rise in prices was agreed upon which has not yet been reflected in the sales for the whole year. In contrast, volumes increased in line with the trend of recovery in the main economies where the Group carries on its activity.

- The improvements were particularly noteworthy at Panzani due to a very ambitious innovation project that has resulted in record figures for the market shares of its products, while in the United States positions were maintained and an organic growth plan was designed to be launched in 2011, which will introduce numerous new features and build on Panzani's successful experience.

  - ✓ The French dry pasta market increased 1.4%, while Panzani increased its share by 140 basis points to 30.2%. The fresh pasta market grew 1.9% while Panzani increased its share by 230 basis points to 33%.
  - ✓ The consumption of pasta in the US grew 0.1% in 2010. NWP's market share grew 10 basis points to 23.9%.

- Advertising expenditure was EUR 55.2 million, more than 6% of sales, supporting a large number of launches that required major initial promotion in the media.
- Ebitda increased by 17.1% to EUR 160 million, exceeding the 2009 figure which was a record in itself. In addition to the good result, management of working capital increased ROCE to 30.3%.
- CAPEX increased significantly with respect to previous years following implementation of the three-year investment plan for the area, which will bring considerable renovation of the dry pasta facilities and provide the necessary capacity for the ready-to-eat dishes project.

2. OUTLOOK FOR THE GROUP

The economic forecasts for 2011 point towards a slow but steady recovery, driven by developing countries but overshadowed in recent weeks by the instability in Arab countries and the effect on fossil fuel prices.

The raw material markets are faced with the uncertainties of the geopolitical situation. With no great changes in worldwide demand and harvests underway that will ensure world stocks of rice and cereals, the main aggregates indicate that prices will stabilise further. However, the correlation of these products with the price of oil and the possibility of imbalances in demand arising from instability in some importing countries means that this uncertainty will not disappear completely.

Ebro Foods' excellent financial position, its capacity to optimise sources of supply and the strength of its brands mean the Company is barely cyclical. The Company entered into agreements with its main customers to modify selling prices which enable it to cope with the raw material price rises in the last third of 2010 and ensure the correct profitability of its products.

The main challenge for the immediate future is the successful conclusion of the acquisition processes started in 2010 and their subsequent integration and optimisation. In this regard, the Company has broad positive experience over recent years.

✓ Rice business

In 2011 the Memphis plant will come into full operation and the old Houston plant will cease operations, thereby avoiding the duplication of effort, and increased productivity is expected to bring improved results.

Prices were increased, in line with the flexibility of the demand for the various products. An intense sales drive will be maintained to avoid any possible trade down effect, particularly in countries in which the weight of the hard discount and the pressure from private brands is greater.

Most of the acquisitions announced relate to this business segment, which means an increased presence in a large number of geographical markets and a stronger presence in certain key countries such as the United States or Spain.

✓ **Pasta**

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

In 2011 the investment plan for this business is being maintained. The three-year plan includes investments in the United States USD 42 million) and Europe (EUR 59 million) that allow substantial improvement in dry pasta plant productivity and the increase of capacity necessary to absorb the new range of pre-cooked products.

3. R&D+i ACTIVITIES

Ebro Foods has always been ahead of new consumer trends and an international benchmark in the research and development of products applied in the foodstuffs industry. Being fully aware that R&D+i is an essential tool for the implementation of its quality and differentiation strategy, in 2010 the Group continued its unwavering commitment to this strategy, which was demonstrated in the numerous nutritional evaluation field trials carried out and the constant innovation in products, technologies and formats.

Total investment made in 2010 amounted to EUR 9.4 million, distributed between internal resources (EUR 5.3 million) and external resources (EUR 4.1 million).

