EBRO PULEVA 07
Annual Report

Ebro Puleva
GRUPO

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Annual Report

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Ebro Puleva at a glance

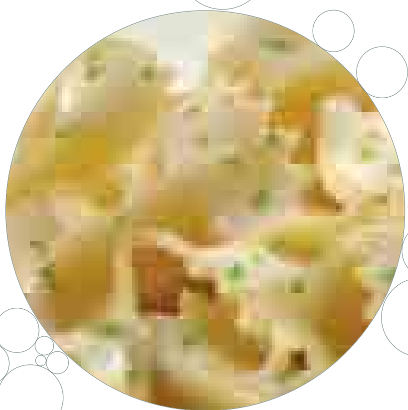
LEADING FOOD GROUP IN SPAIN
IN TERMS OF TURNOVER, PROFITS, MARKET
CAPITALISATION AND INTERNATIONAL PRESENCE

WORLD LEADER OF THE
RICE SECTOR

MORE THAN 60 BRANDS IN 22
COUNTRIES IN EUROPE, AMERICA,
NORTH AFRICA AND ASIA

LEADING RICE AND PASTA
MANUFACTURER IN USA AND CANADA

LEADING SPANISH SUGAR GROUP



SECOND MANUFACTURER WORLDWIDE
IN THE PASTA SECTOR

NO. 1 IN THE MARKETING OF HIGH VALUE-ADDED
DAIRY PRODUCTS IN SPAIN

International Business Profile

America

1 **CANADA**
HEALTHY HARVEST, CATELLI, MINUTE, LANCIA, SPLENDOR,

2 **USA**
AMERICAN BEAUTY, CAROLINA, CREAMETTE, GOURMET HOUSE, HEALTHY HARVEST, LIGHT N FLUFFY, MAHATMA, MINUTE, P&R, PRINCE, RIVER, RONZONI, SKINNER, SUCCESS, WATER MAID

3 **MEXICO**
PANZANI

4 **PUERTO RICO**
EL MAGO, PRINCE, RONZONI, SELLO ROJO

5 **URUGUAY**

Europe

6 **GERMANY**
ORYZA, REIS-FIT

7 **BELGIUM**
BOSTO, PANZANI, CASI

8 **CZECH REP.**
PANZANI

9 **DENMARK**
RIS-FIX, DANRICE

10 **SPAIN**
AROTZ, AZUCARERA, BRILLANTE, EL CASTILLO, LA CIGALA, LA FALLERA, NOMEN, PULEVA, RAM, ROCÍO

11 **FINLAND**
RISELLA

12 **FRANCE**
PANZANI, LUSTUCRU, TAUREAU AILÉ, REGIA, FERRERO, SUCRAN

13 **GREECE**
RIZIANA

14 **HUNGARY**
RICELAND, PANZANI

15 **ITALY**

16 **POLAND**
BOSTO

17 **PORTUGAL**
CIGALA, PULEVA, PANZANI

18 **UK**
SUCCESS, PHOENIX, PEACOCK, CHINATOWN, DAAWAT, TARANTELLA, PANZANI, GOURMET HOUSE, SUNRICH, TROUT HALL

19 **ROMANIA**

20 **UKRAINE**

RICE: IN SPAIN: BRILLANTE, CIGALA, NOMEN, LA FALLERA & ROCÍO. IN EUROPA, MOROCCO, USA AND CANADA: ORYZA, REIS FIT, RIS FIX, BOSTO, RICELAND, RISELLA, RIZIANA, GOURMET HOUSE, PEACOK, PHOENIX, MIURA, MAHATMA, SUCCESS, CAROLINA, WATER MAID, RIVER S&W, LUSTUCRU, TAUREAU AILÉ, MINUTE, HERBA, PANZANI, ETC. **DAIRY:** PULEVA, RAM, EL CASTILLO & NADÓ

PASTA: PANZANI, LUSTUCRU, BIRKEL, SKINNER, 3 GLOCKEN, SCHUELE, MINUTO, NUDEL UP, RONZONI, RONZONI SMART TASTE, CATELLI, CATELLI SMART, HEALTHY HARVEST, AMERICAN BEAUTY, PRINCE, SAINT GIORGIO, LANCIA, CREAMETTE, REGIA, FERRERO **SUGAR:** AZUCARERA Y SUCRAN **BIOTECNOLOGÍA:** EUPOLY-EPA, EUPOLY-DHA, HEREDITUM

Rice

The Group is world leader in this business. Its origins in Spain go back to 1950, while its international expansion began in 1986 with the acquisition of leading companies and brands in Europe, USA, Canada and northern Africa. This division is now also present on the Asian continent, with an extensive portfolio of brands and leading products in the category, representing one-third of the overall Ebro Puleva business.

Dairy

The dairy division operates mainly in the manufacturing and marketing of differentiated dairy products with a high value added, bolstered by a powerful research and innovation line and focusing on consumer health. Under the same premises, the division is developing a major business line in the baby foods segment. This focus is complemented by the development of other dairy products geared towards values such as convenience or flavour. The business overall represents approximately 20% of the Group's total business.

Sugar

All business activities directly related with the sugar business -manufacturing and marketing of sugar, alcohol and by-products- are organised through Azucarera Ebro, a company created in 1998 out of the merger of Ebro Agrícolas and the centenarian Sociedad General Azucarera in Spain. It is leader in sugar distribution and consumption in Spain, representing just over 20% of Ebro Puleva's total turnover.

Pasta

This, together with rice, is the most international business of the Ebro Puleva Group. Represented by New World Pasta (leader in USA and Canada), Panzani (no. 1 in France in dry and fresh pasta, sauces, couscous and semolina) and Birkel (no. 1 in Germany), the Group is the second pasta producer worldwide. Apart from these countries, Ebro Puleva also trades under the Panzani and Birkel brands in Belgium, Hungary, UK, Algeria, Czech Republic and Russia. The overall business of the division currently accounts for 29% of the total Group turnover.

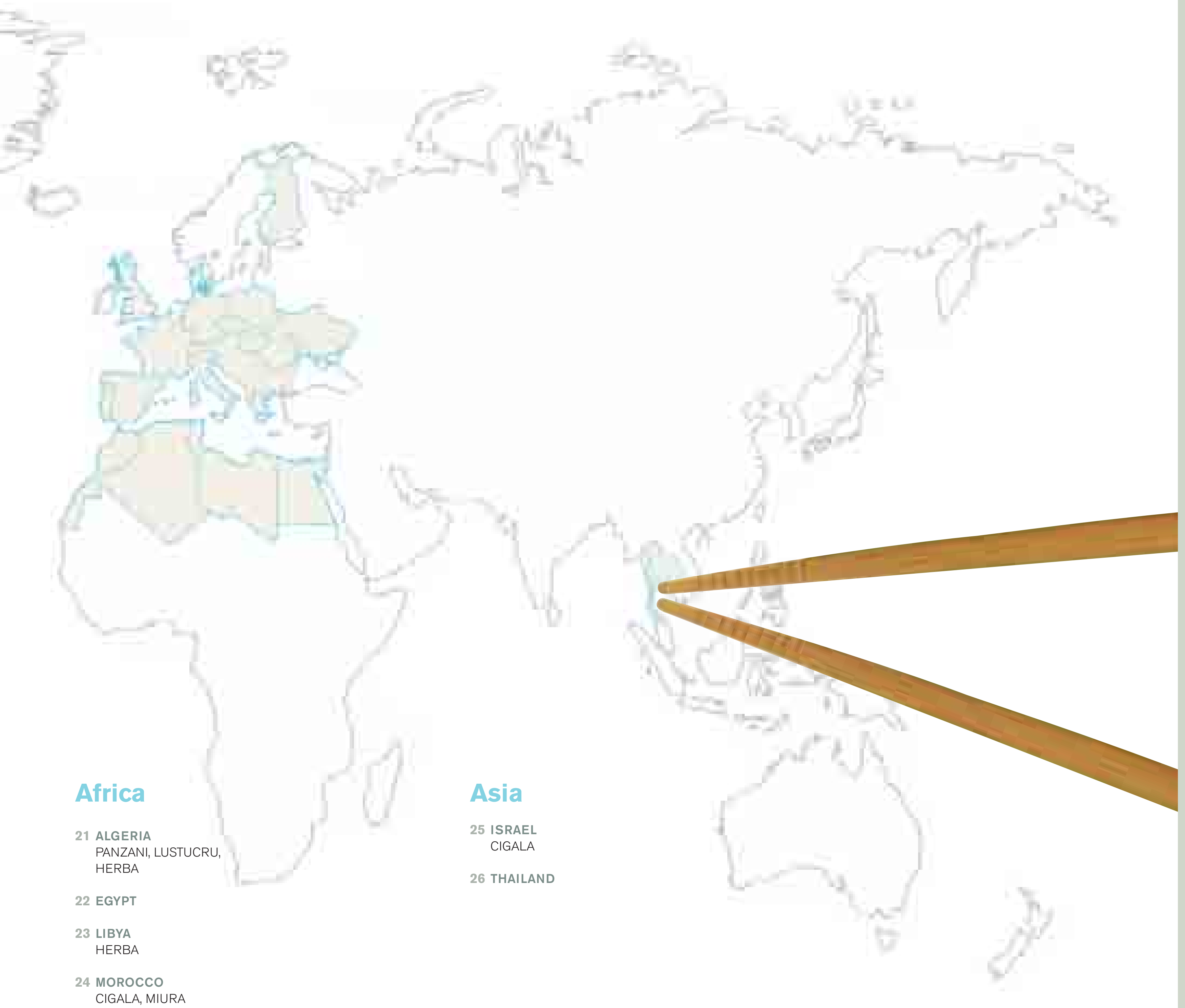
Biotechnology

This division, run by the Puleva Biotech Group, engages in the research, development, manufacturing and marketing of new products based on natural ingredients, with positive health effects, able to enhance consumers' quality of life.

Biofuels

Dosbio 2010 is the biofuels arm of the Group, managing our 50% stake in the bioethanol plant at Babilafuente (Salamanca) and the different cogeneration plants situated within other production plants.

Presence



Africa

21 ALGERIA
PANZANI, LUSTUCRU, HERBA

22 EGYPT

23 LIBYA
HERBA

24 MOROCCO
CIGALA, MIURA

Asia

25 ISRAEL
CIGALA

26 THAILAND

Ebro Puleva in figures

Figures in thousand euro

Consolidated Data

	2004	2005	2005/2004	2006	2006/2005	2007	2007/2006
Net turnover	1,814,359	2,130,409	17.4%	2,452,212	15.1%	2,685,042	9.5%
EBITDA	248,489	281,564	13.3%	306,005	8.7%	306,760	0.2%
EBIT	182,871	197,052	7.8%	211,216	7.2%	207,760	(1.6%)
Operating profit	194,408	247,117	27.1%	250,747	1.5%	206,742	(17.5%)
Consol. profit for year (Going Concern)	128,365	151,617	18.1%	128,365	(15,3%)	92,473	(28.0%)
Net profit	126,573	155,641	23.0%	180,363	15.9%	90,577	(49.8%)
Average current assets	426,853	451,215	5.7%	493,143	9.3%	472,497	(4.2%)
Capital employed	1,219,230	1,535,036	25,9%	1,654,931	7.8%	1,675,831	1.3%
ROCE **(1)**	15,5	13,5		12,8		12,4	
Capex	102,524	8	2.8%	298,225	199.2%	87,199	(70.8%)
Average workforce	5,261	6,296	19.7%	6,784	7.8%	7,226	6.5%

Stock Market Highlights

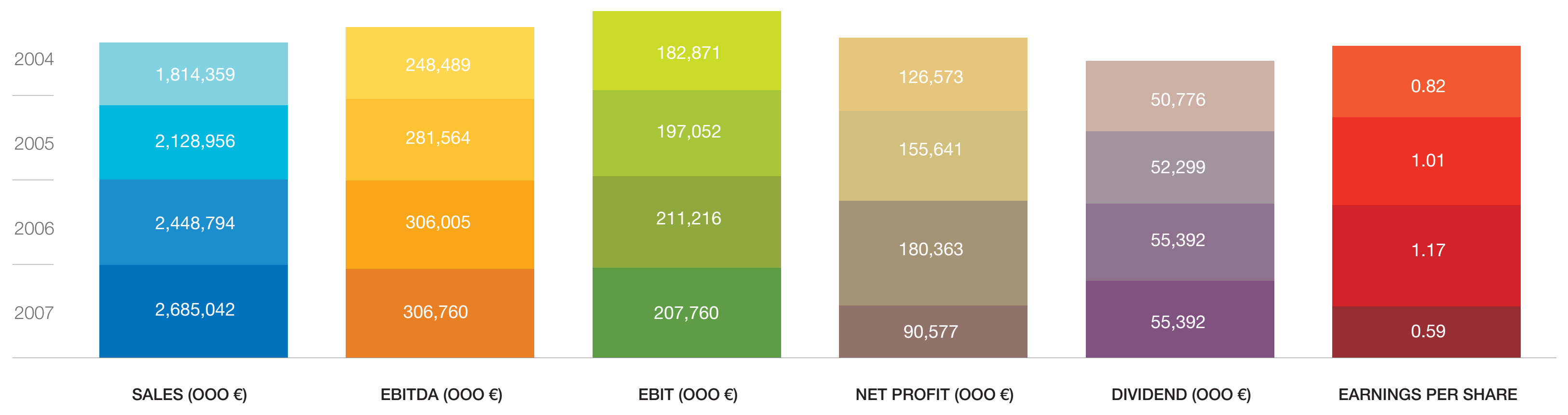
	2004	2005	2005/2004	2006	2006/2005	2007	2007/2006
Number of shares	153,865,392	153,865,392		153,865,392		153,865,392	
Market capitalisation at year-end	1,615,587	2,158,731	33.6%	2,954,216	36.8%	1,929,472	(34.7%)
EPS	0.82	1.01	23.0%	1.17	15.9%	0.59	(49.8%)
Dividend per share	0.33	0,34	3.0%	0.36	5.9%	0.36	
Theoretical book value per share	6.25	7.00	12.0%	7.72	10.3%	7.79	0.9%

	31-12-04	31-12-05	2005/2004	31-12-06	2006/2005	31-12-07	2007/2006
Capital and reserves	961,160	1,076,582	12,0%	1,187,962	10.3%	1,198,245	0.9%
Net debt	472,123	931,322	97.3%	1,134,894	21.9%	988,249	(12.9%)
Average debt	352,088	841,427		1,046,354		1,129,254	
Leverage **(2)**	0.37	0.78		0.88		0.94	
Total assets	2,167,244	2,988,903	37.9%	3,363,715	12.5%	3,375,496	0.4%

(1) ROCE = (Operating Profit CAG last 12 months / (Intangible Assets - Property, Plant & Equipment - Current Assets)

(2) Ratio of Average Net Financial Debt to Capital and Reserves

Financial highlights



Core Businesses (thousand euro)

SUGAR BUSINESS	2004	2005	2005/2004	2006	2006/2005	2007	2007/2006
Net turnover	734,097	652,314	(11.1%)	687,011	5.3%	653,653	(4.9%)
EBITDA	152,251	119,505	(21.5%)	96,955	(18.9%)	79,911	(17.6%)
EBIT	118,205	86,273	(27.0%)	64,818	(24.9%)	48,143	(25.7%)
Operating profit	72,126	83,733	16.1%	31,844	(62.0%)	43,165	35.6%)
Average current assets	149,385	155,162	3.9%	149,766	(3.5%)	109,226	(27.1%)
Capital employed	555,498	559,623	0.7%	543,599	(2.9%)	463,933	(14.7%)
ROCE	21.0	15.6		11.9		10.4	
Capex	41,461	34,584	16.6%	27,368	(20.9%)	16,255	(40.6%)

RICE BUSINESS (HERBA+RIVIANA)	2004	2005	2005/2004	2006	2006/2005	2007	2007/2006
Net turnover	574,856	688,648	19.8%	696,655	1.2%	771,128	10.7%
EBITDA	61,291	68,820	12.3%	71,343	3.7%	96,194	34.8%
EBIT	47,624	49,147	3.2%	51,368	4.5%	75,297	46.6%
Operating profit	47,086	46,932	(0.3%)	40,722	(13.2%)	74,287	82.4%
Average current assets	130,389	166,035	27.3%	191,208	15.2%	188,294	(1.5%)
Capital employed	238,251	455,937	91.4%	462,702	1.5%	498,237	7.7%
ROCE	15.2	13.1		11.1		15.1	
Capex	25,164	25,727	2.2%	23,098	(10.2%)	22,046	(4.6%)

DAIRY BUSINESS	2004	2005	2005/2004	2006	2006/2005	2007	2007/2006
Net turnover	497,078	518,137	4.2%	504,140	(2.7%)	527,489	4.6%
EBITDA	46,620	54,121	16.1%	55,460	2.5%	53,033	(4.4%)
EBIT	31,078	37,507	20.7%	40,176	7.1%	37,541	(6.6%)
Operating profit	31,111	31,473	1.2%	38,097	21.0%	36,379	(4.5%)
Average current assets	71,042	79,597	12.0%	87,508	9.9%	74,072	(15.4%)
Capital employed	217,432	225,904	3.9%	223,511	(1.1%)	196,938	(11.9%)
ROCE	14.3	16.6		18.0		19.1	
Capex	36,948	17,501	52,6%	14,625	(16.4%)	16,872	15.4%

PASTA BUSINESS (PANZANI+NWP+BIRKEL)	2004	2005	2006	2006/2005	2007	2007/2008
Net turnover	n.a.	291,041	596,140	104.8%	775,235	30.0%
EBITDA	n.a.	44,416	92,093	107.3%	88,450	(4.0%)
EBIT	n.a.	31,492	66,408	110.9%	58,274	(12.2%)
Operating profit	n.a.	33,957	63,758	87.8%	56,709	(11.1%)
Average current assets	n.a.	28,889	57,592	99.4%	73,909	28.3%
Capital employed	n.a.	217,927	361,120	65.7%	478,785	32.6%
ROCE	n.a.	14.5	18.4		13.9	
Capex	n.a.	15,964	19,419	21.6%	23,677	21.9%

2 Chairman's Statement

Dear shareholders,

It is a pleasure to address you all once again and share the most significant aspects in the development of our company during 2007. One of the most important factors was undoubtedly the tremendous rally in raw material prices, a hike that has caused havoc on the world food market and consequently affected the Group's progress during the year, although at the same time it has given us an opportunity to prove that our business model is sound and convey to our shareholders confidence in the present and future development of Ebro Puleva.

Despite the difficult situation on the market, we have maintained the absolute profitability of the company from one year to the next. To be more specific, our EBITDA was up 0.25% year on year to €306.7 million, without relinquishing any of our strategic lines of action, in other words, investing heavily both in the continuous launching of new products in Europe and North America and in the development of our brands with major advertising campaigns. In doing so, we have strengthened the leadership of our brands on their respective markets, while at the same time achieving substantial organic growth in the rice and pasta divisions, bringing turnover up to €2,685 million, 9% more than in 2006.

Against this backdrop and thanks to the strong cash flow generated over the past twelve months, Ebro Puleva reduced its debt in 2007 by €146.6 million, down 12% year on year.

The Group has also further enhanced its already predominant international nature: 53.2% of its EBITDA is now generated on overseas markets. During the last year we have opened new offices of our subsidiary Herba in Romania and the Ukraine and purchased the company Birkel in Germany. The acquisition of this company, leader of the German pasta sector, is important for the geographical expansion of this business area and the capturing of new markets, since the German company also has significant positions in the Baltic region and Russia, thus opening the door for Ebro Puleva into international markets with a high growth potential.

We have reorganiced our North American businesses to operate under Ebro America. The main functions of this new company are to preserve and develop the personality of our American subsidiaries, take advantage of greater synergies between them, direct institutional and financial relations and take over the ordinary management of the Group's activities in that geographical area. This new structure was devised in view of the importance of both business for Ebro Puleva: the sum of New World Pasta and Riviana account for 20% of the consolidated turnover and 24.5% of the total EBITDA of the Group. Their contribution is vitally important for the development of our strategic plan and to push ahead towards our goal of being leaders on the international market of Meal Solutions.

We made considerable progress in 2007 towards our goal of becoming an international benchmark in this sector, striving particularly to develop new products focusing on health and convenience, both in Europe and in the United States, where the greatest growth potential in the food sector lies right now. So with an advanced R+D+I policy, we have moved into the area of functional pastas and broadened the references, ranges and formats in the ready-to-eat segment of the rice and pasta divisions in practically all the countries in which we operate, vastly increasing the market shares of Panzani in France and Riviana and New World Pasta in the USA and Canada.

Antonio Hernández Callejas
CHAIRMAN OF EBRO PULEVA

We have made great progress in our goal of becoming leaders in Meal Solutions, broadening our portfolio under the parameters of health and convenience, both in Europe and the USA

On a domestic level, the most severe difficulties have been encountered by our sugar division, following the approval of European Commission Regulation 1261/07, which supplements the provisions of the new Common Market Organisation (CMO) for Sugar and which greatly accelerated the restructuring of the sugar sector by offering a substantial incentive for withdrawing 50% of the sugar production in Europe, and more specifically in Spain. Accordingly, towards the end of the year our subsidiary Azucarera Ebro presented a restructuring plan contemplating the shutdown of three production plants. The adverse effects of this restructuring will be largely cushioned by the important work done by the company, with the recent incorporation of the sugar company NCA and the forthcoming commencement of refining operations.

The dairy business was hit in 2007 by the surge in raw material prices, unprecedented in both scale and speed. Albeit with a certain time lag, we have been able to pass this increase on to consumers, bolstered by the leadership of our main brand, adjusting the end price to the cost of the raw material to minimise the impact on the profit and loss account. The division thus achieved an EBITDA of €53 million and increased its profit levels with a ROCE of 19.1%, as a result of its business strategy, based on consumers, brands, innovation and the creation of technological and economic barriers to imitation by rivals. Thanks to this strategy, we strengthened our leadership in functional foods over the year.

The rice division has closed a fantastic year, with record levels in both EBITDA, up 35% year on year to €96 million, and turnover, at €771 million. The timely and well-chosen supply diversification strategy we embarked on last year has been vital for this. The channelling of imported rice from our subsidiaries Herba Bangkok and Herba Egypt to the different European companies of the Group increased by 125% over 2006. Apart from this source diversification, the management by the corporate procurements organisation of the rice division was also very important, being particularly successful both in securing favourable purchase prices and logistic costs and in guaranteeing the quality of the raw material used in the different rice subsidiaries.

While these positive aspects have not been reflected in the performance of our share on the stock exchange, the market has, moreover, made a negative valuation, within an overall bearish context, of the significant inflation suffered in the cost of all our raw materials and the uncertainty caused by the CMO Sugar Reform. Our market capitalisation thus dropped in 2007 from €2,943 to 1,929 million. However, the analysts monitoring Ebro Puleva are confident that the company's share will gain strength in 2008: at the end of 2007, the consensus among analysts points to a sharp upside potential, taking the value of the share to 17.4 euro, 38% higher than its year-end 2007 market price.

Finally, I should just like to say that we have a project with tremendous prospects for the future, as we have proved during a year in which we have had to overcome major adversities. The skill of our professionals, to whom I express my sincere gratitude, our adequate geographical and market diversification and the excellent positioning of our brands lay firm foundations for Ebro Puleva's continued success on the international food market.

And we trust that you, our valued shareholders, will share the satisfaction of being members of this company and maintain the support and confidence you have given us up to now.

3

EBRO PULEVA today

3.1 Summary of the year

1 January

Ebro Puleva transferred 49,000 m^2 of land to the Veguellina de Órbigo Council for recreational use and housing.

Ebro Puleva sold the land of the Nuestra Señora de las Mercedes sugar factory to EBROSA, S.A. for €30 million, generating a capital gain of almost €28 million; and transferred 65,900 m^2 to the Alagón Council for residential use.

2 February

Presentation of the 2006 results of the Ebro Puleva Group, reporting a consolidated net profit of €180 million.

Ebro Puleva approved an investment of €30 million to develop an industrial plan at the plant owned by the subsidiary Azucarera Ebro in Guadalete (Jerez de la Frontera, Cadiz).

3 March

Puleva Food reached an agreement with Lactiber to sell its production plant in Trobajo de Cerecedo (Leon). This agreement secures the future of around one hundred employees.

Azucarera Ebro entered the Portuguese market, founding the company Nueva Comercial Azucarera, 87.5%-owned by Azucarera Ebro and 12.5% by the Portuguese company DAI. This new company was established with the object of marketing the sugar production of its parent companies and sugar purchased from third parties.

4 April

Presentation of the Ebro Puleva Group 1Q 2007 results, reporting a net profit of over €29 million.

5 May

6 June

Ebro Puleva signed the purchase of Birkel, leader of the pasta sector in Germany. Birkel, with a market share of 18% (more than 40% in the high value added ranges), is also present in the sauces segment and is one of the five food brands most recognised by German consumers.

The organic growth in the rice and pasta divisions, the unyielding commitment to innovation, the product differentiation, the strength of our brands and diversification in both businesses and markets have been decisive in enabling the Group to complete an extraordinary evolution during the year

7 July

Presentation of the Ebro Puleva Group 1H 2007 results, reporting a net profit of €49 million.

8 August

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9 September

Instituto Hispánico del Arroz raised its stake in Ebro Puleva to over 15%.

Commercial offices of the rice subsidiary Herba were opened in Romania and the Ukraine.

10 October

Presentation of the Ebro Puleva Group 3Q 2007 results, reporting a net profit of €58 million.

11 November

Within the framework of the restructuring of the sugar sector required by the new CMO Sugar, Azucarera Ebro presented the draft restructuring plan for its business to the Growers' Associations and Regional Authorities.

12 December

The Board of Directors of Ebro Puleva unanimously resolved to propose at the forthcoming AGM, based on the 2007 results, a dividend of 0.36 euro per share, payable in quarterly payments of 0.09 euro/share throughout 2008.

The Board approved the construction of a new rice processing and packaging plant in Memphis, plus a distribution platform.

Bestinver Gestión, S.A. announced that it had bought 5.024% of the shares in the Group.

3.2 An International Group

In 2003 we embarked on an ambitious internationalisation strategy, following three different lines: the purchase of international brands without any industrial structure but with which we obtain important synergies among our subsidiaries, the acquisition of local enterprises and their industrial parks and organic growth, setting up commercial offices in different countries. We are now a multinational company, firmly established in twenty-three countries and on four continents, with more than thirty-five production plants and twenty commercial offices.

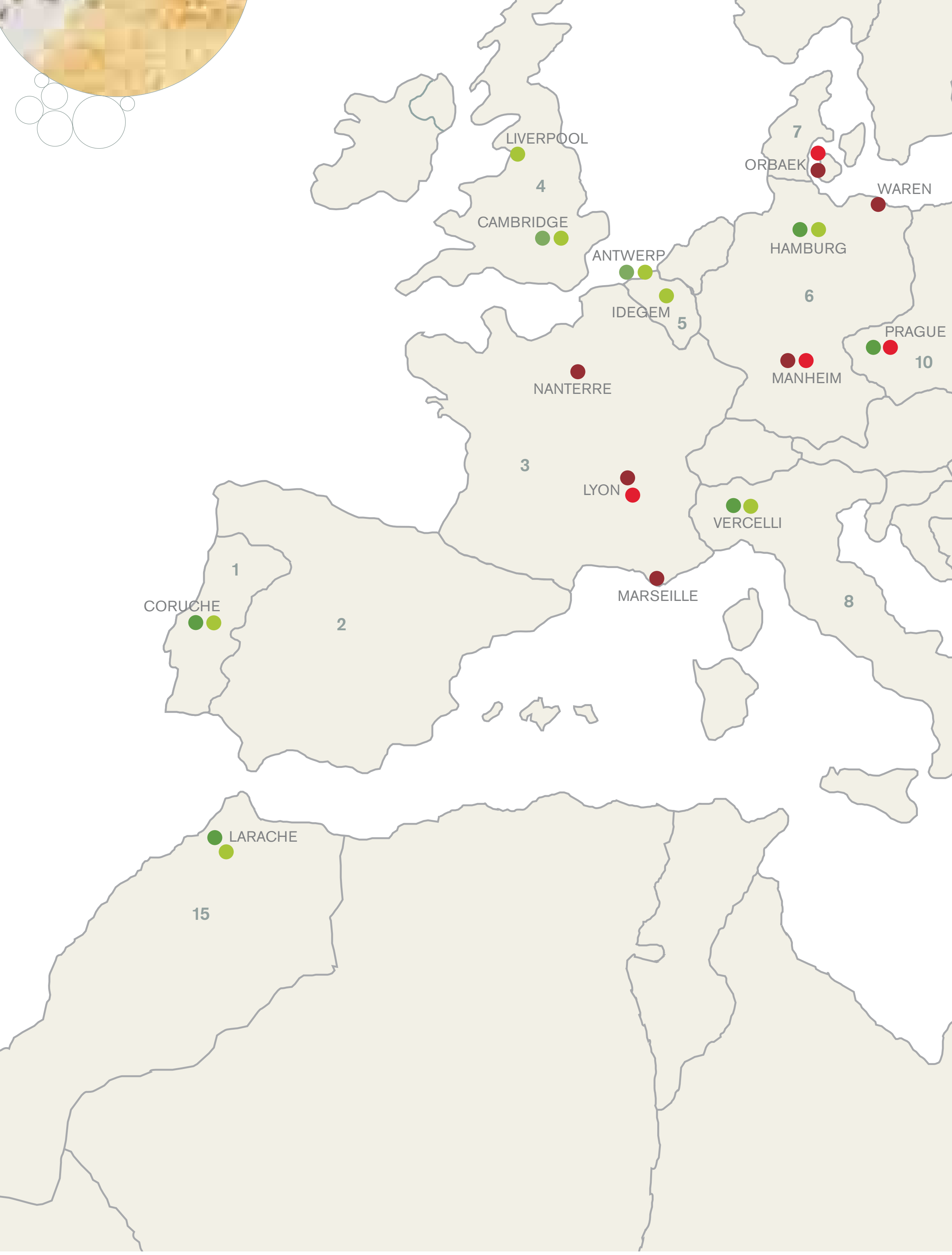
• Rice • Pasta • Dairy • Sugar • Biofuels

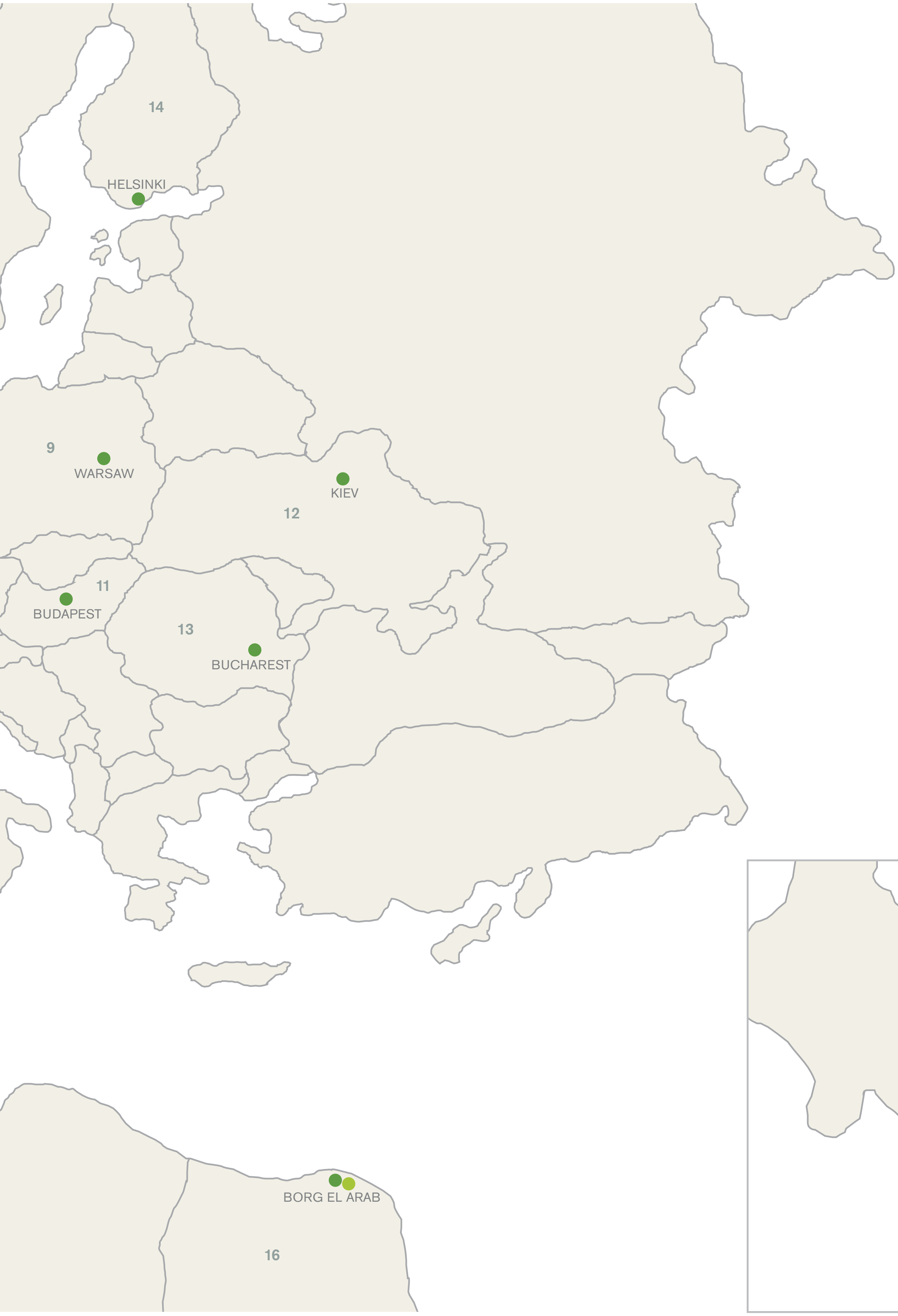
Rice
MAP OF ESTABLISHMENT

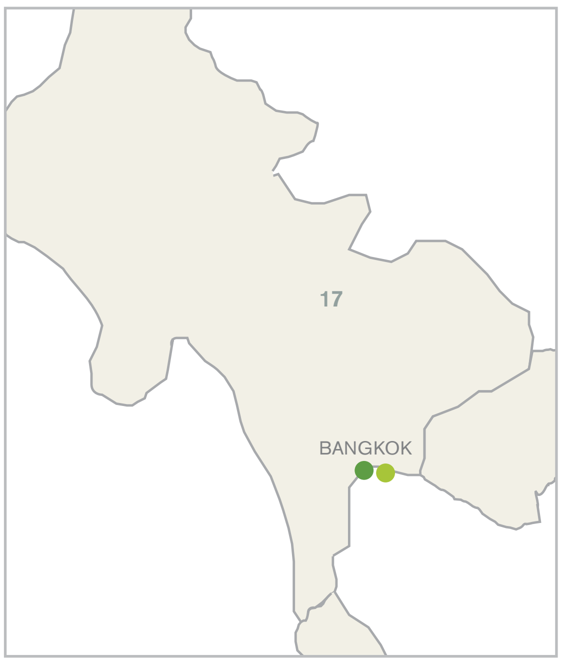
FACTORY
OFFICES

Pasta
MAP OF ESTABLISHMENT

FACTORY
OFFICES







Europe

1 PORTUGAL
2 SPAIN
3 FRANCE
4 ENGLAND
5 BELGIUM
6 GERMANY
7 DENMARK
8 ITALY
9 POLAND
10 CZECH REPUBLIC
11 HUNGARY
12 ROMANIA
13 UKRAINE
14 FINLAND

Africa

15 MOROCCO
16 EGYPT

Asia

17 THAILAND

Rice

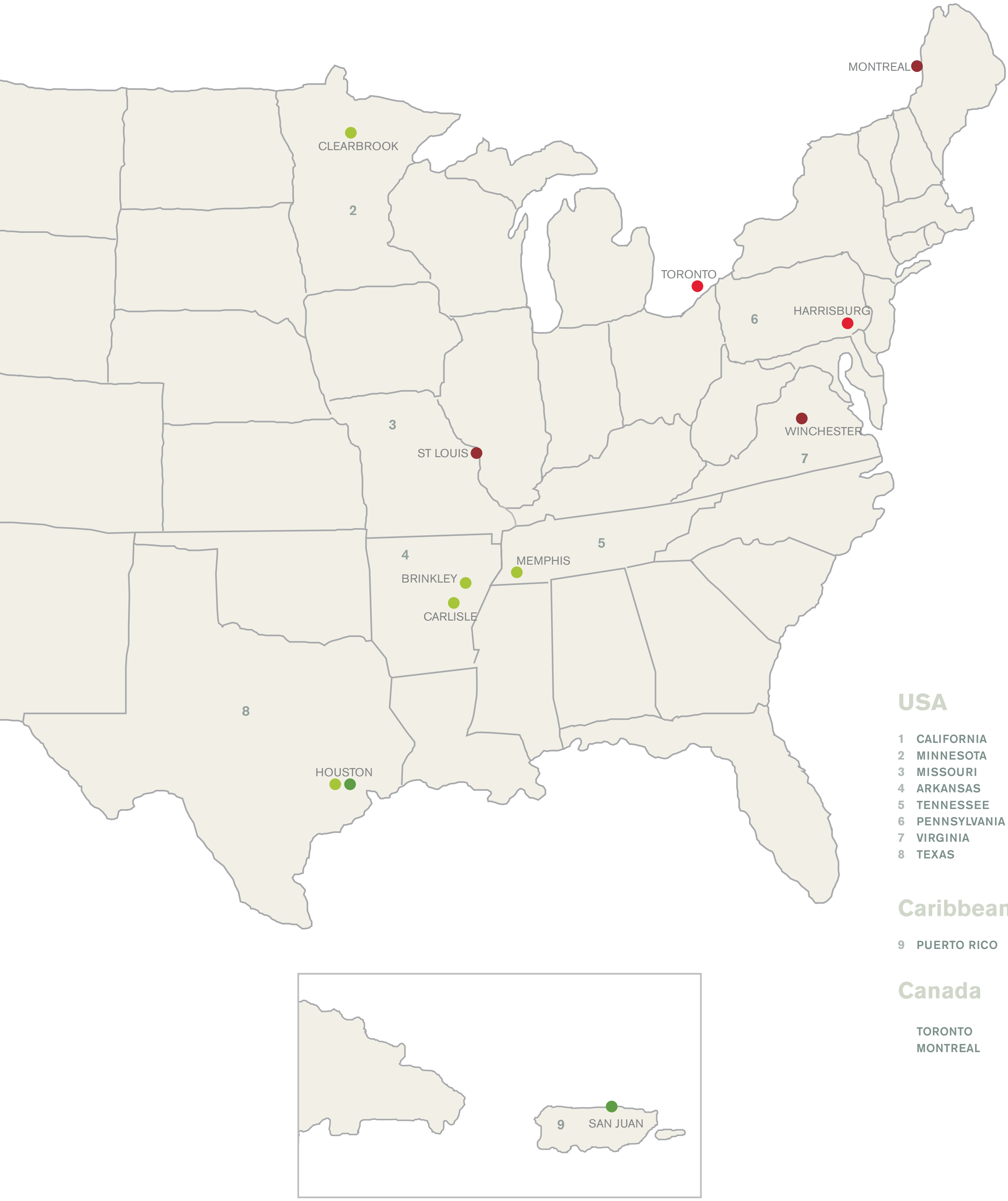
MAP OF ESTABLISHMENT

- FACTORY
- OFFICES

Pasta

MAP OF ESTABLISHMENT

- FACTORY
- OFFICES



USA

1 CALIFORNIA
2 MINNESOTA
3 MISSOURI
4 ARKANSAS
5 TENNESSEE
6 PENNSYLVANIA
7 VIRGINIA
8 TEXAS

Caribbean

9 PUERTO RICO

Canada

TORONTO
MONTREAL

Rice

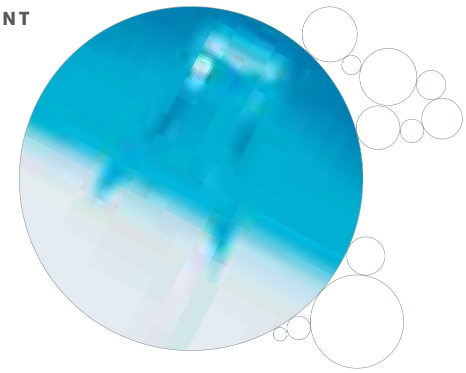
MAP OF ESTABLISHMENT

FACTORY

OFFICES

Dairy

MAP OF ESTABLISHMENT

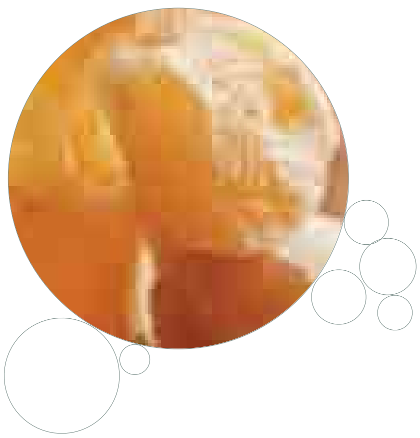


FACTORY

OFFICES

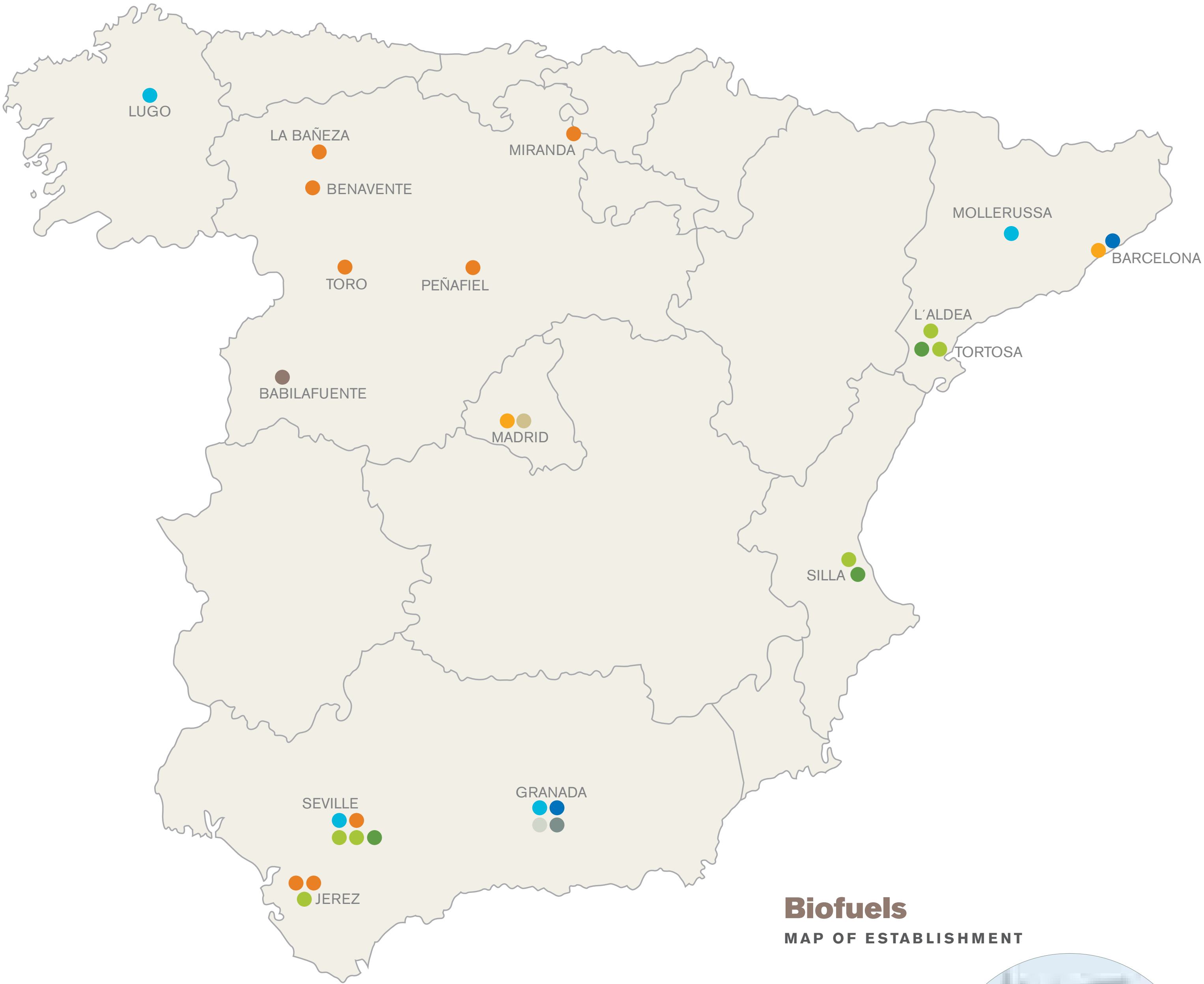
Sugar

MAP OF ESTABLISHMENT



FACTORY

OFFICES



Biofuels

MAP OF ESTABLISHMENT

- FACTORY
- OFFICES

Biotechnology

MAP OF ESTABLISHMENT

- FACTORY
- OFFICES

3.3 Our brands, consumers and markets

Meal Solutions

WE ARE LEADERS IN

GERMANY: ORYZA®, REIS-FIT®, BIRKEL 3®, 3 GLOCKEN®, SCHUELE®, MINUTO® AND NUDEL UP®
BELGIUM: BOSTO®, PANZANI® AND CASI®
CANADA: HEALTHY HARVEST®, CATELLI®, MINUTE®, LANCIA® AND SPLENDOR®
CZECH REPUBLIC: PANZANI®
DENMARK: RIS-FIX®
SPAIN: BRILLANTE®, LA CIGALA®, LA FALLERA®, NOMEN®, ROCIO® AND AROTZ®
USA: AMERICAN BEAUTY®, CAROLINA®, CREAMETTE®, GOURMET HOUSE®, HEALTHY HARVEST®, LIGHT N FLUFFY®, MAHATMA®, MINUTE®, P&R®, PRINCE®, RIVER®, RONZONI®, SKINNER®, SUCCESS RICE®, WATER MAID® AND SMART TASTE®
FINLAND: RISELLA®
FRANCE: PANZANI®, LUSTUCRU®, TAUREAU AILÉ®, REGIA®, FERRERO® AND SUCRAN®
HUNGARY: RICELAND® AND PANZANI®
LIBYA: HERBA®
MOROCCO: CIGALA® AND MIURA®
PORTUGAL: CIGALA® AND PULEVA®
PUERTO RICO: EL MAGO®, PRINCE®, RONZONI® AND SELLO ROJO®

WE ALSO OPERATE IN

ALGERIA: PANZANI®, LUSTUCRU® AND HERBA ®
ISRAEL: CIGALA®
POLAND: BOSTO®
UK: SUCCESS®, PHOENIX®, PEACOCK®, CHINATOWN®, DAAWAT®, TARANTELLA®, PANZANI®, GOURMET HOUSE®, SUNRICH® AND TROUT HALL®
ROMANIA: PANZANI®
UCRAINE: BOSTO® AND ORYZA®

Dairy

WE ARE LEADERS IN
SPAIN: PULEVA®

WE ALSO OPERATE IN
SPAIN: EL CASTILLO®, RAM® AND NADÓ®
PORTUGAL: PULEVA®

Sugar

WE ARE LEADERS IN
SPAIN: AZUCARERA® AND SUCRAN®

Biotechnology

WE HAVE PATENTED
EUPOLY-EPA®, EUPOLY-DHA® AND HEREDITUM®

Hereditum®

3.4 Business areas

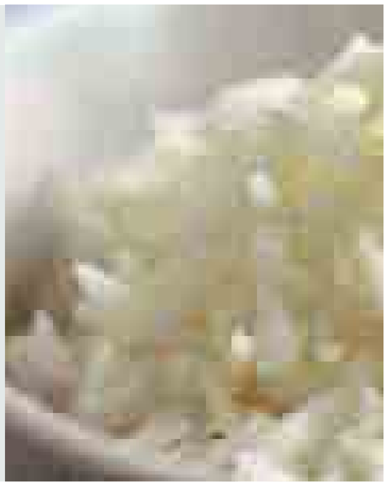
Rice: Leader differentiation

2007 was a successful year for the Ebro Puleva rice division. Its extensive international experience, an in-depth knowledge of the business, the quality of its commercial relations and resources, innovation and an excellent supply infrastructure have not only given it a competitive edge over the rest of the sector, but were also decisive for obtaining a record profit during a year marked by a 30% rally in raw material prices. The division EBITDA reached an all-time high, at €96 million, 35% up year on year, while turnover rose to €771 million.

As in 2006, the most significant aspects for the evolution of the business were, on the one hand, the shortage of rice, caused partly by the smaller rice harvests in southern Spain due to the drought and partly by the increased demand following the incorporation of new member states such as Bulgaria and Romania in the European Union or due to the effect of migratory factors; and on the other hand, the surge in logistic costs. Both these factors have pushed prices up on the raw material markets, which have recorded increases of almost 90% since the entry into force of the current CMO for rice just three marketing years ago.

- Rice
- Pasta
- Dairy
- Sugar
- Biofuels



In view of this situation, the timely supply diversification strategy undertaken last year was essential for the development of this division. The channelling of imported rice from the subsidiaries Herba Bangkok and Herba Egypt to the different European companies in the Group was 125% greater than in 2006. Through these two companies and the preferential marketing agreement reached with Casarone Agroindustrial in Uruguay, 292,000 tonnes of rice were obtained from the following sources:

- 92.000 tonnes from Thailand
- 60.000 tonnes from Egypt
- 140.000 tonnes from Uruguay

Apart from this source diversification, the management by the corporate procurements organisation of the rice division was also very important, contributing to both savings on purchase prices and logistic costs and to guaranteeing the quality of the raw material used in the different rice subsidiaries.

In an inflationist scenario, an efficient supply policy should be accompanied by optimisation of the yield of commercial activities. Accordingly, the division has continued to boost the industrial product lines with the higher value added, in preference over businesses based on volume alone. Among the different brands, the division has given priority to launching special rices and products focusing on health and convenience.

The production of the pre-cooked rice segment grew by 33%, accounting for 8% of the total packaged rice production in Herba Spain, with a 38% share in value and 12% in brand turnover.

The English subsidiary S&B Herba Foods has expanded its portfolio of organic products, incorporating products of other Group companies, such as Panzani couscous and semolina.

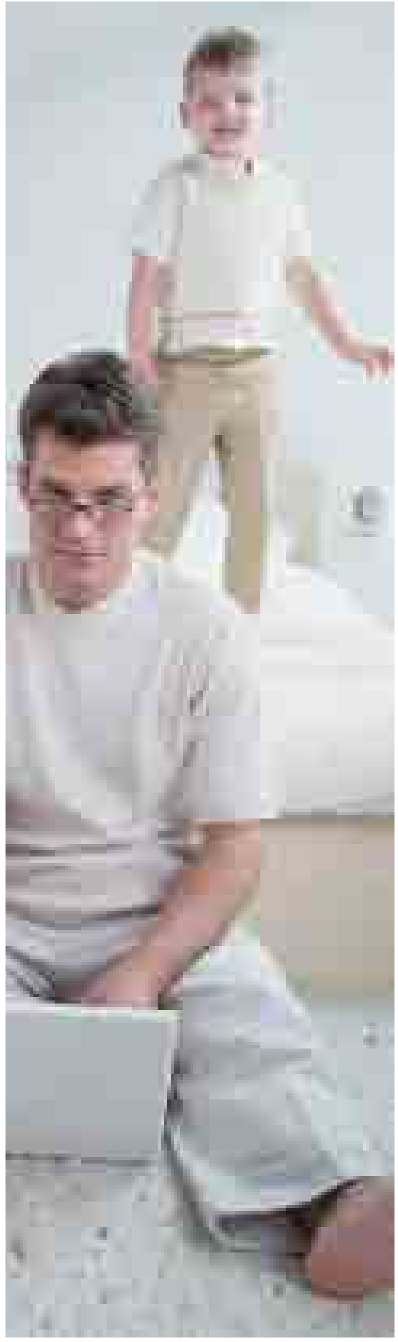
In Hungary, Riceland has introduced three varieties of quick-cook rice and launched Rice Cakes, a low-calorie snack that preserves all its organoleptic properties.

In the USA, Riviana has transferred the marketing of the "ready to eat" range from the Success® brand to the Minute® brand, now fully integrated within the structure of the US subsidiary. In just one year this range has positioned itself as number two in this category on the US market, with a year-on-year growth of 170%.

With a view to boosting the knowledge and awareness of its brands, the division invested heavily in advertising, in a sum of over €22 million over the year, 15% more than in the preceding period. In some of its subsidiaries, it entirely renovated the packaging of its products, such as those of the Risella® brand in Finland, Riceland® in Hungary and Bosto® in Poland. As a result of these actions we have secured a larger market share, entered the principal local distribution chains and increased our sales percentage. For example, the sales reported by Nielsen on the Polish market for the last period available show a year-on-year growth of 134%.

The opening-up of new markets is another focal point of growth in the rice division, which has continued expanding throughout Eastern Europe, setting up new commercial offices in Romania and the Ukraine. In the Czech Republic, where the Group was already operating in the pasta segment through Panzani, we have extended the brand to include rice products. Following the organic growth in Libya during the previous year, in 2007 a wonderful job has been done of building up a brand image in that country, backed by an intense advertising campaign on the radio and television, in collaboration with the local distributor.

Another important aspect of our work in this division is cost optimisation. The Italian subsidiary Mundiriso has restructured its industrial and

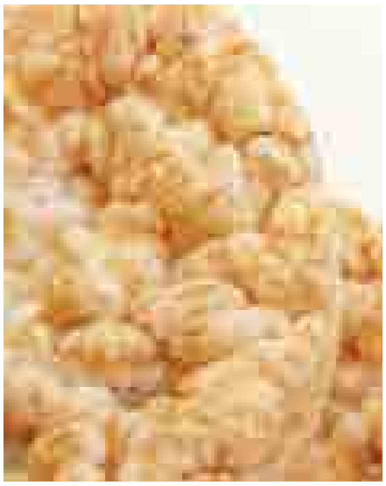



Lustucru
LONG GRAIN
RIZ SPECIAL
micro-ondes


BOSTO
TRIGRANO

commercial activities, relinquishing the parboiling and packaging lines to focus on the supply of cargo and white rices to industrial clients with high quality requirements. The British subsidiary S&B Herba Foods moved to a new site and our US company Riviana has started building a distribution platform and a new rice processing and packaging plant in Memphis (Tennessee), which will give rise to major economies of scale and improve the company's competitiveness. This project is due to be completed in the second half of 2010. Herba Puerto Rico has completed the restructuring of the business it inherited from Riviana, with significant improvements, including the renegotiation of a local distribution contract, change of product supply model, focusing of commercial actions and changing its management software, to fit in with Group standards. Following these enhancements, it obtained a highly satisfactory economic result in the first full year of activity.

The outstanding results produced by the division during the year are proof that our rice business has made a positive interpretation of the difficult situation on the world rice market and found new opportunities to get round the problems in the sector and position itself well for the future.



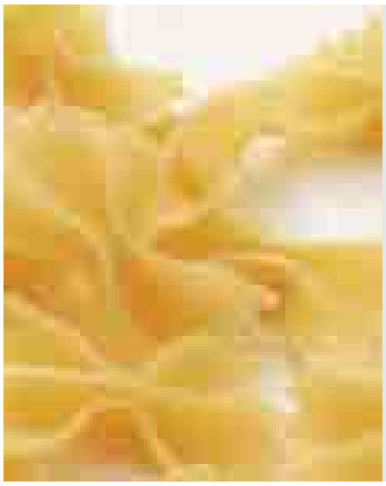
- Rice
- Pasta
- Dairy
- Sugar
- Biofuels

Pasta: Conquering the Pasta Meal Solutions segment

Ebro Puleva made extraordinary progress during 2007 towards its goal of topping the world pasta ranking and it is now number one on all the geographical markets in which it operates, having considerably increased its market shares. This is even more remarkable considering the soaring durum wheat prices (which rose 300% during the year), which pushed up the prices of our products, albeit with a time lag. This growth was achieved through an aggressive innovation policy with a portfolio focused on high added value products, the relaunching of traditional product ranges, a sound advertising strategy and the association of brands with the concept of healthy eating.

The pasta division also expanded in size during 2007, incorporating a new company, Birkel. Ebro Puleva announced the acquisition of Birkel Teigwaren GmbH in June. This company is leader of the pasta sector in Germany, with a market share of 18% (more than 40% in high value added product ranges), presence in the sauces segment and one of the five food brands most recognised by German consumers.

With a broad portfolio of products, marketed mainly under the brands Birkel® and 3 Glocken®, Schuele®, Minuto® and Nudel Up®, it has a turnover of around €90 million.




Its acquisition, the Group's second international operation in this sector since the beginning of its Strategic Plan 2006-2009, is a landmark in the geographical expansion of the division and the capturing of new markets, since the German company also has significant positions in the Baltic region and Russia, opening the door for Ebro Puleva to enter high-growth international markets.

This company, which has been part of the pasta division since October, has already embarked on a major innovation and cost-cutting programme, assisted by the cooperation and experience of the Group's other two subsidiaries in this sector.

Its activities, together with those of Panzani and New World Pasta, will be decisive in the development of the Group's Meal Solutions division. The combined strengths of the three companies: five legal entities (New World Pasta, Panzani, Ferico, Lustucru and Birkel), a production of 780,000 tonnes, fourteen leading brands both in products sold and countries in which they operate, five business areas (pasta, sauces, couscous, semolina and fresh pasta) and the application of the different technologies in which Ebro Puleva has considerable experience (dry, fresh, frozen and microwave), are the driving force that will raise the Group to number one worldwide in Pasta Meal Solutions, with leading positions in Europe, North America and the Maghreb.

Part of the essence behind this business area is to obtain synergies. The companies engaged in certain joint actions during 2007 in the supply of durum wheat, extension of brands to other countries, simultaneous launching of identical concepts on different markets and R+D+I.

The performance of the French and American companies has been satisfactory throughout the year. The commitment of New World Pasta to healthy eating and high value added products is perfectly in keeping with the new trends of North American consumers, who are seeking a new nutrition model based on quality, innovation, speed and health.

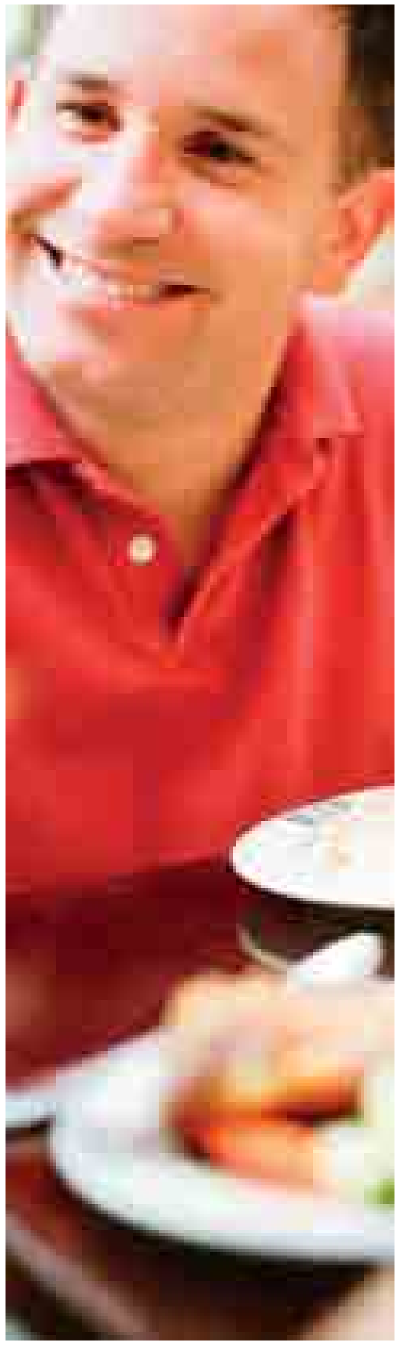
Hence the remarkable success of Healthy Harvest®, a range of whole wheat pastas that already accounts for 15% of the NWP sales in USA, 24% of sales in Canada and has accumulated a year-on-year growth of 21%. To complete the range of functional pastas, the North American subsidiary has also launched new ranges of low-fat, low-calorie, preservative-free products enriched with essential nutrients such as fibre or calcium: Ronzoni Smart Taste® and Catelli Smart®. The initial results were very promising and in just six months sales have exceeded $11 million.

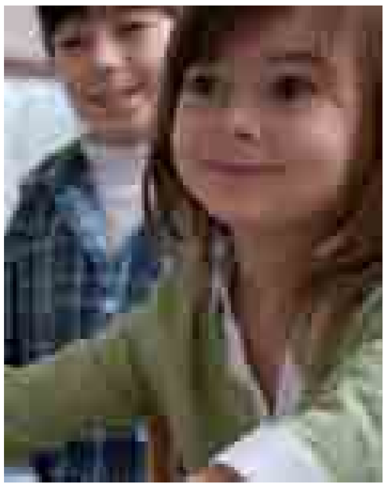
The other North American brands and segments have also achieved good results, all increasing their respective market shares and improving their positions in respect of rivals. One essential factor in this was the heavy investment in advertising, which was tripled in New World Pasta and totalled €38 million for the division overall.

Panzani experienced a similar evolution, with increases of over 8% in the sauces range, 4% in dry pasta and more than 11% in fresh pasta. The main thrust behind this growth is the company's permanent concern for the quality and image of its product portfolio, driving it constantly towards innovation.

Panzani has made several developments in this line, extending the Qualité Or Panzani® and Panzani Express® range in pasta, broadening the couscous doypack range and renewing and launching new products in its sauces portfolio.

Parallel to New World Pasta, the French company brought out Panzani Plus®, a category of pasta enriched in nutrients, more specifically





in fibre, vitamins and minerals. It has also launched a specific range of sauces, Panzani objectif 5 légumes®, which meets the recommendations made by the programme "Cinq portions de légumes et fruits par jour", an initiative promoted by the French National Nutrition and Health Programme (PNNS) to fight against obesity and encourage a balanced diet.

Both ranges were launched within the framework of the Panzani Group new Strategic Plan, presented by the company in June with the main target of achieving an organic growth of approximately 6%, consolidating its position as the leading French company in pasta Meal Solutions. It focuses on high value added products with special emphasis on fresh products, the opening-up of new markets with a high profitability and further progress in the development of

synergies with the Ebro Puleva Group in exports, distribution and organic expansion (as in Belgium, Morocco and the Czech Republic), innovation, raw material supplies, the purchase of cardboard boxes, contracting of services, etc.

In the fresh pasta segment, the foundations have been laid for the important role to be played by Lustucru Frais® within the division, with its large international growth potential. The main resources it has for this are its industrial and marketing skills, competitive logistics and raw materials and its advanced R+D+I policy, through CEREC, a powerful culinary studies and research centre. Over the year it considerably expanded its portfolio, extending two of its ranges (including three new references in each one) and creating two additional ranges of pre-cooked meals.

In short, the difficult situation experienced on the world pasta market in 2007 has served as a backdrop to prove the leadership of Ebro Puleva and its enormous development capacity in this sector. Its competitive edge derives from the constant launching of new products, an EBITDA of over €88 million and maintaining its leadership in its respective markets in spite of the price hike.

Dairy: Consumers shape the value chain

The dairy business was hit in 2007 by the surge, unprecedented in both scale and speed, of raw material prices. This price hike, pushing distribution chains towards products with lower prices, is the toughest test that the sector has had to endure and Puleva Food has nevertheless come out of it still leader.

It maintains its leadership because it held firm in its brand strategy, while constantly striving to meet the nutritional needs of each age group through an adequate market segmentation. These factors, together with its capacity to adapt to change, which is essential in such a competitive environment, have enabled it to pass on these increased costs, adjusting the final price of its products to the cost of the raw material, minimising the impact on its profit and loss account. Consequently, the division has recorded an EBITDA of €53 million and a ROCE of 19.1%.

The company has also persevered in its endeavours to enhance its production efficiency and reduce costs, increase its organic expansion to new markets and secure continuous innovation, developing new products with a high value added.

Within its measures to optimise production and improve costs, in April Puleva Food announced an agreement reached with Lactiber to sell its production plant at Trobajo de Cerecedo (Leon). This is the fourth plant that the company has shed since it launched its efficiency improvement plan in 2005 with the strategic goal of making a more efficient use of the installed capacity of its remaining plants and, consequently, increasing the profitability of its products.

The company also achieved considerable organic growth during 2007, consolidated with its entry on the Portuguese market. It invested around one and a half million euro in this market, which will go towards improving brand awareness and achieving an adequate position for Puleva in forthcoming years.

In the area of innovation, new technologies have been used to make packaging easier to use and better preserve the properties of the products. Exhaustive research has also been done with a view to acting on the ready to eat concept and assist, in 2008, the launching of ready-to-eat milk cereals for babies from six months, under the Puleva Peques Papiya!® brand. Ready-to-eat baby




foods are thus added to the Group's array of microwave products, which already included rice and pasta products.

This innovation has been strongly rewarded by our consumers and baby foods have thus maintained their relentless growth, under both the Puleva Peques® and Puleva Max® brands. So much so that this business segment grew by 70% year on year, accounting for over 5% of sales in terms of value. Puleva Peques® has now cornered 42% of the market in the liquid baby foods segment (for children under 3), while Puleva Max® (for children aged 3-12) reported an excellent sales performance within growth milks, giving it a market share of 62%. These market shares have been achieved partly by the inclusion across the board of new benefits for the cognitive system deriving from enrichment with Omega 3 DHA® and an adequate communication strategy, using Puleva Biotech as prescriber.

Puleva Omega-3® maintains its leadership in heart-healthy milks, with a market share of 56%, in spite of the large price spread with the private label brands that have emerged accompanying the rally in prices. This proves that the market appreciates the efforts made by our researchers into Omega-3 polyunsaturated fatty acids (EPA/DHA).

The Puleva Calcio family accounts for 37% of the category and the latest product launched in this segment, Puleva Calcio Complet®, is breaking ground focusing on digestibility.

This constant growth has been accompanied by heavy investment in advertising, of over €17 million.

The consumer-based business strategy, the brand, innovation, focusing on the development of value added products through an adequate market segmentation and the creation of technological and economic barriers to imitation by rivals are the pillars that have supported Puleva Food in its consolidation as leader in functional foods.

This business model is closely linked to the Meal Solutions concept of the Ebro Puleva Group, where consumers are the driving force of our company's value chain and we provide them with products to solve their nutritional needs.

On the other hand, the difficult situation on the Spanish dairy market, with a scarce, hence costly, raw material and an excessively abundant finished product with little differentiation and low prices, owing to both the entry of product from surplus-producing neighbouring countries and pressure from house brands, has caused a rift in consumer habits, where consumers go for either the leading brands or the white label brands, with the consequent detriment to the market shares of intermediate brands. In this regard, the other company in our dairy division, Lactimilk, continued working in 2007 with the priority goal set since 2006 of raising prices and cutting costs.

With regard to cost cutting, trade expenses were reduced by one million euro year on year (from €2.6 million to €1.6 million), down 33%. This commercial saving was accompanied by a 22% reduction in logistic costs.

During 2007, Lactimilk implemented several commercial initiatives with a view to repositioning the El Castillo® and Ram® brands on the market. These initiatives included, among others, the changes to slim cap on the cartons of El Castillo® traditional milk and Ram® thick chocolate drink (Chocolate a la Taza), the change of cream packaging from the carton to the slim cap, and the improved screw-top carton for the Ram® Energy and Growth line, grouped in 2x2 packs.


PULEVA
Calcio
Más Digestiva
Complet


RAM
ENERGÍA Y
CRECIMIENTO

- Rice
- Pasta
- Dairy
- **Sugar**
- Biofuels

Sugar: Accelerated restructuring of the sector

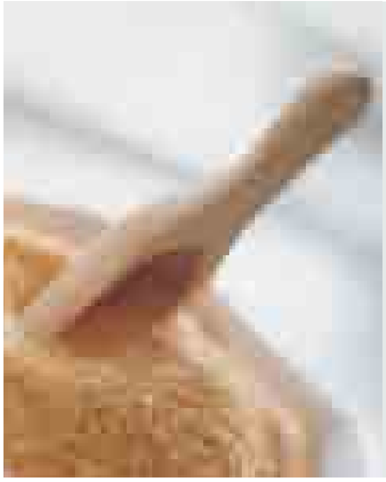
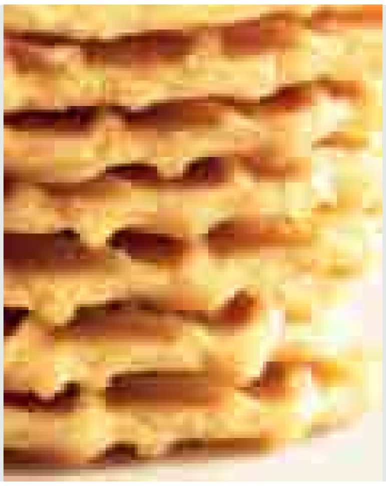
The most significant event of the year was the publication and approval by the European Commission of a new regulation (1261/07) greatly accelerating the restructuring of the sugar sector led by the new Common Market Organisation (CMO) for Sugar in the European Union. This regulation, supplementing those published in 2006 (318/06 and 320/06), introduced certain aspects that caused a substantial change in the sector's focus of the restructuring. Two of these aspects were particularly important in bringing forward the application of the Reform:

1. The creation of a new aid of 237.5 €/tonne of sugar for any growers who renounce at least 10% of quota, thereby stepping up the withdrawal process. Growers will be entitled to the aid provided the company submits its renunciation of quota for the 2008/2009 marketing year by 31 March 2008. The same aid is granted for withdrawals in the 2009/2010 marketing year, provided the application is submitted before 31 January 2008.

2. Recognition of exemption from payment of the temporary restructuring amount for any undertakings that renounce a percentage of their quota of at least the temporary withdrawal percentage stipulated in the European Regulation for the marketing year 2007/2008 (13.5% generally for countries that had not reduced their quota and 10.5% for the specific case of Spain).

Following the publication of this new regulation and in the light of a study made of the possible future beet production in Spain according to the new prices for sugar and beet, Azucarera Ebro presented its restructuring plan in November. That plan contemplated the shutdown of three production plants in different marketing years and the renouncing of 332,252.3 tonnes of sugar quota.

Factory	Sugar quota renounced (t)	Marketing year
Guadalcacín	115,967.5	2008/09
La Rinconada	84,178.8	2008/09
Peñafiel	132,106.0	2009/10
Total	**332,252.3**	

Furthermore, with the aim of reducing the national sugar production by 50% as required by the European Union, Azucarera Ebro signed an agreement with the cooperative Acor in March for a further reduction of 8,703.1 tonnes at its Guadalete factory (Jerez de la Frontera, Cadiz), giving the company a final sugar quota of 378,480 tonnes, after withdrawing a total of 363,241.1 tonnes.

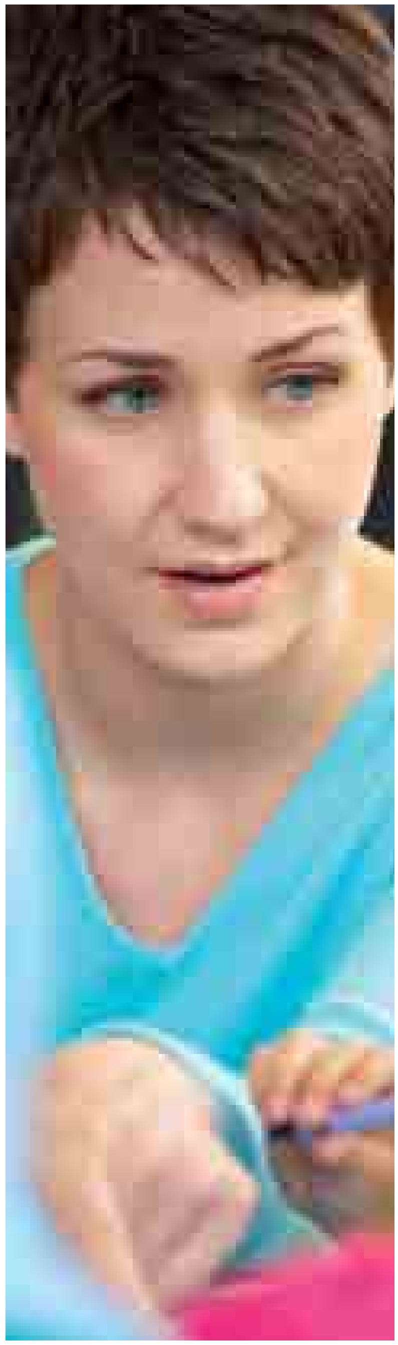
For the factories destined to close, the plan also contemplated maintaining the distillery at La Rinconada (Seville), the storage and packaging line at Guadalcacín (Cadiz) and the liquid sugar line at Peñafiel (Valladolid). An investment of €30 million was announced for a refinery in Guadalete (Cadiz) and investments totalling almost €23 million to improve and modernise the plants at La Bañeza (Leon), Toro (Zamora) and Miranda de Ebro (Burgos).

Despite the substantial reduction of quota established under the new regulation, these actions will guarantee the viability of the sector in Spain throughout the effective term of the new sugar CMO (up to and including the marketing year 2013/2014). This will be reinforced with the Plan 2014, a programme submitted by the sugar division within the framework of the restructuring plan, contemplating a set of actions to improve the sector productivity and guarantee its viability in and after that year.

In this context, one of the principal milestones in 2007 was the incorporation of Nueva Comercial Azucarera (NCA), a company 87.5%-owned by Azucarera Ebro and 12.5% by Sociedade de Desenvolvimento Agro Industrial (DAI). This new company, which started to sell all the sugar produced by its shareholders in May, gives us the opportunity of managing approximately 100,000 additional tonnes of sugar produced at the Coruche factory, 15,000 tonnes from beet and 85,000 tonnes from the refining of raw cane sugar, while increasing our presence throughout the entire Iberian market.

The market was under considerable pressure all year from sugar stocks throughout the European Union, owing to the insufficient withdrawal within the first few years of the CMO and to the constraints and difficulties encountered for exporting surplus and the Commission's decision not to declassify sugar in the marketing year 2006/2007, hence there was no reduction of production quotas. In Spain, sugar consumption remained stable at around 1.3 million tonnes, although the distribution market (direct consumption) dropped five per cent in volume during the year.

The evolution of the division, backed by different advertising campaigns on television and in magazines, was satisfactory. Sales of the new screw-top cartons totalled over 625,000 units a month, up 27% on 2006.



At the same time, a 12% penetration of homes was achieved with brown sugar, equivalent to 221,000 new homes, while brand awareness stands at over 86%, up six points on 2006.

The French market was also consolidated in 2007, where we have considerably increased our presentation in distribution while maintaining a significant volume of industrial clients.

The good performance recorded in a year in which there has been 130,000 tonnes less sugar shows that Azucarera Ebro is in optimum condition to face the future, with an excellent, flexible, competitive industrial base and an optimum logistic and commercial position on the Iberian market.

- Rice
- Pasta
- Dairy
- Sugar
- **Biofuels**

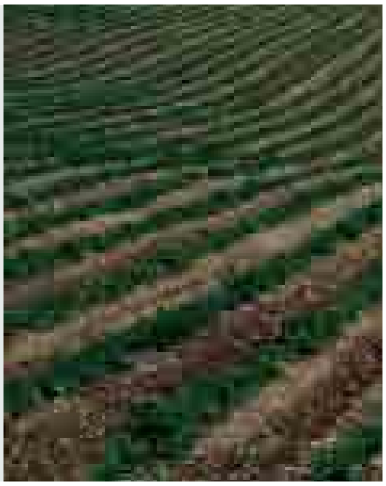
Biofuels: A transition year

For Dosbio, just as the rest of the biofuels industry in Spain, 2007 was a transition year.

On the one hand, there have been important milestones shaping up the idea of a sector with development possibilities and, moreover, necessary to fulfil European Union strategies such as combating climate change or reducing dependence on external energy. On the other hand, the imbalance between supply and demand for raw materials and the corresponding financial speculation have generated supply problems at the plants in operation and debates on biofuels, while no solutions or alternatives have been found for products that contribute much more effectively than fossil fuels to reducing greenhouse gases.

One of the positive highlights of the year was the unanimous approval by the Spanish Parliament of the Hydrocarbons Act 12/2007, establishing separate, mandatory objectives for bioethanol and biodiesel, commencing with a purely indicative target of 1.9% in energy terms for 2008, and followed by the mandatory targets of 3.4% and 5.83%, respectively, for 2009 and 2010. This Act, published in July 2007, also contemplates a number of supplementary measures for development, rapidly included in a Draft Ministerial Order by the Secretary General for Energy. However, although these measures are backed by both the production sector and the regional



authorities, they have not yet entered into force because the necessary report by the National Energy Board was issued very late.

The decision adopted by the European Commission last January on energy measures to protect the environment was equally important. This decision set the minimum mandatory target for the use of biofuels at 10% for 2020, which will require changes in the laws of both the individual Member States and the European Union.

The most serious complication arising in the development of this sector was the increase in cost of the raw materials required to manufacture biofuels: oils and cereals. Cereal prices rose by around 45% year on year, and 100% over 2005 prices. The price of oils rose between 60% and 100% in 2007. These price hikes are due to poor harvests worldwide, the increase in demand in emerging economies, the growth of the world population, strong speculation and also, to a smaller degree, to the new consumption worldwide generated by biofuels.

The serious imbalance on the agricultural raw material market should not be structural, but a temporary situation, albeit with an undetermined duration, after which the balance should be restored. The demand for agricultural raw materials will undoubtedly continue to increase in keeping with growth and the greater development of the world population. The needs for biofuels may also grow, at least initially, although their enhanced industrial efficiency, as yet still using incipient technology, and the development of alternatives to the food raw materials will somehow limit the demand for those materials to produce energy. Moreover, production should increase considerably in the relatively short term, owing to the renewed interest in agriculture and its profitability as prices rise. As the new situation of high demand and supply finds its balance, prices should stabilise below current levels, although above the average levels recorded over the past ten years.

This situation of unstable prices and uncertainty surrounding regulation of the sector has left its mark at our bioethanol factory in Babilafuente, Salamanca (50%-owned with Abengoa), which was forced to halt production for two lengthy periods of time during the year. The first shutdown was between April and June and the other began last September and continues today, owing to the impossibility of reconciling the high prices of cereals with the price of bioethanol, which has to be exported with large logistic costs owing to the shortage of domestic demand and the absence of any real obligation to use this product. Consequently, the factory was only able to mill cereal for 169 days, rather than 350 days as planned, and the bioethanol output dropped from the 190,000 m^3 estimated at the beginning of the year to just 84,600 m^3 at the final count. In line with this reduction of activity, the production and sales of electricity and protein food for livestock (DDGS) also dropped.

dosbio

3.5 R+D+I: focal point of our strategy

Changing consumer habits and the need to keep up with them sets a new direction in the nature of the food business. A variety of different factors, such as the large increase in the number of single-parent families, the incorporation of women in employment and the growing concern for healthy eating, define new consumer profiles and, consequently, mark the direction to be taken by enterprises in the sector.

Ebro Puleva has always been one step ahead of the new consumer trends and an international benchmark in the research and development of products applied to the food sector. Aware that R+D+I is one of its most important competition variables and is essential for developing its quality and differentiation strategy, the Group remained firmly committed to these activities in 2007. This led on the one hand to a large number of nutritional evaluation tests in situ and on the other to a constant innovation of products, technologies and formats.

Over one hundred and fifty researchers worked intensely at the six research centres forming the Group's R+D+I platform, namely: Puleva Biotech, European Research Centre for Cereals, Rice and Pastas (CRECERPAL), the Culinary Technical Studies and Research Centre (CEREC), the Riviana Tech Center, the Azucarera Ebro R+D Centre and Española de I+D. Although each centre specialises in a specific business area, the exchange of knowledge and experience among them gives Ebro Puleva considerable competitive edge.

The goals set by the Group in R+D+I are:

- To contribute to the development of Ebro Puleva through the research and development of new products and processes.
- To innovate in technologies that permit the development of processes within the Group to raise technological barriers.
- To maintain a constant flow of products under development by applying new functional ingredients, after clinical and nutritional evaluation.
- To provide customers with innovating solutions, aiming to enhance health, convenience and pleasure.

All these goals are pursued in accordance with a strict food safety policy.

The R+D division of the Group also performs important work in respect of technology, focusing on the investigation of processes with improved performance, the development of new packaging technologies and environmental conservation through research into clean technologies, making use of by-products, recycling or reusing emissions and implementing pollution detection systems.

The most significant activities performed in each branch of business are described below.

Rice Division

In the rice division, the R+D+I Programme in 2007 continued to focus on the development of new or enhanced products and technologies to offer consumers greater convenience and healthy effects.

The development of new products or new uses and applications includes a particularly healthy line of rices, with their own identity, rich in natural functional principles, and a range of solutions in the area of products reconstituted from rice flours, which are healthier than those prepared with wheat flour.

In technological support, improvements have been achieved in the preservation of rice during storage, new rice varieties have been obtained from plant enhancement programmes and rices from different geographical sources have been assessed and selected for different industrial uses.

Pasta Division

Both CRECERPAL and CEREC, the centres comprising the R+D+I area of this division, have worked intensely during 2007 on the renovation and expansion of the product portfolio of the three companies in the division. Their activity has focused essentially on reprogramming the brands towards the concept of healthy eating, designing a new range of functional pastas, enriched in fibre, calcium, vitamins and minerals, which were launched simultaneously under the Panzani, Birkel and New World Pasta brands.

The Qualité Or Panzani® range is still used for dry pasta. Ferrero® has also strengthened its couscous portfolio with a new recipe in doypack format. And in the Panzani Express® range, the ready-to-eat products have been expanded with a new recipe and a new maxi format.

Major innovations have also been made in the sauce lines, with eight new references and the renovation of two of its ranges.

In the fresh pre-cooked dishes segment, new recipes have been defined to extend existing selections, and new forms of preparation have been included, such as microwave, frying pan and oven.

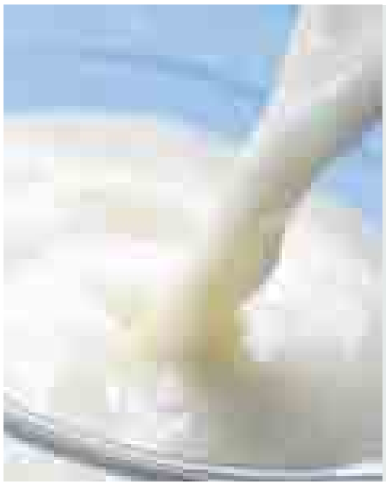
Dairy Division

With the collaboration of Puleva Biotech, the activities in the dairy division have focused on the research into products that are beneficial for different segments of population and on nutritional evaluation.

Progress has thus been made in the development of baby foods and new dairy products, all incorporating functional ingredients (probiotics or prebiotics) and improving the organoleptic and physical-chemical properties of the end products. Work has continued on fermented dairy products with enhanced nutritional properties, and on the research and development of new products to help combat child and youth obesity, making different nutritional evaluations with volunteers and collaborators. Major headway has also been made in the industrial development of ready-to-eat dairy products, broadening the existing supply with new flavours, concepts and textures, and the development of desserts and culinary cream, whipping cream and crème fraiche, on which Puleva has worked hand-in-hand with the subsidiary Castillo Debic.

In the area of technology, satisfactory progress has been made in the studies of new materials applicable for technological PET packaging processes. Important work has also been done on the enzymatic hydrolysis of sugars, on which the development of dairy protein hydrolysis processes has been based.

In nutritional testing, clinical tests have begun on children with baby foods enriched with Hereditum®, maternal prebiotic bacteria patented by Puleva Biotech.



Sugar Division

During the last quarter of 2007 the R+D Centre was moved from Valladolid to the new location at the Toro factory (Zamora), where it has continued working with the main aim of reducing the costs of industrial operation and guaranteeing our customers quality in the manufacturing of sugar, alcohol and by-products.

Among other functions, it has worked on the preparation and maintenance of the analytical techniques required in the division, testing of raw materials, finished product and other important materials, prediction of the technological value of beet to be worked in the factory, development of new specifications and analytical techniques, search for new applications for sugar by-products, focusing on fertilisation and aquaculture feed, and collaboration with Dosbio in the biofuels activity.

Its activities in 2007 included especially the development of new analytical methods and the validation of a new methodology related with the quality of the end product, continuous improvement applied to the stages prior to extraction of the beet (juice purification and syrup crystallization), the commissioning of water purification pilot plants to optimise anaerobic treatment processes in factories and testing to study the feasibility of alternative raw materials for the production of alcohol or testing at fermentation pilot plants to study the fermentation quality of molasses worked at the distillery.

Biofuels Division

In close collaboration with the Azucarera Ebro R+D Centre, the biofuels subsidiary has worked in two different areas: on the one hand, with the aim of designing a more efficient process for the production of bioethanol from beet and cereal, different tests have been run at the fermentation pilot plant; and on the other, the first steps have been taken to develop analytical techniques related with the process of obtaining biodiesel.

EBRO PULEVA RESEARCH CENTRES

Azucarera Ebro R+D Centre
Develops processes, technologies and products for the sugar division and the biofuels division.

Cerec
Development of the pasta division in its fresh pasta range, fresh pre-cooked meals, sauces and frozen pasta.

Crecerpal
Development of the pasta division in dry pasta, rice, couscous and new doypack formats.

Española de I+D
Development of products, processes and technologies for the rice division.

Puleva Biotech
Development of products, processes, technologies and nutritional evaluations for the dairy and rice divisions; cooperation in process enhancement and product development with Española de I+D and the Azucarera Ebro R+D Centre.

Tech Center
Development of products, processes and technologies for the rice division in the USA.

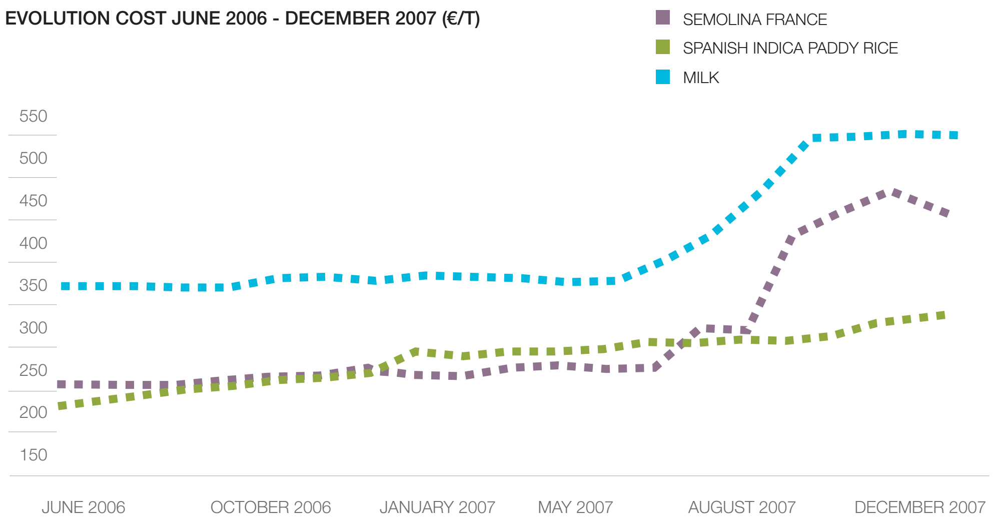
4 ECONOMIC AND FINANCIAL Information

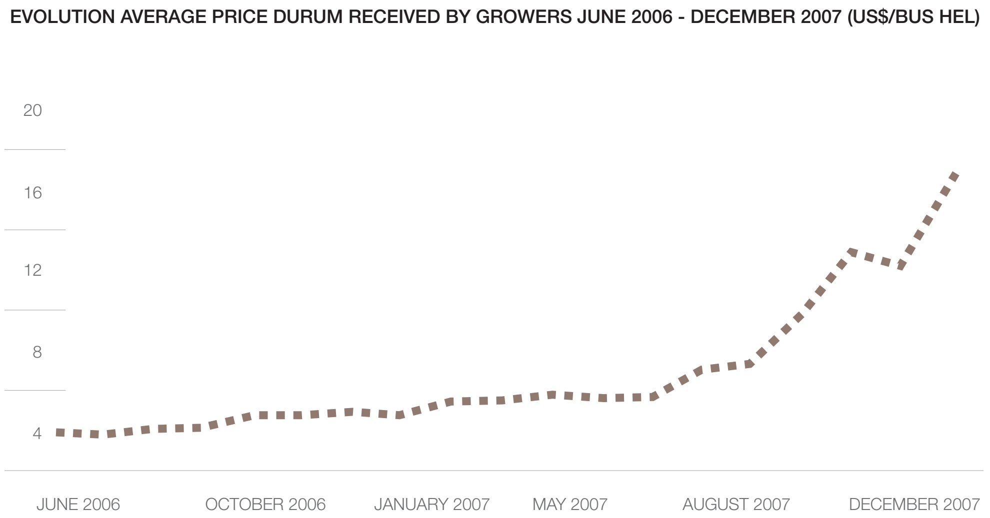
4.1 Analysis of the financial information

Ebro Puleva at a glance

The financial information is consolidated and broken down by businesses. We thus provide our shareholders and other potential investors in our company with all the necessary information to acquire a simple comprehension of the progress of our businesses and the important factors for their future evolution.

The raw material markets took the limelight in 2007. A combination of factors, including especially the incorporation of new consumers in expanding countries, weather conditions and poor harvests, new destinations for these products and the search for investment alternatives have all contributed towards overturning a lengthy situation of stable prices.