The Group has built its R&D+i engine around research centres in France, the US and Spain. These centres and the main projects carried out in the year are:

1. CEREC, located in St. Genis Laval (France), with ten employees, oriented towards developing the Pasta division's range of fresh pasta, fresh pre-cooked meals and sauces. In 2010 its activity focussed on preparing the launch of the Lunch Box and Panza Cup ready-to-eat range of products and three new varieties of fresh filled pasta.
2. CRECERPAL, located in Marseille, with fourteen technicians working in a laboratory on raw materials and analysis, focuses research focuses on the development of the category of durum wheat, dry pasta, cuscus and new food processing technologies applied to cereals. In 2010 a new flour was developed with durum wheat for bread and baked goods production and a pasta for oven baking that is the basis of the new pasta for gratinating.
3. TECH Centre, with nine researchers devoted to the research and subsequent development of new products, processes and technologies for the Rice division in the US. Its research focused on the re-creation, using a pilot plant, of a new line of pre-cooked rice to be established at the Memphis plant and the adaptation of local rice varieties for this purpose.

4. Centres associated with the Herba Group in Moncada (Valencia), and the new plant in San José de Rinconada, with 15 researchers dedicated to developing new and/or improved products and technologies and technical assistance in the areas of rice technology and its by-products for the modern hospitality industry: fast-food and catering. The most important project in development is a line of functional flours.
5. Biosearch. Located in Granada with 46 technicians, it has broad experience in the design of strategies for the identification, validation and development of natural compounds capable of modulating a target physiological function in the development of new functional ingredients. Its main lines of research focus on natural extracts, lipids and probiotics. The main project developed in 2010 was PRONAOS, aimed at developing weight-control and obesity-preventing foods.

4. TREASURY SHARE TRANSACTIONS

In 2010 the Parent was authorised by the shareholders at the Annual General Meetings held on 28 April 2009 and 1 June 2010 to make treasury share purchases and sales and, in accordance with current legislation, the CNMV was notified accordingly. In this period no purchases were made and 666,469 treasury shares were sold. At 2010 year-end the Company did not hold any treasury shares.

5. EMPLOYEES

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

6. RISK AND FINANCIAL INSTRUMENT MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

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

Environmental and food quality risk. The Group's environmental policy is based on the principle of compliance with the legislation in force at any given time, for which purpose the Group has defined, developed and implemented a quality, environmental and food safety management system that meets the requirements of the UNE-EN-ISO 9001:2000/8, UNE-EN-ISO 14001:2004 and ISO 22000:2005 standards under which most of the Group's production centres in Europe, the US and Canada have been certified.

The food security programmes are based on the monitoring of protocols that aim to identify and control certain Hazard Analysis and Critical Control Points (HACCP) to ensure that residual risk is minimal. The main control points are grouped into:

- ✓ Physical points. Controls to detect materials unrelated to the product or the presence of metals.
- ✓ Chemical points. Detection of chemical elements or the presence of allergens.
- ✓ Biological points. Presence of elements such as salmonella or other types of pathogens.

Most of the handling processes have obtained IFS (International Food Security) certificates and the US pasta plants are in the process of obtaining Global Food Safety Initiative (GFSI) certification.

Furthermore, the Group has undertaken various initiatives to reduce gas emissions and atmospheric waste, improve water quality and reduce waste discharges, improve energy efficiency and water conservation, as well as recycling programmes for physical waste such as paper, aluminium and other materials.

The Company provides its employees with adequate and ongoing training in areas relating to food safety and occupational health and safety.

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

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

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

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

Risk due to an excess of installed capacity. The consumer goods industry is threatened by possible surplus installed capacity, which becomes more apparent at low points in the economic cycle. Once more, the best guarantee in the face of this type of risk is the strategy of ongoing innovation and differentiation of the Group’s products with expenditure on advertising as a percentage of revenue of 4.7% in 2010 (4.3% in 2009) and a high level of spending on R&D+i. Also, the Group endeavours to keep up to date and renew its production structure by abandoning the assets that it does not consider to be sufficiently efficient and by investing in new plants (Memphis) or production lines (pasta).

Risks specific to the Ebro Foods Group

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

Country risk. The Group carries on activities in certain countries classified as “developing countries”. This situation means that certain investments are affected by the typical risks associated with these countries such as possible political changes that might affect market conditions, restrictions on the movement of capital, nationalisation of assets or devaluations of reference currencies.

Ebro Food´s presence in these countries is limited and in most cases it is restricted to taking positions to optimise supply (primarily rice). In view of these possible contingencies the Group opted to diversify the risks with a presence in Europe, the Americas, Asia (Thailand and India) and Africa (Morocco and Egypt).

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

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

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

Technological delay R&D+i risk. The Group, through its research and development subsidiaries, supports its main business lines by facilitating product and process development and innovation. The practical application is guaranteed through the constant launch of a broad line of products supported through sufficient advertising and promotion coverage.

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

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

Financial risk management and financial instruments

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

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.

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

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

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

Cash flow interest rate risk

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

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

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

Foreign currency risk

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

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

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 2010, “Other Receivables” included two loans totalling USD 411 million (31 December 2009: EUR 586 million) (see Note 22) which were designated as hedges of net investments in the US subsidiaries and are used to hedge the Group's exposure to foreign currency risk on these investments. The gains or losses on the translation to euros of these loans are recognised in equity to offset any gains or losses on the translation of the net investments in the subsidiaries.

In addition, the Group is exposed to foreign currency risk on its transactions. This risk arises from purchases and sales made by the operating units in currencies other than the functional currency. In relation to important transactions, the Group 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 and Euryza) and Pasta Business companies (Panzani) have forward foreign currency contracts (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.

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

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 SOS Corporación Alimentaria, S.A. which are included as available-for-sale assets in the consolidated balance sheet at 31 December 2010 (see Note 12 to the accompanying consolidated financial statements) and the changes in the fair value thereof are reflected for accounting purposes in the Company’s equity.

Liquidity risk

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

Note 22 to the accompanying consolidated financial statements includes a breakdown of the liabilities at 31 December 2010 and their maturities.

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.

Also, with respect to commercial transactions the Group's policy 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.

7. INFORMATION ON THE ENVIRONMENT

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

8. EVENTS AFTER THE REPORTING PERIOD

On 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. for a total price of EUR 8,281 thousand. Given that the shares were not sold at their underlying carrying amount (EUR 0.48 per share), this transaction will not give rise to any gains or losses in the 2011 financial statements of Ebro Foods, S.A. Following this sale, Ebro Foods, S.A. owns 12,117,806 shares that represent 21.002% of the share capital of Biosearch, S.A. but no longer participates in the Company’s governing bodies or management.

No other significant events took place between the reporting date and the authorisation for issue of the consolidated directors’ report.

9. OTHER DISCLOSURES

The consolidated directors’ report contains the following explanations in relation to the matters required under Article 116 bis of the Spanish Securities Market Law, currently replaced following the recent approval and entry into force of the Sustainable Economy Law (data relating only to the Parent Ebro Foods, S.A. as a listed company to which the aforementioned legislation applied):

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

CONSOLIDATED DIRECTORS' REPORT FOR 2010 (THOUSANDS OF EUROS)

The share capital amounts to EUR 92,319,235.20, divided into 153,865,392 fully subscribed and paid shares of EUR 0.60 par value each, represented by book entries of the same series and class.

The shares representing the share capital have the status of marketable securities and are governed by the provisions of the Securities Market Law.

b) Restrictions on the transferability of shares.

There are no restrictions on the transferability of the shares.

c) Significant direct or indirect ownership interests in the share capital, including those of directors.

Significant shareholder	Number of direct voting rights	Number of indirect voting rights	Percentage of total voting power
Instituto Hispánico del Arroz, S.A.	13,588,347	Indirect holder, through Hispafoods Invest, S.L., of 10,600,210 voting rights, representing 6.889% of share capital.	15.721
Sociedad Anónima Damm	0	Indirect holder, through Corporación Económica Damm, S.A., of 14,350,000 voting rights, representing 9.326% of share capital.	9.326
Sociedad Estatal de Participaciones Industriales	0	Indirect holder, through Alimentos y Aceites, S.A., of 13,315,016 voting rights, representing 8.654% of share capital.	8.654
Lolland, S.A.	0	Indirect holder, through Casa Grande Cartagena, S.L., of 7,693,290 voting rights, representing 5.000% of share capital.	5.000
Corporación Financiera Alba, S.A.	0	Indirect holder, through Alba Participaciones, S.A., of 8,777,719 voting rights, representing 5.70% of share capital.	5.70

d) Restrictions on voting power.