The above graphs clearly show the sharp rise in prices. In view of this market situation, the Ebro Puleva Group has made an effort to raise the prices of our products gradually, as and when the raw materials market so required. The has, nevertheless, inevitably been a time lag that has slowed down our growth.

The most significant financial figures are set out below:

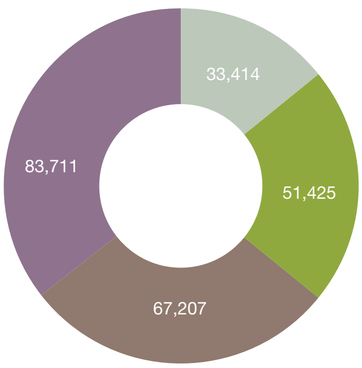
CONSOLIDATED FIGURES							
Thousand euro	2004	2005	2005/2004	2006	2006/2005	2007	2007/2006
Net Turnover	1,814,359	2,130,409	17.4%	2,452,212	15.1%	2,685,042	9.5%
Net Sales	1,765,527	2,080,975	17.9%	2,398,816	15.3%	2,622,430	9.3%
% Turnover	97.3%	97.7%		97.8%		97.7%	
EBITDA	248,489	281,564	13.3%	306,005	8.7%	306,760	0.2%
% Turnover	13.7%	13.2%		12.5%		11.4%	
EBIT	182,871	197,052	7.8%	211,216	7.2%	207,760	(1.6%)
% Turnover	10.1%	9.2%		8.6%		7.7%	
EBIT + Net Financial Income	162,778	163,590	0.5%	162,616	(0.6%)	137,872	(15.2%)
% Turnover	9.0%	7.7%		6.6%		5.1%	
Profit Before Tax	171,365	210,361	22.8%	200,099	(4.9%)	124,255	(37.9%)
% Turnover	9.4%	9.9%		8.2%		4.6%	
Taxes	(40,558)	(58,744)	(44.8%)	(71,734)	22.1%	(31,782)	(55.7%)
% Turnover	(2.2%)	(2.8%)		(2.9%)		(1.2%)	
Consol. profit (going concern)	128,365	151,617	18.1%	128,365	(15,3%)	92,473	(28.0%)
% Turnover	7.1%	7.1%		5.2%			
Net Profit	126,573	155,641	23.0%	180,363	15.9%	90,577	(49,8%)
% Turnover	7.0%	7.3%		7.4%		3.4%	
Average working capital	426,853	451,215	5.7%	493,143	9.3%	472,497	(4.2%)
Capital employed	1,219,230	1,535,036	25.9%	1,654,931	7.8%	1,675,831	1.3%
ROCE (1)	15.5	13.5		12.8		12.4	
Capex	102,524	99,664	2.8%	298,225	199.2%	87,199	(70.8%)
Average workforce	5,261	6,296	19.7%	6,784	7.8%	7,226	6.5%
	31.12.04	31.12.05	2005/2004	31.12.06	2006/2005	31.12.07	2007/2006
Capital and Reserves	961,160	1,076,582	12.0%	1,187,962	10.3%	1,198,245	0.9%
Net Debt	472,123	931,322	97.3%	1,134,894	21.9%	988,249	(12.9%)
Average Debt	352,088	841,427	139.0%	1,046,354	24.4%	1,129,254	7.9%
Leverage (2)	0.37	0.78		0.88		0.94	
Total Assets	2,167,244	2,988,903		3,363,715		3,375,496	

(1) ROCE = (Operating profit CAG last 12 months / (Intangible assets - property, plant & equipment - working capital)

(2) Ratio of Average Net Financial Debt to Capital and Reserves (excluding minority interests)

Reaching more homes every year. Net sales totalled 2,622,430 thousand euro, compared to 2,398,816 thousand euro in 2006, with considerable organic growth, especially in the rice sector. There has also been a change in the sales mix, concentrating on value added items. Around 18% of the growth in the rice and pasta segments are due to increases in volume and improvements in the mix.

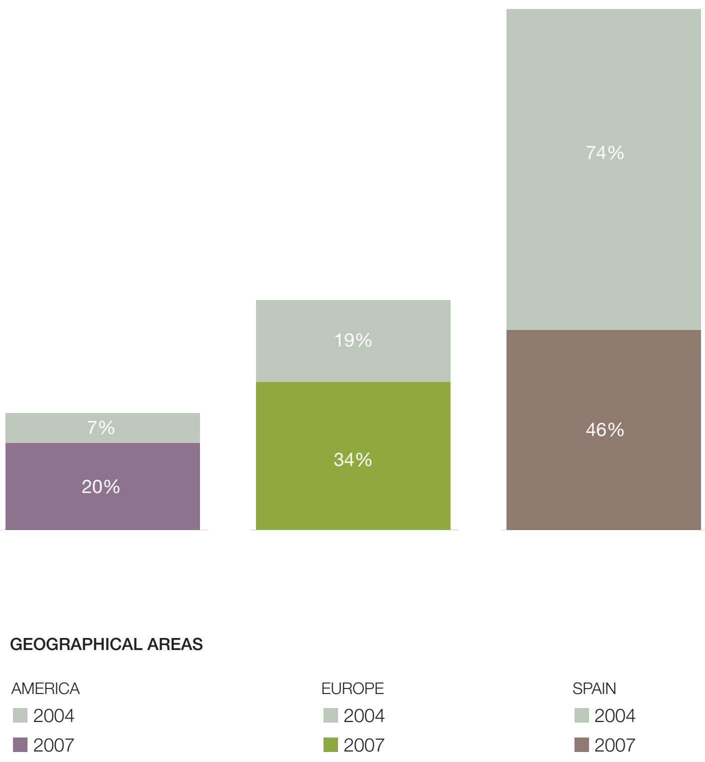
We strive constantly to reach more people and make people familiar with our products.



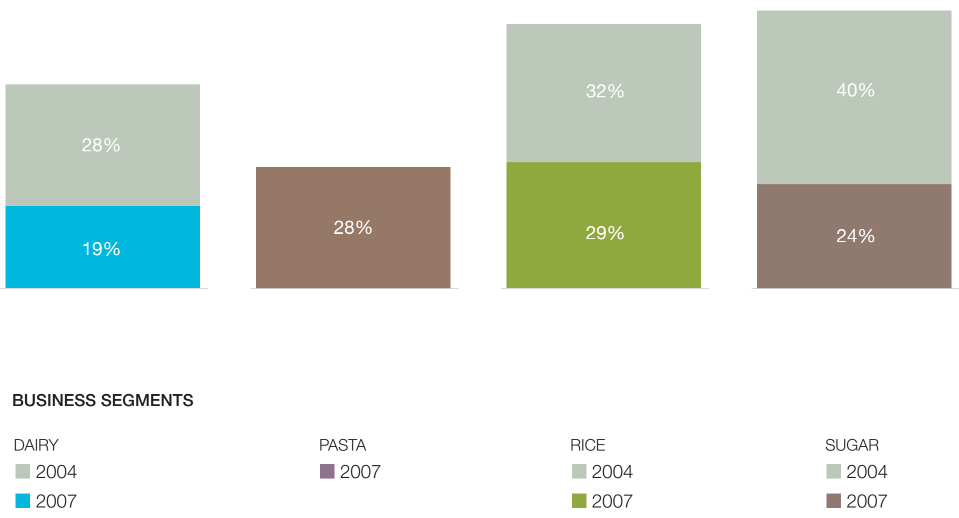
INVESTMENT IN ADVERTISING (million €)

2007 2005
2006 2004

Our sales are also balanced in terms of geographical locations



Our strategy is in line with an increasingly diversified business, able to provide solutions for different groups of consumers seeking healthy, natural food.



Despite the volatility on the raw materials market, the Funds generated from Operations (EBITDA) for the year edged up to 306,760 thousand euro. Our rice businesses made a significant contribution with a 34% growth, despite the pressure in supply, achieved through an effective rice source diversification policy.

The percentage of the Group EBITDA generated in dollars rose to 26% from 20% in the previous year. However, the impact on the accounts was less favourable than expected due to the dollar/euro exchange rate.

The Going Concern Profit dropped 28% even though the operating income (extraordinary) dropped considerably, due mainly to two factors:

- A smaller flow of divestments in non-strategic assets (essentially real property) than in previous years.
- A new Regulation was published in October 2007 modifying the restructuring of the sugar sector required under the new CMO. The purpose of this modification was to encourage industries to renounce quota in order to meet the targets set in the CMO. Although the final volumes of sugar quota withdrawal will not be known until the second quarter of 2008, the accounting of the restructuring announced by Azucarera Ebro was included in the 2007 accounts, with a negative net effect of 11 million euro.

Finally, when comparing the Net Profit for the period, it should be remembered that during 2006 assets were sold in Central America giving a profit net of taxes of 60 million euro, included as Profit on Discontinuous Activities.

The evolution of debt can be considered highly positive. The cash generation on operations has been increased with a current asset management policy.

CONSOLIDATED							
Cash flow statement (thousand euro)	2004	2005	2005/2004	2006	2006/2005	2007	2007/2006
Total net cash flows from operations	**189,589**	**221,057**	16.6%	**171,639**	(22.4%)	**230,944**	34.6%
Total net cash flows from investments	**(324,782)**	**(286,166)**	(11.9%)	**(362,719)**	26.8%	**(83,819)**	(76.9%)
Total net cash flows from financing	**149,564**	**36,773**	(75.4%)	**187,651**	410.3%	**(126,349)**	(167.3%)
Translation differences in flows from oversea companies	(497)	1,326	(366.8%)	(2,641)	(299.2%)	16	(100.6%)
Increase/(reduction) of cash, banks & liquid assets	**14,144**	**(27,011)**	(291.0%)	**(6,070)**	(77.5%)	**20,792**	(442.5%)
Cash, banks & liquid assets at beginning of period	96,154	109,673	14.1%	82,196	(25.1%)	75,070	(8.7%)
Effect of year-end exchange rate on opening balance	(625)	(466)	(25.4%)	(1,056)	126.6%	(1,263)	19.6%
Cash, banks & liquid assets at the end of period	**109,673**	**82,196**	(25.1%)	**75,070**	(8.7%)	**94,599**	26.0%

At year-end, the leverage ratio was clearly below one, giving the company ample leeway with a Debt/Ebitda ratio of three.

CONSOLIDATED							
Net debt (thousand euro)	2004	2005	2005/2004	2006	2006/2005	2007	2007/2006
Capital and Reserves	961,106	1,076,582	12.0%	1,187,962	10.3%	1,198,245	0.9%
Net Debt	472,123	931,322	97.3%	1,134,894	21.9%	988,249	(12.9%)
Average Debt	352,088	841,427	139.0%	1,046,354	24.4%	1,129,254	7.9%
Leverage	49.1%	86.5%	76.1%	95.5%	10.4%	82.5%	(13.7%)
Leverage AD (2)	36.6%	78.2%	113.4%	88.1%	12.7%	94.2%	7.0%
EBITDA	248,489	281,564	13.3%	306,005	8.7%	306,760	0.2%
Hedging	1.90	3.31		3.71		3.22	

(2) Ratio of Average Net Financial Debt to Capital and Reserves (excluding minority interests)

Information on the core businesses

Rice Business

The rice market has not escaped the effects of the situation of basic raw materials in general and cereals in particular. Purchase prices rose by up to 30%, with price rises also in freight, an especially significant factor in certain varieties of rice, mostly grown in the Far East. Even so, the performance of this division during the period was outstanding.

This brilliant performance was mainly achieved as a result of the following actions:

- Success of the supply diversification policy. Last year we announced the Group's decision to make this diversification, commencing with operations in Thailand and Egypt. This year we have completed our platforms in those countries, placing special emphasis on the supply chain, expanding and improving our storage capacity and including these structures within our value chain.

- Integration of the Minute brand on the American market. Over the year all the marketing and administration activities were transferred to our subsidiary Riviana. At the same time, this brand was chosen for the marketing of our ready-to-eat products, which has been a resounding success and by year-end Minute RTS was the second brand on the microwave rice market, with a growth of 170%.

- Maintaining the innovation policy and establishing product categories identified with our brands. We have thus become leaders in the categories of healthy (brown) and exotic rices.

- Extension of the convenience product range to other products such as purees, pasta and porridge. This movement will continue in the near future as we launch new pasta dishes with sauce, combining the concepts of convenience and pleasure.

RICE BUSINESS						
Sales (thousand euro)	2004	2005	2006	2006/2005	2007	2007/2006
Branded Rice	252,424	345,055	347,733	0,8%	412,675	18.7%
% Sales	46.0%	51.7%	51.7%		55.7%	
Industrial Rice	246,827	254,100	249,002	(2.0%)	250,476	0.6%
% Sales	44.9%	38.0%	37.0%		33.8%	
Other products	50,004	68,833	75,765	10.1%	77,956	2.9%
% Sales	9.1%	10.3%	11.3%		10.5%	
Total sales	549,255	667,988	672,500	0.7%	741,107	10.2%

As a result of the above-mentioned actions, we have gradually forged a position as a brand company, taking advantage of our knowledge of the market and sources of supply. Investment in advertising totalled €22.9 million during the year, up 15% year on year.

RICE BUSINESS								
Thousand euro	2004	2005	2005/2004	2006	2006/2005	2007	2007/2006
Net Turnover	574,856	688,648	19.8%	696,655	1.2%	771,128	10.7%
Net Sales	549,255	667,988	21.6%	672,500	0.7%	741,107	10.2%
% Turnover	95.5%	97.0%		96.5%		96.1%	
EBITDA	61,291	68,820	12.3%	71,343	3.7%	96,194	34.8%
% Turnover	10.7%	10.0%		10.2%		12.5%	
EBIT	47,624	49,147	3.2%	51,368	4.5%	75,297	46.6%
% Turnover	8.3%	7.1%		7.4%		9.8%	
EBIT + Net Financial Income	44,399	48,202	8.6%	45,562	(5.5%)	56,783	24.6%
% Turnover	7.7%	7.0%		6.5%		7.4%	
Average working capital	130,389	166,035	27.3%	191,208	15.2%	188,294	(1.5%)
Capital employed	238,251	455,937	91.4%	462,702	1.5%	498,237	7.7%
ROCE	15.2	13.1		11.1		15.1	
Capex	25,164	25,727	2.2%	23,098	(10.2%)	22,046	(4.6%)

The division EBITDA recorded a year-on-year growth of 34.8% to €96.2 million, making this business leader within the Group for generating funds. The evolution of the division ROCE was also very positive.

Pasta Business

Birkel Teigwaren joined our Group in October. This company produces and distributes dry pasta under the brands Birkel, 3Glocken and Mowe, leading the German market. Its contribution is small for the time being, but forms part of our growth strategy on the European market.

Panzani has increased its sales, in terms of both volume and value. Its market shares make it leader in the categories of dry pasta (36.9% in value), sauce (40.1%), rice (30.4%) and fresh pasta (33.2%), way ahead of its closest rival in all cases and improving on last year's positions.

New World Pasta has continued its integration in the Group. It has coordinated the logistics management with Riviana, carried out a functional restructuring and the process will conclude with the forthcoming integration of its systems in SAP. It has also relaunched the marketing activities, developing and launching a new range of products under the brand Smart Taste (pasta enriched with fibre and minerals) and has extended the Healthy Harvest range.

The distribution of sales by destination is shown below:

PASTA BUSINESS			
Thousand euro	2005	2006	2007
European Union	95%	69%	61%
North America	0%	24%	33%
Rest of World	5%	7%	6%

Investment in advertising totalled €38.2 million during the period, up 47% year on year.

PASTA BUSINESS					
Thousand euro	2005	2006	2006/2005	2007	2007/2006
Net Turnover	291,041	596,140	104.8%	775,235	30.0%
Net Sales	291,041	596,140	104.8%	775,055	30.0%
% Turnover	100.0%	100.0%		100.0%	
EBITDA	44,416	92,039	107.3%	88,450	(4.0%)
% Turnover	15.3%	15.4%		11.4%	
EBIT	31,492	66,408	110.9%	58,274	(12.2%)
% Turnover	10.8%	11.1%		7.5%	
EBIT + Net Financial Income	27,215	61,394	125.6%	50,126	(18.4%)
% Turnover	9.4%	10.3%		6.5%	
Average working capital	28,889	57,592	199.4%	73,909	28.3%
Capital employed	217,927	361,120	65.7%	478,785	32.6%
ROCE	14.5	18.4	13.9		
Capex	15,964	19,419	21.6%	23,677	21.9%

The division EBITDA slipped by 4% owing to the difficulty of absorbing the increased costs at source in such a short period of time, but prospects are promising once prices have been balanced.

Dairy Business

There was considerable tension in milk supply during 2007, partly due to the cuts in production quota and the small production on certain international markets, a new situation after years of surplus on the European market. This situation was aggravated by the unprecedented hike in cereal prices, which affected the dairy business indirectly by raising the prices of the cattle feed.

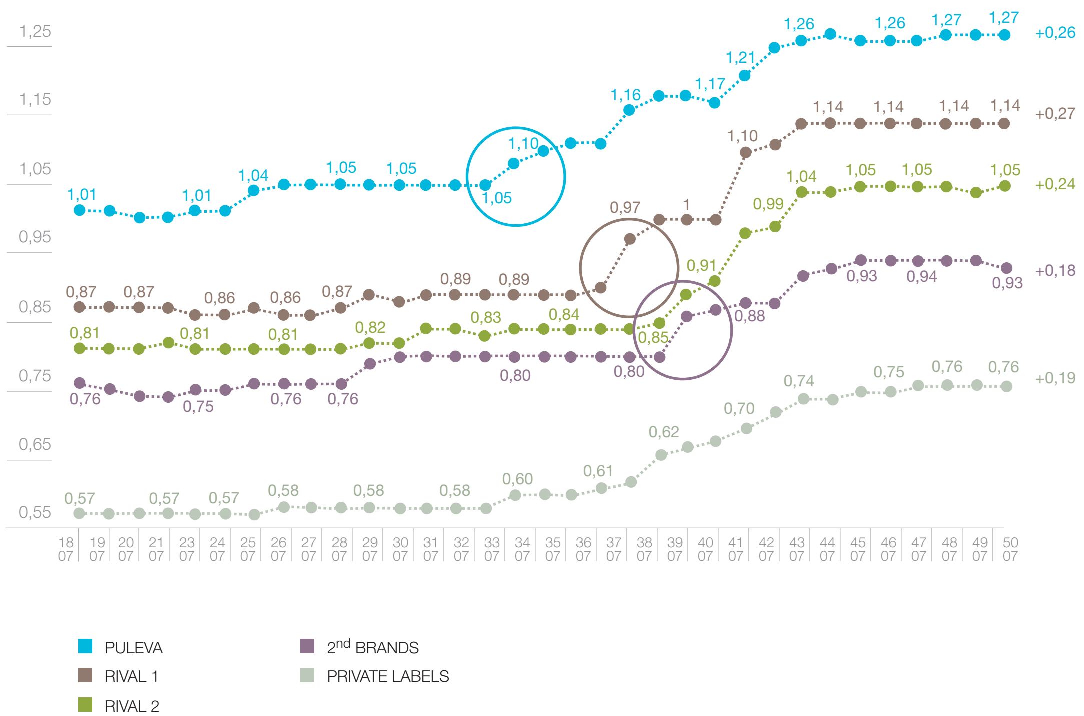
Being leader in the functional milks segment, Puleva Food was able to respond immediately to this situation, as shown in the following graph of average retail prices:

EVOLUTION AVERAGE RRP BY BRANDS FOOD CHANNEL. *Source Nielsen*

PULEVA – WEEK 32 (6 AUGUST)

RIVAL 1 – WEEK 37 (10 SEPTEMBER)

RIVAL 2 – WEEK 39 (24 SEPTEMBER)



Despite the speed of our response, we were unable to avoid a time lag between the rise in milk prices and passing this rise on to customers.

In view of this situation, Puleva has stepped up its commitment as an innovating brand providing the consumers of our products with the best possible well being, meeting the needs of each category. In doing this, we have maintained our leadership in the segments of healthy heart, high calcium and growth milks.

The ranges for children, Puleva Peques, Puleva Max and Batidos Puleva, have been enormously successful. Puleva Peques remained steadfast in its progress, now having a market share of 42% in the liquid baby and infant milk segment (under 3s). Meanwhile, the mothers of children aged 3-12 have rewarded Puleva Max with a 62% share of Growth Milks. We are doubly committed to this segment of the market, on the one hand considering the credibility it gives our brand owing to the nutritional and safety requirements of these children and on the other considering the possibility of being with our customers from their infancy.

Our commitment to efficiency has led us to adjust our industrial park to production needs. Consequently, we have sold the factory in Leon, concentrating production and enhancing the yield of our products.

Investment in advertising totalled €15.5 million during the period, up 5% year on year.

DAIRY BUSINESS							
Thousand euro	2004	2005	2005-2004	2006	2006-2005	2007	2007-2006
Net Turnover	497,078	518,137	4,2%	504,140	(2.7%)	527,489	4.6%
Net Sales	497,078	518,137	4.2%	504,140	(2.7%)	527,489	4.6%
% Turnover	100.0%	100.0%		100.0%		100,0%	
EBITDA	46,620	54,121	16.1%	55,460	2.5%	53,033	(4.4%)
% Turnover	9.4%	10.4%		11.0%		10.1%	
EBIT	31,078	37,507	20.7%	40,176	7.1%	37,541	(6.6%)
% Turnover	6.3%	7.2%		8.0%		7.1%	
EBIT + Net Financial Income	26,645	37,387	40.3%	39,993	7.0%	39,401	(1.5%)
% Turnover	5.4%	7.2%		7.9%		7.5%	
Average working capital	71,042	79,597	12.0%	87,508	9.9%	74,072	(15.4%)
Capital employed	217,432	225,904	3.9%	223,511	(1.1%)	196,938	(11.9%)
ROCE	14.3	16.6		18.0		19.1	
Capex	36,948	17,501	52.6%	14,625	(16.4%)	16.872	(15.4%)

The division EBITDA was down €53 million, although the business improved its profitability, with a ROCE of 19.1% and improving over the past four years.

Sugar Business

The legislation of the sugar CMO was modified in October 2007. The new regulation offered a strong incentives to the different players on the market to renounce quota and crops and, as a result, we announced the renunciation of 332,252.2 tonnes of quota, plus a further 8,703.1 tonnes during the restructuring process.

One of the first responses to the new situation was the incorporation of Nueva Comercial Azucarera (NCA), a company 87.5%-owned by Azucarera Ebro and 12.5% by Sociedade de Desenvolvimento Agro Industrial (DAI). Since May 2007 NCA has been marketing all the sugar produced by its shareholders. This company enables us to manage approximately 100,000 tonnes more sugar and strengthens our presence throughout Iberia.

SUGAR BUSINESS						
Sales (tonnes)	2004	2005	2006	2006/2005	2007	2007/2006
Industrial Sugar	616,411	590,197	544,952	(7.7%)	531,504	(2.5%)
% Sales	74.0%	75.0%	61.9%		68.0%	
Distribution Sugar	173,445	160,902	115,032	(3.6%)	149,636	(3.5%)
% Sales	20.8%	20.4%	17.6%		19.1%	
Exported Sugar	42,605	36,268	128,149	253.3%	100,755	(21.4%)
% Sales	5.1%	4.6%	14.6%		12.9%	
Sugar to Intervention	0	0	52,500		0	
% Sales	0.0%	0.0%	6.0%		0.0%	
Total Assets	832,461	787,367	880,633	11.8%	781,895	(11.2%)

Despite the inclusion of sugar from DAI, the volumes are smaller than those of last year following the elimination of sales to Intervention and any possibility of exporting to non-EU countries.

Production yields were good, in spite of the increased cost of production in the south owing to a reduction of the area sown. To offset this effect, it was decided to concentrate production in order to become more competitive.

The EBITDA fell 17.6% as a result of price pressure and the disappearance of exports and operations with Intervention, which reduced the volumes in respect of 2006.

SUGAR BUSINESS								
Thousand euro	2004	2005	2005/2004	2006	2006/2005	2007	2007/2006
Net Turnover	734,097	625,314	(11.1%)	687,011	5.3%	653,653	(4.9%)
Net Sales	710,866	624,993	(12.1%)	657,770	5.2%	621,062	(5.6%)
% Turnover	96.8%	95.8%		95.7%		95.0%	
EBITDA	152,251	119,505	(21.5%)	96,955	(18.9%)	79,911	(17.6%)
% Turnover	20.7%	18.3%		14.1%		12.2%	
EBIT	118,205	86,273	(27.0%)	64,818	(24.9%)	48,143	(25.7%)
% Turnover	16.1%	13.2%		9.4%		7.4%	
EBIT + Net Financial Income	112,937	81,052	(28.2%)	60,411	(25.5%)	45,563	(24.6%)
% Turnover	15.4%	12.4%		8.8%		7.0%	
Average working capital	149,385	155,162	3.9%	149,766	(3.5%)	109,226	(27.1%)
Capital employed	555,498	559,623	0.7%	543,599	(2.9%)	463,933	(14.7%)
ROCE	21.0	15.6		11.9		10.4	
Capex	41,461	34,584	16.6%	27,368	(20.9%)	16,255	(40.6%)

The redimensioning of the business entails reducing investments, which are concentrated on improving factory productivity and a progressive reduction of average resources employed.

4.2 Stock Market Information

Highlights

Over the past year the Ebro Puleva Group has been faced with significant inflation in the cost of all its raw materials, which has affected its results. This, together with the uncertainty caused by the CMO Sugar reform, has adversely affected the value of our share on the market.

Capitalisation dropped 35% as a result, from €2,954 million to €1,929 million, while in 2006 it had risen by more than 36%.

The effects of the sugar reform are now known, as from the second quarter of 2008, and the margin is improving in all the Group's divisions as the raw material effect is being passed on in our selling prices, and the share price is expected to reflect these positive circumstances.

The analysts who monitor Ebro Puleva are confident that the value of the company will rise in 2008. At year-end 2007 the consensus among analysts pointed to a strong upside potential, taking the value of the share to 17.4 euro, 38% higher than the share price at the end of 2007.

Stock market performance

The company's stock market performance was affected by four different factors during the year:

- Firstly, the share began the year at a very high level, having increased its value by 37% in 2006, 32% higher than Ibex 35 and outperforming the 23% increase recorded in the European Food Sector.

- The general evolution of raw material prices, which have recorded an unprecedented hike since May. From June, the stock market discounted the effect on our accounts. This impact, multiplied by the general consensus of analysts following our share, led to a loss of "value" of 3.5 euro per share during the year.

- The market perception that sugar still has considerable weight within the Group and the general uncertainty caused by the Reform of the Reform (07/05/07).

- The negative evolution of both Small-Mid Caps and Spanish shares.

The average daily volume of trading of EVA shares during 2007 was 652,886, 7% less than the previous year and 3% down on 2005.

The EVA share turnover was 1.08 times the total number of shares of the company.

Moreover, the share dropped 35% during the year, comparing negatively with the 7% slide of Ibex-35, whereas in 2006 it had risen by more than 31%.

The performance of the Ibex Small & Med Cap Index, to which we belong, has been clearly bearish during the year. The evolution over one year shows a 6% drop of Spanish small caps, while mid caps were down 11%. However, the Eurostoxx Food and Beverage Index, pushed up by shares such as Danone or Nestlé, rose 11%.

Activities of the Investor Relations Department

1. Presentations

Four presentations of quarterly results were made during 2007, plus two specific presentations:

a) Presentation on the pasta business at the Panzani head offices, entitled "*Strategic Vision of the Pasta Division*".

b) *"From Industrial to Brand Producer"*: special presentation organised by Citigroup for investors and analysts in London, within the Pan European Small/Mid Conference Seminar.

The details in all these presentations were explained by senior executives of the company

2. Roadshows, Seminars and Meetings

Through fifteen roadshows, seven seminars and several one-on-one meetings, the Investor Relations Department held interviews with 304 agents during the year, 15% Spanish and 85% foreign, 6% more than in 2006.

We gave papers at conferences organised by Espirito Santo Investment Iberian Event Madrid, SCH S&M Cap Conference Madrid, Banesto South Europe Midcap Events Paris, Societé Générale European Small and Mid Niza, Fortis MidCap Forum New York, Foro MidCap Madrid and Citi Pan European Small and Mid Cap London.

Analysts that monitor the performance of Ebro Puleva

Ahorro Corporación	Citi Group	Kepler Equities
Banesto Bolsa	Deutsche Bank	Link Securities
Banco Espirito Santo	ESN	Nmás1
Banco Português do Investimento	Fidentiis	Santander Investment
BBVA	Fortis Bank	UBS
BNP Paribas	Ibersecurities	Venture Finanzas
Caja Madrid	Intermoney	
Chevreaux	Invercaixa	

Changes in Shareholding Structure

A number of changes were announced during 2007 in the shareholders, significant interests and the composition of the Ebro Puleva Board:

a) Instituto Hispánico del Arroz increased its interest on three occasions, from 12.4% to 15.005%.
b) In April, the shareholder Casa Grande de Cartagena increased its interest from 5% to 6.158%.
c) In April, Leopoldo del Pino Calvo-Sotelo joined the Board of Directors.
d) In December, Bestinver Gestión, S.A. acquired 5.024% of the shares in the Group.

Dividend 2007

Dividends of 0.36 euro per share were distributed among the shareholders of Ebro Puleva, S.A. against the 2006 results, in quarterly interim dividend payments of 0.09 euro gross per share.

At the forthcoming AGM, the Board will propose maintaining the same dividend against the 2007 net profit, payable in 2008, i.e. 0.36 euro/share in four quarterly payments of 0.09 euro/share, giving an overall distribution of almost 55.4 million euro in dividends. The payments would be made on the following dates: 3 April, 3 July, 3 October and 23 December 2008.

Based on the market price on the last day of the year (12.54 euro/share) and the net profit (€90.6m), the pay out would thus rise to 61% and the dividend yield would be 2.9%. These values are higher than those of comparable enterprises (42% and 2.4%, respectively) and prove the company's commitment to its shareholders in spite of adverse circumstances.

Thousand Euro	2004	2005	2006	2007	07/06	TAMI 06-04
Shares	153,865,392	153,865,392	153,865,392	153,865,392		
Capitalisation at 31 Dec.	1,615,583	2,158,726	2,954,216	1,929,472	(34.7%)	6.1%
Price per Share in EUR	10.50	14.03	19.20	12.54	(34.7%)	6.1%
EBIT	186,014	197,052	211,216	207,760	(1.6%)	3.8%
Operating Profit	197,552	247,117	250,747	206,742	(17.5%)	1.5%
Net Profit	126,573	155,641	180,363	90,577	(49.8%)	(10.6%)
Gross Dividend	50,776	52,229	55,392	55,392	0.0%	2.9%
BPA	0.82	1.01	1.17	0.59	(49.8%)	(10.5%)
DPA	0.33	0.34	0.36	0.36	0.0%	2.9%
Pay Out/EBIT	27.3%	25.2%	26.2%	26.7%		
Pay Out/Net Profit	40.1%	33.6%	30.7%	61.2%		
PER	12.8	13.9	16.4	21.3		

4.3 Annual Financial Report

Annual Accounts and Management

report for the year ended December 31, 2007

AUDIT REPORT ON THE ANNUAL ACCOUNTS
(Free translation from the original in Spanish)

To the shareholders of
EBRO PULEVA, S.A.

We have audited the annual accounts of EBRO PULEVA, S.A. which consist of the balance sheet at December 31, 2007, the profit and loss account and the notes thereto for the year then ended, the preparation of which is the responsibility of the Company's directors. Our responsibility is to express an opinion of the aforementioned annual accounts as a whole, based on our audit work carried out in accordance with auditing standards generally accepted in Spain, which require the examination, by means of selective tests, of the evidence supporting the annual accounts and the assessment of their presentation, the accounting principles applied and estimates made.

In compliance with Spanish mercantile law, for comparative purposes the Company's directors have included for each of the captions presented in the balance sheet, the profit and loss account and the statement of source and application of funds, in addition to the figures of 2007 those of 2006.Our opinion refers only to the annual accounts for 2007. On March 7, 2007, we issued our audit report on the 2006 annual accounts, in which we expressed an unqualified opinion.

In our opinion, the accompanying annual accounts for 2007 give a true and fair view, in all material respects, of the shareholders' equity and financial position of EBRO PULEVA, S.A. at December 31, 2007 and the results of its operations and the sources and applications of its funds for the year then ended, and contain the information necessary for their proper interpretation and understanding, in conformity with accounting principles generally accepted in Spain applied on a basis consistent with those of the preceding year.

The accompanying Management Report for 2007 contains the explanations which the Directors consider appropriate regarding the situation of the EBRO PULEVA, S.A., the evolution of its business and other matters and does not form an integral part of the annual accounts. We have verified that the accounting information contained in the aforementioned Management Report agrees with that of the annual accounts for 2007. Our work as auditors is limited to the verification of the Management Report with the scope mentioned in this paragraph, and does not include a review of information other than that obtained from the Company's accounting records.

ERNST & YOUNG, S.L.
(Signed in the original in Spanish)

José Luis Ruiz

March 26, 2008

Ebro Puleva, S.A.

Balance sheets at December 31, 2007 and December 31, 2006 (Notes 1, 2, 3 and 4)

ASSETS (Thousands of euros)	12-31-2007	12-31-2006
Fixed assets	**1,911,374**	**1,931,367**
Intangible assets (Note 5)	**5,515**	**3,438**
Patents and trademarks	12,210	12,210
Software	94	94
Amortization and provisions	(6,789)	(8,866)
Tangible assets (Note 6)	**18,834**	**18,562**
Land and buildings	19,391	19,656
Technical installations and machinery	1,363	1.077
Other installations, tools and furniture	840	711
Other tangible assets	256	288
Construction in progress	42	0
Depreciation and provisions	(3,058)	(3,230)
Investments (Note 7)	**1,882,479**	**1,909,366**
Equity investments in Group companies	1,793,926	1,761,374
Receivables from group companies (Note 9)	80,599	118,074
Equity investments in associated companies	1	18,301
Receivables from associated companies	2,946	2,804
Other accounts receivable	1	1
Long-term guarantees and deposits	134	73
Provisions	(6,339)	(3,634)
Long-term deferred tax assets (Note 15.6)	11,211	12,373
Own shares (Note 10)	**4,546**	**1**
Deferred expenses (Note 8)	**1,828**	**2,415**
Current assets	**46,329**	**49,549**
Debtors	**42,953**	**44,588**
Trade receivables	24,077	30,141
Accounts receivable, group companies (Note 9)	4,080	11,731
Personnel	8	12
Public administrations	14,803	2,719
Provisions	(15)	(15)
Short-term financial investments (Note 7)	**3,330**	**1,969**
Other loans	3,330	1,969
Cash in hand and at banks	**46**	**2,992**
Total	**1,959,531**	**1,983,331**

Notes 1 to 20 in the accompanying notes to the financial statements are an integral part of the balance sheet at December 31, 2007.

Ebro Puleva, S.A.

Balance sheets at December 31, 2007 and December 31, 2006 (Notes 1, 2, 3 and 4)

LIABILITIES (Thousands of euros)	31-12-2007	31-12-2006
Capital and reserves (Note 10)	**896,708**	**947,763**
Subscribed capital	92,319	92,319
Share premium	34,333	34,333
Revaluation reserves	3,169	3,169
Reserves	**758,203**	**714,616**
Legal reserve	18,464	18,464
Reserve for own shares	4,546	1
Other reserves	735,193	696,151
Profit for the year	8,684	103,326
Deferred income (Note 11)	**51,868**	**0**
Other deferred income	51,868	0
Provisions For Liabilities And Charges	**199**	**2,546**
Provisions for pension and other commitments with personnel (Note 12)	140	281
Other provisions (Note 13)	59	2,265
Long-term liabilities	**920,677**	**892,976**
Amounts owed to credit institutions (Note 14)	569,960	691,360
Amounts owed to Group companies (Note 9)	327,072	190,351
Other accounts payable	27	29
Deferred tax liabilities (Note 15.6)	23,618	11,236
Current liabilities	**90,079**	**140,046**
Amounts owed to credit institutions (Note 14)	**77,997**	**75,408**
Loans and other liabilities	74,391	71,058
Accrued interest on liabilities with credit institutions	3,606	4,350
Short-term amounts owed to group and associated companies (Note 9)	**4,257**	**28,730**
Accounts payable to Group companies	4,257	28,730
Accounts payable to associated companies	0	0
Trade creditors	**2,144**	**3,647**
Other non-trade accounts payable	**5,681**	**32,261**
Public administrations	1,809	29,107
Other accounts payable	1,295	295
Wages and salaries payable	2,577	2,859
Total	**1,959,531**	**1,983,331**

Notes 1 to 20 in the accompanying notes to the financial statements are an integral part of the balance sheet at December 31, 2007.

Ebro Puleva, S.A.

Profit and loss accounts for the financial years ended December 31, 2007 and December 31, 2006 (Notes 1, 2, 3 and 4)

DEBIT (Thousands of euros)	2007	2006
Expenses		
Personnel costs	**7,604**	**8,528**
Wages, salaries, et al.	6,906	7,478
Social security costs	698	1,050
Depreciation expense	**1,180**	**1,218**
Other operating expenses	**10,113**	**7,783**
External services	9,417	7,038
Taxes	696	745
Financial and other similar charges	**52,462**	**47,263**
From liabilities with group companies	13,129	5,830
From other liabilities	39,333	41,433
Exchange losses	**498**	**1,631**
Net financial income	**6,817**	**34,441**
Profit on ordinary activities		**24,103**
Losses from sales of fixed assets	445	16
Losses from sales of own shares	184	0
Change in provisions for intangible assets and equity investments	9,160	(3,617)
Other extraordinary expenses	2,486	2,059
Extraordinary profit		**122,173**
Profit before taxes		**146,276**
Corporate income tax (Note 15)	23,717	(42,950)
Profit for the year	**8,684**	**103,326**

Notes 1 to 20 of the accompanying financial statements are an integral part of the profit and loss account for 2007.

Ebro Puleva, S.A.

Profit and loss accounts for the financial years ended December 31, 2007 and December 31, 2006 (Notes 1, 2, 3 and 4)

CREDIT (Thousands of euros)	2007	2006
Income		
Other operating income	4,911	7,191
Ancillary income	4,758	6,951
Capital grants	12	33
Write-down of provisions for liabilities and charges	141	207
Operating loss	(13,986)	(10,338)
Income from equity investments	53,736	32,029
Group companies (Note 7)	53,736	32,029
Income from other marketable securities and long-term receivables	0	252
Other interest and similar income	5,552	3,381
From Group and associated companies	5,186	3,021
Other interest	366	360
Exchange gains	489	47,673
Losses from ordinary activities	(7,169)	
Profit From Sale Of Tangible Assets And Securities Portfolio	2,554	113,541
Profit From Sales Of Own Shares	83	15
Other Extraordinary Income	1,774	7,075
Extraordinary losses (Note -17)	(7,864)	
Losses before taxes	(15,033)	

Notes 1 to 20 of the accompanying financial statements are an integral part of the profit and loss account for 2007.

Notes to the annual accounts for the year ended December 31, 2007

1. Activity

Ebro Puleva, S.A. (the Company) is the outcome of the merger by takeover by Azucarera Ebro Agrícolas S.A. of Puleva S.A. Following said takeover merger, the board of directors resolved to change the name of the company from Azucarera Ebro Agrícolas, S.A. to Ebro Puleva, S.A. effective as of January 1, 2001.

The registered office of the company is at Madrid (28046), Castellana, 20.

The Company is engaged in the following activities both in Spanish and foreign markets:

a) The production, preparation, sale, research, import and export of all types of food and dietary products for both human or animal consumption, in addition to energy food, including their byproducts and waste and, particularly from sugar, agricultural products, dairy products, rice, pasta and any type of nutritional product, including enteral diets for clinical feeding, formulas, products as well as special composts for the pharmaceutical, healthcare or veterinary and biofuel industries.
b) The production, marketing and sale of all types of refreshments, food and alcoholic beverages.
c) The exploitation of any type of byproducts, services or uses related to the above activities, including refrigeration units, ice, industrial gas, vapor, cold air and energy.
d) The acquisition, lease, creation, installation, promotion, development and management of industrial, farming and livestock facilities in the food, nutrition and beverage sectors (including alcohol).
e) The execution of projects, construction of installations or the provision of any other technical assistance to other companies of such sectors; the creation, promotion, protection and exploitation of patents, trademarks and other items pertaining to industrial property.
f) Any activities relating to personnel training, computer programming or management, investment and optimization of resources, advertising and corporate image, transport, distribution and sale deemed complementary to the above.

The activities comprising the parent company's corporate purpose may be carried out through the subscription or acquisition of shares or participation units of companies having an identical or similar corporate purpose.

Ebro Puleva, S.A. is the parent company of a consolidated group formed by the Company and its subsidiaries and associated companies. Consolidated annual accounts for 2007, were drawn up and submitted separately by the directors of Ebro Puleva S.A. on March 26, 2008. This should be taken into account when assessing the purely circumstantial negative working capital in Ebro Puleva, S.A.'s individual annual accounts at year end. As the Group's parent company, Ebro Puleva S.A. has the necessary financing through its dividends policy, among other options.

The principal consolidated balance sheet and profit and loss account headings in the 2007 consolidated annual accounts, which have been prepared in keeping with the Eleventh Final Provision of Law 62/2003, dated December 30, applying the International Financial Reporting Standards approved by the European Commission, are the following:

Thousands of euros		2007
Total Assets		3,375,496
Equity:		1,222,238
– Parent company	1,198,245	
– Minority interests	23,993	
Revenues		2,685,042
Profit (Loss) for the year		92,473
– Parent company	90,577	
– Minority interests	1,896	

2. Basis of presentation of the annual accounts

a) General Principles

The accompanying annual accounts are based on the accounting records of the Company and are set out in accordance with the General Chart of Accounts in order to give a true and fair view of the net worth, financial position and results of the Company.

The annual accounts of the year ended December 31, 2007 (hereinafter the 2007 annual accounts), which have been drawn up by the Company's directors, will be submitted to the approval of the shareholders at the Annual General Shareholders Meeting and are expected to be approved without amendment.

On November 20, 2007 Royal Decree 1514/2007 was published approving the new General Chart of Accounts (GCA), which went into effect on January 1, 2008. Its application is mandatory for all financial years beginning on or after that date.

The aforementioned Royal Decree establishes that the first financial statements prepared according to the criteria included therein will be considered to be first-time financial statements and, therefore, will not include comparative figures for the previous year. However, comparative figures from the preceding year may be presented provided they are adapted to the new Spanish GAAP. In addition, this Royal Decree includes various transitory provisions which offer different options for applying the new accounting standards and voluntary adoption of certain exceptions upon first-time application.

The Company is following a transition plan for adopting the new accounting standards. This includes, among other aspects, analysis of criteria differences and accounting standards, determination of the opening balance date, election of the criteria and accounting standards to be applied during transition and evaluation of the procedural and IT modifications required. The final impacts on accounting will be outlined in the financial statements for 2008.

b) Corporate transactions performed during 2007 and 2006 and their effect on the basis for comparison

No corporate transactions were carried out in 2007 and 2006 that would affect the basis for comparison.

However, the following is a description of the corporate transactions carried out in previous years which relate to data which by law must included in the annual accounts of subsequent years.

b.1. Takeover merger of Productos La Fallera, S.A.
(see 2003 annual accounts)

b.2. Dissolution of Azucarera Ebro Agrícolas Gestión de Patrimonio, S.L. (GDP), transferring all its assets and liabilities to Ebro Puleva, S.A.
(see 2003 annual accounts)

3. Profit distribution

The Board of Directors will submit the following distribution of 2007 profit to the General Meeting of Shareholders for approval (in thousands of euros):

Available for distribution	
Pre-existing freely distributable reserves	735,193
Profit (2007) after tax	8,684
Distribution	**743,877**
– Freely distributable reserves	688,485
– Dividend (0,36 euro per share)	55,392

4. Significant accounting policies

a) Formation expenses

The formation expenses are carried at cost and amortized systematically over a period of five years.

b) Intangible assets

Intangible assets are stated at purchase price or cost of production and are generally depreciated over a period of five years from completion of the project or initial use of the software, with the exceptions mentioned below.

In particular, the following criteria are applied:

- **Research and development expenses:** Expenses incurred in research and development activities from which the Company reasonably expects returns and technical success, are recorded, itemized by projects, at their purchase price or cost of production. These are then depreciated following the straight-line method over a period of four or five years. However, very small amounts are written off within one year.

- **Industrial property (patents and trademarks):** Capitalized research and development expenses are stated as industrial property when the corresponding patents, etc. are obtained. New trademarks purchased by group companies from third parties are also included, at acquisition cost. These expenses are amortized according to their estimated useful life, normally between five and ten years.

- **Computer software:** This heading includes the amounts paid for access to ownership or the right to use computer programs, as well as the costs incurred by the Company in the development of software, only when these are expected to be used over several years. The maintenance costs of these EDP applications are recorded directly as expenses in the year in which they are incurred. These expenses are amortized according to their estimated useful life, normally between three and four years.

When factors indicating possible obsolescence of intangible assets are detected, the corresponding write-down provisions are recorded.

c) Tangible assets

Tangible assets are stated at purchase price or cost of production. The costs of any extensions, modernizations or improvements that enable an increase in productivity, capacity or efficiency or lengthen the useful life of the assets are capitalized as additional cost of the corresponding assets. Maintenance and upkeep expenses are charged off to the profit and loss account in the year in which they are incurred.

Depreciation is calculated by the straight-line method according to the estimated useful life of the respective assets, considering the depreciation that actually resulted from operation, use and occupation, as indicated below:

	Depreciation rate
Buildings	1,0 – 3,0%
Machinery, plant, tools, equipment	2,0 – 8,0%
Fixtures and fittings	10,0 – 25,0%
Vehicles	5,5 – 16,0%

Upon signs of obsolescence of fixed assets, the appropriate provisions are made for depreciation.

d) Short-term financial investments

- **Equity investments in group companies**
  Equity investments in Group companies are recorded at the lower of acquisition cost or market value. Market value is determined based on the theoretical book value of the investment obtained from the companies' latest available financial statements, adjusted by any capital gains existing in the acquisition moment which prevail at year end.
  When such capital gains can be offset by the annual increase in the book values of the subsidiaries within 10 to 20 years from the acquisition of the equity investment, no write-down provision is necessary. Capital losses are recognized by recording the necessary provision as a reduction of "Investments."

- **Long-term and short-term portfolio securities**
  These are fixed-income securities stated at the net amounts paid plus accrued interest at year-end.

- **Other loans**
  These are carried at the total value to be collected. Unearned interest at year-end is recorded under the item "Deferred income-other deferred income."

- **Short-tem investments in Group and associated companies**
  This heading includes investments made in short-term marketable securities, which are recorded at acquisition cost and adjusted by the corresponding write-down provision if their value decreases. Marketable securities that are listed on official stock exchanges are valued at the lower of: acquisition cost, average listing in the last quarter, and listing on the last day of the year. Theoretical book value is also used for valuing short-term investments in Group companies.

e) Non-trade receivables and payables and loans to group companies

Short and long-term non-trade receivables are carried at the amount actually paid. Interest income is recorded in the profit and loss account as it accrues, applying a financial criteria.

Such value adjustments as are considered necessary are made to allow for bad debts.

Short and long-term non-trade accounts payable are stated at reimbursement value. The excess over the amount received is amortized annually according to financial criteria.

Bank credit lines are stated at the amount actually disposed of.

The amount corresponding to bills discounted is stated, up to maturity, under both Debtors and Short-term debts to credit institutions.

f) Inventories

Inventories are stated at purchase price or cost of production, using the average weighted value method.

The purchase cost includes the amount invoiced plus all additional expenses incurred until the assets reach the warehouse.

When the market or replacement value of the inventories is lower than the result of the above calculation described above, the appropriate provisions for depreciation are recorded.

g) Own shares

Own shares are valued at acquisition cost and adjusted by the potential writedown provision, which is calculated as follows:

- The difference between the acquisition price and the market price (the lower of the listing on the last day of the year or the average listing during the last quarter) is recorded against the profit and loss account.

- The difference that may arise between the value calculated as stated above and the theoretical book value as per the consolidated balance is charged to “Reserve for Own Shares” (see Note 10).

h) Grants

Grants received by the Company are recorded according to the following principles:

1. Outright capital grants: Stated at the amount awarded and written off to the profit and loss account using the straight-line method over 10 years, which is approximately equivalent to the average period of depreciation of the assets financed with the grants.

2. Operating grants: Credited on the profit and loss account upon accrual.

i) Provisions for pensions and similar obligations

Under the current Collective Labor Agreement and voluntary agreements, the Company is obliged to pay various annual supplements and other service and retirement bonuses to permanent employees who have taken official or early retirement. At present, the Company only has these agreements with part of its active employees.

The provision equals the current value, calculated on the basis of actuarial studies made by independent experts, of the Company’s future possible commitments to its retired and current employees in respect of these pension supplements (see Note 12).

This provision has been externalized in accordance with current legislation (see Note 12). Following this externalization, the Company will make annual contributions to the outsourced Pension Scheme for all the employees affected. The estimated annual contribution is not significant.

The Company also pays certain voluntary bonuses to its employees upon retirement for an unspecified, insignificant sum. These are recorded as an expense at the date of payment.

j) Deferred charges

This heading includes mainly debt arrangement expenses, which are charged to the profit and loss account during the maturity period of the corresponding debts, in accordance with financial criteria.

k) Other provisions for liabilities and charges

Provisions are recorded in the sums considered necessary at year-end to meet likely or certain liabilities deriving from on-going legal disputes or obligations outstanding in an unspecified amount.

l) Long and short-term debts

In the accompanying accounts debts are classified according to when they fall due in respect of the balance sheet date, considering debts that fall due within 12 months as short-term debts and those falling due after more than 12 months as long-term debts. Interest on debts is recorded in the profit and loss account according to the accruals principle.

m) Corporation tax

Ebro Puleva, S.A. files a consolidated tax return with some of its Group companies.

The corporation tax charge recorded in the profit and loss account is calculated on the basis of the financial profit before tax, increased or decreased, as appropriate, by the permanent differences with the taxable income, which is the tax base for said tax, less allowances and deductions, excluding withholding tax and advanced payments.

The differences between the net corporation tax payable and the expense entered for this tax are recorded as deferred corporation tax asset or liability, as appropriate.

n) Foreign currencies and currency futures contracts

Balances in foreign currencies are translated to euro at the exchange rates prevailing at the corresponding transaction dates. Accounts receivable and payable are restated at year-end at the exchange rate in force on the balance sheet date, recording exchange losses thus produced on the profit and loss account and deferring exchange gains, if any, to the date of collection or payment. In that case, said deferment is recorded under "Deferred income – Other deferred income" in liabilities on the balance sheet. The readjustment is made for similar groups of currencies and homogenous payment periods.

The currency futures contracts made by the Company to hedge the foreign exchange risk of its foreign currency cash flows are recorded in memorandum accounts until their respective expiration dates, when they are applied to credits and debits and any profit or loss on the operation is recorded.

At year-end, the exchange rates arranged in the futures contracts are compared with those prevailing at that date and a provision for foreign exchange risks is made if a loss is revealed, charging the amount to the profit and loss account.

Lastly, the Company uses interest rate swaps contracted on unorganized markets to hedge its long-term liabilities with credit institutions positions. These transactions are intended to eliminate or reduce significantly interest rate risk in connection with these positions, and therefore any profit or loss is recorded in the profit and loss account in proportion to the income or expenses generated by the hedged assets (see Note 14).

ñ) Income and expenses

Income and expenses are recorded following the accruals principle, that is, when the real flow of goods and services that they represent is made, regardless of when the resulting monetary or financial flow is produced.

However, following the principle of prudence, the Company only records realized profits at year-end, while foreseeable risks and losses, even potential losses, are recorded as soon as they are known.

o) Environmental issues

Environmental expenses are those incurred in connection with environmental activities carried out or which should be carried out to manage the environmental effects of the Company's operations, as well as those relating to environmental commitments.

Assets incorporated in equity in the long term for the primary purpose of minimizing the environmental impact of the companies' activities, protecting or improving the environment, including the reduction or elimination of future contamination caused by the Company's operations are recorded as investments. For accounting purposes, these assets are recorded using the same criteria applied to tangible assets.

5. Intangible assets

The detail of the movements in this heading during the year and the related accumulated amortization at December 31, 2007 is the following (in thousands of euros):

Gross amounts	12-31-06	Increases	Decreases	Transfers	12-31-07
Industrial property, patents and trademark	12,210	–	–	–	12,210
Software	94	–	–	–	94
Total	12,304	0	0	0	12,304

Accumulated amortization	12-31-06	Increases	Decreases	Transfers	12-31-07
Industrial property, patents and trademark	5,772	923	–	–	6,695
Software	94	–	–	–	94
Total	5,866	923	0	0	6,789

Provisions					
Provision for intangible assets	3,000	–	(3,000)	–	0
Total intangible assets (Net)	3,438	(923)	3,000	0	5,515

At December 31, 2007 the Company had fully amortized patents and trademarks amounting to 3,150 thousand euros. The provision at year end 2006 corresponded to possible impairment of one of the brands but was reversed in 2007 given its positive performance.

6. Tangible assets

The detail of the movements in this heading during the year and the related accumulated amortization at December 31, 2007 is the following (in thousands of euros):

Gross amounts	12-31-06	Increases	Decreases	Transfers	12-31-07
Land and buildings	19,656	683	(948)		19,391
Technical installations and machinery	1,077	466	(180)		1,363
Other installations, tools and furniture	771	69			840
Other tangible assets	288	10	(42)		256
Construction in progress	0	42			42
Total	21,792	1,270	(1,170)	0	21,892

Accumulated depreciation	12-31-06	Increases	Decreases	Transfers	12-31-07
Land and buildings	2,451	114	(208)		2,357
Plant and machinery	258	86	(178)		166
Other installations, tools and furniture	308	36			344
Other tangible assets	213	21	(43)		191
Total	3,230	257	(429)	0	3,058

Total net tangible assets	18,562	1,013	(741)	0	18,834

Decreases correspond to sales of buildings to third parties. In this regard, one of the sale contracts, which was signed at the end of 2006 and which has generated a capital gain of 28 million euros before taxes, was contingent upon the signing of an urban agreement with the Town Hall of Alagón (Zaragoza). This agreement was approved at the Town Hall meeting on November 30, 2006. This agreement was signed in January 2007.

In addition, under the terms of the sale contract for the land in Alagón, once the urban agreement is approved and signed, it must be ratified by the competent body of the Autonomous Community of Aragón, pending prior approval of the specific modification to the urban development plan which occurred in November 2007. The Company's Directors consider that the agreement will be approved in the short term. In January 2007, the Company provided bank guarantees amounting to 6 million euros to ensure the potential refund of collections received from the buyers of the land.

In addition, it is the Company's policy to adequately insure its tangible assets against inherent risks.

The detail of fully depreciated assets included in the tangible assets at December 31, 2007 is the following:

	Total
Buildings	81
Other installations, tools and furniture	185
Other tangible assets	151

The Company did not have any firm commitments to purchase tangible assets for significant amounts at year end.

7. Investments and short-term investments

The detail of the movements in this balance sheet heading during the year has been the following:

Concept	Balance 12-31-06	Increases	Decreases	Transfers	Balance 12-31-07
Shares in group companies	1,761,374	34,333	(1,781)		1,793,926
Loans to group companies	118,074	15,072	(52,547)		80,599
Shares in associated companies	18,301		(18.300)		1
Loans granted to associated companies	2,804	142			2,946
Other accounts receivable	1				1
Long-term deposits and guarantees	73	61			134
Long-term deferred tax asset (*)	12,373	550	(1,712)		11,211
	1,913,000	50,158	(74,340)	0	1,888,818
Provisions	(3,634)	(11,648)	8,943		(6,339)
Total financial fixed assets	**1,909,366**	**38,510**	**(65.397)**	**0**	**1,882,479**

(*) See Note 15.6

a) Shares in Group companies

Increases and decreases in the year relate principally to:

1. Increase of 20,571 thousand euros from investing in the purchase of 100% of Birkel Teigwaren, Gmbh (Germany), a company in the Pasta business.
2. Increase of 2,000 thousand euros in capital increase of Beira Terrace Soc. de Construçoes, Ltda., fully subscribed by Ebro Puleva, S.A.
3. Increase of 1,226 thousand euros from investing in the purchase of 40% of Jiloca, S.A. (now Ebro Puleva, S.A. owns 100% of this company).
4. A decrease of 676 thousand euros from the sale on the stock market in 2007 of 975,059 Puleva Biotech, S.A. shares, representing 1.69% of this company's share capital.

Decrease in 2007 of 1,105 thousand euros of the investment made in 2006 in New World Pasta Inc. (USA). This reduction is a result of the adjustment in the final price upon payment of the contractual guarantees subscribed in the purchase agreement.

Increase of 10,536 thousand euros in capital increase of Dosbio 2010, S.L. fully subscribed by Ebro Puleva, S.A. through the non-monetary contribution of their entire stake (50% of share capital) in Bicarburantes de Castilla y León, S.A., amounting to 18,300 thousand euros less 7,764 thousand euros for that company's provision for loss in 2006 and 2007. For tax purposes, this transaction was filed under the special tax scheme for non-monetary contributions in Chapter VIII, Title VII of the revised Spanish Corporation Tax Law, approved by Legislative Royal Decree 4/2004, dated March 5.

b) Equity investments and receivables from associated companies

The only investment from an associated company at year end 2006 was the 50% stake in Biocarburantes de Castilla y León, S.A., which was contributed to Dosbio 2010, S.L. in 2007 (see Note 7.a.6).

In addition, at year 2007, only a participative loan granted in 2004 to Biocarburantes de Castilla y León, S.A. remains outstanding. No maturity date has been established for these loans, which bear interest at Euribor plus 2 points.

c) Long-term loans to Group companies

At December 31, 2007 the most significant items in this heading (see Note 9) correspond to: The loan granted in 2005 to the wholly owned French subsidiary Panzani SAS; the loan granted in 2001 to Beira Terrace Soc. de Construçoes, Ltda., a wholly owned Portuguese subsidiary, to purchase buildings in Portugal; and the loan granted in 2007 to the wholly owned German subsidiary, Birkel, GMBH. These loans do not have an established maturity date and bear interest at three-month Euribor plus an annual spread of 0.2%.

d) Provisions

The decreases in provisions correspond principally to the release to the profit and loss account of the provisions recorded in Lince Insurance, Ltd. and to the application of the provision for Biocarburantes de Castilla y León, S.A. in the non-monetary contribution to the capital increase of Dosbio 2010, S.L. (see Note 7.a.6). The increases correspond to provision allowances for the equity investments in Biocarburantes de Castilla y León, S.A. and Beira Terrace Soc. de Construçoes, Ltda., and Birkel Group, Gmbh.

The details of the shares held by Ebro Puleva, S.A. in group and associated companies are set out in the following table (thousands of euros):

Subsidiaries and associated companies	% of share	Registered address	(a) Capital y and reserves	(a) results 2007
Azucarera Ebro S.L. (Group)	100.00%	Madrid (Spain)	465,664	29,833
Dosbio 2010, S.L. (formerly Balmes 103)	100.00%	Madrid (Spain)	22,744	828
Fincas e Inversiones Ebro, S.A.	100.00%	Madrid (Spain)	12,119	1,087
Arotz Foods, S.A. (formerly CATESA)	99.94%	Madrid (Spain)	40,253	1,222
Puleva Food, S.L. (Grupo)	100.00%	Granada (Spain)	247,333	22,801
Lactimilk, S.A. (Grupo)	100.00%	Granada (Spain)	12,308	3,002
Herba Foods S.L.	100.00%	Madrid (Spain)	81,925	(1,360)
Herba Ricemills S.L	100.00%	Madrid (Spain)	72,695	484
Herba Nutrición S.L	100.00%	Madrid (Spain)	8,650	6,295
Puleva Biotech, S.A.	62.11%	Granada (Spain)	34,365	2,477
Jiloca Industrial, S.A.	100.00%	Teruel (Spain)	2,743	343
Beira Terrace Soc.de Construçoes, Ltda.	100.00%	Oporto (Portugal)	1,771	(458)
Riceland, Ltda. (*)	20.00%	Budapest (Hungy)	1,212	58
Riviana Foods Inc (Group) (**)	75.00%	Houston (Texas-USA)	356,209	15,920
Panzani, SAS (Group)	100.00%	Lyon (France)	484,934	19,002
New World Pasta Comp. (Group)	100.00%	Harrisburg (USA)	293,050	(13,450)
Lince Insurance Ltd.	100.00%	Dublin (Ireland)	2,321	1,273
Birkel Teigwaren Gmbh (Group)	100.00%	Germany	20,532	(2,872)

Subsidiaries and associated companies	Dividend paid in 2007	Activity	Last closed annual accounts	Value of investment	Provision (b)
Azucarera Ebro S.L. (Group)	(16,800)	Production and sale of sugar	31.12.07	411,594	–
Dosbio 2010, S.L. (formely Balmes 103)	–	Agriculture	31.12.07	21,519	–
Fincas e Inversiones Ebro, S.A.	–	Real estate	31.12.07	4,926	–
Arotz Foods, S.A. (formely CATESA)	(13,837)	Canned vegetables	31.12.07	22,849	–
Puleva Food, S.L. (Group)	(13,570)	Dairy products	31.12.07	180,612	–
Lactimilk, S.A. (Group)	–	Dairy products	31.12.07	10,292	–
Herba Foods S.L.	–	Investment management:	31.12.07	50,676	–
Herba Ricemills S.L	–	Production and sale of rice	31.12.07	69,078	–
Herba Nutrición S.L	(7,998)	Production and sale of rice	31.12.07	526	–
Puleva Biotech, S.A.	–	Development and sale of new products	31.12.07	24,851	–
Jiloca Industrial, S.A.	(1,531)	Production of organic fertilizer	31.12.07	1,500	–
Beira Terrace Soc.de Construçoes, Ltda.	–	Real estate	31.12.07	3,360	(2,047)
Riceland, Ltda. (*)	–	Production and sale of rice	31.12.07	597	–
Riviana Foods Inc (Group) (**)	–	Production and sale of rice	31.12.07	240,753	–
Panzani, SAS (Group)	–	Production and sale of pasta and sauces	31.12.07	440,838	–
New World Pasta Comp. (Group)	–	Production and sale of pasta and sauces	31.12.07	285,884	–
Lince Insurance Ltd.	–	Insurance	31.12.07	3,500	–
Birkel Teigwaren Gmbh (Group)	–	Production and sale of pasta and sauces	31.12.07	20.571	(4,292)
Total	(53,736)			1,793,926	(6,339)

(a) When "(Group)" follows the name of a subsidiary, the data relating to capital, reserves and results correspond to the consolidated information of said Company and its own subsidiaries and associated companies, prior to paying the interim dividend in 2007. To standardize the information presented on the various Companies or Groups with regard to capital, reserves and results was obtained by applying International Financial Reporting Standards (IFRS) endorsed by the European Union.

(b) Independently of the explanation concerning capital, reserves and results of subsidiaries and associated companies provided in (a) above, potential provisions have been calculated based on shareholders' equity adapted to Spanish GAAP.

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

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

Puleva Biotech, S.A. is listed on the stock exchange as from December 17, 2001. The average listing for the last quarter of 2007 and at December 31, 2007 was 2.35 euros and 2.12 euros, respectively, per share.

8. Deferred charges

The movements during the period are shown below (thousands of euros):

	Balance 12-31-2006	Increases	Decreases	Amortization for the year	Balance 12-31-2007
Credit arrangement expenses	2,415			(587)	1,828

9. Accounts with group and associated companies

The main transactions of the Company with Group and Associated companies during the period are (in thousands of euros):

	Group companies	Associated companies
External services	1,394	–
Personnel costs	–	–
Financial charges	13,129	–
Total purchases and expenses	**14,523**	**0**
Other operating income	4,660	–
Interest income	5,013	173
Income or dividends received	53,736	–
Total sales and income	**63,409**	**173**

The balances of Ebro Puleva, S.A. with Group companies at December 31, 2007 are the following (in thousands of euros):

Balances with group companies	Long-term loans to Group companies	Accounts receivable from Group companies	Accounts owed to Group companies	
			Long-term	Short-term
Panzani SAS	55,838	39		(620)
Beira Terrace Soc. de Construçoes, Ltda.	7,892			
Azucarera Ebro, S.L.		146	(183,321)	(1,183)
Herba Foods, S.L.		157		
Dosbio 2010, S.L.		123	(6,731)	(29)
Herba Ricemills, S.L.		96		(1,590)
Herba Nutrición, S.L.		56	(5)	
Euryza, Gmbh				(1)
Fincas e inversiones Ebro, S.A.	2,115	616		
Arotz foods, S.A.		468	(25,460)	(338)
Puleva Biotech, S.A.			(1)	
Puleva Foods, S.L. (Group)		1,959	(96,212)	(426)
Lactimilk, S.L.(Group)		13		
Grupo Riviana (Central America)		31	(15,348)	
New World Pasta Company, Inc (Group)		376		
Birkel Teigwaren, Gmbh (Group)	14,754			
Nueva Comercial Azucarera, S.L.			(64)	
	80,599	**4,080**	**(327,072)**	**(4,257)**

Long-term loans to Group companies do not have an established maturity date.

The Company has signed a commercial current account agreement with most of the Spanish and foreign dependent societies, by virtue of which, the Company must cover all their financing requirements and, on the contrary, give interest on their surplus cash balances, all at arm's length interest rates.

10. Shareholders' equity

The movements in the accounts in this heading are shown in the following table (thousands of euros):

	Balance at 12-31-06	Appropriation of 2006 results	2007 results	Own shares reserve	Balance at 12-31-07
Capital	92,319				92,319
Share premium	34,333				34,333
Revaluation reserves	3,169				3,169
Other reserves	714,616	48,087	0	(4,500)	758,203
Legal reserve	18,464				18,464
Reserves for own shares	1			4,545	4,546
Other reserves	696,151	48,087		(9,045)	735,193
Profit or (loss) for the year	103,326	(103,326)	8,684		8,684
	947,763	(55,239)	8,684	(4,500)	896,708

- At December 31, 2007 share capital consisted of 153,865,392 bearer shares with a nominal value of 0.60 euros each, fully subscribed and paid and listed on Spanish stock exchanges.
  Based on National Securities Commission data, the total shares held directly and indirectly by companies with shareholdings of more than 5% of share capital of Ebro Puleva, S.A. at December 31, 2007 are: Instituto Hispánico del Arroz, S.A., 15.259% (8.535% held directly and 6.724% held indirectly through Hispafoods Invest, S.L.), Alimentos y Aceites, S.A., 8.446%, Casa Grande de Cartagena, S.L., 6.158%. Corporación Económica DAMM, S.A. 5.011%,Caja de Ahorros de Salamanca y Soria, 6.01%, Grupo Caja España, 5.037%, and Bestinver Gestión, S.A., S.G.I.I.C., 5.930%

- With regard to the share premium, the Revised Spanish Corporation Law expressly states that Company may use this account to increase share capital, and does not stipulate any specific restriction with regard to how it is to be used.

- Companies that obtain profits during the year are obliged to transfer 10% of the net profit for the year to the legal reserve, until said reserve is equivalent to 20% of capital. The legal reserve may not be distributed, except for the event of winding-up, but it may be used to offset losses, provided that there are no other reserves available for this purpose, and to increase the capital in the amount by which it exceeds 10% of the increased capital. At December 31, 2007, this reserve has reached 100% of capital.

- Due to past revaluations carried out by Sociedad General Azucarera de España, S.A. and Puleva S.A. under the provisions of Royal Decree-Law 7/96, dated June 7, revaluation reserves were recorded amounting to 21,767 thousand euros. Of this amount, 3,169 thousand euros remain in the Company's balance sheet following the segregation of the sugar activity in 2001 and the dissolution of GDP in 2003. This balance may be used, tax free, to offset accumulated losses from previous years, as well as losses incurred in the current or future years. It may also be used to increase capital. As of April 1, 2007, it can be taken to freely distributable reserves, provided that the monetary capital gain has been realized. The capital gain will be considered realized for the amount of depreciation recorded or when the revalued assets have either been sold or eliminated from the accounting records. The balance of this account would be deemed liable to tax in the event it is used for purposes other than those prescribed by Royal Decree-Law 7/1996.

- In 2007, the Company purchased and sold shares as authorized by the shareholders in their General Meeting held on April 18, 2007. These transactions were communicated to the National Securities Market Commission as required by prevailing regulations. The Company purchased 1,141,851 shares in 2007 and sold 420,427. At year end 2007, the Company holds 721,655 of its own shares (0.469% of its share capital) for which it has recorded the corresponding reserve. In accordance with the Revised Spanish Corporation Law, the Company has recorded a no distributable reserve equivalent to the amount of own shares it holds. This reserve will be freely distributable once the Company no longer holds its own shares. At year end 2007, the Company has not yet decided on the final use of these shares.

11. Deferred income

The variations in this heading during the period have been as follows (in thousands of euros):

	Balance at 12-31-06	Increases	Decreases	Amortization charged in the year	Balance at 12-31-07
Other deferred income: Unrealized exchange differences	0	51,868			51,868

The balance of unrealized exchange differences corresponds to positive differences from the restatement of the year-end exchange rate for loans in U.S. dollars obtained in prior years for the acquisition of investments in Riviana Foods, Inc. and New World Pasta, Inc. At year-end 2007, this restatement represented positive differences exceeding negative differences recorded in prior years that were all the same, and therefore they were recorded under this liability caption.

12. Provisions for pensions and similar

As explained in Note 4.i), the employees of Ebro Puleva, S.A. are eligible for various annual supplements and other service and retirement bonuses previously established in the Company's internal pension funds. Due to the segregation of the sugar activity in 2001, the Company only has these possible commitments with part of its current active employees.

In 2002 the Company completed the process of externalizing its pension commitments in accordance with the 25th additional provision of Law 14/2000.

The basic assumptions used in the latest actuarial study, effective as of December 31, 2007, are:

a) Mortality and survival PERM/F 2000 P tables.
b) Pay rises. Acumulative annual pay rise of 3% has been assumed.
c) Retail Price Index (RPI). A retail price index of 2.5% p.a. has been assumed.
d) Increase in Social Security contribution bases equal to RPI.
e) Increase of maximum Social Security pension. Acumulative annual increase of 2.5% in the maximum Social Security pension has been assumed.

On July 17, 2001, Azucarera Ebro S.L., a wholly owned subsidiary of Ebro Puleva, S.A., signed a master agreement with an Insurance Company regulating the technical, economic and legal terms and conditions to be applied to the policies in which the pension commitments acquired in respect of employees from Azucarera Ebro Agrícolas, S.A. were instrumented in 2002. By virtue of this master agreement, the company has arranged a 10-year financing plan with the Insurance Company, under which the first payment was made on July 17, 2001, at an interest rate of 6.7%, equal to that guaranteed for the first 40 years for the mathematical provisions made on the basis of the premiums of said financing plan.

Consequently, the possible commitments of Ebro Puleva, S.A. were included in the above master agreement and therefore these provisions were already released in 2001. From 2002, the Company is obligated to make annual complementary contributions for eligible employees to the externalized pension plan for an estimated amount that is not material.

In addition, the provision recorded in the balance sheet at December 31, 2007 for seniority bonuses amounts to 140 thousand euros and represents the current value, as per independent actuarial studies, of the Company's future possible commitments with its employees in this regard. The actuarial assumptions are essentially the same as those described above for pension commitments, applying an annual interest rate of 4.71%.

13. Other provisions

The movements in this heading during the period have been the following:

	For other provisions for liabilities and charges
Balance at December 31, 2006	2,265
Applications	(2,206)
Balance at December 31, 2007	**59**

The balance at December 31, 2007 corresponds to provisions for litigations deriving from ongoing legal disputes and other claims. The Company Directors do not expect any material additional liabilities to derive from the final resolution of these claims.

14. Amounts due to credit institutions

The breakdown of items included in long and short-term debts to credit institutions is indicated below (in thousands of euros):

	Long-term	Short-term
Drawn-down bank loans in euros	142,000	71,000
Drawn-down bank loans in US dollars	427,960	–
Short-term credit facilities in euros	–	3,391
Accrued interest pending maturity	–	3,606
Total	**569,960**	**77,997**

Long-term credit facilities have been used to finance investments in Riviana Inc (2004), Panzani SAS (2005) and New Word Pasta Company (2006). These long-term facilities are guaranteed by the subsidiaries Azucarera Ebro, S.L., Puleva Foods, S.L., Herba Food, S.L., Herba Ricemills, S.L. and Panzani SAS and correspond to:

- A syndicated loan agreement signed in November 2004, renewed in May 2005, and again in 2006 amounting to 287.9 million euros, with 213 million euros currently outstanding, the principal of which will be repaid in four half-yearly installments of 35.5 million euros from May 2007. The annual interest rate was one–, three–, six–, or twelve-month EURIBOR plus a market spread.

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

- A 190 million US dollar bilateral loan arranged in November 2006, the principal of which will be repaid in 4 half-yearly installments of 47.5 million dollars from October 2015. The annual interest rate was one–, three–, six–, or twelve-month LIBOR plus a market spread.

In addition, at December 31, 2007, the Company had credit facilities at banks amounting to 26 million euros secured by personnel guarantees. The amount drawn down on these facilities at year end was 3,391 thousand euros. The average annual interest rate on these debts, excluding the long-term syndicated loans, is three-month EURIBOR plus an average market spread of 0.276%.

There are also other bank guarantees granted to the Company amounting to 10,200 thousand euros. The amount drawn down on these guarantees at December 31, 2007 amounted to 10,146 thousand euros. In addition, a bank guarantee amounting to 2,580 thousand US dollars (1,753 thousand euros) was arranged to cover guarantees given to the purchaser of the business in 2006 of the Guatemalan subsidiary. This type of guarantee covers potential contingencies that could materialize with respect to the business sold when the cause of such contingencies arises prior to the sale and within the first three years as of the date of the sale (up to August 10, 2009).

The amortization schedule for the Company's long-term credit facilities is the following (expressed in thousands of euros):

2008 installment	71,000 thousand euros
2009 installment	71,000 thousand euros
2010 installment	71,000 thousand euros
2011 installment	73,333 thousand US dollars (49,815 thousand euros at 12/31/07)
2012 installment	146,666 thousand US dollars (99,630 thousand euros at 12/31/07)
2013 to 2016 installments	410,001 thousand US dollars (278,515 thousand euros at 12/31/07)

15. Tax situation

15.1. The following companies make up the consolidated tax group:

- Ebro Puleva, S.A. (parent company of the tax group)
- Fincas e Inversiones Ebro, S.A.
- Azucarera Ebro, S.L. (group)
- Dosbio 2010, S.L.(formerly Balmes 103 Gestión de Patrimonio, S.L.)
- Arotz Foods, S.A.(formerly Compañía Agrícola de Tenerife, S.A. - CATESA)
- Puleva Food, S.L. (group)
- Lactimilk S.A. (group)
- Herba Foods, S.L.
- Herba Ricemills, S.L (group)
- Herba Nutrición, S.L
- Fallera Nutrición, S. L.

15.2. The reconciliation of the difference between the book profit for the year and the individual tax base of Ebro Puleva, S.A. for corporation tax at December 31, 2007 is as follows (in thousands of euros):

		Increases	Decreases	
Pre-tax book results				**(15,033)**
Permanent differences		1,092	291	801
Permanent differences generated by consolidation adjustments		0	52,205	(52,205)
Adjusted book results				**(66,437)**
Temporary differences arising in 2007		1,692	18,773	(17,081)
Temporary differences arising in other exercices		7,500	5,148	2,352
Taxable income				**(81,166)**
Total taxable income of Ebro Puleva, S.A.				**(81,166)**
	Tax accrued	**Tax refundable**	**Deferred tax liabilities**	**Deferred tax assets**
Corporation income tax rate (32.5%)	(21,592)	26,379	(3,664)	(1,123)
Tax payable	**(21,592)**	**26,379**	**(3,664)**	**(1,123)**
Deductions	(916)	916		
2007 corporate income tax	**(22,508)**	**27,295**	**(3,664)**	**(1,123)**
Adjustment to 2006 corporation income tax	**(960)**			
Adjustment of tax rate	39			
Payment of tax assessments	(288)			
Total corporate income tax	**(23,717)**			

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

	Thousands of euros
Tax payable by Ebro Puleva, S.A.	27,295
Payments made on account during the fiscal year	2,891
Withholdings	44
Tax payable by the remaining companies of the tax group	(15,678)
Amount receivable (payable) by the tax group	**14,552**
Recorded in Puleva, S.A.	
– Tax credit for loss carryforwards in 2007	5,182
– Tax credit for surplus deductions not applied in 2007	6,241
– Account receivable from public bodies for 2007 corporation tax	3,129
	14,552

Given certain extraordinary events, such as the impact of the Sugar Sector Reform affecting Azucarera Ebro, S.L. and other minor events, in 2007 the tax group had consolidated tax losses. The forecast for income in 2008 and the non-recurrent nature of the events causing the tax credit generated in 2007 for said tax losses, indicate that it and the deductions accrued in 2007 will be recovered in 2008.

15.3. The details of the temporary differences of Ebro Puleva, S.A. are as follows(in thousands of euros):

Increases	Amount
Provisions for own shares	1,692
Application of partial reversal of the deduction for foreign investments	7,500
Total	**9,192**
Decreases	
Tax amortization of merger goodwill	2,007
Application of other provisions	18,773
Release of unapplied provisions under "Intangible assets"	3,000
Release of unapplied provisions	141
Total	**23,921**

15.4. The detail of the permanent differences of Ebro Puleva, S.A. is as follows (in thousands of euros):

Increases	Amount
Penalties and fines	554
Donations	520
Other non-deductible expenses	18
Total	**1,092**
Decreases	
Adjustments for dividends of subsidiaries of the tax group	52,205
Other non-deductible income	291
Total	**52,496**

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

15.6. The movement in deferred tax assets and liabilities has been the following (in thousands of euros):

Deferred tax assets	Amount
Balance at December 31, 2006	**12,373**
Provisions for own shares	550
Release of unapplied provisions for intangible assets	(975)
Release of unapplied provisions	(46)
Tax amortization of merger goodwill	(652)
Adjustments due to changes in tax rates	(39)
Balance at december 31, 2007	**11,211**

Deferred tax liabilities	Amount
Balance at December 31, 2006	**11,236**
Deferred tax liabilities due to tax amortization of goodwill	6,102
Deduction on foreign investments	(2,438)
Prior year adjustments for deduction on foreign investments	9,187
Adjustments due to changes in tax rates	(469)
Balance at december 31, 2007	**23,618**

The adjustment for deduction of investments for implementing businesses abroad was applied in the final 2006 income tax return (filed in July 2007) which included the investment made by Ebro Puleva, S.A. in the 2006 acquisition of its shareholding in New World Pasta, as the basis for said deduction, as it met the requirements of article 23 of the Revised Text of the Spanish Corporation Tax Law. The deferred tax assets generated from said deduction on the final 2006 income tax return were corrected in its definitive accounting in July 2007.

2004, 2005, 2006 and 2007 are open to inspection by tax authorities.

In 2006 the inspection that was being carried out of all taxes to which the Tax Group was liable for the years 1999 to 2003 was completed, the effects of which were recorded in 2006. Payment of assessments signed in agreement in 2006 was made in full in 2007.

16. Guarantees furnished

At December 31, 2007 the following bank guarantees had been furnished:

	Amount
Bank guarantees	
Deposited with courts and public bodies in connection with administrative appeals and deferment of tax	2,907
Given to third parties in guarantee of normal transactions	1,239
Given to third parties to guarantee compliance with contractual clauses	7,753
Guarantees given by Ebro Puleva S.A.	
Guarantees given to banks as collateral for loans granted to Group companies	1,875
Other guarantees given to banks on behalf of associated companies and third parties	62,500

To ensure compliance with contractual clauses with third parties, a bank guarantee amounting to 5,160 thousand US dollars (3,918 thousand euros), reduced in 2007 to 2,580 thousand US dollars (1,753 thousand euros) was arranged to cover guarantees given to the purchaser of the business of the Guatemalan subsidiary in 2006. This type of guarantee covers potential contingencies that could materialize with respect to the business sold when the cause of such contingencies arises prior to the sale and within first three years as of the date of the sale (up to August 10, 2009). In addition, 6 million euros in guarantees granted to ensure the transaction of land in Alagón (see Note 6).

The most significant guarantee given to banks to cover the transactions of associated companies corresponds to the guarantee given by Ebro Puleva, S.A. (indirectly through Dosbio 2010, S.L.) on behalf of its associated company Biocarburantes de Castilla y León, S.A. for the syndicated loan signed by the latter with several financial institutions in November 2004 and renewed in 2007. This loan was intended to finance said company's biofuel factory project. The loan totals 125 million euros, 50% of which is guaranteed by the shareholders of Biocarburantes de Castilla y León, S.A. Consequently, the maximum amount guaranteed by Ebro Puleva, S.A. is 62.5 million euros.

In addition, at December 31, 2007, Ebro Puleva, S.A. submitted guarantees to secure the debts of certain Group companies with credit institutions amounting to 1,875 thousand euros.

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

17. Income and expenses

a) Foreign currency transactions

Except for the loans denominated in US dollars described in Note 14, and the guarantee described in Note 16, the Company normally carries out its transactions in euros.

b) Extraordinary items

The details of extraordinary items of the period are given below (in thousands of euros):

	Amount
Extraordinary expenses	
Changes in provisions for investments (Note 7)	10,469
Changes in provision for own shares	1,691
Allowance to provisions for trademark impairment (Note 5)	(3,000)
Losses from sale of tangible and intangible assets	445
Losses from sales of own shares	184
Tax assessments - refundable tax payments and deductible portion (Note 15)	1,925
Tax assessments - Penalties (Note 15)	554
Other extraordinary expenses	7
	12,275
Extraordinary income	
Profit on sale of tangible and intangible assets (Note 6)	833
Profit from sale of part of investment in P. Biotech, S.A.	1,721
Profit from sales of own shares	83
Tax assessments-refundable tax payments (Note 15)	1,587
Other extraordinary income	187
	4,411
Total extraordinary results - Net expense	**(7,864)**

c) The average number of employees is the following

	Men	Women	Total
Permanent employees	21	17	38
Temporary/regular temporary employees	0	0	0
Total	**21**	**17**	**38**

The Company's staff comprised the following categories of employees:

	Men	Women	Total
Management	8	2	10
Middle management	8	8	16
Administrative staff	5	7	12
Total	**21**	**17**	**38**

18. Other information

18.1. Board of Directors' remuneration

The overall remuneration earned by the Directors of Ebro Puleva, S.A in 2007 for the period totaled 3,860 thousand euros, as follows:

	2006	2007
Expenses	242	251
Share under bylaws	2,055	2,055
External Board Members	**2,297**	**2,306**
Wages, salaries and professional fees	2,102	1,554
Dismissal indemnities	831	0
Life and retirement insurance	0	0
Total executive directors	**2,933**	**1,554**
Total board of directors' remuneration	**5,230**	**3,860**

The current bylaws of the Company establish a share of 2,5% in the net profit for the year, provided that the legal reserve has been covered and the necessary sum has been set aside to pay the shareholders a dividend of 4% of the paid-up capital.

The Board of Directors, at their meeting on February 27, 2008, decided to propose that 2007 subsistence allowances be maintained at their 2006 amounts (€2,055,000), which will mean proposing to the General Shareholders' Meeting that 2.48% of consolidated profits attributed to the company in 2007 be applied. They also decided to maintain travel expenses at the amount of 1,400 euros for attending the Board meeting and 700 euros for attending various commissions (a 2007 total of €250,600).

In 2006, the Chairman, Mr. Antonio Hernández Callejas, notified the Board of Directors that he would irrevocably forgo his entitlement to the safeguard clause originally included in his contract, which consisted of a net termination benefit, equal to two years' gross annual remuneration

The General Director, Mr. Jaime Carbó Fernández, and the General Secretary Mr. Miguel Angel Pérez Álvarez have foregone their entitlement to the safeguard clauses originally established in their respective contracts, which consisted of a net termination benefit, equal to two years' gross annual remuneration. The Board of Directors resolved to replace this termination benefit with the indemnity contemplated in cases of dismissal or change in control equal or similar to what he would have normally received under prevailing employment legislation in Spain.

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

The Company has not granted any loans or advances to Board members or furnished any guarantees or sureties on their behalf.

18.2. Article 127 ter, paragraph 4, TRLSA

In accordance with article 127 ter, paragraph 4, of the Revised Text of the Spanish Corporation Law, this note of the Notes to the Consolidated Annual Accounts includes the information that the directors, in compliance with their duty of loyalty, have communicated to the Company with respect to the shares and positions they hold in companies whose activity is identical, similar or complementary to that of Ebro Puleva, S.A., irrespective of whether said companies belong to the Ebro Puleva Group:

- Mr. Antonio Hernández Callejas:
  - He owns a direct 16.666% share of the Instituto Hispánico del Arroz, S.A., in which he holds no position.
  - He owns an indirect 3.620% share of Casarone Agroindustrial, S.A., in which he holds no position.

- Mr. Félix Hernández Callejas:
  - He owns a direct 16.666% share of the Instituto Hispánico del Arroz, S.A., in which he holds no position.
  - He owns an indirect 3.620% share of Casarone Agroindustrial, S.A., in which he holds no position.
  - He owns a direct 0.002% share of Rivera del Arroz, S.A. and is a member of the Board of Directors.
  - He owns a direct 0.002% share of Mundi RIz, S.A. and is a member of the Board of Directors.

- Ms. Blanca Hernández Rodríguez:
  - Ms. Hernández owns a direct 16.666% share of the Instituto Hispánico del Arroz, S.A., in which she holds no position.
  - She owns an indirect 3.020% share of Casarone Agroindustrial, S.A.., in which she holds no position.

Mr. Antonio Hernández Callejas, Mr. Félix Hernández Callejas and Ms. Blanca Hernández Rodríguez hold indirect shareholdings in Ebro Puleva, S.A. through a shareholding of 15.259% in the company held by Instituto Hispánico del Arroz, S.A., directly and through Hispafoods Invest, S.L.

- Caja de Ahorros de Salamanca y Soria:
  - This entity holds a 40% share of Barrancarnes Industrial and is a member of the Board of Directors.
  - It also holds a 40% share of Jamones Burgaleses, S.A. and is a member of the Board of Directors.
  - It holds a 41,290% share of Leonesa Astur de Piensos, S.A. and is a member of the Board of Directors.
  - It holds a 27.0101%% share of Divaq Diproteg, S.A. and is a member of the Board of Directors.

- Caja España de Inversiones y Monte de Piedad:
  - This entity holds a 100% share of Campo de Inversiones, S.A., of which it is a member of the Board of Directors.

- Mr. Juan Domingo Ortega Martínez:
  - He owns an indirect 60.69% share of Quesos Forlasa, S.A. He is a representative of Forlasa Alimentación, S.L., which is the Chief Executive of the former.
  - He serves as Sole Director of Monzotami, S.L.