There are no restrictions on voting power.

e) Side agreements.

The Company has not been notified of any side agreements.

f) Rules applicable to the appointment and replacement of members of the managing body and to the amendment of the Company's bylaws.

The appointment and the replacement of directors are governed by the bylaws (Articles 19 and 20) and by the Board Regulations (Articles 21, 23 and 24).

The Board of Directors shall be composed of a minimum of seven and a maximum of 14 members, the General Meeting being responsible for determining the number and for appointing and removing directors. At the date of issue of this report, the Board currently has 13 members, a vacancy having arising as a result of Jaime Carbó Fernández having vacated his position on the Board on 22 December 2010.

Directors shall be appointed for a term of four years and the post may be rejected, appointments may be revoked and directors may be re-elected. Once this term has elapsed, directors may be re-elected one or more times for terms of equal length.

The appointment of directors shall lapse when, on expiry of the term, the next General Meeting has been held or the period established by law for holding the General Meeting which has to resolve whether to approve the financial statements for the previous year has ended.

Should vacancies arise during the term for which the directors are appointed, the Board may designate from among the shareholders persons to occupy the vacancies until the next General Meeting is held.
The nominations for the appointment and re-election of directors submitted by the Board of Directors shall relate to persons of acknowledged prestige who have the experience and professional knowledge required to discharge their duties.

Nominations shall be made taking into account the existence of three types of director: (i) executive directors; (ii) non-executive directors, which may be of two types: those that belong to the Board at the request of shareholders with significant ownership interests in the Company's share capital, and those which may be deemed to be independent directors pursuant to applicable legislation or good corporate governance recommendations; and (iii) directors who do not belong to either of these categories.

The distribution of directors according to the categories defined above shall be adjusted from time to time in accordance with the functional requirements and actual shareholder structure of the Company on the basis of the relationship between the share capital controlled by significant shareholders and the percentage held by institutional investors and non-controlling shareholders.

In any case, any steps taken by the directors in relation to the composition of the Board shall be without prejudice to the sovereign powers of the General Meeting to appoint and remove directors and, as the case may be, to the shareholders' right of proportional representation.

Directors shall tender their resignation to the Board and formally resign in the following cases:

- When they are subject to any incompatibility or prohibition provided for by law, in the bylaws or in the Board’s Regulations.

- When they cease to discharge the executive functions associated with their appointment as directors, when the shareholder they represent sells its entire ownership interest or when that shareholder reduces its ownership interest to a level that requires a reduction of the number of its proprietary directors and, in general, when the reasons for which they were appointed cease to exist.

- When the Board, following a report from the Nomination and Remuneration Committee, considers that they have seriously breached their obligations or that there are reasons in Company's interest that justify such resignation.

The Board shall submit the removal of the director to the General Meeting in the event that the director does not resign in any of the above situations.

Directors who stand down from the Board prior to the end of their mandate, due to resignation or any other cause, must explain their reasons for vacating their office to the Board and, without prejudice to the fact that the removal is communicated as a significant event, the Company shall give the reasons for the removal in the Annual Corporate Governance Report.

If a director chooses to resign after expressing serious reservations on matters on which the Board had adopted resolutions, the director shall explain the reasons for the resignation as described above.

No procedures or requirements for the amendment of the bylaws other than those provided for by law are established.

g) Powers of the members of the Board of Directors and, in particular, those relating to the possibility of issuing or repurchasing shares.

The chairman of the Board of the Directors, with executive duties, Antonio Hernández Callejas, holds the following powers:

1) To represent the Company and use the corporate signature in all manner of acts, businesses and agreements included in the company object. To enter into contracts for project work or for the supply of goods or services with the European Union, the State, the Autonomous Communities, provinces, islands or municipalities and, in general, with any public or private person, by means of merits-based or price-based tenders, direct award or any other legal method of contracting, presenting and signing the appropriate proposals, accepting awards, as the case may be, performing any such acts and executing any such public or private documents as may be required or deemed appropriate for their formalisation, performance and liquidation.