The following chart depicts the positions held the directors in other Ebro Puleva Group companies in which none of them hold a direct share:

Name of Board member	Ebro Puleva Group company	Position
Mr. José Barreiro Seoane	Dosbio 2010, S.L.U	Board member
Mr. Jaime Carbó Fernández	Panzani, S.A.S	Board member
Mr. Jaime Carbó Fernández	Dosbio 2010, S.L.U	Board member
Mr. Jaime Carbó Fernández	Riviana Foods, Inc	Board member
Mr. Jaime Carbó Fernández	Ebro América, Inc	Board member
Mr. Jaime Carbó Fernández	El Castillo Debic Foof Service, S.L	Board member
Mr. Jaime Carbó Fernández	New World Pasta Company	Board member
Mr. Jaime Carbó Fernández	Risella Oy	Board member
Mr. Jaime Carbó Fernández	N&C Boost, N.V.	Board member
Mr. Jaime Carbó Fernández	Herto, N.V.	Board member
Mr. Jaime Carbó Fernández	Boost Nutrition, C.V.	Board member
Mr. Jaime Carbó Fernández	Herba Germany GMBH	Joint and several director
Mr. Fernando Castelló Clemente	Castillo Castelló, S.A	Chairman

Name of Board member	Ebro Puleva Group company	Position
Mr. Fernando Castelló Clemente	El Castillo Debic Food Service, S.L	Chairman
Mr. Fernando Castelló Clemente	Lactmilk, S.A	Chairman
Mr. Antonio Hernandez Callejas	Panzani, S.A.S	Board member
Mr. Antonio Hernandez Callejas	New World Pasta Company	Board member
Mr. Antonio Hernandez Callejas	Riviana Foods, Inc	Board member
Mr. Antonio Hernandez Callejas	Dosbio 2010, S.L.U	Chairman
Mr. Antonio Hernandez Callejas	Puleva Biotech, S.A	Board member
Mr. Antonio Hernandez Callejas	Ebro América, Inc	Chairman
Mr. Antonio Hernandez Callejas	Azucarera Ebro S.L	Chairman
Mr. Antonio Hernandez Callejas	Herto, N.V.	Board member
Mr. Antonio Hernandez Callejas	N&C Boost, N.V.	Board member
Mr. Antonio Hernandez Callejas	Boost Nutrition, C.V.	Board member
Mr. Antonio Hernandez Callejas	Danrice, A/S	Board member
Mr. Antonio Hernandez Callejas	Josehp Heap&Sons Limited	Board member
Mr. Antonio Hernandez Callejas	S&Herba Foods Limited	Board member
Mr. Antonio Hernandez Callejas	Anglo Australian Rice Limited	Board member
Mr. Antonio Hernandez Callejas	Vogan & Co Limited	Board member
Mr. Antonio Hernandez Callejas	A W Mellish Limited	Board member
Mr. Antonio Hernandez Callejas	Josehp Heap Property Limited	Joint and several director
Mr. Antonio Hernandez Callejas	Heap Comet Limited	Joint and several director
Mr. Antonio Hernandez Callejas	Herba Germany GMBH	Joint and several director
Mr. Antonio Hernandez Callejas	Arrozeiras Mudiarroz, S.A.	Chairman
Mr. Felix Hernandez Callejas	Herba Ricemills, S.L.U.	Joint and several director
Mr. Felix Hernandez Callejas	Herba Foods, S.L.U.	Joint and several director
Mr. Felix Hernandez Callejas	Herba Nutricion, S.L.U.	Joint and several director
Mr. Felix Hernandez Callejas	Fallera Nutricion, S.L.U.	Joint and several director
Mr. Felix Hernandez Callejas	Nuratri, S.L.U.	Joint and several director
Mr. Felix Hernandez Callejas	Nutrial, S.L.U.	Joint and several director
Mr. Felix Hernandez Callejas	Nutramas, S.L.U.	Joint and several director
Mr. Felix Hernandez Callejas	Pronatur, S.L.U.	Joint and several director
Mr. Felix Hernandez Callejas	Vitasan, S.L.U.	Joint and several director
Mr. Felix Hernandez Callejas	Risella, Oy	Board member
Mr. Felix Hernandez Callejas	S&B Herba Foods, Ltd.	Board member
Mr. Felix Hernandez Callejas	Anglo Australian Rice, Ltd.	Board member
Mr. Felix Hernandez Callejas	Vogan&Co, Ltd.	Board member
Mr. Felix Hernandez Callejas	Danrice A/S	Board member
Mr. Felix Hernandez Callejas	Herba Egypt Ricemills, Co.	Board member
Mr. Felix Hernandez Callejas	Arrozeiras Mudiarroz, S.A.	Board member
Mr. Felix Hernandez Callejas	Riviana Foods, Inc	Board member
Mr. Felix Hernandez Callejas	Herba de Puerto Rico, LLC	Board member
Mr. Felix Hernandez Callejas	Herto, N.V.	Board member
Mr. Felix Hernandez Callejas	Boost Nutrition, C.V.	Board member
Mr. Felix Hernandez Callejas	Rivera del Arroz, S.A.	Board member
Mr. Felix Hernandez Callejas	Mundi Riz, S.A.	Board member
Mr. Juan Domingo Ortega Martínez	Dosbio 2010, S.L.U	Board member
Mr. Eugenio Ruiz-Gélvez Priego	Azucarera Ebro S.L	Chief Executive Officer
Mr. Eugenio Ruiz-Gélvez Priego	Compañia de Melazas, S.A	Vice-chairman
Mr. Eugenio Ruiz-Gélvez Priego	Union Azucarera, A.I.T	Joint Director
Mr. Eugenio Ruiz-Gélvez Priego	Maltacarrión, S.A	Board member
Mr. Eugenio Ruiz-Gélvez Priego	Nueva Comercial Azucarera, S.A.	Chairman

Irrespective of the above, no director has informed the Company that he holds any shareholdings or positions in companies with activities identical, similar or complementary to those of Ebro Puleva, S.A. and its Group companies.

In 2006 and 2007 the directors of Ebro Puleva, S.A. have not carried out any transactions with Ebro Puleva Group companies other than those pertaining to said companies' normal course of business, nor has it conducted any transactions which were not at arm's length.

18.3. Remuneration earned by executive management

Ebro Puleva, S.A.'s executive management is made up of 7 members, whose total remuneration in the aggregate in 2007 amounted to 1,276 thousand euros. This amount corresponded to wages and salaries. There have been no indemnities.

The contracts of certain directors include safeguard clauses in the event of dismissal decided by the company or for changes in control which provide for termination benefits ranging from one to three years' annual remuneration. In other cases of dismissal through no fault on the part of the employee, the indemnity contemplated in prevailing employment legislation in Spain shall be applied.

In addition, in 2006 the Board of Directors approved an incentive program for its management team which would enable members to receive a cash amount based on the achievement of the objectives set forth in the Group's Strategic Plan for the period from 2007 to 2009.

The incentive would consist of an amount based on the average annual remuneration received for the period from 2007 to 2009 of each beneficiary, to which a percentage would be applied depending on the degree to which objectives were achieved. Payment of the incentive, which would be made in 2010 (once the previous year's annual accounts have been approved by the shareholders), is contingent upon the beneficiaries remaining with the Group until December 3, 2009, as well as meeting EBITDA, EVA and other qualitative objectives established in the Group's Strategic Plan.

In keeping with objectives attained as set forth in the Selection and Compensation Committee's Medium-term Incentives Plan, which was approved by the Ebro Puleva Board of Directors, €859,790 were allocated in the 2007 individual financial statements under "Remuneration pending payment". In accordance with the General Conditions of the Incentive Plan, the abovementioned amount is a provisional estimate recorded for accounting purposes which does not grant the right to collect said amount. That amount, except for cases of death or disability, may be collected only by persons employed by the Company in 2010 when the Ebro Puleva General Shareholders' Meeting approves the 2009 financial statements.

This program is not contingent upon the value of Ebro Puleva shares nor does it entitle the beneficiaries to receive shares or any other such benefits.

Lastly, the parent company has taken out a policy to provide civil liability insurance to the directors and executives of Ebro Puleva, S.A. and all of its subsidiaries. The annual cost of the policy is 86,536 euros and provides coverage up to April 30, 2008. It is currently in the process of being renewed.

18.4. Environmental information

The business activities carried out by Ebro Puleva Group companies require important investments to manage and monitor the related environmental risks. Such investments also lead to increased production capacity of installations and machinery, which are capitalized and depreciated on a straight-line basis over their estimated useful lives. As a holding company, Ebro Puleva, S.A. is not responsible for monitoring such risks, and therefore these investments and expenses are made and incurred by each Group company.

A concerted effort has been made in recent years, especially with regard to proper control of sewage waste, gas and dust emissions, as well as solid and organic waste. In fact, we are not aware of any significant contingencies with regard to compliance of current environmental protection regulations.

18.5. Audit fee

"External services" in the profit and loss account correspond to the fee paid to Ernst & Young, S.L. for the audit of the individual annual accounts amounting to 224 thousand euros. With regard to the audit of the consolidated annual accounts, the total fee paid in 2007 for the audits of the companies comprising the Ebro Puleva Group amounted to 1,867 thousand euros.

Of this amount, the audits performed by the main auditor (Ernst & Young and its international network) amounted to 1,773 thousand euros.

In addition, the Ebro Puleva Group engaged Ernst & Young Group companies for other non-audit services amounting to 228 thousand euros.

19. Post-balance sheet events

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

No significant events have occurred from year end until the date these annual accounts were prepared.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 2007

APPLICATIONS (Thousands of euros)	2007	2006	Sources	2007	2006
Additions to fixed assets:			Sources (applied to) obtained from operations	18,705	(32,102)
– Tangible assets	1,270	400			
– Investments	37,967	309,428			
Provisions for liabilities and charges:					
– Personnel commitments	0	17	Other deferred income	51,868	0
– Payments of other contingencies	2,206	0			
Acquisition of own shares	17,774	1,495	Disposal of own shares	6,937	1,510
Cancellation or transfer to short-term of:			Long-term debts		
– Long-term amounts owed to financial institutions	121,400	71,000	– From financial institutions	0	145,282
– Other long-term liabilities	0	0	– Other long-term liabilities	136,719	99,031
Payment of dividends			Disposal/write-off of tangible assets	3,526	192,955
– Prior year dividend	55,239	52,309	Early redemption of investments	52,547	1,120
Application of deferred tax assets or liabilities	2,988	2,364	Source of deferred tax assets or liabilities	15,289	0
Increase/(Decrease) in working capital	46,747	(29,217)			
Total applications	285,591	407,796	Total sources	285,591	407,796

Changes in working capital	2007		2.006	
	Increases	Decreases	Increases	Decreases
Receivable		1,635	9,626	
Investments	1,361			14,475
Cash and banks		2,946		1,372
Accruals and deferred income			162	
Short-term receivables	49,967			22,852
Total	51,328	4,581	9,626	38,843
Decreases in working capital		46,747	29,217	
	51,328	51,328	38,843	38,843

SOURCES (APPLIED TO) FROM OPERATIONS

	2007	2006
Profit (loss) for the year	8,684	103,326
Plus:		
Depreciation and amortization	1,180	1,218
Changes in provisions for fixed assets	10,469	(3,617)
Allowance to the provision for liabilities and charges	1,691	2,206
Deferred financial expense	587	687
Unrealized exchange differences	184	(39,899)
Loss on disposal of fixed assets	445	16
Deferred tax assets	1,712	13,037
Less:		
Other deferred income	0	(174)
Release of provisions for intangible assets	(3,000)	0
Profit from sale of own shares	(83)	(15)
Profit from sales of fixed assets	(2,554)	(114,195)
Overprovision for liabilities and charges	(141)	(5,530)
Deferred tax liabilities	(469)	10,838
	18,705	(32,102)

Report of Management

for the year ended December 31, 2007

1. Business review

Ebro Puleva is the parent company of the Ebro Puleva Group, the leading Spanish food group. It operates in the sugar, milk, rice, biotechnology, and biofuels in Europe, North America and, increasingly, in other countries.

In 2007, the transactions carried out in previous years were reinforced, confirming the Group's status as a multinational food group. Internal efforts were carried out against a backdrop of extreme volatility in raw materials markets, which forced us to constantly adapt to the markets' situation.

The Management Report on the Consolidated Annual Accounts includes information on business trends and the activity carried out in 2007 by the various business lines and segments of the companies comprising the Ebro Puleva Group.

2. 2007 overview of Ebro Puleva, S.A.

Revenues mainly come from dividends from subsidiaries and transactions with investment property. The main expenses are financial expenses related to debts with the parent company of the Ebro Puleva Group. In addition, investment provisions are recorded or released in accordance with changes in the equity investments in subsidiaries.

Operating loss in the year amounted to 13,986 thousand euros, compared with a loss of 10,338 thousand euros in 2006. This increase was due to higher outsourcing of services and lower revenue from services rendered to subsidiaries.

Financial income stood at 6,817 thousand, as opposed to 34,441 in the previous year. The fall was mainly the result of higher financial costs and exchange losses.

Extraordinary losses in 2007 amounted to 7,864 thousand euros, compared to extraordinary profit of 122,173 thousand euros the year before. 2006 featured a large number of disposals of non-core assets, unlike 2007. In addition, in 2007 provisions were recorded for investments in businesses being developed.

Profit after tax amounted to 8,684 thousand euros, a decline of 103,326 thousand euros from the year before. The decrease is due mainly to lower extraordinary income.

3. Foreseeable development of the company

Shaping Ebro Puleva's earnings going forward will be dividends from subsidiaries, capital gains on non-core properties and interest expenses on debt taken out to finance assets.

The Company's directors consider that the dividend policies established for subsidiaries will be sufficient for Ebro Puleva to obtain results that will enable it to offer attractive remuneration to its shareholders.

4. R&D activities

R&D activities depend largely on the projects being developed by our subsidiaries (we refer the reader to our consolidated management report for information on this area).

5. Transactions with own shares

In 2007, the Company purchased and sold own shares as authorized by the shareholders in their General Meeting held on April 18, 2007. These transactions were communicated to the National Securities Market Commission as required by prevailing regulations. The Company purchased 1,141,851 shares in 2007 and sold 420,427 shares. At year end 2007, the Company holds 721,655 of its own shares which correspond to 0.469% of share capital. In accordance with the Revised Text of the Spanish Corporation Law, the Company has recorded a non-distributable reserve equivalent to the amount of own shares it holds. This reserve will be freely distributable once the Company no longer holds its own shares. At year end 2007, the Company has not yet decided on the final use of these shares.

6. Personnel

The principal data on this heading is included in Notes 17 and 18 of the accompanying Notes to the Financial Statements.

7. Management objectives and policies relating to business risk

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

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

8. Financial risk management and financial instruments

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

The Company has also entered into derivative transactions to hedge interest rate and currency risks. It is not the Company's policy to trade in financial instruments.

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

The Board of Directors continually establishes and reviews the management policies in place for each of these risks, which are summarized below.

Credit risk

Ebro Puleva has adequately spread out its credit risk. In addition, surplus cash is invested and financial instruments acquired through very solvent institutions with high credit ratings.

Cash flow interest rate risk

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

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

Foreign currency risk

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

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

Liquidity risk

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

9. Environmental issues

Given the specific nature of the Company's business, it has no relation to the environment on its own. (see Note 18.4)

10. Subsequent events

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

No significant events occurred between the balance sheet date and the date on which these Annual Accounts were drawn up.

11. Art. 116 bis of the securities market law

a) The structure of capital, including securities which are not admitted to trading on a regulated market in a Member State, where appropriate with an indication of the different classes of shares and, for each class of shares, the rights and obligations attaching to it and the percentage of total share capital that it represents

Share capital amounts to 92,319,235.20 euros and consists of 153,865,392 fully subscribed and paid bearer shares with a nominal value of 0.60 euros each, represented by book entries. All shares are of the same class and series.

The shares comprising share capital are considered transferable securities and subject to the regulations governing the Securities Markets.

b) Any restrictions on the transfer of securities

There are no restrictions on the transfer of securities.

c) Significant direct and indirect shareholdings

Name or company name of shareholder	No. of direct voting rights	No. of indirect voting rights (*)	% of total voting rights
Bestinver gestión, S.A., S.G.I.C.	0	9,128,029	5.930
Casa Grande de Cartagena, S.L.	9,475,145	0	6.158
Caja de Ahorros de Salamanca y Soria	9,247,898	0	6.010
Hispafoods Invest, S.L.	10,346,192	0	6.724
Instituto Hispánico del Arroz, S.A.	13,132,722	10,346,192	15.259
Invergestión, Sociedad de Inversiones y Gestión, S.A.	7,750,000	0	5.037
Lolland, S.A.	0	9,475,145	6.158
Sociedad anónima DAMM	0	7,710,000	5.011
Sociedad Estatal de Participaciones Industriales	0	12,995,941	8.446

Significant indirect shareholdings are through:

Name or company name of direct owner of the shareholding	No. of direct voting rights	% of total voting rights
Bestinver Bolsa, F.I.	4,311,745	2.800
Soixa Sicav	2,031,184	1.320
Bestinfond, F.I.	1,605,900	1.040
Bestinver Mixto, F.I.	875,723	0.570
Texrenta Inversiones S.I.C.A.V.	57,564	0.040
Corfin Inversiones S.I.C.A.V.	26,301	0.020
Rodaon Inversiones, S.I.C.A.V.	24,313	0.020
Tibest 5, S.I.C.A.V., S.A.	18,324	0.010
Ivers en Bolsa Siglo XXI, S.I.C.A.V.	17,995	0.010
Loupri Inversiones	14,485	0.010
Aton Inversiones S.I.C.A.V., S.A.	13,333	0.010
Tigris Inversiones S.I.C.A.V, S.A.	12,371	0.010
Mercadal de Valores S.I.C.A.V., S.A.	11,686	0.010
H202 Inversiones S.I.C.A.V.	10,665	0.010
Divalsa de Inversiones S.I.C.A.V., S.A.	10,386	0.010
Entrecar Inversiones, S.I.C.A.V., S.A.	9,345	0.010
Pasgom Inversiones S.I.C.A.V.	9,240	0.010
Cartera Millennium S.I.C.A.V.	7,968	0.010
Renvasa	7,806	0.010
Zamarrón S.I.C.A.V.	7,543	0.000
Acciones, qupones y obligaciones segovianas.	7,507	0.000
Artica 21, S.I.C.A.V., S.A.	6,438	0.000
Campo de Oro, S.I.C.A.V.	5,836	0.000
Linker Inversiones, S.I.C.A.V., S.A.	5,583	0.000
Heldalín Inversiones S.I.C.A.V.	4,173	0.000
Tawarzar 2-S2 S.I.C.A.V.	3,356	0.000
Opec Inversiones, S.I.C.A.V.	2,966	0.000
Jorick Investment	2,842	0.000
Trascasa	2,811	0.000
Iberfama S.I.C.A.V., S.A.	2,640	0.000
Hispafoods Invest, S.L.	10,346,192	6.724
Casa Grande de Cartagena, S.L.	9,475,145	6.158
Corporación Económica DAMM, S.A.	7,710,000	5.011
Alimentos y Aceites, S.A.	12,995,941	8.446

d) Any restrictions on voting rights

There are no restrictions on voting rights.

e) Agreements between shareholders

The Company has not been notified of any agreements between shareholders.

f) The rules governing the appointment and replacement of board members and the amendment of the articles of association

The appointment and replacement of Board Members are regulated by the Corporate Bylaws (articles 19 and 20) and the Board Regulations (articles 21, 23 and 24).

The Board of Directors shall be composed of at least seven and at most fifteen members. The General Meeting is in charge of determining the composition, as well as the appointment and separation of Directors. The Board currently comprises 14 Directors.

Directorships may be waived, canceled or reappointed and are for a term of four years. When their tenure expires, Directors may be reappointed one or more times for terms of equal duration.

The appointment of Board members expires when, after expiry of their tenure, the next General Meeting has been held or the legal period for holding the Meeting to approve the accounts of the preceding year has elapsed.

If during the term of appointment there are vacancies, the board may provisionally appoint among shareholders the people to hold the post until the first General Meeting thereafter is held.

The persons proposed by the Board for appointment or reappointment as Directors shall be of recognized standing and have adequate experience and expertise to perform their duties.

These proposals shall be made taking into account the existence of three types of Director: (i) Executive; (ii) Non-Executive, who fall into two classes: those who are on the Board at the request of shareholders with significant stakes in the capital and those who may be considered independent according to applicable laws and regulations or the prevailing recommendations on good corporate governance; and (iii) those who do not fit into either of the above categories.

The distribution of the number of Directors among the types mentioned above shall be adjusted from time to time to the operating requirements and real structure of the company's shareholding body, on the basis of the ratio of capital held by controlling shareholders to capital held by institutional investors and minority shareholders.

In any case, any initiative taken by the Board in respect of its members shall be without prejudice to the sovereign power of the General Meeting of Shareholders to appoint and remove Directors, and any exercise by shareholders of their right to proportional representation.

Directors shall step down and tender their resignation in the following cases:

- When they are affected by one of the cases of incompatibility or disqualification established in Law, the Bylaws or these Regulations.
- When they step down from the executive post to which their appointment as Director was linked, when the shareholder they represent sells its entire shareholding or reduces it to a level that requires a reduction in the number of proprietary directors and, in general, whenever the reasons for their appointment no longer exist.
- When the Board, subject to a report by the Nomination and Remuneration Committee, considers that the Director has seriously defaulted on his or her obligations or that there are reasons of corporate interest for demanding his or her resignation.

The Board of Directors shall propose to the General Meeting of Shareholders that a Director be removed if one of the circumstances described above occurs and the Director fails to tender his resignation.

Directors who give up their post before their tenure expires, through resignation or otherwise, should explain their reasons to all other members of the board. Irrespective of whether such resignation is filed as a significant event, the move for the same must be explained by the Company in the Annual Corporate Governance Report.

When the Board makes decisions about which a director has expressed reservations and he or she resigns, an explanation setting out their reasons should be provided under the terms mentioned in the preceding paragraph.

With regard to amendments of the corporate bylaws, there are no procedures or requirements other than those provided for by law with the exception of the stricter-than-standard quorum requirements for attendance at the generating meeting, which article 12 of the Bylaws stipulates at sixty per cent of the subscribed voting capital on first call and thirty per cent on second call, the same quorum for voting as included in the revised text of Spanish Corporation Law.

g) The powers of Board members and, in particular, the power to issue or buy back shares

Executive directors Antonio Hernández Callejas and Jaime Carbó Fernández have been granted the following powers:

1. To represent the company and sign on its behalf in all types of transactions, businesses and contracts comprising its corporate purpose. To enter into all types of works, service or supply contracts with the European Union, the Spanish central, regional, provincial, island or local governments and, in general, any public or private individual or company via public tender, auction, direct adjudication or any type of arrangement permitted by Law, presenting and signing the related proposals, accepting any projects awarded, performing any acts and signing any public or private documents required or suitable for their approval, compliance and settlement.

   These powers shall be exercised jointly by two legal representatives when the amount of the transaction, business or contract exceeds 50,000 euros.

2. To plan, organize, oversee and control the performance of the company and all its businesses, workplaces and installations, reporting to the Chairman of the Board of Directors and proposing any amendments deemed appropriate regarding the organization of the company.

   These powers may be exercised jointly and severally.

3. To sell, purchase, swap, replace, assign and dispose of the ownership or all types of assets, including properties and ownership interests, and to provide guarantees to subsidiaries or third parties. To set up and form part of other companies and acquire shares or ownership interests. To accept and appoint corporate positions in other companies and entities.

   These powers shall be exercised jointly by two legal representatives.

4. To stipulate, set up, accept, modify, withdraw and cancel provisional or definitive guarantees, deposits and sureties at any public or private entity, including the Spanish Government Depository (Caja General de Depósitos) and the Bank of Spain.

   These powers may be exercised jointly and severally.

5. Banking powers:

a) To open, use, settle and cancel current savings or loan accounts at any bank, including the Bank of Spain, or any other credit and savings banks, signing for these purposes as many documents as required or suitable, and to take out or withdraw from them through checks, money orders, drafts or transfers.

b) To arrange, execute and underwrite loans, signing as many private and public documents as necessary and reporting to the Board of Directors of the exercise of these powers at its first meeting thereafter.

   These powers shall be exercised jointly by two legal representatives.

6. To issue, accept, collect, pay, endorse, contest, discount, guarantee and negotiate commercial or financial bills of exchange, promissory notes, checks, and other drafts and bills. To undertake and fix the terms of endorsements, certificate discounts and all kinds of commercial paper, together with orders to pay drawn on the Treasury, Banks, savings Institutions and other Entities at which the Company holds securities, bills, cash or any other form of assets.

   The powers to issue, accept and order payment shall be exercised jointly by two legal representatives.

7. To demand, collect and receive all money due to be credited or paid to the Company in cash, bills or any other type of payment by individuals, Banks or any other Entity, by the European Union, the Spanish state, regional, provincial, island or local governments and, in general, any public or private Entity. To give and receive receipts and vouchers and to fix and settle account balances. To determine the method of payment of amounts owed by the Company, grant extensions and set due dates and amounts.

   To accept all kinds of personal guarantees and liens from debtors, including mortgages, movable and immovable collateral, transferred and registered pledges, along with agreements, clauses and terms that it deems appropriate and to cancel them once the amounts or credits under guarantee have been received.

   These powers may be exercised jointly and severally by any of the Company's legal representatives.

8. To make any type of payments, taking any step necessary to comply with all the Company's obligations and to demand the necessary payment receipts and vouchers.

   These powers shall be exercised jointly by two legal representatives when the amount of the payments exceeds 50,000 euros.

9. To represent the Company before third parties and any type of Government Authority, Chambers, Commissions or other, Committees, Associations, mutual Insurance Companies, Registries, Delegations, Offices and Premises of the European Union, the Spanish state, regional, provincial, island or local governments and other Spanish or foreign administrative, governmental or other centers or bodies, at any level or jurisdiction, or appoint an individual to represent the company in this capacity. To exercise the rights and interests that, as appropriate, correspond to the Company. To execute inquiries and suits. To file any pertinent proceedings, requesting the data, copies or documents, and lodging prior or ex facto complaints, and lodging any type of legal appeals. To withdraw from proceedings, claims and appeals at any stage of the process, abide by or enforce any definitive rulings. To protest or file proceedings and certified notices or of other kind. To request reliable certificates, testimonies and copies of interest of the Company.

   These powers may be exercised jointly and severally.

10. To appear and represent the Company before Criminal and Civil Courts, Prosecutors, Juries and other appellate, labor or other bodies in any jurisdiction and at all levels, both Spanish and of any other country or international organization, entering into any legal relationships deemed appropriate and complying in particular, solely by signing an administrative appeal, with the requirements provided under article 45.2,d) of Law 29/1998, dated July 13.

    To grant and revoke powers in favor of Attorneys and Lawyers.

    To exercise all types of pleas and claims, oppose any type of appeals against any procedures or appeals, either as plaintiff or defendant or in any other capacity. To file any type of ordinary or extraordinary claim or appeal, including appeals to the Supreme Court and appeals for judicial review. To withdraw any claims, proceedings, lawsuits and judicial reviews at any stage of the process. To testify in court as a legal representative of the Company and, as so required, ratify their testimony personally and expressly. To reach settlements and to submit any matters of interest to the Company to arbitration. To abide by or enforce any definitive legal rulings.

    To represent the Company and participate on its behalf in all types of payments moratorium, bankruptcy, acquittal procedures, creditor agreements or winding up under the supervision of the court, certifying the Company's credit items, obtaining guarantees and accepting their award as payment, granting or rejecting reductions or extensions. To appoint, accept and excuse bankruptcy receivers, Administrators, Experts and Adjustors, and propose and reject the recommendations made by them in their respective assessments. To compromise, agree on terms, acquittals and settlements covered by the collective labor agreement and sign them, following the matters through all procedures until abidance by or enforcement of the definitive judgments.

    To choose the location and abide by express or implied jurisdictions.

    These powers may be exercised jointly and severally.

11. To execute, with respect to management, the resolutions adopted by the Board of Directors or its Executive Committee subject to a report by the Nomination and Remuneration Committee; and, regarding company staff, hire, relocate, fine, suspend and fire employees, set wages, salaries and other emoluments of any Company employee; award termination benefits and, in general, decide on any matters related to personnel of the company. To appoint and remove proxies and agents.

These powers may be exercised jointly and severally.

12. To abide by and enforce the resolutions adopted at the General Shareholders' Meeting, by the Board of Directors, its Executive Committee or the Chief Executive Officer, issuing, as appropriate, any public deeds or other legally required public or private documents for this purpose.

These powers may be exercised jointly and severally.

13. To replace and/or grant to third parties, all or in part, the powers attributed to them, as well as remove powers in full or in part, including those granted previously, issuing the related public or private documents, and reporting the exercise of this power to the Board of Directors at its next meeting thereafter.

These powers must be exercised jointly, with the additional requirement of at least three legal representatives.

14. To attend and represent the Company at the General Meetings of shareholders and/or partners of all Ebro Puleva Group companies, and to pass as many resolutions as necessary without limitation.

These powers may be exercised jointly or separately.

Finally, neither Antonio Hernández Callejas, nor Jaime Carbó Fernández or any other Director or manager has been granted powers to issue or buy back shares.

h) Any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company. This exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements

There are no agreements of this type.

i) Any agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid

In 2006, the Chairman, Mr. Antonio Hernández Callejas notified the Board of Directors that he would irrevocably forgo his entitlement to the safeguard clause originally included in his contract, which consisted of a net termination benefit equivalent to two years' total gross annual remuneration

The General Director, Mr. Jaime Carbó Fernández, and the General Secretary Mr. Miguel Angel Pérez Álvarez have likewise forgone their entitlement to the safeguard clauses originally established in their respective contracts, which consisted of a net termination benefit, equal to two years' gross annual remuneration. The Board of Directors resolved to replace this termination benefit with the indemnity contemplated in cases of dismissal or change in control equal or similar to what they would have normally received under prevailing Employment Legislation in Spain.

As for other managers of Ebro Puleva, S.A. the contracts of three managers include safeguard clauses in the event of dismissal decided by the company or for changes in control which provide for termination benefits ranging from one to three years' annual remuneration.

In other cases of dismissal through no fault on the part of the employee, the indemnity contemplated in prevailing Employment Legislation in Spain shall be applied.

Consolidated Annual Accounts

for the year ended December 31, 2007

AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Free translation from the original in Spanish)

To the shareholders of
EBRO PULEVA, S.A.

We have audited the consolidated financial statements of EBRO PULEVA, S.A. and the companies comprising the Ebro Puleva Group, which consist of the consolidated balance sheet at December 31, 2007, the consolidated income statement, the consolidated cash flow statement, the consolidated statement of changes in equity and the consolidated notes thereto for the year then ended, the preparation of which is the responsibility of the directors of the parent company. Our responsibility is to express an opinion of the aforementioned consolidated financial statements as a whole, based on our audit work carried out in accordance with auditing standards generally accepted in Spain, which require the examination, by means of selective tests, of the evidence supporting the consolidated financial statements and the assessment of their presentation, the accounting principles applied and estimates made.

In compliance with Spanish mercantile law, for comparative purposes the parent company's directors have included for each of the captions presented in the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement, and in the notes to the consolidated financial statements, in addition to the figures of 2007, those of 2006. The figures corresponding to the previous year differ from those included in the consolidated financial statements approved in said year. These differences are explained in Note 2.b) of the accompanying consolidated financial statements. Our opinion refers only to the consolidated financial statements for 2007. On March 7, 2007, we issued our audit report on the 2006 consolidated financial statements, in which we expressed an unqualified opinion.

In our opinion, the accompanying 2007 consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and financial position of EBRO PULEVA, S.A. and subsidiaries at December 31, 2007 and the consolidated results of its operations, of the changes in consolidated equity and of the consolidated cash flows for the year then ended and, contain the required information necessary for their adequate interpretation and comprehension, in conformity with the International Financial Reporting Standards adopted by the European Union, applied on a consistent basis with those of the previous year.

The accompanying consolidated Management Report for 2007 contains the explanations which the directors of the parent company consider appropriate regarding the situation of EBRO PULEVA, S.A. and subsidiaries, the development of its business and other matters and does not form an integral part of the consolidated financial statements. We have verified that the accounting information contained in the aforementioned consolidated Management Report agrees with that of the consolidated financial statements for 2007. Our work as auditors is limited to the verification of the Management Report within the scope mentioned in this paragraph, and does not include a review of information other than that obtained from the accounting records of EBRO PULEVA, S.A and its subsidiaries.

ERNST & YOUNG, S.L
(Signed in the original in Spanish)

José Luis Ruiz

March 26, 2008

Ebro Puleva Group

Consolidated balance sheets at December 31, 2007 and 2006

ASSETS (thousands of euros)	Notes	31-12-07	31-12-06
Non-current assets			
Intangible assets	9	289,100	290,765
Property, plant and equipment	10	800,046	938,522
Investment properties	11	14,506	12,426
Financial assets	12	186,015	43,462
Investments in associates	13	16,067	23,684
Deferred tax assets	25	73,107	80,578
Goodwill	14	806,546	849,037
Other non-current assets		49	59
		2,185,436	**2,238,533**
Current assets			
Inventories	15	505,951	474,127
Trade and other receivables	16	493,759	506,243
Current tax	25	10,677	8,494
Tax receivables	25	63,426	46,289
Derivatives and other financial instruments	28	142	157
Other non-current assets		21,506	14,802
Current assets	17	94,599	75,070
		1,190,060	**1,125,182**
Non-current assets held for sale	7		0
Total assets		**3,375,496**	**3,363,715**

	Notes	31-12-07	31-12-06
Equity and liabilities		**1,222,238**	**1,212,442**
Equity attributable to equity holders of the parent			
Issued capital	18	92,319	92,319
Share premium	18	34,333	34,333
Other restricted reserves	18	21,633	21,633
Retained earnings	18	1,106,662	1,071,467
Translation differences	18	(45,962)	(31,787)
Treasury shares	18	(10,740)	(3)
		1,198,245	**1,187,962**
Equity attributable to minority interests		**23,993**	**24,480**
Non-current liabilities			
Deferred income	19	14,299	17,226
Provisions for pensions and other post-employment benefits	20	35,386	37,376
Other provisions	21	189,094,	159,850
Financial liabilities	22	706,941	722,590
Other non-financial liabilities	23	178	371
Deferred tax liabilities	25	140,031	102,763
		1,085,929	**1,040,176**
Current liabilities			
Financial liabilities	22	381,855	498,785
Derivatives and other financial instruments	28	884	195
Trade and other payables	24	594,918	485,160
Current tax	25	7,990	16,460
Tax payable	25	77,105	104,201
Other current liabilities		4,577	6,296
		1,067,329	**1,111,097**
Total equity and liabilities		**3,375,496**	**3,363,715**

Notes 1 to 31 in the accompanying notes to the financial statements are an integral part of the consolidated balance sheet at December 31, 2007.

Ebro Puleva Group

Consolidated income statements for the years ended December 31, 2007 and 2006

Thousands of euros	Notes	12-31-2007	12-31-2006
Revenues	6	2,685,042	2,452,212
Change in inventories of finished goods and work in progress		(44,609)	(33,297)
Capitalized expenses of Company work on assets		4,141	3,337
Other operating revenues	8	57,280	142,124
Consumption of goods and other external charges	6	(1,525,508)	(1,362,381)
Employee benefits expense	8	(320,586)	(310,141)
Depreciation and amortization	9,10,11	(99,000)	(94,789)
Other operating expenses	8	(550,018)	(546,318)
Operating profit		**206,742**	**250,747**
Finance revenue	8	17,337	19,444
Finance expense	8	(87,225)	(68,044)
Impairment of goodwill	14	(8,186)	(381)
Share of profit (loss) of associates	13	(4,413)	(1,667)
Consolidated profit before tax		**124,255**	**200,099**
Income taxes	25	(31,782)	(71,734)
Consolidated profit for the year (from continuing operations)		**92,473**	**128,365**
Profit (loss) for the year from discontinued operations	7	0	59,584
Consolidated profit for the year		**92,473**	**187,949**
Attributable to:			
– Equity holders of the parent		**90,577**	**180,363**
– Minority interests		1,896	7,586
		92,473	**187,949**

	Notes	12-31-2007	12-31-2006
Earnings per share:	**18**		
For profit from continuing operations			
– Basic		0.590	0.785
– Diluted		0.590	0.785
For profit for the year			
– Basic		0.590	1.172
– Diluted		0.590	1.172

Notes 1 to 31 in the accompanying notes to the financial statements are an integral part of the consolidated income statement for the year ended December 31, 2007.

Ebro Puleva Group

Consolidated statement of changes in equity

Thousands of euros	Total equity	Minority interests	Equity attributed to shareholders of the parent company: Total	Share capital	Share premiun	No available: Reva-luation	No available: Legal reserve	Available reserves: Retained earning	Available reserves: Profit for the year	Translation differences	Treasury shares
Balance at December 31, 2005	**1.098.063**	**21,473**	**1,076,582**	**92,319**	**34,333**	**3,169**	**18,464**	**787,600**	**155,641**	**-14,941**	**-3**
– Distribution of prior year profit	0	0	0	0	0	0	0	155,641	(155,641)	0	0
– Dividends paid	(54,198)	(1,884)	(52,314)	0	0	0	0	(52,314)	0	0	0
– Capital increase/reduction expenses	100	0	100	0	0	0	0	100			
– Acquisition/sale of treasury shares (net)	0	0	0	0	0	0	0	0	0	0	0
– Gain (loss) on sale of treasury shares	15	0	15	0	0	0	0	15	0	0	0
– Tax effect of preceding movements	(40)	0	(40)	0	0	0	0	(40)	0	0	0
– Changes in consolidation scope	(1,823)	(1,823)	0	0	0	0	0	0	0	0	0
– Other movements	5	0	5	0	0	0	0	5	0	0	0
Total distribution of profit and transactions with shareholders	**(55,941)**	**(3,707)**	**(52,234)**	**0**	**0**	**0**	**0**	**103,407**	**(155,641)**	**0**	**0**
– Profit (loss) for the year(P&L)	187,949	7,586	180,363	0	0	0	0	0	180,363	0	0
– Movement in translation differences	(24,230)	(872)	(23,358)	0	0	0	0	0	0	(23,358)	0
– Sale and/or deconsolidation of companies	6,512	0	6,512	0	0	0	0	0	0	6,512	0
– Fair value of financial instruments											
1. Unrealized gains	97	0	97	0	0	0	0	97	0	0	0
2. Realized gains	0	0	0	0	0	0	0	0	0	0	0
Total income and expense for the year	**170,328**	**6,714**	**163,614**	**0**	**0**	**0**	**0**	**97**	**180,363**	**(16,846)**	**0**
Balance at December 31, 2006	**1,212,442**	**24,480**	**1,187,962**	**92,319**	**34,333**	**3,169**	**18,464**	**891,104**	**180,363**	**(31,787)**	**-3**
– Distribution of prior year profit	0	0	0	0	0	0	0	180,363	(180,363)	0	0
– Dividends paid	(56,918)	(1,527)	(55,391)	0	0	0	0	(55,391)	0	0	0
– Capital increase/reduction expenses	0	0	0	0	0	0	0	0	0	0	0
– Acquisition/sale of treasury shares (net)	(10,737)	0	(10,737)	0	0	0	0	0	0	0	(10,737)
– Gain (loss) on sale of treasury shares	(101)	0	(101)	0	0	0	0	(101)	0	0	0
– Tax effect of preceding movements	33	0	33	0	0	0	0	33	0	0	0
– Changes in consolidation scope	(505)	(505)	0	0	0	0	0	0	0	0	0
– Other movements	152	0	152	0	0	0	0	152	0	0	0
Total distribution of profit and transactions with shareholders	**(68,076)**	**(2,032)**	**(66,044)**	**0**	**0**	**0**	**0**	**125,056**	**(180,363)**	**0**	**(10,737)**
– Profit (loss) for the year (P&L)	92,473	1,896	90,577	0	0	0	0	0	90,577	0	0
– Movement in translation differences	(14,526)	(351)	(14,175)	0	0	0	0	0	0	(14,175)	0
– Fair value of financial instruments											
1. Unrealized gains	57	0	57	0	0	0	0	57	0	0	0
2. Realized gains	(132)	0	(132)	0	0	0	0	(132)	0	0	0
Total income and expense for the year	**77,872**	**1,545**	**76,327**	**0**	**0**	**0**	**0**	**(75)**	**90,577**	**(14,175)**	**0**
Balance at December 31, 2007	**1,222,238**	**23,993**	**1,198,245**	**92,319**	**34,333**	**3,169**	**18,464**	**1,016,085**	**90,577**	**(45,962)**	**(10,740)**

Notes 1 to 31 in the accompanying notes to the financial statements are an integral part of the consolidated statement of changes in equity for the year ended December 31, 2007.

Grupo Consolidado Ebro Puleva, S.A.

Consolidated cash flow statements for the years ended December 31, 2007 and 2006

Thousands of euros	12-31-2007	12-31-2006
Receipts from sales and services	2,999,748	2,842,508
Payments to suppliers and employees	(2,633,937)	(2,559,584)
Interest paid	(71,655)	(53,508)
Interest collected	1,940	1,849
Dividends received	13	103
Other receipts / payments from continuing activities	(10,031)	(9,750)
Income tax paid	(55,134)	(49,979)
Net cash flows from operating activities	**230,944**	**171,639**
Purchase of property, plant and equipment	(87,046)	(298,225)
Sale of property, plant and equipment	28,440	193,024
Purchase of financial investments	(31,053)	(293,265)
Sale of financial investments	(203)	28,518
Other receipts / payments from investing activities	6.043	7,229
Net cash flows from investing activities	**(83.819)**	**(362,719)**
Transactions with treasury shares	(10,640)	419
Dividends paid to shareholders	(56,956)	(53,641)
Repayment of loans and borrowings	80,158	336,530
Repayment of borrowings	(146,190)	(99,349)
Other financial receipts / payments and government grants	7,279	3,693
Net cash flows from financing activities	**(126,349)**	**187,651**
Translation differences of flows from foreign operations	16	(2,641)
Increase (decrease) in cash and cash equivalents	**20,792**	**(6,070)**
Cash and cash equivalents at January 1	75,070	82,196
Effect of foreign exchange rates on the opening balance	(1,263)	(1,056)
Cash and cash equivalents at December 31	**94,599**	**75,070**
The cash flow statement of 2006 includes cash flows corresponding to discontinued activities in Central America whose principal cash flow captions are provided below:		
Total net cash flows by operating activities		**3,455**
Total net cash flows by investment activities		**(7,634)**
Total net cash flows by finance activities		**(840)**

Notes 1 to 31 in the accompanying notes to the financial statements are an integral part of the consolidated cash flow statement for the year ended December 31, 2007.

1. Corporate information

Ebro Puleva, S.A. (the parent Company) is the outcome of the merger by takeover by Azucarera Ebro Agrícolas S.A. of Puleva S.A. Following said takeover merger, the board of directors resolved to change the name of the company from Azucarera Ebro Agrícolas, S.A. to Ebro Puleva, S.A. with effect from January 1, 2001.

The registered office of the company is at Madrid (28046), calle Castellana, 20.

The Company is engaged in the following activities both in Spanish and foreign markets:

a) The production, preparation, sale, research, import and export of all types of food and dietary product for both human or animal consumption, in addition to energy food, including their byproducts and waste and, particularly from sugar, agricultural products, dairy products, rice, pasta and any type of nutritional product, including enteral diets for clinical feeding, formulas, products as well as special composts for the pharmaceutical, healthcare or veterinary and biofuel industries.
b) The production, marketing and sale of all types of refreshment, food and alcoholic beverages.
c) The exploitation of any type of byproducts, services or uses related to the above activities, including refrigeration units, ice, industrial gas, vapor, cold air and energy.
d) The acquisition, lease, creation, installation, promotion, development and management of industrial, farming and livestock facilities in the food, nutrition and beverage sectors (including alcohol).
e) The execution of projects, construction of installations or the provision of any other technical assistance to other companies of such sectors; the creation, promotion, protection and exploitation of patents, trademarks and other items pertaining to industrial property.
f) Any activities relating to personnel training, computer programming or management, investment and optimization of resources, advertising and corporate image, transport, distribution and sale deemed complementary to the above.

The activities comprising the parent company's corporate purpose may be carried out through the subscription or acquisition of shares or participation units of companies having an identical or similar corporate purpose.

The group currently operates on the domestic and international markets. The composition of its sales is described in Note 6 - Segment information.

All amounts in these consolidated financial statements are expressed in euros (unless specified otherwise), which is the functional currency of the Ebro Puleva Group. Transactions in foreign currency are translated to euros in accordance with the accounting policies described in Note 3.

2. Basis of presentation y comparability of information

a) Basis of presentation

1. General accounting principles

The annual consolidated accounts has been prepared by in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union in conformity with Regulation (EC) No. 1606/2002 of the European Parliament and European Council.

The consolidated accounts for the year ended December 31, 2007, which were prepared by the directors of the parent company on March 26, 2008, are pending approval at the General Shareholders' Meeting. It is expected that they will be approved without modification. The financial statements for 2007 for the Group's subsidiaries and associates are also pending approval at their respective shareholders' meetings. The consolidated financial statements have been prepared on a historical cost basis, except where the mandatory application of an IFRS required the corresponding restatement.

2. Use of judgments and estimates
The information contained in these financial statements is the responsibility of the Group's directors.

In the preparation of the consolidated financial statements, the Group's management has made some estimates regarding the assets, liabilities, revenues, expenses and commitments herein. These mainly relate to:

- The measurement of assets and goodwill for the existence of impairment losses (Notes 3f, 3g and 3h).
- The assumptions used in the actuarial estimation of pension and other post-employment benefits (Notes 3n and 20).
- The useful life of property, plant and equipment and intangible assets (Notes 3e and 3f).
- The assumptions used in estimating fair value of financial instruments (Note 3r).
- The probability that liabilities of an unspecified amount or contingent liabilities may arise (Note 3o).

Although these estimations are made based on the best information available at the balance sheet date, events may occur in the future that require adjustments (positive or negative) to be made prospectively in subsequent years. The effects of changes in estimates are recognized in the financial statements of the years in which they are made.

b) Comparability of information
For comparative purposes the Group has included together with the consolidated balance sheet, the consolidated income statement, the consolidated cash flow statement, the consolidated statement of changes in equity and the notes to the consolidated financial statements, in addition to the figures at December 31, 2007, those at December 31, 2006.

The changes in presentation in the data relating to the year ended December 31, 2006 in the 2007 consolidated financial statements with respect to those included in the 2006 consolidated financial statements were the following:

- To improve the presentation and harmonization of these financial statements, in 2007 certain commercial costs of the French pasta segment have been recognized as operating expenses rather than as a decrease in revenue (turnover). To facilitate comparison of the 2006 figures with those of 2007, the figures of the December 31, 2006 balance sheet have been modified by increasing the balance of "Revenues" by 3,418 thousand euros, decreasing "Consumption of goods and other external charges" by 2,991 thousand euros and increasing "Other operating expenses" by 6,409 thousand euros with respect to the figures included in the 2006 financial statements.

c) Changes in consolidation scope
The main changes in the consolidation scope in 2007 and 2006 and the consolidation method used are shown in Notes 4 and 5.