   These powers can be exercised severally when the amount of the act, business or contract is less than or equal to EUR 50,000 and jointly with another class A) attorney-in-fact when the amount exceeds EUR 50,000.

2) To plan, organise, manage and control the operation of the Company and all its activities at all the workplaces and facilities, reporting to the Chairman of the Board and proposing any modifications to the Company organisation deemed to be appropriate.

   These powers may be exercised severally.

3) To sell, buy, exchange, replace, assign, encumber and dispose in any manner of all types of assets, including buildings and shares, and to provide guarantees to subsidiaries or third parties. To participate in the incorporation of all manner of companies or entities and to accept and appoint positions therein.

   These powers may be executed jointly with another class A) attorney-in-fact.

4) To set the terms of, create, accept, modify, withdraw or cancel provisional or definitive payments, deposits and guarantees at any kind of public or private entity including the Government Depositary and the Bank of Spain.

   These powers may be exercised severally.

5) 5.1) To open, use, clear and cancel demand deposits, savings accounts or credit facilities at any bank, including the Bank of Spain or any other credit institutions or savings banks, signing for this purpose any such documents as may be required, and to use and withdraw amounts by cheque, money order, receipt or transfer.

   5.2) To arrange, formalise and execute loan transactions, signing for this purpose any such public or private documents as may be required, reporting to the Board the use made of these powers in the following meeting.

   These powers may be executed jointly with another class A) attorney-in-fact.

6) To issue, accept, collect, pay, endorse, protest, discount, guarantee and negotiate commercial or financial bills of exchange, promissory notes and other drafts and commercial instruments. To endorse and discount receipts and negotiable instruments of any kind and to order payment from the Public Treasury, banks, depositaries and other entities where the Company may hold securities, bills, cash or any other type of asset.

   These powers may be exercised jointly with another class A) attorney-in-fact.

7) To claim, collect and receive amounts to be paid or received by the Company in any respect, whether in cash, in bills or in the shape of any other type of benefit, from individuals, banks and other entities, from the European Union, the State, the Autonomous Communities, provinces, islands or municipalities and, in general, from any public or private entity. To give and request receipts and payment documents and to set and finally settle balances. To determine the method for payment of amounts owed to the Company, to grant extensions and to set payment dates and amounts.

   To accept from debtors all manner of secured and unsecured guarantees, including mortgages, fixed and floating charges, pledges and security interests subject to the covenants, clauses and conditions deemed appropriate and to cancel such guarantees after receipt of the guaranteed amounts or receivables.

   These powers may be exercised severally.

8) To make all manner of payments, taking any such steps as may be required for due compliance with all the Company's obligations and to demand the relevant receipts and payment documents.

   These powers may be exercised severally when the amount of each act does not exceed or is equal to EUR 50,000, and jointly with another class A) attorney-in-fact when the amount exceeds EUR 50,000.

9) To represent the Company in dealings with third parties and with all manner of administrative bodies, chambers, commissions, committees, mutual entities, registers, delegations, offices and units of the European Union, the State, the Autonomous Communities, provinces, islands or municipalities and with other centres or bodies of an administrative, government or other nature, at all levels and instances, in Spain and abroad, or to appoint a person to act as the Company's representative in such dealings. To exercise the rights and to act, as the case may be, in the interest of the Company. To file requests and motions. To institute any applicable proceedings, requesting any relevant data, copies or documents and filing claims, including preliminary claims, and any administrative appeals. To withdraw from proceedings, claims and appeals at any stage thereof, to enforce or ensure the enforcement of final judgments. To respond to or issue certificates or demands, whether notarial or of any other nature. To request certificates, evidence and duly authenticated copies of interest to the Company.

   These powers may be exercised severally.