3. Significant accounting policies

The most significant accounting policies applied in the preparation of the consolidated financial statements were the following:

a) Consolidation principles

Subsidiaries
The consolidated financial statements include all the companies over which the Group has control. Control implies the power to establish financial and operating policies in order to profit from the company's activities.

Upon acquisition, the Group measures the company's assets, liabilities and contingent liabilities at fair value as at the acquisition date. If cost exceeds the fair value of the net assets acquired, the excess is recognized as goodwill. If the fair value of the net assets exceeds the cost, the excess is recognized directly in income. The results of companies acquired during the year are recognized in the income statement from the acquisition date.

The Group applies the following accounting treatment to additional acquisitions or sales of shares of subsidiaries in cases in which it does not lose effective control:

- Acquisitions of additional shares: the difference between the acquisition price and the book value of the minority interests is recorded as an increase in goodwill.
- Sales of shares without the loss of effective control: the difference between the sale price and the net book value of the share sold, including any corresponding goodwill, is recognized in the consolidated income statement.

Minority interests are stated at the acquisition date at the minority proportion of the fair value of the acquiree's assets and liabilities.

The financial statements of some subsidiaries are adjusted, when necessary, to harmonize the accounting criteria and policies established for the Group. All material intragroup transactions and balances have been eliminated on consolidation.

Associates

The Group's investments in associates (i.e. companies in which the Group has significant influence, but not control) and joint ventures are accounted for under the equity method of accounting. Under this method, investments in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of the net assets of the associate less any impairment losses. The consolidated income statement reflects the percentage interest in the after-tax results of the associate.

b) Translation differences

The individual financial statements of Group companies are presented in local currency. In the consolidated financial statements, assets and liabilities are translated to euros at the year-end exchange rate. Income statement headings are translated at the average exchange rate for the year. Issued capital, share premium and reserves carried at historical cost are reported using the exchange rate at the date of the transaction. Translation differences arising from investments in Group companies and associates are recognized as a separate component of equity.

Translation differences involving minority interests are recognized in "Equity attributable to minority interests."

Goodwill and fair value adjustments to the carrying amounts of the net assets arising on the acquisition of the foreign operation are treated as part of the assets and liabilities of that foreign operation and therefore translated at the closing rate.

On the sale or disposal of an investment in a Group company or associate, the accumulative amount of the exchange differences in these companies to the date of sale or disposal is recognized in the income statement.

c) Foreign currency translation

Transactions in foreign currency are translated to euros at the exchange rate ruling at the date of the transaction. All differences in the settlement of these transactions and in the measurement of monetary assets and liabilities denominated in foreign currency are taken to profit or loss.

d) Liquid assets

These include cash and cash equivalents, which primarily comprise certificates of deposit, short-term deposits, short-term marketable securities, short-term government bonds and other money market assets with an original maturity of three months or less. These assets are recognized at cost, which is similar to realizable value.

e) Property, plant and equipment

Property, plant and equipment are stated at the lower of:

- Purchase price or cost of production, less the corresponding accumulated depreciation and any impairment.
- The recoverable amount through the cash-generating unit to which the item belongs or through sales, capital gains or both.

In addition, certain assets (property, plant and equipment, and investment properties) are carried at the revalued amount, which is the fair value estimated by independent appraisers following the acquisition of subsidiaries or associates based on the measurement criteria explained in section a) above.

Property and plant are transferred to investment properties only when there has been a change in their use. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its carrying amount at the date of change of use is considered as its initial cost for accounting purposes. If the property occupied by the Group becomes a real estate investment, the Group recognizes it in keeping with the criteria applied to property, plant and equipment until the date of change of use.

Real estate investments are derecognized when they are disposed or retired permanently from use and no future economic benefit is expected from their disposal. Any gains or losses from the retirement or disposal of the asset are recognized in the consolidated income statement for the period in which that retirement or disposal occurred.

When factors indicating possible obsolescence of assets are detected, the corresponding write-down provisions are recorded.

Interest cost is not capitalized and is recognized in the consolidated income statement.

The costs of any extension, modernization or improvements that increase productivity, capacity or efficiency or prolong the useful life of the assets are capitalized as an increase in the cost of the corresponding assets. Maintenance and upkeep expenses are charged to the profit and loss account in the year in which they are incurred.

Depreciation is calculated by the straight-line method according to the estimated useful life of the respective assets, considering the depreciation actually suffered through operation, use and occupation, as indicated below. The residual value, useful life and amortization method for these assets is reviewed annually.

	Depreciation rate
Buildings	1.0 to 3.0%
Plant and machinery	2.0 to 20%
Other installations, tools and furniture	8 to 25%
Other	5.5 to 25%

Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item are capitalized at the present value of the remaining balance of the liability. Each lease payment includes principal and interest. Interest on leases is calculated at a fixed rate of the outstanding principal. Leased assets are amortized on a straight-line basis according to the useful life shown previously. Operating lease payments are expensed currently over the lease term.

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

Intangible assets are carried at acquisition or production cost and are tested and adjusted for impairment losses regularly (see Note h). In addition, when they can be deferred, their residual life, useful life and amortization method are reviewed annually. Intangible assets include:

- **Research and development expenses:** Development costs incurred for specific projects aimed at developing new products to be marketed or used for the Group's own organization whose future recoverability is reasonably certain are capitalized and amortized on a straight-line basis over the period during which it is expected that revenue will be obtained from the project upon completion.
  Future recoverability is reasonably assured when the Group can demonstrate the technical viability of completing the intangible asset in order to use it or sell it and how the asset will generate future economic benefits.
- **Concessions, patents and licenses:** Capitalized research and development expenses are stated as industrial property when the corresponding patents, etc. are obtained. New trademarks purchased by group companies from third parties are also included, at acquisition cost. On the basis of an analysis of all relevant factors, the Group has established that there is no foreseeable limit to the period during which the most significant brand names are expected to generate net cash flows for the entity, and consequently, those brand names are classified based on indefinite useful lives.
  However, the useful lives of the brand names are reviewed annually to determine whether their useful lives are finite or indefinite. If applicable, amortization is calculated based on their estimated useful lives, which vary from 10 to 20 years.
- **Software:** This heading includes the amounts paid for access to ownership or the right to use computer programs, as well as the costs incurred by the Company in the development of software, when these are expected to be used over several years. Software is amortized on a straight-line basis over the estimated useful life, generally three years. Software maintenance expenses are recorded directly in the year incurred.

g) Goodwill

Goodwill represents the excess of the cost of the acquisition of fully-consolidated subsidiaries over the fair value of the net assets acquired at the date of acquisition. The excess of the cost of investments in associates is recognized in the consolidated balance sheet under "Investments in associates" and the expense for potential impairment of this excess under "Share of profit (loss) of associates" in the consolidated income statement.

When new investments entail deferred payment, cost includes the present value of the outstanding balance. When the amount deferred may be affected by future events, the balance is estimated at the date of acquisition and recognized as a liability. Future changes in the deferred price lead to an adjustment to goodwill and the corresponding liability in that year.

Goodwill is not amortized, but is subject to annual impairment testing. Any impairment is recognized directly in the income statement and may not be reversed. Negative goodwill is recognized in profit and loss once the fair value of the net assets acquired is established.

On the sale or disposal of an investment in a Group company or associate, any goodwill allocated to the company is included in the gain or loss recognized from the sale or disposal.

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

The Group assesses the carrying amount each year of its assets to determine whether there is any indication that an asset may be impaired.

Where the carrying amount of the asset exceeds its realizable value, an impairment loss is recognized in the income statement and the asset is written down to its recoverable amount. An asset's recoverable amount is the higher of its fair value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount rate.

For potentially impaired assets that do not generate cash inflows that are independent of those from other assets, the impairment test is performed on the group of assets (cash-generating unit) to which it belongs.

The recoverable value of intangible assets with an indefinite useful life is assessed for impairment annually or whenever there is an indication that the intangible assets may be impaired. The reversal of impairment loss of an asset is recognized in the period consolidated income statement.

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

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

An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use and as a discontinued operation when the sale is like to occur in the short term (i.e. less than a year) and under the current conditions of the asset.

j) Financial assets (investments)

Financial assets are recognized (or derecognized) on the trade date and initially measured at fair value, which generally coincides with their acquisition cost, plus any attributable transaction costs.

Investments

Investment are recognized initially at fair value and classified as either available for sale or held for trading. Changes in the value of available-for-sale investments are taking directly to reserves until the investment is sold, at which time the cumulative gain or loss is included in the income statement. Changes in the value of assets classified as held for trading are always recognized in income.

Fair value is determined as follows:

1. Listed securities in an active market: Fair value is deemed to be the listed price at year end.
2. Unlisted securities in an active market: Fair value is obtained using technical valuations, which includes the discount of cash flows, option valuation models or comparable transaction references. When fair value cannot be reliably measured, these investments are recorded at cost.

Other loans and receivables

Other current and non-current non-trade receivables are carried at the amount received (amortized cost). Interest received is recorded as interest income in the year in which it is accrued, in accordance with financial criteria.

In general, non-trade current loans are not discounted.

k) Trade and other receivables

Trade and other receivables are recognized at the nominal amount which is similar to their amortized cost, less any allowance for uncollectible amounts.

The amount related to discounted bills in trade and other receivables and interest-bearing loans and borrowings (current financial liabilities) is recognized until maturity.

l) Inventories

Inventories are stated at purchase price or cost of production, using the average weighted value method.

The purchase cost includes the amount invoiced plus all additional expenses incurred until the assets reach the warehouse.

The cost of production is calculated as the sum of the purchase costs of raw materials and other consumables, the manufacturing costs directly attributable to the product and the corresponding part of the costs indirectly attributable to the products in question, insofar as they correspond to the production period.

In such cases where the purchase cost less the sales costs and less costs to be incurred to finish inventory production is lower than those indicated in the above paragraph, valuation adjustments are made, and impairment provisions are recorded.

m) Deferred income - Grants

Grants received by the Company are recorded according to the following principles:

1. Outright capital grants: Stated at the amount awarded and released to the income statement using the straight-line method over 10 years, which is approximately equivalent to the average period of depreciation of the assets financed with the grants. They are shown on the consolidated balance sheet under "Liabilities".
2. Operating grants: Credited to income upon accrual.

n) Pensions and other post-employment benefits

The Group operates a number of defined benefit and defined contribution plans. The cost of defined benefit plans are determined using the projected unit credit method.

The commitments for defined benefits are determined by independent actuarial experts, annually for significant plans and periodically for all others. The actuarial assumptions used to determine the commitments vary depending on the economic circumstances of each country.

The plans may be funded by an external fund and internally via reserves. For externally funded defined benefit plans, the negative difference between the fair value of the underlying assets and the actuarial value of the obligation is recognized fully in the income statement bearing in mind actuarial gains and losses and past service costs. The positive difference is only recognized in the balance sheet if it represents a future economic benefit either through redemption of the plan or a decrease in future contributions. Actuarial gains and losses mostly arise from changes in the actuarial assumptions or differences between the previous actuarial assumptions and what actually occurred, and are recognized in the income statement each year.

For these plans, the actuarial cost recognized in the income statement is the sum of the service cost for the current year, interest costs, the expected return on plan assets, past service costs and the related actuarial gains and losses.

Contributions to defined contribution plans are recognized in the income statement when the contribution is made.

Under the applicable collective labor agreement and based on voluntary agreements reached with employees, Azucarera Ebro, S.L., Ebro Puleva, S.A., Puleva Food, S.L, are obliged to pay various types of annual supplements and bonuses for length of service to certain employees. Where applicable, they are also required to pay retirement bonuses to permanent employees who retire early or at the legal retirement age.

The recorded provision represents the current value, based on actuarial studies conducted primarily by independent actuaries, of the future payment commitments of these companies with both retired and current employees.

In accordance with prevailing legislation, this provision has been externalized (see Note 20). From 2002, these companies are required to make any annual contributions to the externalized retirement funds necessary to adjust the potential commitments accrued at the end of each year. These adjustments do not have a significant impact on consolidated results.

Under the applicable collective labor agreement and based on voluntary agreements reached with its employees, the Riviana Group, the NWP Group and some European companies of the Ebro Puleva Group are obliged to pay various types of annual supplements and bonuses for length of service to certain employees. Where applicable, it is also required to pay retirement bonuses to its permanent employees who retire early or at the legal retirement age. The recorded provision represents the current value, based on actuarial studies conducted primarily by independent actuaries, of the future payment commitments with both retired and current employees, less the present value of the financial assets in which the funds are invested. Actuarial gains and losses are recognized in full in the income statement. These funds are independently managed by a Management Committee made up of employees, managers and third parties.

In addition, some Group companies grant certain employees retirement bonuses voluntarily of an unspecified amount. The amount of these is insignificant and is recognized as an expense when payment is made. Other Group companies either do not have similar obligations or the amount is insignificant.

o) Other provisions

Other provisions are recognized when the Group has a present obligation (either legal or contractual) as a result of a past event, if it is probable that an outflow of cash will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Group records provisions at the end of the year (at present value) to meet the estimated amounts of probable or certain liabilities arising from ongoing litigation or outstanding obligations.

If an outflow of cash is considered possible but not probable, the consolidated financial statements do not reflect any provision for this concept; however, a description of the risk is included in the notes to the consolidated financial statements.

Restructuring provisions are only recognized when a detailed formal plan is adopted for this purpose (e.g. identifying the operations involved, the locations affected, the function and number of employees to be compensated upon termination, the payments required and the date the plan will take effect) and when it is reasonably assured that the restructuring will be carried out (e.g. the plan has commenced or its main features have been announced). These provisions are not estimated merely on their legal framework but also based on their underlying economic reality.

p) Financial liabilities– interest-bearing loans and borrowings

Interest-bearing loans and borrowings maturing in less than 12 months from the balance sheet date are classified as current liabilities, while those with longer maturity periods are classified as non-current liabilities.

All loans and borrowing are recognized at the original consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost. Interest on the loans and borrowings and the related costs are taken to the income statement based on financial criteria.

q) Income taxes

Income tax expense is recognized in the consolidated income statement except when the tax is directly related to equity, in which case the tax is recognized accordingly in this caption.

Deferred income tax is determined using the liability method. According to this method, deferred income tax assets and liabilities are measured based on the temporary differences between the tax bases of assets and liabilities and their carrying amounts at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities relating to changes in equity are taken directly to equity. Deferred tax assets and liabilities are recognized only to the extent that it is probable that they will arise and adjusted subsequently if it is not probable that sufficient profits will be available.

Deferred tax liabilities related to investments in subsidiaries and associated companies are not recognized if the parent company is able to control the timing of the reversal and it is not probable in the foreseeable future.

r) Financial instruments

The Group uses derivative financial instruments to hedge its risks associated with interest rate and foreign currency fluctuation. Such derivatives, whether classified as hedges or not, are initially recognized at fair value. Fair value is considered to be market value for listed instruments or determined using option pricing models or discounted cash flow analysis for unlisted instruments. For the purposes of hedge accounting, the following criteria have been used:

- Cash flow hedges: The effective portion of the net gains or losses arising from the remeasurement to fair value directly in retained earnings (equity) until the transaction is entered into or expected to take place, at which time it is transferred to the income statement. The ineffective portion is recognized directly in profit or loss.
- Hedges of a net investment in foreign operations: Net gains or losses relating to the effective portion following the remeasurement to fair value are recognized directly in “Translation differences” and they are recognized in the consolidated income statement when the hedged investment is sold. The ineffective portion is recognized directly in profit or loss.
- Measurement of financial instruments not designated as hedges or that do not meet the criteria for hedge accounting: Gains or losses relating to the remeasurement to fair value are recognized directly in profit or loss.

s) Recognition of revenues

Income and expenses are recorded following the accruals principle. Ordinary revenue is recognized in the year when the gross economic benefits related to the Group’s ordinary activities flow to the Group, provided that any increase in equity is not related to the contributions by owners of this equity and the benefits can be measured reliably. Ordinary revenue is recognized at the fair value of the consideration received or receivable.

Revenue from the rendering of services is only recognized when it can be measured reliably and in accordance with the stage of completion of the service at the balance sheet date.

The Group does not include in ordinary revenues the gross economic benefits received by the Group when it acts as third-party agent or commission agent. In these cases, it only recognizes the ordinary revenue related to its business.

The exchange of assets or services that are not commercial are not regarded as a transaction that generates revenues.

The Group recognizes the net amount of purchase or sale contracts of non-financial assets settled in cash or another financial instruments. Contracts entered into or held with the aim of receiving or delivering these non-financial instruments are recognized in accordance with the terms of the purchase or sale contracts, or requirements of expected usage by the company.

Interest income is recognized on a time proportion basis of the outstanding principal and taking into account the effective yield.

t) Environmental issues

Environmental expenses are those incurred in connection with environmental activities carried out, or which should be carried out, to manage the environmental effects of the Group's operations, as well as those relating to environmental commitments.

Assets incorporated in the Group's equity in the long term for the primary purpose of minimizing the environmental impact of the Group's activities or protecting or improving the environment, including the reduction or elimination of future contamination caused by the Group's operations, are recorded as investments. For accounting purposes, these assets are recorded using the same criteria applied to property, plant and equipment.

u) CO_2 emission rights

The Group's policy is to record CO_2 emission rights as "Non-amortizable intangible assets." The rights received free under the corresponding National CO_2 Emission Rights Assignment Plans are valued at the market price prevailing when the deferred income for the same amount is received.

In 2007 and 2006 the Group received free emission rights equivalent to 640,753 and 640,753 tons, respectively, as per the national assignment plan approved in Spain. These plans also establish the assignment of free emission rights in 2008 equivalent to 516,940 tons.

The Company consumed 504,078 tons and 582,192 tons of emission rights in 2007 and 2006, respectively.

These rights are initially recorded at the market value as "Intangible assets" and "Deferred income" on the date on which the rights are received and are taken to "Other operating income" on the consolidated income statement as the CO_2 emissions which the rights are to cover are released.

As of 2005, companies that emit CO_2 in their operating activities must submit CO_2 emission rights equivalent to their CO_2 emissions in the early months of the following year.

The obligation to submit CO_2 emission rights for the CO_2 emissions during the year is recorded in "Other current liabilities," while the corresponding cost is recorded in "Consumption of goods and other external charges" in the consolidated profit and loss account. This obligation is valued at the same amount at which the CO_2 emissions rights submitted to cover CO_2 emissions are recorded under "Intangible assets" in the consolidated balance sheet.

If at the date of the consolidated balance sheet the Group does not have the CO_2 emission rights necessary to cover CO_2 emissions, the related cost and provision are recorded based on the Group's best estimate of the price that it would have to pay to acquire them. When a more adequate estimate does not exist, the estimated acquisition price of emission rights which the Group must acquire is the market price of these rights at the close of the consolidated financial statements.

At December 31, 2007 (2006) the provision included in the consolidated balance sheet for CO_2 emitted by the Group in 2007 (2006) amounted to 49 (7,997) thousand euros. Of this amount, 49 (7,727) thousand euros will be covered by the emission rights received from the corresponding emission assignment plans, and zero (70) thousand euros correspond to rights pending acquisition at December 31, 2007.

v) Treasury shares

The Entity's own equity instruments which are re-acquired (treasury shares) are deducted directly from equity. Gains and losses are not recognized on the consolidated income statement for purchases, sales, issue or cancellation of the Group's own equity instruments.

w) New IFRS and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)

The following IFRS and IFRIC interpretations as published were adopted effective for the year ended December 31, 2007:

Standards and amendments		Mandatory application: financial years beginning on or after
IFRS 7	*Financial Instruments: Disclosures*	January 1, 2007
Amendment to IAS 1	*Presentation of Financial Statements – Capital Disclosures*	January 1, 2007
Revised Guidance on Implementing IFRS 4		January 1, 2007
Interpretations		**Mandatory application: financial years beginning on or after**
IFRIC 7	*Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*	March 1, 2006
IFRIC 8	Scope of IFRS 2 Share-Based payment	May 1, 2006
IFRIC 9	*Reassessment of Embedded Derivatives*	June 1, 2006
IFRIC 10	*Interim Financial Reporting and Impairment*	November 1, 2006

The adoption of all the aforementioned standards, amendments and interpretations did not have a material impact on the financial position or consolidated results in the period of their initial application, although as a result new disclosures have been included in the accompanying consolidated financial statements.

At the date of preparation of the consolidated financial statements, the following IFRS and IFRIC interpretations have been published, but were not mandatory:

Standards and amendments		Mandatory application: financial years beginning on or after
Amendment to IAS 23 (a)	*Borrowing Costs*	January 1, 2009 (*)
Amendment to IAS 1 (a)	*Presentation of Financial Statements– Revised presentation*	January 1, 2009
Amendments to IAS 32 and IAS 1 (a)	*Puttable financial instruments and obligations arising on liquidation*	January 1, 2009
IFRS 3R (a)	*Business combinations*	July 1, 2009
IFRS 8	*Operating Segments*	January 1, 2009
Amendment to IAS 27 (a)	*Consolidated and individual financial statements*	July 1, 2009
Amendment to IAS 2 (a)	*Share-based payments – Vesting conditions and cancellations*	January 1, 2009
Interpretations		**Mandatory application: financial years beginning on or after**
IFRIC 11	*Group and Treasury Share Transactions*	March 1, 2007
IFRIC 12 (a)	*Service Concession Arrangements*	January 1, 2008
IFRIC 13 (a)	*Customer loyalty programs*	July 1, 2008
IFRIC 14 (a)	*IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction*	January 1, 2008

(*) Financial costs related to qualified capitalized assets as of January 1, 2009.
(a) Standards and interpretation not yet approved by the European Union

The Group estimates that the adoption of the aforementioned standards, amendments and interpretations will not have a material impact on the consolidated financial statements in the period of their initial application.

4. Subsidiaries and associates

Ebro Puleva, S.A.'s direct or indirect investments in Group subsidiaries and associates are the following:

Subsidiaries and associates	% Shareholding 12-31-07	12-31-06	Parent Company	Registered address	Activity
Azucarera Ebro S.L. (Group) (AE)	100.0%	100.0%	EP	Madrid (Spain)	Production and sale of sugar
Dosbio 2010, S.L	100.0%	100.0%	EP	Madrid (Spain)	Bioenergy
Fincas e Inversiones Ebro, S.A.	100.0%	100.0%	EP	Madrid (Spain)	Crop farming
Arotz Foods, S.A.	99.9%	99.9%	EP	Madrid (Spain)	Banana growing and canned vegetables
Puleva Food, S.L. (Group) (PF)	100.0%	100.0%	EP	Granada (Spain)	Production and sale of dairy products
Lactimilk, S.A. (Group) (LACT)	100.0%	100.0%	EP	La Coruña (Spain)	Production and sale of dairy products
Puleva Biotech, S.A. (Group) (PB) (c)	62.11%	63.80%	EP	Granada (Spain)	Development and marketing of new products
Jiloca Industrial, S.A.	100.0%	60.0%	EP	Teruel (Spain)	Production of organic fertilizer
Biocarburantes de C. y León, S.A. (b)	50.0%	50.0%	Dosbio/EP	Seville (Spain)	Production bioethanol
Beira Terrace Ltda.	100.0%	100.0%	EP	Porto (Portugal)	Real estate
Riviana Foods Inc (Group) (Riviana)	100.0%	100.0%	EP	Houston, Texas (USA)	Production and sale of rice
Panzani, SAS (Group) (Panzani)	100.0%	100.0%	EP	Lyon (France)	Production and sale of pasta and sauces
New World Pasta Comp. (Group) (NWP)	100.0%	100.0%	EP	Harrisburg (USA)	Production and sale of pasta and sauces
Birkel Teigwaren Gmbh (Birkel)	100.0%	0.0%	EP	Germany	Production and sale of pasta and sauces
Lince Insurance Ltd. (d)	100.0%	100.0%	EP	Dublin (Ireland)	Insurance
Agroteo, S.A.	73.0%	73.0%	AE	Benavente (Spain)	Services for farmers
Azucarera Energías, S.L.	60.0%	60.0%	AE	Madrid (Spain)	Electricity cogeneration
Unión Azucarera, A.I.E.	98.9%	98.9%	AE	Madrid (Spain)	Joint venture
Compañía de Melazas, S.A. (b)	50.0%	50.0%	AE	Madrid (Spain)	Sale of molasses
Sucran France, SAS	100.0%	100.0%	AE	Lyon (France)	Sale of sugar
Nueva Comercial Azucarera, S.A.	87.5%	100.0%	AE	Madrid (Spain)	Sale of sugar
Puleva Networks, S.A.	100.0%	100.0%	PF	Granada (Spain)	IT development and services
Puleva Salud, S.A.	91.25%	88.3%	PF	Granada (Spain)	Internet
Grelva, S.L.	100.0%	100.0%	PF	Granada (Spain)	Electricity cogeneration
Yofres, S.A.	100.0%	100.0%	PF	Granada (Spain)	Sale of fermented dairy products
Miguel Sancho Puleva, S.A.	100.0%	100.0%	PF	Granada (Spain)	Idle
Edda, S.A.	100.0%	100.0%	PF	Granada (Spain)	Idle
Uniasa, S.A.	100.0%	100.0%	PF	Granada (Spain)	Idle
Formalac, S.L.	100.0%	100.0%	PF	Granada (Spain)	Idle
Nutrilac, S.L.	100.0%	100.0%	PF	Granada (Spain)	Idle
Fundación Puleva	100.0%	100.0%	PF	Granada (Spain)	Foundation
JJ. Software de Medicina, S.A. (b)	26.8%	26.8%	PF	Madrid (Spain)	Sale of software
Castillo Castelló, S.A.	80.0%	80.0%	LACT	Lleida (Spain)	Sale of dairy products
Eurodairy, S.L.	100.0%	100.0%	LACT	Barcelona (Spain)	Sale of dairy products
Innovalact El Castillo, S.A.	100.0%	100.0%	LACT	Lleida (Spain)	Sale of dairy products
El Castillo Madibic, S.L.	50.0%	50.0%	LACT	Barcelona (Spain)	Sale and production of dairy products
Herba Foods S.L. (HF)	100.0%	100.0%	EP	Madrid (Spain)	Investment management
Herba Ricemills S.L (HR)	100.0%	100.0%	EP	Madrid (Spain)	Production and sale of rice
Herba Nutrición S.L (HN)	100.0%	100.0%	EP	Madrid (Spain)	Production and sale of rice
Fallera Nutrición, S. L.	100.0%	100.0%	HN	Valencia (Spain)	Production and sale of rice
S&B Herba Foods Ltd. (Group)	100.0%	100.0%	HF / R. Int.	London (UK)	Production and sale of rice
Herba Germany, GmbH	100.0%	100.0%	HF	Hamburg (Germany)	Patent holder
Riceland Magyarorszag	100.0%	100.0%	HF /EP	Budapest (Hungary)	Production and sale of rice
Danrice A.S.	100.0%	100.0%	HF	Orbaek (Denmark)	Production and sale of rice
Boost Nutrition C. V. (Boost)	100.0%	100.0%	HF / N.C.	Merksem (Belgium)	Production and sale of rice
Euryza	100.0%	100.0%	Boost	Germany	Production and sale of rice
Mundi Riso S.R.L.	100.0%	100.0%	HF	Vercelli (Italy)	Production and sale of rice
Herba Hellas, S.A.	75.0%	75.0%	HF	Thessalonica (Greece)	Production and sale of rice
Mundi Riz, S.A.	100.0%	100.0%	HF	Larache (Morocco)	Production and sale of rice
Agromeruan	100.0%	100.0%	HF	Larache (Morocco)	Farm land concessionaire
Rivera del Arroz S.A	100.0%	100.0%	HF	Larache (Morocco)	Production and sale of rice
Mundi Vap	100.0%	100.0%	HF	Larache (Morocco)	Production and sale of rice
Katania Magreb (b)	50.0%	50.0%	HF	Larache (Morocco)	Production and sale of legume
Arrozeíras Mundiarroz, S.A.	100.0%	100.0%	HF	Lisbon (Portugal)	Production and sale of rice

Subsidiaries and associates	% Shareholding 12-31-07	12-31-06	Parent Company	Registered address	Activity
Josep Heap Properties, Ltd.	100.0%	100.0%	HF	Líverpool (UK)	Investment management and administration
Risella OY	100.0%	100.0%	HF	Helsinki (Finland)	Sale of rice
Bosto Poland, S.L.	100.0%	100.0%	HF	Warsaw (Poland)	Sale of rice
Herba Bangkok	100.0%	100.0%	HF	Thailand	Production and sale of rice
Herba Egypt	100.0%	100.0%	HF	Egypt	Production and sale of rice
Herba Puerto Rico	100.0%	100.0%	HF	Puerto Rico	Sale of rice
Herba Ricemills Rom, SRL	100.0%	0.0%	HF	Romania	Sale of Rice
Herba Ukraine, LLC	100.0%	0.0%	HF	Kiev (Ukraine)	Sale of Rice
Nuratri, S.L.	100.0%	100.0%	HR	Granada (Spain)	Idle
Nutramas, S.L.	100.0%	100.0%	HR	Granada (Spain)	Idle
Nutrial, S.L.	100.0%	100.0%	HR	Granada (Spain)	Idle
Pronatur, S.L.	100.0%	100.0%	HR	Granada (Spain)	Idle
Vitasan, S.L.	100.0%	100.0%	HR	Granada (Spain)	Idle
Herto, N.V.	66.7%	66.7%	HF / N.C.	Idegem (Belgium)	Production and sale of rice
Riviana International Inc. (R. Int.)	100.0%	100.0%	Riviana	Houston (USA)	Investment management
Riviana Puerto Rico	100.0%	100.0%	R. Int.	San Juan (Puerto Rico)	Sale of rice
Ebro P. de Guatemala, S. A.	100.0%	100.0%	R. Int.	Guatemala	Production and sale of food
Ebro Puleva de Costa Rica S.A.	100.0%	100.0%	R. Int.	San José (Costa Rica)	Production and sale of food
Riveland, Inc (b)	50.0%	50.0%	Riviana	USA	Electricity cogeneration
South LaFourche, Inc (b)	50.0%	50.0%	Riviana	USA	Electricity cogeneration
Jonesboro Gasifier, Inc	100.0%	100.0%	Riviana	USA	Electricity cogeneration
Jonesboro Power Island, Inc	49.0%	49.0%	Riviana	USA	Electricity cogeneration
Stuttgart Power Island, Inc	51.0%	51.0%	Riviana	USA	Electricity cogeneration
N&C Boost N. V. (N.C. Boost)	100.0%	100.0%	R. Int.	Belgium	Investment management
Mahatma Foods Ltd Australia	100.0%	100.0%	Riviana	Australia	Idle
Lastarmco Inc. (Louisiana)	100.0%	100.0%	Riviana	Louisiana (USA)	Idle
River Brand Rice Mills Inc. (Texas)	100.0%	100.0%	Riviana	Texas (USA)	Idle
Arkansas State Rice Milling Co	100.0%	100.0%	Riviana	Delaware (USA)	Idle
Louisiana State Rice Milling Co	100.0%	100.0%	Riviana	Delaware (USA)	Idle
Lustucru Riz	99.8%	99.8%	Panzani	Lyon (France)	Being liquidated
Lustucru Frais	99.8%	99.8%	Panzani	Lyon (France)	Production and sale of fresh pasta
Ferico	99.9%	99.9%	Panzani	Lyon (France)	Production and sale of other pasta
Grands Moulins Maurel	99.8%	99.8%	Panzani	Lyon (France)	Production and sale of flour and semolina
Silo de la Madrague	100.0%	100.0%	Panzani	Lyon (France)	Production and sale of flour and semolina
Rizerie Franco Americaine et Col, S.A	100.0%	100.0%	Panzani	Paris (France)	Production and sale of rice
Siepa (a)	98.1%	98.1 %	Panzani	Lyon (France)	Idle and being liquidated
Sociadore (a)	100.0%	100.0%	Panzani	Lyon (France)	Farming
Alp'imprim (a)	100.0%	100.0%	Panzani	Lyon (France)	Printing
Ronzoni Pty.	100.0%	100.0%	NWP	Montreal (Canada)	Production and sale of pasta and sauces
Mowe Teigwaren Gmbh	100.0%	0.0%	Birkel	Waren (Germany)	Production and sale of pasta and sauces

(a) Companies not consolidated because they are in the process of being liquidated and/or are idle or make a negligible contribution to the Group (insignificant aggregate weight on the consolidated Group)
(b) Companies consolidated using the equity method.
(c) The directors of the parent company consider Ebro Puleva, S.A.'s 62.11% direct control (vs. 63.80% in 2006,) over Puleva Biotech, S.A. as treasury shares. Therefore, the full consolidation method has been applied to Puleva Biotech, S.A.
(d) Although it is a share in a subsidiary it is consolidated using the equity method. The effect of consolidating it using the full consolidation method would not be material (Note 13).

None of the subsidiaries or associates is listed on the stock exchange, except for Puleva Biotech, S.A., whose shares are listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges. All of the shares comprising said company's share capital are listed. The shares were first listed on December 17, 2001 and the average listing in the last quarter of 2007 (2006) and at December 31, 2007 (2006) was 2.35 (2.55) and 2.12 (2.33), euros per share, respectively.

The financial statements of all companies included in the consolidation scope are those corresponding to December 31.

5. Corporate transactions performed during the year 2007 and 2006 and their effect on the basis for comparison

5.1. Internal transactions in 2006

In September 2006, Ebro Puleva, S.A. sold its entire share in Rizerie Franco Americaine et Col., S.A. (another subsidiary also wholly owned by Ebro Puleva) to its subsidiary Panzani SAS.

In November 2006, Ebro Puleva, S.A. sold to Central American Group companies (subsidiaries wholly owned by Riviana Foods Inc.) a share of the American company Riviana Foods, Inc. However, the Ebro Puleva Group continues to hold 100% of Riviana, Inc. since the aforementioned 25% share of Riviana was sold by Ebro Puleva, S.A. to two Central American companies which, in turn, have sold their business to a third party outside the Group (see Note 5.3), but which continue to be wholly owned subsidiaries of Riviana Foods, Inc.

5.2. 2007 internal transactions

Non-monetary contribution of the shares of Bicarburantes de Castilla y León, S.A. to Dosbio 2010, S.L. through the capital increase of Dosbio 2010, S.L., fully subscribed by Ebro Puleva, S.A. with the non-monetary contribution of its entire share (50% of share capital) in Biocarburantes de Castilla y León, S.A.. For tax purposes, this transaction was filed under the special tax scheme for non-monetary contributions in Chapter VIII, Title VII of the revised Spanish Corporation Tax Law, approved by Legislative Royal Decree 4/2004, dated March 5.

No other significant internal transactions took place in 2007.

5.3. External corporate transactions carried out in 2006 and 2007 which affect the basis of comparison - Changes in the consolidation scope

In 2007 there were changes to the consolidation scope in addition to those described in point 5.1 above, the most significant of which were the following:

COMPANIES ADDED IN 2006 TO THE CONSOLIDATION SCOPE			
Company affected	Sub-group	%	Comments
New World Pasta (NWP USA) (Group)	Pasta USA	100,0	Acquired by Ebro Puleva
Herba Tailandia (Tailand)	Rice	100,0	Newly-formed company
Herba Egipto (Egypt)	Rice	100,0	Newly-formed company
Herba Puerto Rico	Rice	100,0	Newly-formed company
Nueva Comercial Azucarera, S.A.	Sugar	100,0	Newly-formed company
Agromeruan (Morocco)	Rice	100,0	Acquired by Herba Foods
Rivera del Arroz (Morocco)	Rice	100,0	Acquired by Herba Foods

COMPANIES REMOVED IN 2006 FROM THE CONSOLIDATION SCOPE			
Company affected	Sub-group	%	Comments
Catesa Foods, S.L. and subsidiaries Interjardin, S.L. y SAT Tejinaste	Catesa	100,0	Sale of share
Puleva Biotech, S.A.	Parent company	13,43	Sale of share
SCI Bidassoa	Parent company	100,0	Liquidated
Leyma Alimentación, S.A.	Dairy	100,0	Liquidated
Sale to third parties of the businesses of Pozuelo, S.A. (Costa Rica) and Kern, S.A. (Guatemala) and of its subsidiaries Rivianade Centroamérica, S.A., Distribuidora Tropical, S.A. and de Riviana de Panamá, S.A.	Riviana América	100,0	Sale to third parties of the businesses of Pozuelo and Kern, but the companies continue to exists and are wholly owned subsidiaries of Riviana Inc. (USA).

Based on the above chart, the transactions having the most significant impact on the comparability of the consolidated financial statements are the acquisition of the US NWP Group and the sale to third parties of the businesses of Pozuelo, S.A. and Kern, S.A. The following breakdown reflects inclusion in and removal from the consolidation scope in 2006:

Thousands of euros	Total	Date of inclusion 06-01-2006 Purchase of 100% of NWP	Date of removal 07-31-2006 Sale of Pozuelo and Kern businesses
Intangible assets	60,096	71,870	(11,774)
Property, plant and equipment	42,040	72,340	(30,300)
Investments in associates	0	0	0
Financial assets	(37)	4	(41)
Goodwill	106,800	132,188	(25,388)
Deferred tax assets	6,212	8,227	(2,015)
Other non-current assets	0	0	0
Inventories	8,476	20,884	(12,408)
Other current assets	6,053	20,439	(14,386)
Total assets	229,640	325,952	(96,312)
Equity	293,434	286,989	6,445
Equity attributable to minority interests	0	0	0
Provisions for pensions and other post-employment benefits	1,323	6,436	(5,113)
Other provisions	0	0	0
Non-current financial liabilities	0	0	0
Other non-current liabilities	0	0	0
Deferred tax liabilities	(7,745)	0	(7,745)
Current financial liabilities	(84)	1,936	(2,020)
Trade payables	7,615	11,839	(4,224)
Other current liabilities	16,388	18,752	(2,364)
Total equity and liabilities	310,931	325,952	(15,021)
Carrying amount of net assets acquired		60,760	
Difference between carrying amount of net assets and their fair value		94,041	
Goodwill		132,188	
Total investment		286,989	
Financed with financial liabilities		286,989	
Total investment		286,989	
Net cash acquired from the subsidiary		(599)	
Revenues (*)		149,222	
Profit (loss) contributed (*)		13,964	

(*) From the date of inclusion in the Group. Results and estimated income for all of 2006 would have been 24 million and 240 million euros, respectively.

In 2007 there were changes to the consolidation scope in addition to those described in point 5.2 above, the most significant of which were the following:

COMPANIES ADDED IN 2007 TO THE CONSOLIDATION SCOPE

Company affected	Subgroup	%	Comments
Birkel Teigwaren Gmbh (German group)	Pasta	100,0	Acquired by Ebro Puleva
Jiloca Industrial, S.A.	Other	40%	Acquired by Ebro Puleva
Herba Rumanía	Rice	100%	Formation of the Company
Herba Ucrania	Rice	100%	Formation of the Company
Puleva Salud, S.A.	Dairy products	2,95%	Additional acquisition of this %

COMPANIES REMOVED IN 2007 FROM CONSOLIDATION SCOPE

Company affected	Subgroup	%	Comments
Nueva Comercial Azucarera, S.A.	Sugar	12,5%	New shareholders
Sociadore, SAS	France	100%	Sale of share
Puleva Biotech, S.A.	Other	1,69%	Shares sold on the stock exchange

Based on the above chart, the companies removed in 2007 did not have a significant impact on the comparability with 2006. The most significant impact on the 2007 consolidated financial statements was the acquisition of the Birkel Group. The following chart shows the effects of its incorporation to the consolidation scope in 2007. However, it must be pointed out that the process of assigning the acquisition cost of the Birkel Group to assets and liabilities is still underway and consequently, the accounting entries listed below are provisional and may be modified prior to the final closing of this process.

Thousand of euros	Date of inclusion 10-01-2007 Purchase of 100% of BIRKEL
Intangible assets	13,816
Property, plant and equipment	27,609
Investments in associates	0
Financial assets	6
Goodwill	0
Deferred tax assets	257
Other non-current assets	0
Inventories	7,325
Other current assets	18,941
Total assets	67,954
Equity	20,534
Equity attributable to minority interests	0
Provisions for pensions and other post-employment benefits	3,737
Other provisions	0
Non-current financial liabilities	18,449
Other non-current liabilities	0
Deferred tax liabilities	6,567
Current financial liabilities	1,207
Trade payables	15,575
Other current liabilities	1,885
Total equity and liabilities	67,954
Carrying amount of net assets acquired	5,210
Difference between carrying amount of net assets and their fair value	15,324
Goodwill	0
Total investment	20,534
Financed with Financial liabilities	20,534
Total investment	20,534
Net cash acquired from the subsidiary	(17,857)
Revenues (*)	21,235
Profit (loss) contributed (*)	(4,469)

(*) Sice date of inclusion in Group. The estimated 2007 whole-year profit/loss and revenues would have been (10.5) and 92 million euro, respectively.

6. Segment information

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Ebro Puleva Group is divided into the following business lines and/or activities:

- Rice business
- Pasta business
- Dairy business
- Sugar business
- Other business lines and/or activities

These business lines and/or activities provide the basis for the Group's segment reporting. The financial information pertaining to segments is shown in the breakdown at the end of Note 6.

Rice business

Herba Group: This unit is specialized in activities pertaining to the rice business. We are the top ranked rice producer in Europe and one of the leading rice groups worldwide. Through our modern production facilities and sales networks, we do business in more than 60 countries.

Our trademark portfolio includes the most successful and widely recognized brand names on the market, making us a rice Group with a multi-brand strategy.

In addition, we are the largest supplier of rice for Europe's leading food companies:

- Beverages
- Industrial rice
- Baby foods: cereals, formula, etc.
- Pre-cooked foods: non-refrigerated, dehydrated and frozen food products
- Animal feed

Through the Herba Group, we are the leading producers of rice for both direct and industrial consumption in Spain (Herba Nutrición) and part of Europe (Herba Foods).

Riviana Group: This unit is specialized in activities pertaining to the rice business in the US through Riviana Inc., the largest rice company in the U.S.

Riviana is the leading seller of rice in 19 of the 20 largest consumer markets in the U.S. Through its robust distribution network, the company markets its products under several brands, including "Mahatma," the top selling brand of the last 10 years.

Pasta business

Panzani Group & Birkel Group (France): This unit is specialized in pasta and sauces. The French Panzani Group is the leader in France in pastas, rice, semolina and sauces. The German Group is the leader in the pasta sector of the German market.

It is the national leader in rice, through two brands: Lustucru, for conventional rice, and Taureau Ailé, for exotic rice.

In sauces for pasta, 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 added-value offer to consumers. It is a leading company in Belgium and the Czech Republic.

In semolina, Panzani is the country's number two player through its Regia and Ferrero brands. The German Group operates in the pasta sector with the brand names of Birkel and 3Glocken.

NWP Group (North America): New World Pasta is a leading company in the dry pasta sector in the United States and Canada with an extensive, solid and complementary portfolio of brand names with respective market shares of 28.5% and 40.9%.

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

Dairy business

This unit is devoted to the dairy product business. We are one of Spain's leading producers of milk as well as other dairy products, including milk drinks, cream, butter and yogurt.

Puleva's strategy is based on three pillars: R&D, as a differentiating factor in technology; positioning in the functional food market; and the promotion of brand awareness by linking Puleva to quality, health and well-being. Through Puleva Food, we are the undisputed market leaders in milk products with added nutrients and we have increased our market share in milk drinks.

Sugar business

This unit encompasses all of the Group's businesses directly linked to the sugar activity (e.g. production and marketing of sugar, alcohol and byproducts). We are the largest producer of white and brown cane sugar in Spain and the sixth largest in Europe.

Through Azucarera Ebro, we are the leading sugar manufacturer in Spain, with a market share of over 60% of sugar produced and sold for both household and industrial use.

In addition to sugar, we also produce alcohol, for which we have two distilleries.

Other business lines and/or activities

The other main business lines and/or activities are:

Puleva Biotech

This unit is devoted to biotechnology, i.e. the development and sale of new products based on natural substances having positive effects on consumer health. These products can improve the quality of life for the general population by reducing the incidence of certain illnesses.

R&D projects are thus pillars for creating value. The ultimate aim of our R&D projects is to make us the number one producer of natural products for the functional and pharmaceutical food market.

Property Management (GDP)

This unit specializes in managing the Group's real estate assets not used in industrial operations (i.e. investment properties). It controls all of the Group's investment properties, analyzing their current status and reducing costs, disposing of buildings not used for industrial activities and taking the necessary managerial measures to ensure that buildings are in saleable condition prior to sale.

Dosbio 2010, S.L.

This company is wholly owned by the Ebro Puleva Group and will unite all of the Group's energy-producing assets. Dosbio 2010 was formed with a dual purpose:

- To facilitate the reform of the rice business, due to the EU CMO sugar reform which provides incentives for ceasing to grow beets which would reduce the production capacity of the sugar industry in Spain, with the subsequent impact on beet farming, the sugar industry and auxiliary services.
- Give form and visibility to our energy business through products including biofuels.

Dosbio 2010 currently operates 9 cogeneration plants which produce 315,000 MWh of electrical power and also holds a 50% share in the bioethanol plant of Biocarburantes de Castilla y León.

Criteria for distribution among business segments and/or activities

The restructuring and reorganization processes carried out by the Group in recent years have enabled us to streamline each of the principal business lines, facilitating management and decision-making, and improving financial control. Consequently, consolidated revenues, expenses, assets and liabilities are distributed among business segments based on the segments to which they actually correspond. It has not been necessary to establish criteria for distributing inter-segment revenues and expenses or assets and liabilities.

In this regard, although the structure of property, plant and equipment and fixed non-financial liabilities, and current assets and liabilities corresponds to the individual needs of each business or activity, it should be pointed out that the financial structure of the accompanying balance sheets by segments was prepared using internal financial management criteria based on Group criteria.

Inter-segment transactions

Although inter-segment transactions are not significant in terms of the total consolidated figures, transactions among the various business units have been included to determine each unit's revenues, expenses and results. These transactions are recognized at market prices applied to similar merchandise invoiced to the Group's external clients and have been eliminated on consolidation.

6.1. Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers by geographical segments are based on the location of the customer. The above descriptions of each of the Group's business segments have already partly indicated the geographical locations in which each segment operates.

The summary of the Group's businesses and/or activities by geographical areas is the following.

- Spain – the sugar, diary and rice business of Herba
- Rest de Europe – primarily the rice businesses of Herba, Panzani and Birkel.
- America – Riviana's business and NWP.
- Rest of the World – primarily the rice business of Herba plus part of sugar exports, plus Panzani.

The distribution of assets and revenues by geographical area is shown in the following table (no indication is given of the origin of production):

2006					
Geographical area	Spain	Europe	America	RoW	Total
Segment revenues	1,234,186	766,059	411,586	105,915	2,517,746
Inter-segment sales					(65,534)
Total revenues	1,234,186	766,059	411,586	105,915	2,452,212
Intangible assets	23,383	102,653	160,711	4,018	290,765
Property, plant and equipment	566,755	211,430	148,954	11,383	938,522
Other assets	836,069	787,336	492,432	18,591	2,134,428
Total assets	1,426,207	1,101,419	802,097	33,992	3,363,715
Acquisition of property, plant and equipment	45,118	18,269	234,335	4,754	302,476

2007					
Geographical area	Spain	Europe	America	RoW	Total
Segment revenues	1,233188	923,989	544,671	74,338	2,776,186
Inter-segment sales					(91,144)
Total revenues	1,233,188	923,989	544,671	74,338	2,685,042
Intangible assets	20,075	120,767	140,587	7,671	289,100
Property, plant and equipment	432,079	233,478	109,138	25,351	800,046
Other assets	927,102	849,187	443,137	66,924	2,286,350
Total assets	1,379,256	1,203,432	692,862	99,946	3,375,496
Acquisitions of property, plant and equipment	46,544	23,295	14,235	8,016	92,090

6.2. Business segments

The following tables present revenue and profit and certain asset and liability information from continuing operations (see Note 7 on discontinued operations) regarding the Group's business segments for the years ended December 31, 2007 and 2006.

SEGMENT INFORMATION

Ebro Puleva Group (Thousands of euros)	Consolidated total		Rice Business		Pasta Business	
Balance sheet	12-31-07	12-31-06	12-31-07	12-31-06	12-31-07	12-31-06
Intangible assets	289,100	290,765	108,592	114,343	160,558	153,299
Property, plant and equipment	800,046	938,522	186,237	198,429	240,156	225,232
Investment properties	14,506	12,426	1,147	1,238	741	872
Financial assets	186,015	43,462	3,133	6,682	984	6,524
Investments in associates	16,067	23,684	27,125	26,581	3,776	4,209
Deferred tax assets	73,107	80,578	11,936	13,156	6,997	7,620
Goodwill	806,546	849,037	227,038	251,988	525,187	542,476
Other non-current assets	49	59	0	7	14	0
Receivables from Group companies	0	0	23,164	34,069	35,530	10,476
Other current assets	1,190,060	1,125,182	322,037	304,106	336,394	261,139
Total assets	3,375,496	3,363,715	910,409	950,599	1,310,337	1,211,847
Equity	1,222,238	1,212,442	448,068	449,487	801,196	771,000
Deferred income	14,299	17,226	4,383	3,451	0	0
Provisions for pensions and other post-employment benefits	35,386	37,376	6,400	9,990	17,908	15,704
Other provisions	189,094	159,850	177	708	7,924	9,963
Current and non-current financial liabilities	1,088,796	1,221,375	231,530	297,556	127,139	71,729
Other non-financial payables	178	371	178	371	0	0
Deferred tax liabilities	140,031	102,763	35,102	32,193	57,929	50,843
Payables to Group companies	0	0	43,980	33,181	78,437	109,541
Other current liabilities	685,474	612,312	140,591	123,662	219,804	183,067
Total equity and liabilities	3,375,496	3,363,715	910,409	950,599	1,310,337	1,211,847
Payments on investments in the year	92,090	302,476	24,257	249,922	24,921	19,970
Capital employed	1,675,831	1,654,931	498,237	462,702	478,785	361,120
ROCE	12.4	12.8	15.1	11.1	13.9	18.4
Gearing	94.0%	88,1%				
Average number of employees	7.226	6,784				
Per share data						
Number of shares	153,865,392	153,865,392				
Market cap at December 31	1,929,472	2,954,216				
EPS	0.59	1.17				
Dividend per share	0.36	0.36				
Underlying carrying amount per share	7.79	7.72				

(a) Includes 12 months' activity by NWP Group and 3 months' activity by Birkel Group.

(b) Includes only 7 months' activity by NWP Group and none of Birkel Group.

SEGMENT INFORMATION

Ebro Puleva Group (Thousands of euros)	Consolidated total		Rice Business		Pasta Business	
Balance sheet	12-31-07	12-31-06	12-31-07	12-31-06	12-31-07 (a)	12-31-06 (b)
Sales to external customers	2,685,042	2,452,212	739,222	674,159	759,585	583,739
Inter-segment sales			31,906	22,496	15,651	12,400
Total revenues	2,685,042	2,452,212	771,128	696,655	775,236	596,139
Changes in inventories	(44,609)	(33,297)	7,067	17,329	3,855	(1,166)
Capitalized expenses of Company work on assets	4,141	3,337	24	19	21	76
Other operating revenues	57,280	142,124	5,951	4,648	14,820	13,388
Consumption of goods and other external charges	(1,525,508)	(1,362,381)	(429,595)	(402,882)	(398,429)	(265,370)
Employee benefits expense	(320,586)	(310,141)	(86,245)	(91,807)	(111,283)	(94,335)
Depreciation and amortization	(99,000)	(94,789)	(20,897)	(19,975)	(30,176)	(25,686)
Other operating expenses	(550,018)	(546,318)	(173,146)	(163,266)	(197,333)	(159,290)
operating profit	206,742	250,747	74,287	40,721	56,711	63,756
Net finance revenue (cost)	(69,888)	(48,600)	(18,514)	(5,806)	(8,149)	(5,014)
Impairment of goodwill	(8,186)	(381)	0	0	(7,805)	0
Share of profit (loss) of associates	(4,413)	(1,667)	1,721	1,719	(2,500)	0
profit before tax	124,255	200,099	57,494	36,634	38,257	58,742

BUSINESS SEGMENTS

Dairy Business		Sugar Business		EP Holding		Other businesses and consol. adjustments	
12-31-07	12-31-06	12-31-07	12-31-06	12-31-07	12-31-06	12-31-07	12-31-06
7,961	10,023	2,068	8,816	9,175	4,283	746	1
113,337	115,882	224,696	366,981	9,153	11,738	26,467	20,260
88	92	0	0	9,681	6,824	2,849	3,400
6,010	9,956	166,304	15,411	1,793,998	1,780,887	(1,784,414)	(1,775,998)
0	0	129	210	1	1	(14,964)	(7,317)
5,601	5,632	34,922	39,436	11,272	12,166	2,379	2,568
54,193	54,573	0	0	0	0	128	0
0	0	0	0	0	0	35	52
97,596	13,407	190,326	143,513	88,606	129,805	(435,222)	(331,270)
129,724	141,567	351,542	368,506	38,919	35,849	11,444	14,015
414,510	351,132	969,987	942,873	1,960,805	1,981,553	(2,190,552)	(2,074,289)
275,363	262,948	480,297	467,430	929,343	959,238	(1,712,029)	(1,697,661)
8,611	11,103	846	2,223	0	0	459	449
0	0	10,786	11,401	140	281	152	0
1,081	1,286	174,214	143,916	3,986	2,265	1,712	1,712
20,224	566	62,947	86,094	646,156	764,382	800	1,048
0	0	0	0	0	0	0	0
1,076	1,369	5,648	7,023	40,276	398	0	10,937
32,967	23,597	1,294	7,338	331,329	219,081	(488,007)	(392,738)
75,188	50,263	233,955	217,448	9,575	35,908	6,361	1,964
414,510	351,132	969,987	942,873	1,960,805	1,981,553	(2,190,552)	(2,074,289)
19,447	12,974	16,828	18,880	1,270	400		
196,938	223,511	463,933	543,599	20,160	16,031		
19.1	18.0	10.4	11.9	189	108.4		

BUSINESS SEGMENTS

Dairy Business		Sugar Business		EP Holding		Other businesses and consol. adjustments	
12-31-07	12-31-06	12-31-07	12-31-06	12-31-07	12-31-06	12-31-07	12-31-06
526,163	502,785	649,644	682,184	53,574	31,758	(43,146)	(22,413)
1,326	1,355	4,009	4,827	303	554	(53,195)	(41,632)
527,489	504,140	653,653	687,011	53,877	32,312	(96,341)	(64,045)
16,647	(298)	(71,670)	(48,160)	0	0	(508)	(1,002)
2,432	2,070	1,664	1,172	0	0	0	0
5,642	5,702	17,923	25,654	13,918	127,955	(974)	(35,223)
(365,498)	(325,015)	(382,727)	(411,089)	0	0	50,741	41,975
(49,016)	(47,812)	(59,535)	(63,255)	(7,604)	(8,358)	(6,903)	(4,574)
(15,492)	(15,284)	(31,768)	(32,137)	(265)	(303)	(402)	(1,404)
(85,825)	(85,406)	(84,375)	(127,352)	(25,511)	(12,065)	16,172	1,061
36,379	38,097	43,165	31,844	34,415	139,541	(38,215)	(63,212)
1,860	(183)	(2,580)	(4,407)	4,024	1,870	(46,529)	(35,060)
(381)	(381)	0	0	0	0	0	0
0	0	56	2	0	0	(3,690)	(3,388)
37,858	37,533	40,641	27,439	38,439	141,411	(88,434)	(101,660)

7. Discontinued operations

In May 2006 the Group announced the sale of its businesses in Central America, which are managed through the subsidiaries of the Riviana de Pozuelo Group in Costa Rica and Kern in Guatemala. The businesses sold pertained to the juice, cookie and other similar markets and were part of América Riviana's global businesses. The information on the effects of the sale of these businesses on the consolidated balance sheet is provided in Note 5.3. Likewise included in this note is the information on the results of these businesses, which during the first seven months of 2006 were presented as discontinued operations, as explained below:

Thousands of euros	
Aggregate profit by discontinued operations	4,605
Capital gain generated in the sale of businesses	77,452
Translation differences reversed to the income statement due to sale of Businesses	(6,512)
Tax impact of the sale of the investment	(15,961)
	59,584
Minority interests	**(4,794)**
	54,790

In the first seven months of 2006, the summary of income and expenses for these businesses (reclassified for comparative purposes with 2005 to "Gains (loss) on discontinued operations" in the consolidated income statement).

Thousands of euros	2006-7 months
Revenues (sales)	55,785
Other operating revenues	70,940
	126,725
Consumption of goods and other expenses	27,319
Employee benefits expense	9,698
Depreciation and amortization	1,758
External services	11,150
Other operating expenses	331
	50,256
Operating result	**76,469**
Net finance costs	(30)
Financial result	**(30)**
Profit before tax	**76,439**
Income taxes	(16,855)
Loss for the period	**59,584**
Minority interests	(4,794)
Net loss attributable to equity holders of EP Group	**54,790**

In November 2005, a preliminary agreement was signed for the sale of 100% of Catesa Foods, S.L. to a company outside the Group. Consequently, at December 31, 2005 the investment in Catesa Foods, S.L. was recognized under "Non-current assets held for sale". The investment was sold for 30 million euros, producing a capital gain of 15.7 million euros, recognized in the consolidated income statement for 2006 as "Other operating income from proceeds on sales of investments in companies" (Note 8).

8. Other revenues and expenses

8.1. Other operating revenues

	2007	2006
Government grants (operating and capital grants)	8,553	7,810
Income from CO_2 emission rights	2,877	7,997
Ancillary income	16,028	13,378
Net gains on disposal of property, plant and equipment	7,409	9,471
Proceeds on disposal of investment properties	912	44,144
Proceeds on sale of investments in companies	7,656	33,665
Reversal of provisions	4,900	18,985
Other revenues	**8,945**	**6,674**
Commitments with employees: premiums and release of provisions	1,618	1,883
Insurance settlements	1,202	0
Recovery of amounts paid in respect of tax assessments	1,587	1,188
Income from litigation (recovery of provisions)	3,891	3,281
Other minor revenues	647	322
	57,280	**142,124**

8.2. Other operating expenses

	2007	2006
External services	(409,516)	(375,527)
Advertising costs	(83,711)	(67,207)
Research and development costs	(7,464)	(4,354)
CO_2 emission rights expenses	(2,877)	(7,997)
Taxes (other than income tax)	(15,696)	(18,883)
Losses on the disposal of property, plant and equipment	(6,673)	(21,394)
Other expenses and provisions	**(24,081)**	**(50,956)**
Provisions for litigation and court cases	(3,243)	(2,267)
Tax assessments paid	(2,141)	(2,072)
Sugar business restructuring (CMO)	(167,743)	(42,108)
EU aid for CMO sugar	156,315	14,986
Industrial restructuring of other businesses	(3,056)	(15,704)
Other minor expenses	(4,213)	(3,791)
	(550,018)	**(546,318)**

8.3. Finance revenue and costs

	2007	2006
Finance costs		
Payables to third parties	(69,620)	(54,749)
Tax assessment signed in agreement	0	(3,508)
Financial restatement of provisions for litigation	(4,331)	(3,899)
Losses on disposal of financial assets and liabilities	(16)	0
Impairment of financial assets	(2,503)	(2,155)
Expenses-losses on financial derivative instruments	(1,285)	(1)
Exchange losses	(9,470)	(3,732)
	(87,225)	**(68,044)**
Finance revenue		
Income from investments	7,632	6,658
Gains on disposal of financial assets and liabilities	26	2,253
Reversal of write-downs of financial assets	1,179	1,956
Income-profit on financial derivative instruments	14	185
Exchange-rate gains	8,486	8,392
	17,337	**19,444**
Net finance cost	**(69,888)**	**(48,600)**

8.4. Employee benefits expense

	2007	2006
Wages and salaries	(241,097)	(235,679)
Other welfare charges	(20,698)	(19,135)
Social security costs, et. al.	(54,416)	(52,341)
Termination benefits	(147)	(106)
Post-employment benefits other than pensions	(4,228)	(2,880)
	(320,586)	(310,141)

The average and year-end number of employees of Group companies in 2007 and 2006 (taking into account changes in the consolidation scope) is as follows:

2006					
	Men		Women		
Average	Permanent	Temporary	Permanent	Temporary	Total
Management	214	0	50	0	264
Middle management	550	24	216	21	811
Administrative staff	682	20	489	24	1,215
Auxiliary staff	63	19	61	36	179
Sales	688	11	166	2	867
Other personnel	2,416	486	455	91	3,448
Total	4,613	560	1,437	174	6,784

2007					
	Men		Women		
Average	Permanent	Temporary	Permanent	Temporary	Total
Management	214	0	55	0	269
Middle management	532	19	205	19	775
Administrative staff	699	32	510	27	1,268
Auxiliary staff	94	15	62	27	198
Sales	706	14	169	11	900
Other personnel	2,476	747	503	90	3,816
Total	4,721	827	1,504	174	7,226

2006					
	Men		Women		
Number at year end	Permanent	Temporary	Permanent	Temporary	Total
Management	213	1	49	0	263
Middle management	540	41	205	26	812
Administrative staff	689	31	387	28	1,135
Auxiliary staff	61	19	66	38	184
Sales	615	13	161	5	794
Other personnel	2,477	577	444	126	3,624
Total	4,595	682	1,312	223	6,812

2007					
	Men		Women		
Number at year end	Permanent	Temporary	Permanent	Temporary	Total
Management	212	0	59	0	271
Middle management	523	27	207	30	787
Administrative staff	684	39	511	26	1,260
Auxiliary staff	94	17	68	34	213
Sales	600	12	167	10	789
Other personnel	2,453	670	494	143	3,760
Total	4,566	765	4,506	243	7,080

9. Intangible Assets

The breakdown of movements in intangible assets and accumulated amortization at December 31, 2007 and 2006 is the following (thousands of euros):

Net amounts	Development expenses	Patents and licenses	Software	CO_2 emission rights	Intangible assets in progress	Total
Balance at December 31, 2005	3,547	150,489	8,453	6	1,943	164,438
Balance at December 31, 2006	3,574	268,861	8,522	9,290	518	290,765
Balance at December 31, 2007	2,772	271,411	12,669	95	2,153	289,100

Gross amounts	Development expenses	Patents and licenses	Software	CO_2 emission rights	Intangible assets in progress	Total
Balance at December 31, 2005	6,459	163,224	29,561	6	1,943	201,193
Business combinations	356	58,822	1,259			60,437
Increases	1,531	69,775	1,667	10,672	426	84,071
Decreases		(98)	(2,293)	(1,388)	(1,425)	(5,204)
Translation differences		(9,917)	(307)			(10,224)
Transfers		61	365		(426)	0
Balance at December 31, 2006	8,346	281,867	30,252	9,290	518	330,273
Business combinations	23	13,428	365			13,816
Increases	51	172	6,932	1,992	1,635	10,782
Decreases	(2,328)	(109)	(1,398)	(11,187)		(15,022)
Translation differences	(1)	(15,675)	(661)			(16,337)
Transfers	78	(6)	1,169			1,24
Balance at December 31, 2007	6,169	279,677	36,659	95	2,153	324,753

Accumulated amortization and impairment	Development expenses	Patents and licenses	Software	CO_2 emission rights	Intangible assets in progress	Total
Balance at December 31, 2005	(2,912)	(12,735)	(21,108)	0	0	(36,755)
Business combinations	(80)		22			(58)
Increases in the year	(1,780)	(109)	(3,344)			(5,233)
Decreases in the year			2,179			2,179
Translation differences		(2)	178			176
Transfers		(160)	343			183
Balance at December 31, 2006	(4,772)	(13,006)	(21,730)	0	0	(39,508)
Business combinations						0
Increases in the year	(846)	(242)	(3.909)			(4,997)
Decreases in the year	2,309	4,958	1,775			9,042
Translation differences		24	268			292
Transfers	(88)		(394)			(482)
Balance at December 31, 2007	(3,397)	(8,266)	(23,990)	0	0	(35,653)

The patents and licenses included in intangible assets have either been acquired directly or through business combinations. Virtually all these intangibles were considered to have an indefinite life and the cost model was used for their measurement. In 2007 and 2006, impairment tests were performed on the main intangible assets, with the values allocated to the following cash-generating units:

- 4,000 (4,000) thousand euros of licenses to the Risella (Finland) cash-generating unit as part of the Rice business – Herba segment.
- 16,532 (16,532) thousand euros of licenses to the cash-generating unit of the Rice business – Herba segment.
- 182,515 (92,233) thousand euros in brand names to the cash-generating unit of the Riviana US Rice business.
- 183,607 (83,607) thousand euros of licenses to the cash-generating unit of the Pasta Business – Panzani segment.
- 19,150 (4,250) thousand euros of licenses to the Puleva Infantil cash-generating unit as part of the Dairy business segment.

- 161,497 (67,438) thousand euros in brand names to the cash-generating unit of the NWP US Pasta business segment.
- 113,816 thousand euros in brand names to the cash-generating unit of the Birkel European Pasta business segment.

The recoverable amount of these licenses or the cash-generating unit to which they are allocated has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period. The discount rates applied to cash flow projections ranged from 4.5 to 13.5% according to the area for each license or cash-generating unit and cash flows beyond the 5-year period are extrapolated using a growth rate equal to the long-term average growth rate for the corresponding unit, which generally ranges from 1.5% to 2.0% depending on the business.

Movements in the year

In 2006 The Ebro Puleva Group incorporated the brand names of the American NWP Group, acquired effective June 1, 2006, as were the US Minute Rice brand names acquired in October 2006. In 2007 the brand names of the German Birkel Group were incorporated, acquired effective October 1, 2007. In 2007 a large investment effort was made in software to adapt the U.S. subsidiaries' computers to the systems that the Group normally uses.

In 2006, the decreases are due primarily to the sale of the Central American businesses and their brand names (the Riviana segment). In 2007, with the exception of decreases in CO2 emission rights, the only significant decreases are fully amortized development expenses.

Consequently, at December 31, 2007, the caption under "Intangible assets" relating to brand names includes principally:

- The brand names acquired in 2003 and 2004 (Reis Fit, Puleva Infantil and Risella).
- The brand names of the Riviana Group incorporated in 2004 (primarily this group's principal brand names).
- The brand names of the Panzani Group incorporated in 2005 (the four principal brand names).
- Those of the NWP Group incorporated in 2006 (the eight primary brand names).
- The US Minute Rice rice brands, adquired in October 2006.
- The two brands in the German Birkel Group acquired in 2007.

The charges and, if applicable, credits for these intangible assets to the income statements in 2007 (2006) were 4,996 (5,060) thousand euros in amortization and zero (173) thousand euros for impairment and zero (1,425) thousand euros in losses on write-offs of work in progress, and a credit of 4,900 (zero) thousand euros in reversal of impairment provision for one of the brands given that its value was recovered through the excellent performance of its products on the market.

10. Property, plant and equipment

The breakdown of the movement and accumulated depreciation of property, plant and equipment at December 31, 2007 and 2006 are the following (thousands of euros):

Net amounts	Land	Buildings	Plant and Machinery	Other installations, tools and Furniture	Other plant and equipment	Work in progress	Total
Balance at December 31, 2005	93,254	231,791	559,744	20,316	12,938	43,695	961,738
Balance at December 31, 2006	101,223	242,408	547,284	19,260	9,329	19,018	938,522
Balance at December 31, 2007	99,331	203,717	444,207	21,826	6,956	24,009	800,046

Gross amounts	Land	Buildings	Plant and Machinery	Other installations, tools and Furniture	Other plant and equipment	Work in progress	Total
Balance at December 31, 2005	93,436	366,331	1,323,471	46,828	31,416	43,695	1,905,177
Business combinations	4,817	9,437	19,747	796	115	4,874	39,786
Additions in the year	7,842	16,199	83,314	2,472	2,388	(28,568)	83,647
Disposals	(3,544)	(14,491)	(75,944)	(1,679)	(2,549)	0	(98,207)
Translation differences	(1,568)	(3,901)	(11,603)	(27)	5	(656)	(17,750)
Transfers	240	12,739	(8,685)	(2,075)	(2,213)	(5)	1
Balance at December 31, 2006	101,223	386,314	1,330,300	46,315	29,162	19,340	1,912,654
Business combinations	2,231	5,144	19,015	1,219	0	0	27,609
Additions	1,372	10,201	61,035	3,484	1,480	5,311	82,883
Disposals	(1,139)	(9,637)	(31,202)	(1,378)	(1.607)	0	(44,963)
Translation differences	(1,456)	(4,161)	(11,957)	(143)	(157)	(320)	(18,194)
Transfers	(2,900)	(361)	(75)	986	(988)	0	(3,338)
Balance at December 31, 2007	99,331	387,500	1,367,116	50,483	27,890	24,331	1,956,651

Accumulated depreciation and impairment	Land	Buildings	Plant and Machinery	Other installations, tools and Furniture	Other plant and equipment	Work in progress	Total
Balance at December 31, 2005	(182)	(134,540)	(763,727)	(26,512)	(18,478)	0	(943,439)
Business combinations	0	(310)	4,195	(37)	(70)	0	3,778
Additions	(1,214)	(16,079)	(97,725)	(3,420)	(3,017)	(322)	(121,777)
Disposals	0	8,128	73,956	1,676	1,778	0	85,538
Translation differences	0	377	1,651	(2)	(13)	0	2,013
Transfers	1,396	(1,482)	(1,366)	1,240	(33)	0	(245)
Balance at December 31, 2006	0	143,906	(738,016)	(27,055)	(19,833)	(322)	(974,132)
Business combinations	0	0	0	0	0	0	0
Additions	0	(46,001)	(165,345)	(3,770)	(2,565)	0	(217,681)
Disposals	0	5,180	23,853	1,249	1,141	0	31,423
Translation differences	0	667	3,339	72	60	0	4,138
Transfers	0	277	(1,740)	847	263	0	(353)
Balance at December 31, 2007	0	(183,783)	(922,909)	(28,657)	(20,934)	(322)	(1,156,605)

The Group has a policy of taking out all the insurance policies considered necessary to cover any risks that may affect its property, plant and equipment.

Movements in the year

"Work in progress" and "Other plant and equipment" include amounts relating to projects aimed at manufacturing new products, as well as improving the overall quality of industrial processes and environmental conditions.

The decreases in 2006 relate almost entirely to the disposal of properties related to the sales of the parent company's headquarters, the headquarters of the sugar business and the La Coruña dairy plant. However, the majority of decreases in 2006 correspond to disposals relating primarily to the upgrading of technical installations of the various businesses or the shutdown of the manufacturing operations including the Ciudad Real sugar plant, the rice grinding factory and the steamed rice production lines in Abbeville (USA) and Vercille (Italy) and the pasta factory in Nanterre (France). Disposals in 2007 are due to the sale of assets in the sugar business, the dairy factory in Leon, the Fericó pasta factory in France, and other minor disinvestments.

Government grants have been received in 2006 and in previous years in connection with investments made by various Group companies. The amounts of these grants are detailed in Note 19.

Depreciation and/or impairment recognized in the 2007 (2006) income statement for these assets were 93,956 (91,380) thousand euros in accumulated depreciation and 123,725 (30,397) thousand euros in impairment. It should be noted that the aforementioned amount for 2006 depreciation includes 1,758 thousand euros corresponding to the assets of the Central American businesses which were sold off, the related income and expenses of which were reclassified to "Discontinued operations." (see Note 7). Of the impairment allowance in 2007, 122,618 thousand euros correspond the effect of restructuring the sugar business (see Note 21).

Irrespective of the above, there are no items of property, plant and equipment of significant value that are not used in operations.

11. Investment properties

The breakdown of movements in "Investment properties" for the consolidated Group at December 2007 and 2006 and the accumulated depreciation and impairment for each year are the following (thousands of euros):

Net amounts	Land	Buildings	Total
Balance at December 31, 2005	3,168	9,057	12,225
Balance at December 31, 2006	3,043	9,383	12,426
Balance at December 31, 2007	5,659	8,847	14,506

	Gross amounts			Accumulated depreciation and impairment		
	Land	Buildings	Total	Land	Buildings	Total
Balance at December 31, 2005	3,360	15,183	18,543	(192)	(6,126)	(6,318)
Business combinations		(18)	(18)		8	8
Additions		601	601		(106)	(106)
Disposals	(317)	(1,589)	(1,906)	192	1,464	1,656
Translation differences		10	10		(44)	(44)
Transfers			0			0
Balance at January 1, 2006	3,043	14,187	17,230	0	(4,804)	(4,804)
Business combinations			0			
Additions	43	374	417		(192)	(192)
Disposals	(320)	(840)	(1,160)		166	166
Translation differences		(82)	(82)			0
Transfers	2,893	(847)	2,046		885	885
Balance at January 1, 2007	5,659	12,792	18,451	0	(3,945)	(3,945)

Investment properties are stated at cost. For informational purposes, the fair value of the main investment properties amounts to between 50 and 80 million euros. The fair values of most of the investment properties have been determined based on valuations performed by independent experts during the last three years. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with International Valuation Standards.

The depreciation allowance in 2007 (2006) amounts to 48 (106) thousand euros and the impairment allowance is 144 (zero) thousand euros.

The decreases correspond to sales of buildings to third parties. In this regard, one of the sale contracts, which was signed at the end of 2006 and which generated a capital gain of 28 million euros before taxes, was contingent upon the signing of an urban agreement with the Town Hall of Alagón (Zaragoza). This agreement was approved at the Town Hall meeting on November 30, 2006. The agreement was signed in January 2007.

In addition, under the terms of the sale contract for the land in Alagón, once the urban agreement is approved and signed, it must be ratified by the competent body of the Autonomous Community of Aragón, pending prior approval of the specific modification to the urban development plan which occurred in November 2007. The parent company's directors consider that the agreement will be approved in the short term. In January 2007, the Company provided bank guarantees amounting to 6 million euros to ensure the potential refund of collections received from the buyers of the land.

12. Financial assets

The breakdown of this balance sheet heading at December 31, 2007 and 2006 is the following (in thousands of euros):

	12-31-07	12-31-06
Assets held for trading:		
Other financial assets	89	91
	89	91
Investments held to maturity:		
Guarantees and deposits	3,668	6,482
Bank loans and credit facilities		
Loans and receivables from associates	6,610	8,918
Loans and receivables from third parties	175,648	27,971
	182,258	36,889
Total Financial Assets	186,015	43,462

Loans and receivables from associates

At December 31, 2007 (2006) a participative loan granted in 2004 to the associated company Biocarburantes de Castilla y León, S.A. remained outstanding. This loan is for 2,946 (2,804) thousand euros, which includes 690 (548) thousand euros in capitalized interest as the main principal of the loan. No maturity date has been established for this loan, which bears interest at Euribor plus 2 points.

The remaining balance corresponds to loans granted to the companies of the Panzani Group, the majority of which are being liquidated. These loans were granted at an interest rate linked to Euribor. They were partially recovered in 2007 and the rest will be recovered in 2008 and/or 2009 (in two approximately equal amounts).

Loans and receivables from third parties

The balance of loans and receivables from third parties at December 31, 2007 (2006) mainly comprises:

- 5,451 (17,571) thousand euros from the Puleva Food and Herba groups (finance loans made to livestock raisers and farmers).
- Non-current loans of 1,142 (1,142) thousand euros, for the sale of land belonging to the parent company (guaranteed by a mortgage on the land sold).
- 7,831 (14,986) thousand euros in restructuring aid for the sugar sector (2005 CMO) granted in 2006 as a result of the shutdown of the Ciudad Real sugar plant and the termination of the production quota formerly assigned to said plant.
- 156,315 thousand euros from the indemnity allowance for the termination of the additional production quota, presented at the end of 2007, for restructuring the sugar sector in keeping with the 2007 modification (see Note 21).

Of these balances, 175,136 (26,848) thousand euros are denominated in euros, 509 (1,075) thousand euros in US dollars and the remainder in Moroccan dirhams.

These loans mature as of 2008, with 14,454 thousand euros in 2008, 43,076 thousand in 2009, 86,327 thousand in 2010 and 31,217 thousand in 2011. The remaining 574 thousand euros mature as of 2012.

Guarantees and deposits

The most significant balance in this heading, 2,431 (5,402) thousand euros, 3,578 (7,114) thousand US dollars, relates to a deposit made through a trust company to third parties to guarantee compliance with contractual clauses to cover guarantees given to the buyer in the process of selling the Costa Rican subsidiary's rice business in 2006. This type of guarantee is common in transactions of this nature and covers potential contingencies that could materialize with respect to the business sold when the cause of such contingencies arises prior to the sale or within the first three years as of the date of the sale (up to August 10, 2009). 60% of this deposit was released in August of 2007 (this part has been surrendered), 30% in August of 2008, and the remaining in August of 2009. The parent company does not expect that any difficulties will arise with respect to the recovery of this deposit.

13. Investments in associates

The movements in this heading in 2007 and 2006 (in thousands of euros) are the following:

Associate	Balance at 12-31-2005	Increases (acquisitions)	Decreases (disposals)	Dividends paid	Profit (loss) for the year	Translation differences	Other movements	Balance at 12-31-2006
Biocarburantes de Castilla León, S.A.	14,900	1,400			(2,756)		700	14,244
Lince Insurance, Ltd.	2,952				(631)			2,321
Associates of Riviana Foods Inc.	3,307			(2,162)	1,719	(190)		2,674
Associates of Azucarera	134	100			2		(26)	210
Associates of Herba	0	23			(1)		4	26
Associates of Panzani being liquidated	4,263						(54)	4,209
	25,556	1,523	0	(2,162)	(1,667)	(190)	624	23,684

Associate	Balance at 12-31-2006	Increases (acquisitions)	Decreases (disposals)	Dividends paid	Profit (loss) for the year	Translation differences	Other movements	Balance at 12-31-2007
Biocarburantes de Castilla León, S.A.	14,244				(4,963)			9,281
Lince Insurance, Ltd.	2,321				1,273			3,594
Associates of Riviana Foods Inc.	2,674	0	0	(1,797)	1,721	(277)	0	2,321
Associates of Azucarera	210				56		(94)	172
Associates of Herba	26	65				(2)		89
Associates of Panzani being liquidated	4,209	2,740	(3,839)		(2,500)			610
	23,684	2,805	(3,839)	(1,797)	(4,413)	(279)	(94)	16,067

Except for Biocarburantes de Castilla y León, S.A. (see Notes 12, 26 and 27.2 for additional information on this company), none of these companies has significant financial liabilities and/or guarantees of significant amounts granted by the Ebro Puleva Group.

The Group owns 100% of Lince Insurance, Ltd., but consolidates it under the equity method as its full consolidation would not have a significant impact on the Group's accounts. In any event, the main assets and liabilities of this company are the following:

	12-31-07	12-31-06
Lince Insurance, Ltd.		
Current assets	354	295
Liquid assets	4,789	4,590
Provisions (insurance)	(1,477)	(2,397)
Current liabilities	(72)	(167)
Net assets	**3,594**	**2,321**
Total revenues	1,880	1,742
Profit (loss) for the year	1,273	(631)

14. Goodwill

The movement in this heading in 2007 and 2006 is the following (in thousands of euros):

Segment	Cash-generating unit	Balance at 12-31-2005	Increases (acquisitions)	Decreases (disposals)	Decreases (impairment)	Translation differences	Balance at 12-31-2006
Rice business-Herba	Danrice (Denmark)	14,524					14,524
Rice business-Herba	Vogan (England)	1,764				36	1,800
Rice business-Herba	Riceland (Hungary)	2,126					2,126
Rice business-Herba	Steve & Brotherton (England)	611					611
Rice business-Herba	Mundiriz (Morocco)	0	2,971				2,971
Dairy business	Puleva Food	53,754					53,754
Dairy business	Lactimilk, S.L.	1,199			(381)		818
America business-Riviana	Central America business	28,572		(25,388)		(3,184)	0
America business-Riviana	Riviana Group	100,847				(10,516)	90,331
America business-Riviana	Minute Rice	0	144,829			(5,204)	139,625
Pasta business-Panzani	Panzani Group	417,449					417,449
Pasta business-America	Group NWP	0	132,188		(7,160)	125,028	
		620,846	**279,988**	**(25,388)**	**(381)**	**(26,028)**	**849,037**

Segment	Cash-generating unit	Balance at 12-31-2006	Increases (acquisitions)	Decreases (disposals)	Decreases (impairment)	Translation differences	Balance at 12-31-2007
Rice business-Herba	Danrice (Denmark)	14,524					14,524
Rice business-Herba	Vogan (England)	1,800				(362)	1,438
Rice business-Herba	Riceland (Hungary)	2,126					2,126
Rice business-Herba	Steve & Brotherton (England)	611					611
Rice business-Herba	Mundiriz (Morocco)	2,971				(359)	2,612
Dairy business	Puleva Food	53,754					53,754
Dairy business	Lactimilk, S.L.	818			(381)		437
America business-Riviana	Riviana Group	90,331				(9,518)	80,813
America business-Riviana	Minute Rice	139,625				(14,711)	124,914
Pasta business-Panzani	Panzani Group	417,449					417,449
Pasta business-America	Group NWP	125,028			(7,805)	(9,484)	107,739
Others	Jiloca, S.A.	0	129				129
		849,037	**129**	**0**	**(8,186)**	**(34,434)**	**806,546**

The variations in 2006 relating to the acquisition of the NWP Group and the sale of the Central American businesses are explained in Note 5.3, which describes the variations in the consolidation scope. The increase in 2006 relating to the purchase of the Minute Rice brand name is due to the portion of the price paid in acquiring this intangible asset that was assigned to goodwill. In 2007, no business combinations took place that generated goodwill, except for the purchase of an additional 40% in the subsidiary Jiloca, S.A..

The goodwill was acquired through business combinations. At December 31, 2007 and 2006, impairment tests had been performed on the main assets, with the values allocated to the cash-generating units shown in the preceding table. The recoverable amount of the cash-generating unit to which the goodwill is allocated has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period.

The discount rates applied to cash flow projections ranged from 4.5 to 13.5% according to the area in which each license or cash-generating unit is operated and cash flows beyond the 5-year period are extrapolated using a growth rate equal to the long-term average growth rate for the corresponding unit, which, in general is between 1% and 2.2%, depending on the unit.

15. Inventories

The breakdown of this heading at December 31, 2007 and 2006 is the following (in thousands of euros):

	Amount	
Item	12-31-07	12-31-06
Commercial	15,468	10,259
Raw materials	103,402	77,868
Consumables and spare parts	13,824	12,729
Containers	16,267	16,036
Work in Progress	50,541	25,090
Finished goods	286,808	295,703
By-products and waste	13,233	21,125
Advance payments to suppliers	10,238	18,766
Total gross inventories	509,781	477,576
Write-down of inventories	(3,830)	(3,449)
Total net inventories	505,951	474,127

Of the balance of "Advance payments to suppliers" in the balance sheet at December 31, 2007 (2006), 7,006 (13,941) thousand euros corresponds to payment made to rice growers. At year end, the Group had firm commitments to purchase 14,413 (23,885) thousand euros of paddy rice. In addition, the Riviana Group had commitments to sell products amounting to 26,730 (18,800) thousand euros.

16. Trade and other receivables

The breakdown of this heading at December 31, 2007 and 2006 is the following (in thousands of euros):

	Amount	
	12-31-07	12-31-06
Trade receivables	467,490	476,905
Receivable from associates	324	466
Other receivables	39,496	42,159
Provisions	(13,551)	(13,287)
	493,759	506,243

For terms and conditions applied to related party receivables, refer to Note 27. Trade receivables are non-interest bearing and are generally on 30-90 days' terms.

17. Cash and short-term deposits

The breakdown of this heading at December 31, 2007 and 2006 is the following (in thousands of euros):

	Amount	
Concept	12-31-07	12-31-06
Cash at banks and in hand	49,194	34,252
Short-term deposits and equivalents	45,405	40,818
	94,599	75,070

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents at December 31, 2007 (2006) is 94,599 (75,070) thousand euros.

Group companies have invested their surplus cash in repos and similar instruments during the year to increase profitability. All these investments are denominated in euros except a small portion in US dollars. The average annual return on these investments in the year was around 3.5% (2.5%).

18. Share capital and reserves, earnings per share and dividends

Shareholders' equity

Issued capital

At December 31, 2007 and 2006 share capital consisted of 153,865,392 bearer shares with a nominal value of 0.60 euros each, fully subscribed and paid and listed on Spanish stock exchanges.

According to data (the most recent data available), the total direct and indirect equity investment in Ebro Puleva, S.A. of companies owning more than 5% of Ebro Puleva S.A.'s share capital at December 31, 2007 (2006) are: Instituto Hispánico del Arroz, S.A. 15.259% (12.399%), 8.535% (7.399%) directly and 6.724% (5%) indirectly through Hispafoods Invest, S.L.- Alimentos y Aceites, S.A., 8.446% (8.446%), Casa Grande de Cartagena, S.L. 6.724% (5.00%), Caja de Ahorros de Salamanca y Soria, 6.01% (6.01%), Caja España Group, 5.037% (5.037%), Bestinver Gestion, S.A., S.G.I.I.C., 5.930% (0%) and Corporación Económica DAMM, S.A. 5.011% (5.011%).

Share Premium

With regard to the share premium, the revised text of Spanish Corporation Law expressly states that the Company may use this account to increase share capital, and does not stipulate any specific restriction with regard to how it is to be used.

Restricted reserves

Companies that obtain profits during the year are obliged to transfer 10% of the net profit for the year to the legal reserve, until said reserve is equivalent to 20% of the capital. Except in the event of dissolution, this reserve may not be distributed, but may be used to offset losses, provided that there are no other reserves available for this purpose, and to increase capital in the amount by which it exceeds 10% of the increased capital.

With regard to restrictions on the reserves of subsidiaries, there are legal reserves of Spanish subsidiaries at December 31, 2007 (2006) amounting to 24,8 (26,5) million euros, to which the regulation described in the above paragraph for the parent company is applicable. The portion of these reserves resulting from the consolidation process is included in the reserves of consolidated companies.

Equity includes 38,531 (38,531) thousand euros corresponding to Herba Foods S.L. The distribution of profits depends on the corresponding income tax. For this purpose, the Group considers tax incurred once the distribution has been agreed. The Group does not envisage such distribution in the short or medium term.

Revaluation reserve

In addition and as a result of revaluations of assets recorded by Sociedad General Azucarera de España, S.A. and by Puleva, S.A. by virtue of Royal Decree Law 7/96, dated June 7, "Revaluation reserves" were recorded amounting to 22,606 thousand euros (19,437 thousand euros of which are included in "Reserves in fully-consolidated companies").

This balance may be applied, tax free, to eliminate book losses, from previous years or the current period, or to offset any that may arise in the future and for capital increases. As from April 1, 2007 it may be transferred to freely distributable reserves, provided that the capital gain has been realized. The capital gain will be deemed realized in the part corresponding to the amortization made or when the restated assets have been transferred or written off the accounting records. If the balance of this account were to be used otherwise than as established in Royal Decree-Law 7/1996, it would become taxable.

Translation differences – Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effects of hedging net investments in foreign operations.

The breakdown by company of translation differences at December 31, 2007 and 2006 is the following (in thousands of euros):

	12-31-07	12-31-06
Companies of the Rice business segment	(3,133)	(384)
RIVIANA Group	(24,088)	(21,148)
NWP Group	(18,741)	(10,255)
Total	(45,962)	(31,787)

Treasury shares

In 2006, the Company purchased and sold shares as authorized by the shareholders in their general meeting held on April 5, 2006. These transactions were communicated to the National Securities Market Commission as required by prevailing regulations. In the year it bought 80,000 and sold 80,000 of its own shares. The Company ended 2006 with 231 treasury shares, representing 0.0002% of share capital. At that time the Company had not yet decided on the final use of these shares.

The Company also bought and sold treasury shares in 2007, as authorized by the shareholders in their general meeting held on April 18, 2007. These transactions were communicated to the National Securities Market Commission as required by prevailing regulations. In the year it bought 1,141,851 and sold 420,427 of its own shares. The Company ended 2007 with 721,655 treasury shares, representing 0.469% of share capital. At that time the Company had not yet decided on the final use of these shares.

18.2. Earnings per share

Earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the average number of ordinary shares outstanding in the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after deducting interest on the convertible non-cumulative redeemable preference shares — Ebro Puleva, S.A. did not have such shares at December 31, 2007 and 2006 —) by the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential financial instruments into ordinary shares. Ebro Puleva, S.A., did not have such financial instruments at December 31, 2007 and 2006.