10) To appear and represent the Company in court, before tribunals, higher judicial authorities, the Public Prosecutor, juries and other judicial review or employment-related centres or bodies in all jurisdictions and at all instances and levels, in Spain, abroad or relating to any international organisation, establishing the legal relations deemed appropriate and complying in particular, by signing the application for judicial review, with the provisions of Article 45.2.d) of Law 29/1998, of 13 July.

   To grant and revoke powers of attorney for lawyers and court procedural representatives.

   To bring all manner of claims or actions; to file all types of exceptions in any proceedings or appeals, either as the claimant or as the defendant or with any other standing. To file all manner of claims and ordinary and extraordinary appeals at court, including extraordinary appeals on a point of law and appeals for judicial review of final decisions. To discontinue any actions, claims, lawsuits and court appeals at any stage of the proceedings. To give evidence in court as the legal representative of the Company and, where required, to personally and expressly vouch for the truth of such evidence. To settle in court and submit to arbitration any matters of interest to the Company. To enforce or ensure the enforcement of final court judgments.

   To represent and appear on behalf of the Company in all manner of administrations, bankruptcy proceedings, debt compositions and rescheduling, insolvency proceedings or court-ordered liquidations, evidencing the Company's claims and endeavouring to ensure that they are secured and accepting awards in payment thereof, with the power to grant or refuse reductions and extensions. To appoint, accept and reject liquidators, administrators, experts and official receivers and to put forward and challenge proposals made in the related acts. To settle and to agree deadlines and debt compositions and rescheduling in the framework of insolvency proceedings and carry out all the formalities until compliance with and enforcement of the final decisions.

   To select the place of residence and submit to constructive or express jurisdictions.

   These powers may be exercised severally.

11) To execute, with respect to executives, the resolutions adopted by the Board of Directors or the Executive Committee after hearing the Nomination and Remuneration Committee. With respect to Company employees, to hire, transfer, penalise, suspend or dismiss employees; to determine the remuneration, salaries and other emoluments to be received by any Company employee; to grant termination benefits; and, in general, to decide on any matters relating to the employees of the Company. To appoint and revoke the appointment of mandataries or agents.

    These powers may be exercised severally.

12) To enforce and ensure compliance with the resolutions of the General Meeting, the Board of Directors, its Executive Committee or its Chief Executive Officer and to execute, where applicable, the public deeds and other public or private documents required in accordance with the legal nature of the acts performed.

    These powers may be exercised severally.

13) To replace and/or grant partial or full powers to third parties, to the extent of the powers granted under this power of attorney, and to partially or fully revoke such powers, including those granted prior to this power of attorney, executing for such purpose the corresponding public or private documents giving substance to the aforementioned replacement, informing the Board of Directors at the first meeting following the exercise of this power.

    These powers may be exercised jointly with two other class A) attorneys-in-fact.

14) To attend and represent the Company at the General Meetings of all the Ebro Group companies and in the adoption of any resolutions deemed necessary, without any restrictions whatsoever.

    These powers may be exercised severally.

    Lastly, it should be noted that neither Antonio Hernández Callejas nor any other director or executive is empowered to issue or repurchase shares.

h) Significant agreements entered into by the Company and which come into force or are modified or terminated in the event of a change of control of the Company as a result of a takeover bid, and their effects, except when disclosure would be seriously detrimental to the Company. This exception is not applicable where the Company is legally obliged to disclose this information.

No agreements of this nature have been entered into.

i) Agreements between the Company and its directors, executives or employees which provide for termination benefits upon resignation or dismissal without justification or upon termination of the employment relationship as a result of a takeover bid.

No agreements of this nature exist between the Company and its directors.

As regards the executives of Ebro Foods, S.A. it is hereby stated that (i) there are two contractual termination clauses that provided for amounts that would exceed the termination benefits that would result from the application of the Workers' Statute and (ii) the clauses established initially for the other executives currently provide for termination benefits below the amount stipulated in the Workers' Statute as a result of their length of service.

10. ANNUAL CORPORATE GOVERNANCE REPORT

Pursuant to legislation currently in force, the following section of the consolidated directors' report includes the 2010 Annual Corporate Governance Report of Ebro Foods, S.A. required by the Spanish National Securities Market Commission.