The following reflects the income and share data used in the basic and diluted earnings per share computation:

	12-31-2007	12-31-2006
Net profit attributable to ordinary equity holders of the parent from continuing operations	90,577	120,779
Loss attributable to ordinary equity holders of the parent from discontinued operations	0	59,584
Net profit attributable to ordinary equity holders of the parent	**90,577**	**180,363**
Interest on convertible non-cumulative redeemable preference shares	0	0
Net profit attributable to ordinary equity holders of the parent from adjusted for the effect of convertible preference shares	**90,577**	**180,363**

Thousand euros	2007	2006
Weighted average number of ordinary shares for earnings per share (*)	153,576	153,865
Effect of dilution:		
Share options	0	0
Redeemable preference shares	0	0
Weighted average number of ordinary shares adjusted for the effect of dilution	153,576	153,865

(*) taking into account the average number of ordinary shares during the year.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

18.3. Dividends

	2007	2006
Declared and paid during the year (thousand euros):		
Equity dividends on ordinary shares:		
Final dividend for 2006: 36 cents (2005: 34 cents)	55,391	52,314
First dividend for 2007: 0 cents (2006: 0 cents)	0	0
	55,391	**52,314**
Proposed for approval at General Shareholders' Meeting (not recognized as a liability as at December 31)		
Equity dividends on ordinary shares:		
Final dividend for 2007: 36 cents (2006: 36 cents)	55,391	55,391

19. Deferred income

This heading mainly includes government grants and the deliveries recived of emission's right of CO_2. The breakdown of the movement in 2007 and 2006 is the following:

	Government grants		Other deferred income		Total	
	12-31-07	12-31-06	12-31-07	12-31-06	12-31-07	12-31-06
At January 1	16,044	15,514	1,182	447	17,226	15,961
Grants cancelled	(2,200)	(37)			(2,200)	(37)
Grants received	2,004	5,136			2,004	5,136
CO_2 emission rights			1,995	9,355	1,995	9,355
Other increases/decreases			(372)	(92)	(372)	(92)
Transfers to other accounts	(310)	301	301	(301)	(9)	0
Released to the income statement	1,401	(4,870)	(2,944)	(8,227)	(4,345)	13,097
At December 31	14,137	16,044	162	1,182	14,299	17,226

The balance at December 31, 2007 and 2006 corresponds to official government grants awarded to various group companies for certain investment projects in property, plant and equipment (to date, these companies have met all the requirements for receiving those grants) and the value assigned to the CO2 emissions rights received from state CO2 emission rights assignment plans and other less significant items.

The breakdown of the balance of grants by maturities is the following:

	Pending release to the income statement			
Capital grants	< 1 year	2-5 years	> 5 years	Total
Composition of final balance by maturity	2,390	8,876	2,871	14,137

20. Pensions and other post-employment benefits

The movements in this heading in the Group during the year were the following (in thousands of euros):

	12-31-07	12-31-06
Balances at January 1	37,376	38,846
Translation differences	(1,278)	(944)
Business combinations	3,737	1,323
Application and payments	(9,410)	(6,514)
Overprovision taken to the income statement	(1,618)	(1,883)
Allocation to finance revenue	1,204	2,904
Allocation to profit	4,228	3,644
Allocation to other operating expenses	1,147	0
Balance at December 31	35,386	37,376

The breakdown by company is the following (in thousands of euros):

	12-31-07	12-31-06
Azucarera Ebro, S.L.	10,786	11,401
Herba Group companies	5,797	7,555
Riviana Group companies	603	2,435
Panzani Group companies	8,979	9,607
NWP Group companies	5,239	6,097
Birkel Group	3,690	0
Dosbio 2010, S.L.	152	0
Ebro Puleva, S.A.	140	281
Total	35,386	37,376

The summary of the types of commitments by company and by segment is the following:

	Defined contribution pension plan commitments	Defined benefit plan commitments	Other defined benefit plan commitments	Retirement bonuses	Seniority bonuses	Dismissal or retirement benefits
Azucarera Ebro, S.L.	Yes (a)			Yes (b)	Yes (b)	
Ebro Puleva, S.A.	Yes (a)				Yes (b)	
Dosbio 2010, S.L.					Yes (b)	
Puleva Group Food				Yes (a)		
Riviana Group USA		Yes (c)	Yes (c)			
NWP Group (USA and Canada)		Yes (c)	Yes (c)			
Panzani Group (France)				Yes (b)	Yes (b)	
Boost (Herba) (Belgium)	Yes (d) 2007	Yes (d) 2006				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)		Si (b)		Si (b)		

(a) Externalized commitments covered by an insurance policy (the company is liable for the CPI increase). These commitments were originally defined benefit plans; however, following externalization they meet the minimum requirements for being considered defined contribution plans.

(b) These commitments have not been externalized. They are provided for and managed internally.

(c) These commitments are managed externally. The related investments are managed by the Directors' Committee, which is independent of Company management.

(d) These become defined contribution plan commitments as of 2007.

(e) As of 2007, all active personnel have defined contribution plan commitments, whereas retired employees have defined benefit commitments.

Below is a description of the most significant commitments in terms of their relative importance and/or those which envelope specific circumstances that must be disclosed.

20.1. Ebro Puleva, S.A. and Azucarera Ebro, S.L.

As explained in Note 3.o), some employees of Ebro Puleva, S.A. and Azucarera Ebro, S.L. are eligible for various pension supplements previously established in internal pension funds of each company until 2002.

In accordance with prevailing legislation, these companies met their obligation to externalize their pension commitments prior to November 16, 2002, including those in the event of the death of an employee while in active service.

Azucarera Ebro S.L., a wholly owned subsidiary of Ebro Puleva, S.A., signed a master agreement with an insurance company regulating the technical, economic and legal terms and conditions to be applied to the policies in which the pension commitments acquired in respect of employees from Azucarera Ebro Agrícolas, S.A. were instrumented in 2002, and a 10-year finance loan was arranged with the insurance company (see Note 22) at an interest rate of 6.7%, equal to that guaranteed for the first 40 years for the mathematical reserves made on the basis of the premiums of said finance loan.

Upon externalizing insurance policies, each year the relevant adjustments are made to the possible commitments that arise between the previous year and December 31 of the current year including any additional payments accrued due to salaries that differ from those used to calculate the technical bases described in the 2001 financial statements for active employees, and the corresponding premiums paid. As a result of this potential adjustment, the corresponding premiums are paid to the insurance company to ensure that commitments with employees are adequately covered. The premium for 2007, paid and recognized as a personnel expense, was 2,050 thousand euros.

Due to the abovementioned externalization of insurance policies, the provisions that had been recorded for the former internal funds were eliminated from liabilities. The amounts outstanding on the financing plan arranged with the insurance company are shown on the balance sheet as financial debt (see Note 22).

The combined balance at December 31, 2007 (2006) of Azucarera Ebro, S.L. and Ebro Puleva, S.A. of 10,926 (11,682) thousand euros corresponds exclusively to the provision against potential employee commitments that are not legally required to be externalized: long-service bonuses of 7,819 (8,405) thousand euros and compensation for some current employees of the Company for waiving lifelong life insurance policies of 3,107 (3,277) thousand euros. Costs for the year were 469 thousand euros. These provisions have been recorded based on actuarial calculations made by independent experts.

20.2. Puleva Food Group

The collective labor agreement applicable to the work places in Granada, Jérez de la Frontera and Seville, belonging to the former Puleva, S.A., contemplates commitments corresponding to early retirement payments to employees who have worked for the company for more than 10 years and request early retirement (up to a maximum of seven employees a year).

In accordance with prevailing legislation, these companies externalized these commitments prior to November 16, 2002. As a result of externalizing these commitments, the former internal funds have been eliminated from liabilities. A 118 thousand euro premium was paid in 2007; however, given an 886 thousand euro return premium for employees who left the company in 2007, the net effect was lower expenses for the year, amounting to 768 thousand euros.

20.3. Panzani Group companies

Panzani group companies have certain commitments with employees, mainly retirement bonuses and long services bonuses. Provisions for the retirement bonuses were recorded based on actuarial calculations made by independent experts (7,894 thousand euros at December 31, 2007; 8,411 at December 31, 2006) and for the long services bonuses by internal actuarial estimates (1,085 thousand euros at December 31, 2007; 1,196 at December 31, 2006). Costs for the year were 363 thousand euros. These are internal provisions which are not linked to specific assets.

20.4. Herba Group companies

The collective labor agreement applicable to two of the foreign companies of this group includes early retirement commitments. The corresponding provisions have been recorded based on internal actuarial calculations. The provisions at year end 2007 (2006) amounted to 531 (595) thousand euros. Costs for the year were 77 thousand euros.

In addition, several Herba Group subsidiaries (S&B Herba of England, Boost of Germany, Herto of Belgium, Danrice of Denmark and Herba of Puerto Rico) have defined contribution plan commitments for some of their employees, based on an annual contribution calculated as a percentage of their salaries. Costs for the year were 479 thousand euros.

20.5. Brikel Group (Germany)

In addition to the next paragraph defined contribution plan commitments, the Birkel Group companies have commitments with employees primarily for retirement payments (a 421 thousand euro allocation at year end 2007). This allowance has been allocated based on actuarial calculations made internally. These are internal provisions which are not linked to specific assets.

20.6. Defined benefit pension plans and other defined benefit obligations

The breakdown by company was the following:

	12-31-2007			12-31-2006		
Defined benefit (thousand euros)	Pension commitments	Other commitments	Total	Pension commitments	Other commitments	Total
Riviana Group (USA)	805	(202)	603	1,326	1,109	2,435
NWP Group (USA and CANADA)	3,990	1,249	5,239	5,111	986	6,097
Boost (Herba) (Germany)	279		279	279		279
Euryza (Herba) Germany	3,091		3,091	3,261		3,261
S&B Group (Herba)(UK)	1,896		1,896	3,420		3,420
Birkel Group (Germany)	3,269		3,269	0		0
	13,330	1,047	14,377	13,397	2,095	15,492

The movements pertaining to the commitments in 2007 shown above, broken down by geographical location, were the following:

	Riviana Group		NWP Group		Europeans	
Thousands of euros	12-31-07	12-31-06	12-31-07	12-31-06	12-31-07	12-31-06
Provisions for pensions and other post-employment benefits						
Opening balance	30,550	43,824	26,549		19,234	20,095
Business combinations				26,412	4,648	
Allocations recorded in the year	3,602	4,322	2,100	1,169	1,011	1,501
Actuarial changes	631	(1,836)	248	1,553	(2,170)	(893)
Payments made in the year	(6,198)	(11,721)	(1,966)	(1,021)	(4,625)	(1,584)
Staff restructuring	0	149	0	0	0	0
Estimation of unrecognized losses	0	0	(107)	0	0	0
Exchange differences	(3,092)	(4,188)	(1,244)	(1,564)	(134)	115
Balance at December 31	25,493	30,550	25,580	26,549	17,964	19,234
Provisions for pensions-invested assets						
Value at beginning of period	(28,657)	(39,376)	(20,452)		(12,274)	(12,017)
Business combinations				(19,963)	(1,400)	
Return on investments during the year	(2,502)	(3,727)	(515)	(1,532)	(1,427)	(948)
Contributions by the Company	(2,897)	(844)	(1,895)	(1,250)	(159)	(585)
Payments made in the year	6,197	11,474	1,721	1,030	4,315	1,361
Exchange differences	2,969	3,816	800	1,263	75	(85)
Balance at December 31	(24,890)	(28,657)	(20,341)	(20,452)	(10,870)	(12,274)
Net balance at December 31	603	1,893	5,239	6,097	7,094	6,960
Net actuarial gains (losses)	0	542	0	0	1,441	0
Net balance at December 31	603	2,435	5,239	6,097	8,535	6,960

	Riviana Group		NWP Group		Europeans	
Net annual cost per component	12-31-07	12-31-06	12-31-07	12-31-06	12-31-07	12-31-06
Annual service cost	1,903	2,226	523	238	188	315
Interest cost	1,668	2,035	1,658	929	800	540
Return on assets	(2,092)	(2,327)	(1,507)	(838)	(749)	(309)
Personnel restructuring	0	149	0	0	0	0
Estimation of unrecognized losses	(31)	(22)	1,174	0	(1,533)	77
	1,448	2,061	1,848	329	(1,294)	623
Actuarial assumptions	12/31/07	12/31/06	12/31/07	12/31/06	12/31/07	12/31/06
Discount rate	6.00%	5.50%	5.75%	5.75%	5.50%	4.65%
Wage increases	4.00%	4.00%	3.50%	3.50%	3.50%	3.00%
Rate of return on assets	8.25%	8.25%	8.00%	8.00%	7.00%	6.50%

The commitments correspond primarily to pension plans for the majority of Riviana Group and NWP Group employees and for certain employees of European subsidies. In the S&B Group, these commitments are only for retired employees (given that commitments with active employees were transferred to a defined contribution pension plan as of January 1, 2006). In the Riviana Group, as of February 2006, no new employees were included in this defined benefit plan.

In the Riviana Group and NWP Group, “Other commitments” refer to coverage for health care, medication and life insurance, which are only for some of the employees.

In addition, the Riviana Group has a defined contribution pension plan for all its US employees. The Company contributes a lump sum equal to the percentage of employee contributions. The total amount of the expense for this plan in the current year amounted to 450 (540) thousand euros.

21. Other provisions

The movements in this heading in 2007 and 2006 are the following (in thousands of euros):

	12-31-07	12-31-06
Opening balance	159,850	150,533
Translation differences	(30)	0
Business combinations	0	0
Transfers	5,769	(6,624)
Applied and payments	(27,381)	(21,784)
Allocations to results: CMO sugar reform expense	49,291	20,466
Decrease in allocation: CMO sugar reform expense	(4,166)	0
Allowances charged to the income statement	9,652	39,507
Provisions against profit (loss) for tax effect	(3,891)	(22,248)
Balance at December 31	**189,094**	**159,850**

The breakdown of these provisions by item, company or segment is the following (in thousands of euros):

	12-31-07	12-31-06
Provisions		
Litigation and lawsuits	133,456	126,917
Modernization and Optimization Plan	54,695	24,299
CO2 emission rights	10	7,421
Contingences of subsidiaries	210	210
Sundry contingencies of an insignificant amount	723	1,003
	189,094	**159,850**

	12-31-07	12-31-06
Azucarera Ebro, S.L.	174,214	143,916
Ebro Puleva, S.A.	3,986	2,265
Puleva Food Group	1,081	1,286
Compañía Agrícola de Tenerife, S.A.	1,712	1,712
Arroz Herba Group companies	177	708
NWP Group	415	0
Panzani Group	7,509	9,963
Total	**189,094**	**159,850**

21.1. Azucarera Ebro, S.L.

The final balance at December 31, 2007 of this subsidiary includes principally the provisions for litigations arising from ongoing judicial proceedings and other claims filed against the company, as well as the estimated cost of measures implemented in 2006 and 2007 relating to the Modernization and Optimization of Industrial Competitiveness Plan as a result of the new European regulation for the sector (new CMO sugar reform).

The amounts applied for both years correspond primarily to dismissal indemnities for employees who left the company and other expenses related to the Modernization and Optimization of Industrial Competitiveness Plan referred to above as well as allocations for deliveries of CO_2 emission rights.

Provision allowances for both years correspond to the current value of interest relating to other litigation and the consumption of CO_2 emission rights (which are recognized in this heading until they are canceled in the first few months of the following year) and the provision allowances necessary to meet the commitments assumed at year end 2006 with respect to the Ciudad Real sugar plant and the new redundancy plan approved in 2006, all as a direct result of the new CMO sugar reform, as explained below.

New CMO Sugar Reform approved in 2007

Business in 2007 was carried out wholly in keeping with new E.U. sugar market regulations. The primary purpose of the European regulation, in addition to providing a broad regulatory framework through the year 2014, is to encourage a significant decrease in sugar production.

Regulations 318/06 and 320/06 were passed in 2006. The former regulated the sugar market (CMO) and the latter set forth the foundations for restructuring the sector.

After various European sugar undertakings applied to relinquish their quotas during the first two years the regulations were in effect, those regulations were shown to be unsuccessful. Relinquished quotas at the Community level the first two of the four possible years amounted to 1,825,000 metric tons of sugar, a figure far in excess of the objective initially set at about 6 million metric tons.

In October 2007, new regulation 1261/07 was published, modifying 320/06. The new regulation includes several aspects that substantially alter the restructuring plans. The following aspects are particularly noteworthy:

- The agricultural sector has the right to relinquish a certain amount of the sugar quota. This option is limited to 10% of the company's total quota and becomes ineffective if the sugar undertakings relinquish a quota over 10%, which has turned out to be the case. In Spain, the state-central agency FEGA has collected growers' requests to relinquish the quota.
- The payment sugar undertakings are to receive for giving up the quota, limits growers' and agricultural machinery manufacturers' share to 10% of the total amount. Formerly, the percentage of that amount was determined by each member state.
- New aid for growers was created, of 237.5 €/metric ton of sugar. Its purpose is to offer incentives to relinquish at least 10% of the quota and thereby catalyze the quota amortization process. This aid is paid provided that the quota is relinquished prior to March 31, 2008 and is effective for the 2008/09 campaign. A payment of the same aid for amortizations is admissible for the 2009/10 campaign provided that submissions with a firm commitment are made prior to January 31, 2008.
- Sugar undertakings that renounce a quota higher than the temporary pause in production stipulated by EU regulations for the 2007/08 campaign (13.5% as a general standard for nations that had not reduced their quota and 10.5% in Spain's case) will not have to pay the restructuring amount.
- Finally, after submission of relinquished quotas, for sugar undertakings to increase the amounts they forego, the European Commission will announce a mandatory straight-line cutback with no economic compensation to be applied in 2010, if presented prior to March 31, 2008.

After the new regulations were announced, based on studies it carried out, in late December 2007, Azucarera Ebro, S.L. presented its forfeit of the sugar quota in the following amounts:

Factory	Amount of sugar relinquished (MT)	Campaign
Guadalcacín	115,967.5	2008/09
La Rinconada	84,178.8	2008/09
Peñafiel	132,106.0	2009/10
Total	**332,252.3**	

In addition to the above figures, the factory in Ciudad Real was closed in 2006, renouncing 22,285.7 metric tons of the quota. In total, Azucarera Ebro has amortized 354,538 metric tons of its sugar quota.

The final volume of sugar quota amortization at the EU level has not been announced at today's date. This information will not be available until after March 31, 2008.

All indications point to the final volume being quite close to the six million metric ton objective initially set by the Commission. Almost all of the producing countries are contributing to this effort with amortizations of at least 13.5%.

In 2008/09, Azucarera Ebro will have 30 or 40 thousand fewer metric tons of sugar than planned as a result of a faster withdrawal than expected from production in the South.

In October 2009, the refinery currently under construction in Guadalete will commence full production. From that time on, Azucarera Ebro, S.L. will have a steady annual production capacity of 700,000 metric tons, of which approximately 400,000 metric tons correspond to beet sugar and 300,000 metric tons to raw sugar refined in Guadalete.

Azucarera Ebro is poised to take on the future from an excellent, flexible and competitive industrial base and an optimal logistical and commercial position in the Iberian market.

In the 2007 financial statements, the accounting implications refer to the consequences of the following plans:

1. Shutdown of the Guadalcacín center in 2008. Its final campaign was that of 2007.
2. The factory in La Rinconada will carry out its final sugar campaign in 2008, closing upon completion.
3. Peñafiel will carry out its final campaign in 2008, corresponding to the 2008-09 campaign.

The accounting effects of these consequences have been recorded according to the following summary:

Provision Sugar CMO – year-end 2007 Thousands of euros		Amount	Financial discount	2007 Results	Receipts/ payments 2007	Balance at December 31, 2007
Provisions for Property, plant and equipment		(122,618)	0	(122,618)	0	(122,618)
Provision for property, plant and equipment used in the three factories closing down industrial activities						See Note 10
Provision for restructuring (Other provisions)		(53,060)	3,769	(49,291)	1,660	(47,631)
– Provision for personnel restructuring	(33,934)					See Note 21
– Dismantling expenses	(12,484)					
– Other expenses	(6,642)					
– CMO provision allocated in 2006				4,166		
				(167,743)	See Note 8.2	
				2007 Expense		
Financial assets – loans receivable		174,409	(18,094)	156,315	0	156.315
Compensation receivable from the EU				Less 2007 Expense	See Note 12	
Based on metric tons of relinquished sugar quota				See Note 8.2		
		Net 2007 Expenses		(11,428)		

Azucarera Ebro, S.L Redundancy Plan approved 2006

On May 31, 2006, the Directorate General of Labor authorized the redundancy plan submitted by Azucarera Ebro, S.L. (Sole Shareholder Company) in conformity with the agreement signed by this company's representatives and the workers' committee This redundancy plan arises as a result of the shutdown of some of Azucarera Ebro's plants, due to the sugar sector restructuring plan approved by regulations 318, 319 and 320 of the Council of the European Union on February 20, 2006, which will affect the sector for the next three years.

The allowance for staff restructuring allocated in 2006 and 2007, as a result of the new CMO on Sugar, is based on this Employment Regulation file signed in 2006.

21.2. Other companies

Of the remaining balance, the majority refers to:

- The Panzani Group allocated 3.6 million euros in 2006 to cover redundancy indemnities for two of its factories, which were almost completely paid in 2007.

- Of the remaining balance, the majority is intended principally to cover commitments assumed by Group companies to settle liabilities of subsidiaries that were either dormant or sold, as well as minor lawsuits and contingencies.

21.3. Summary of ongoing litigation and lawsuits

Of the balance of "Other provisions" at December 31, 2007 (2006), 133,456 (126,917) thousand euros correspond to provisions recorded for litigation related to ongoing lawsuits and other claims. The parent company's directors estimate that rulings on these will not generate significant additional liabilities. The breakdown of the maximum potential litigation risk is the following (in thousands of euros):

	12-31-07	12-31-06
Tax assessments signed in disagreement	135,689	135,336
Legal risks	11,540	9,488
Other legal risks	2,309	2,469
	149,538	147,293

The following is a summary of the most significant claims:

1. Tax payments relating to the alcohol tax derived from intercommunity transactions with several companies based in Portugal. The accumulated amount provisioned for this concept, plus late payment interest totals 39,547 thousand euros. A sentence has yet to be handed down by the Supreme Court. For accounting purposes, the likelihood that this contingent liability will materialize is deemed probable.

2. Internal movements of sugar among plants:

   2.1. Azucarera Ebro, S.L. is being held vicariously liable in a civil liability suit currently being heard by the National Court of Justice in respect of crimes of fraud committed against the European Union. 34,879 thousand euros plus late payment interest have been provisioned for this concept. On February 2, 2005, the National Court of Justice ruled against the Company in judicial proceedings relating to alleged fictitious transactions between factories during the 1996-1999 sugar campaigns. Although the Company considered that this decision was not in keeping with the law and filed an appeal with the Supreme Court, the accounts closed at December 31, 2004 included a provision for the full amount that the Company would have to pay in the event the aforementioned sentence were confirmed.
   In a sentence handed down on December 15, 2006, the Supreme Court accepted the appeal on the grounds of errors of form, thereby revoking the sentence of the National Court of Justice and ordering said court to issue a new sentence to comply with certain requisites. Consequently, although the sentence rendered by the National Court of Justice was annulled, the aforementioned provision must be maintained until a new sentence has been issued. For accounting purposes, the likelihood that this contingent liability will materialize is deemed probable.

   2.2. In addition, the Company has appealed regulatory fines relating to C sugar corresponding to the 1999/2000 sugar campaign and the fee for offsetting storage expenses for 1996/1997 to 1999/2000, the accumulated amount of which total 10,953 thousand euros. A provision has been recorded for this concept. For accounting purposes, the likelihood that this contingent liability will materialize is deemed probable.

   2.3. The fines relating to the proceedings described in 2.2 amount to 6,731 thousand euros. No amounts have been provided for this concept since it is considered that the fines are not legal. For accounting purposes, the likelihood that the fines will materialize is considered possible.

   2.4. In addition, a corporation tax assessment signed in disagreement relating to transfer of sugar between plants was raised for the increase in taxable income due to the alleged sugar sales in 1999. According to the assessment, the tax payable for this concept amounted to 3,611 thousand euros. An appeal has been presented to the Central Economic-Administrative Tribunal (TEAC). The Company has not recorded any provision for this concept. For accounting purposes, the likelihood that this contingency will materialize is considered possible.

   2.5. The amount of the fine imposed related to the assessment mentioned in point 2.4 above is 2,076 thousand euros. The claim is still subject to administrative appeals. No provision has been recorded for this concept. For accounting purposes, the likelihood that this contingent liability will materialize is deemed possible.

3. Tax payments relating to alcohol tax derived from stock counts. The accumulated amount of these payments totals 7,500 thousand euros plus late payment interest. This amount was provided for in 2005 and was released in 2006 following a decision from the National Court of Justice which canceled the payments. The government attorney has filed an appeal against this court's decision with the Supreme Court. For accounting purposes, the likelihood that this contingency will materialize is deemed possible.

4. Tax payments relating to alcohol tax derived from stock counts. The accumulated amount of these payments totals 7,500 thousand euros plus late payment interest. The likelihood that this contingency will materialize is deemed probable.
5. A 1,083 thousand euro fine for alcohol production subsequent to consuming the raw materials consigned in the production declaration (appeal number 4993/05). For accounting purposes, the likelihood that this contingent liability will materialize is deemed probable.
6. Tax payments related to alcohol tax on supplies delivered to two customers (Administrative appeals numbers 686/03; 499/04 and 394/06). The accumulated amount of these payments, which has been provided for, is 2,907 thousand euros. For accounting purposes, the likelihood that this contingent liability will materialize is deemed probable.
7. A judicial claim amounting to 2,645 thousand euros relating to past life pension supplements plus the right to receive a monthly life supplement which would require an estimated additional provision of 10,988 thousand euros. The claim has been dismissed and the sentence has been appealed. No provision has been recorded for this concept. For accounting purposes, the likelihood that this contingent liability will materialize is deemed possible.

22. Interest-bearing loans and borrowings

The breakdown of this heading is the following (in thousands of euros):

	At 12-31-2007		At 12-31-2006	
Financial liabilities	Non-current	Current	Non-current	Current
Non-current bank loans	699,105	104,455	708,063	71,034
Current bank loans		268,381		419,314
Payables for externalization of post-employment benefit commitments	5,106	6,663	10,603	6,707
Other payables to official institutions	2,650	2,356	3,353	1,728
Payables to Group companies	0	0	499	2
Guarantees and deposits received (financial)	80		72	
Total financial liabilities	706,941	381,855	722,590	498,785

Non-current payables for the externalization of post-employment benefits commitments at December 31, 2007 (2006) amount to 5,106 (10,603) thousand euros and current payables to 6,663 (6,707) thousand euros, corresponding to the outstanding balance of the financing plan agreed between Azucarera Ebro, S.L. and insurance company Banco Vitalicio for the externalization of these commitments (see Note 20.1). The financing plan accrues annual interest of 6.7% and was established for a period of 10 years, with equal annual installments. The last installment is due July 17, 2010.

The breakdown of bank loans and borrowings by segment or company and maturity is the following (in thousands of euros):

Breakdown by segment or company of Bank loans and borrowings	12-31-06	12-31-07	2009	2010	2011	2012	Subsequent years
– Ebro Puleva, S.A.	688,945	568,132	71,000	71,000	49,815	99,630	276,687
– America business-Riviana Group	0	116,975	33,422	33,422	33,422	16,709	0
– Rice business-Herba	18,667	2,151	2,151	0	0	0	0
– Lactimilk Group	271	11,556	1,268	10,288	0	0	0
– Pasta business-Panzani	180	134	34	34	12	12	42
– Birkel Group	0	123	123	0	0	0	0
– Jiloca, S.A.	0	34	34	0	0	0	0
Non-current bank loans and borrowings	708,063	699,105	108,032	114,744	83,249	116,351	276,729
– Ebro Puleva, S.A.	75,408	77,997					
– Pasta business-Panzani	69,421	125,798					
– Rice business-Herba	89,778	78,236					
– Sugar business	66,348	48,597					
– America business-Riviana Group	189,061	34,158					
– Lactimilk Group	275	7,897					
– Birkel Group	0	123					
– Other companies	57	30					
Current bank loans and borrowings	490,348	372,836					
Total bank loans and borrowings	1,198,411	1,071,941					

The breakdown of this heading by currency in which the loans are denominated is the following:

Currency	12-31-07	12-31-06
Euros	478,140	511,947
US dollars	577,475	672,949
Pound sterling	15,521	3,638
Moroccan dirhams	0	9,784
Thb	805	0
DKK	0	92
Total	1,071,941	1,198,410

Non-current bank loans and borrowings by Puleva, S.A. went to fund the investments in Riviana Inc (2004) and Panzani SAS (2005) and New World Pasta Company (2006). These loans are guaranteed by the subsidiaries Azucarera Ebro, S.L., Puleva Foods, S.L., Herba Food, S.L., Herba Ricemills, S.L. and Panzani SAS and correspond to:

- A 287.9 million euro syndicated loan arranged in November 2004 and renewed in May 2005, and again in November 2006. Of the initial amount, the oustanding balance is 213 million euros, the principal of which will be repaid in six half-yearly installments of 35.5 million euros from May 2007. The annual interest applicable to the loan is linked to 1-, 3-, 6- and 12-month Euribor plus a market spread.
- A 440 million euro syndicated loan arranged in May 2005 and renewed in November 2006, the principal of which will be repaid in six half-yearly installments of 73.33 million dollars from October 2011. The annual interest applicable to the loan is linked to 1-, 3-, 6- of 12-month Euribor plus a market spread.
- A 190 million US dollar bilateral loan arranged in November 2006, the principal of which will be repaid in 4 quarterly installments of 47.5 million dollars as of October 2015. The annual interest rate was one-, three-, six-, or twelve-month LIBOR plus a market spread.

In addition, included under “Non-current bank loans and borrowings” at year end 2007 (“Current” in 2006) is the loan obtained by the Riviana Group in May 2007, which replaced the “bridging loan” granted to the Group in October 2006 amounting to 246 million US dollars for the acquisition of the Minute Rice brand name at Libor plus a market spread. This loan has a five-year amortization period to be paid in 10 half-yearly installments as of November 2007. It is guaranteed by the other American subsidiary, NWP Inc.

At year end 2006, Ebro Puleva, S.A. still had an IRS (Interest Rate Swap) on the loan in euros equivalent to a nominal amount of 75 million euros, with a collar range from 3% to 4.9% and a knock-in at 2.5%, which was fully paid upon maturity in February 2007.

As for the remainder at December 31, 2007 (2006), Group companies have credit facilities at banks secured by personal guarantees with a total limit of 630 (700) million euros. The amount drawn down was 263 (230) million euros. Panzani Group credit facilities, up to a limit of 129 (89) million euros, are secured by accounts receivable.

There are also commercial discount lines, non-recourse factoring agreements, and other bank guarantees for the following amounts (in thousands of euros):

Financing arranged	Amount drawn down	Amount available	Total limit
Discounted bills	22	1,050	1,072
Bank guarantees	196,681	70,006	266,687
Factoring agreements	30,999	1,020	32,019
Consolidated total	227,702	72,076	299,778

The average annual interest rate on long-term loans was 4,71% for loans to the Rice Group and 4.35% for loans to the Puleva Food Group.

The average annual interest rate on short-term loans was three-month Euribor plus 0.3 for Ebro Puleva, S.A., an average of 4.66% for the Rice Group, 4.19% for Azucarera Ebro, S.L., 4.35% for the Dairy Products Group and 4.32% for Panzani Group.

The terms of Ebro Puleva, S.A.'s syndicated loan agreement, as well as those of the loan agreements of the Riviana Group, stipulate solvency requirements which have been fully met at December 31, 2007 and 2006, except for one of the ratios for which a waiver was requested and granted.

23. Other non-financial payables

This caption corresponds to various debts for immaterial amounts.

24. Trade and other payables

The breakdown of this heading is the following (in thousands of euros):

	12-31-2007	12-31-2006
Trade payables	510,333	402,300
Other payables	42,722	43,224
Employee benefits payable	41,836	39,565
Guarantees and deposits received	27	71
Total	594,918	485,160

Trade receivables are non-interest bearing and are generally on 60-90 days' terms. Other payables are also non-interest bearing, with average maturity of six months. These mainly correspond to payables on purchases of property, plant and equipment, payables for customer discounts and bonuses and liabilities for commercial media and marketing.

25. Tax situation

The breakdown by of tax receivables and payables at December 31, 2007 and 2006 is the following (in thousands of euros):

	Receivable		Payable	
	12-31-2007	12-31-2006	12-31-2007	12-31-2006
VAT and income tax withholding payable to the Treasury	49,939	40,191	11,130	14,216
Corporate income tax	10,956	0		
Social security costs	5	0	2,687	2,799
Grants pending receipt	1,361	3,808		
Tax assessments corresponding to the Spanish tax group			0	25,274
Other public bodies	1,165	2,290	63,288	61,912
Total public bodies	63,426	46,289	77,105	104,201
Corporate income tax	10,677	8,494	7,990	16,460

The increase in balances payable to other public bodies is due to the fact that, in view of the EU CMO sugar reform, a "Restructuring fee" was implemented at year end 2005 to replace the "production quota" and new payment periods were established. Consequently, the majority of the aforementioned fee is paid in the following year (the total fee accumulated at year end 2007 (2006) and payable in 2008 was approximately 63 (60) million euros).

Within the consolidated Group, some companies file consolidated tax statements in accordance with local laws or tax standards. These include virtually all the Spanish companies (Spanish tax group), the companies of the America rice and food business – Riviana and those of the pasta business – Panzani.

In addition, the tax rates vary across countries. Rates in order of importance are: 32.5% in Spain until 2007 (35% in 2006 and previous years and 30% as of 2008), 34.93% in France, 37.5% in the US, 38% in Germany (with 30% planned as of 2008) and 30-31% in Central America. The effect of tax rates above or below 32.5% is recognized in permanent differences.

The breakdown of consolidated Group tax for the year ended December 31, 2007 and 2006 is the following (in thousands of euros):

	31-12-07		31-12-06	
	Accounting	Taxable	Accounting	Taxable
Profit (loss) before tax from continuing operations	124,255	124,255	200,099	200,099
Reclassification to expense for goodwill impairment	7,805	7,805	0	0
Profit (loss) before tax recognized in equity	(101)	(101)	115	115
Exchange rate hedge recorded in translation differences	50,400	50,400	40,873	40,873
	182,359	182,359	241,087	241,087
Permanent differences from Group companies	(6,919)	(6,919)	(3,837)	(3,837)
Permanent differences from consolidation adjustments and tax rates	(2,193)	(2,193)	(6,494)	(6,494)
Carryforward losses arising during the year	458	458	7,930	7,930
Application of individual loss carryforwards	(662)	(662)	(2)	(2)
Adjusted accounting profit (loss)	173,043	173,043	238,684	238,684
Temporary differences from Group companies		(120,547)		(28,038)
Temporary differences from consolidation adjustments		(3,042)		63
Carryforward losses arising during the year		4,378		955
Application of loss carryforwards from subsidiaries		0		(14,832)
Taxable profit (loss) of the tax group	173,043	53,832	238,684	196,832
Tax expense in 2007 at 32.5% rate (35% in 2006)	56,239	17,495	83,539	68,891
Deductions applied	(4,294)	(4,368)	(25,247)	(25,670)
Tax payable	51,945	13,127	58,292	43,221
Write-off of prior year's tax	5,401		(2,276)	
Write-off of deferred taxes	(1,167)		6,332	
Tax inspections corresponding to the Spanish tax group	(245)		23,731	
Reclassification to expense for goodwill impairment	(7,805)			
Regularization of corporation income tax payable for prior year and tax rate differences		(2,792)		0
Tax payable on discontinued operations		0		12,614
Total expense	48,129	10,335	86,079	55,835
Income tax expense reported in the income statement	31,782		71,734	
Income tax expense recognized in equity	(33)		40	
Income tax expense recorded in translation differences	16,380		14,305	
	48,129		86,079	

Consolidated income statement	12-31-07	12-31-06
Current income tax (continued operations)	13,127	43,221
Deferred income tax	38,818	15,071
Reclassification to equity and translation differences	(16,347)	(14,345)
Reclassification to expense for goodwill impairment	(7,805)	0
Adjustments in respect of current income tax of previous years	5,401	(2,276)
Adjustments of deferred tax liabilities net of change in tax rates	(1,167)	6,332
Tax assessments corresponding to the Spanish tax group	(245)	23,731
	31,782	71,734

Income tax recognized directly in equity	12-31-07	12-31-06
Expense for modification of share capital at subsidiaries	00	35
Proceeds on sale of treasury shares	(33)	5
	(33)	40

“Exchange rate hedge recorded in translation differences” corresponds to the effect of exchange rate differences recorded directly in translation differences arising from the hedge of a loan in dollars relating to investments in Riviana and NWPC (see Note 28).

The total tax expense less withholdings and prepayments made in the year leave a total income tax payable to the treasury.

In 2006, available loss carryforwards corresponded primarily to NWPC for the amount that had been estimated as immediately recoverable in the process of assigning the acquisition price. In 2007, this subsidiary was able to apply other tax credits related to loss carryforwards amounting to 24,015 thousand euros such that its current tax was zero. After applying these carryforwards, the maximum amount of tax carryforwards from prior years pending application and other tax credits could be approximately 43 million euros, which are not included in the balance sheet for the acquisition of this company given that recoverability of these potential tax credits is uncertain, as is their availability due to certain legal limitations in local regulations. Therefore, in keeping with IFRS 12, this subsidiary’s 2007 tax expense has been reclassified as an expense for goodwill impairment amounting to 7,805 thousand euros (see Note 14).

Temporary differences for 2007 (2006) correspond to:

- Decrease of 50,400 (zero) thousand euros given that taxation of these exchange gains was deferred in 2007.
- Decrease of 24,015 (zero) thousand euros for the aforementioned NWP temporary differences.
- Decrease of 20,780 (20,780) thousand euros for the amortization for tax purposes of goodwill generated in the acquisition of foreign companies.
- Increase of 7,500 (zero) thousand euros for the reversal in 2008 from the first of the four years that they are eligible to take the deduction made in 2006 due to the investment in NWP. The deduction of investments for implementing businesses abroad was applied in the final 2006 income tax return (filed in July 2007) which included the investment made by Ebro Puleva, S.A. in the 2006 acquisition of its shareholding in New World Pasta, as the basis for said deduction, as it met the requirements of article 23 of the Revised Text of the Spanish Corporation Tax Law. The deferred tax assets generated from said deduction on the final 2006 income tax return was corrected in its definitive accounting in July 2007 amounting to 9,817 thousand euros.
- Decrease of 32,852 (7,258) thousand euros, primarily for amortization for tax purposes of brand names and transactions by various companies arising and/or applied for tax purposes for reversed and/or allocated provisions in the year, for allocations and/or reversals to/from provisions for assets and other cancelled risks and financial investments which may or may not qualify for deduction in this year.

Permanent differences correspond principally to the monetary adjustment of investment property sold in the year, to unreversed tax expenses, and the application, for tax purposes, of investment losses. Lastly, permanent differences from consolidation adjustments related primarily to the elimination of provisions between companies of subgroups that belong to the same tax group. They relate to the release of certain provisions that did not have any tax effect when they were allocated in prior years, as well they reflect the impact of different tax rates depending on the country.

Deductions from tax payable correspond principally to investments in environmental activities, the development of new products and reinvestment of profits in the sale of investment property and deductions for export activities (investment in foreign companies). The amount that must be reinvested to be eligible for deductions for reinvestment is 11.2 million euros in 2007 (76.3 million, 87 million, 65 million, 25 million and 33.6 million euros, respectively, in 2006 and 2002, amounts which were already reinvested by the tax group in 2006, 2005, 2004, 2003 and 2002). In addition, the Company has met all other requirements necessary to take these deductions.

The movement in deferred tax assets and liabilities for the years ended December 31, 2007 and 2006 is the following (in thousands of euros):

	12-31-07		12-31-06	
	Assets	Liabilities	Assets	Liabilities
Balance at January 1	80,578	102,763	112,047	115,360
Exchange differences	(526)	(2,571)	(472)	(3,277)
Changes in consolidation Scope	257	6,557	6,212	(7,745)
Accrued/Applied during the year	(7,253)	24,218	(13,200)	1,001
Adjustments due to changes in tax rates	(144)	(1,311)	(9,595)	(3,263)
Adjustments due to tax assessments	0	0	(1,831)	0
Other prior year adjustments	195	10,375	(12,583)	687
Balance at December 31	73,107	140,031	80,578	102,763

Prior year adjustments correspond to the increase in the balance recovered from the Treasury as a result of the final 2005 income tax return filed in 2006. Corrections in 2007 are primarily attributed to the 9,187 thousand euros of increased tax liability as a result of the deduction for the foreign investment of the acquisition of NWP (see previous paragraph related to temporary differences).

At December 31, 2007 (2006) the loss carryforwards pending application of Group companies amounted to 12 (8) million euros, and can be applied over a period of 15 years.

In 2006 the inspection that was being carried out of all taxes to which the tax group is liable for the years 1999 to 2003 was completed, the effects of which were recorded in 2006. Payment of assessments signed in agreement in 2006 were made in full in 2007.

In November 2006 the preliminary tax assessments were signed and ratified as definitive in December. The following is a summary of the signed assessments:

	Signed assessments		
Thousand euros	In agreement	In disagreement	Total
Tax payable	20,980	2,769	23,749
Interest	3,508	842	4,350
Penalties (a)	786	1,384	2,170
	25,274	4,995	30,269
Effect on future years (b)	2,849		
	28,123		

(a) Quantified by estimate

(b) Some concepts paid as a result of assessments signed in agreement affect previous years that have not yet been inspected or will affect future years. Therefore, this amount reflects the net effect of this circumstance.

Only one assessment was signed in disagreement. This assessment corresponds to 1999 income tax and a single matter occurring in Azucarera Ebro, S.L.'s business. The Group's legal services affirm that the grounds of the appeal filed are sufficient to ensure that the tax courts will rule in the Group's favor and therefore no provision has been recorded for this contingent liability.

The payment of assessments signed in agreement was made in the first part of February 2007. These payments were recognized in 2006 as per the following breakdown:

	Thousad euros
Income tax expense	23,731
Other operating expenses	2,072
Finance costs	3,508
Other operating income	(1,188)
Total effect on 2006 results	28,123
Deferred tax assets	(1,831)
Provision for liabilities	(2,206)
Receivable from the Treasury	361
Receivable from third parties	827
Payable to the Treasury	(25,274)

In addition, the Ebro Puleva Tax Group is open to inspection of all taxes to which it is liable for the years 2004 to 2007. The remaining Group companies are open to inspection of the taxes and for the years stipulated by local tax laws and have not been inspected previously. Due to its relative importance, it should be pointed out that Panzani SAS is only open to inspection for 2005 and 2007, and Riviana Foods Inc. and NWPC, for 2004 to 2007.

26. Commitments and contingencies

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on certain motor vehicles and items of machinery. These leases have an average life of between 3 and 5 years, with no renewal option included in the contracts. There are no restrictions placed on the Group by entering into these leases. Future minimum rentals payable under non-cancelable operating leases as at December 31, 2007 are as follows:

	12-31-07	12-31-06
Within one year	10,947	5,799
After one year but not more than five years	14,573	9,766
More than five years	3,250	0
Total	28,770	15,565

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. These non-cancelable leases have remaining terms of between 5 and 20 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancelable operating leases as at December 31, 2006 are as follows:

	12-31-07	12-31-06
Within one year	168	214
After one year but not more than five years	617	715
More than five years	25	500
Total	810	1,429

Capital commitments

At December 31, 2007 (2006) the Group have commitments of 30,000 (9,500) thousand euros relating to the acquisition or replacement of machinery.

Inventory commitments

See details in Note 15.

Legal claims

See details in Note 21.3.

Guarantees

At year end 2006, the Group had the following bank guarantees:

	12-31-07	12-31-06
From banks: For claims before tax courts and public bodies for deferral of tax liabilities (see Note 21.3)	126,056	125,024
From banks: Before the F.E.G.A. customs and third parties to guarantee completion of normal trade transactions	45,839	128,791
Other bank guarantees	24,786	4,039
Before banks to guarantee completion of transactions of associates and non-Group companies	62,969	79,000
Total	**259,650**	**336,854**

The variation in guarantees given to ensure completion of normal trade transactions is due to the fact that HERBA Group has been participating in both bidding and rice import certification processes on behalf of all the Group's rice companies and each year the amount of the guarantees increases. In addition, the bid for the January 2007 trade transaction was guaranteed during the last few days of December 2006. This was not the case at year-end 2007, however, as the corresponding guarantees were requested in January 2008.

The most significant guarantee given to banks to cover the transactions of associates corresponds to the guarantee given by Ebro Puleva, S.A. on behalf of associate Biocarburantes de Castilla y León, S.A. for the syndicated loan signed by the latter with several financial institutions in November 2004, which was renewed in 2007. This loan was intended to finance said company's biofuel factory project. The loan totals 125 (158 in 2006) million euros, 50% of which is guaranteed by the shareholders of Biocarburantes de Castilla y León, S.A. Consequently, the maximum amount guaranteed by Ebro Puleva, S.A. is 62,5 (79 in 2006) million euros.

With respect to "Other bank guarantees," to ensure compliance with contractual guarantees, a bank guarantee was arranged amounting to 5,160 thousand US dollars (3,918 thousand euros) which was reduced to 2,580 thousand US dollars (1,753 thousand euros) in 2007 to cover guarantees given to a buyer in the sale of the Guatemalan subsidiaries business. This type of guarantee covers potential contingencies that could materialize with respect to the business sold when the cause of such contingencies arises prior to the sale or within first three years as of the date of the sale (up to August 10, 2009). In addition, there are guarantees for 6 million euros for the Alagón land transaction (see Note 11).

Finally, Panzani Group credit facilities, up to a limit of 129 (89) million euros, are guaranteed by accounts receivable.

27. Related party disclosures

The sales to and purchases from related parties are made at normal market prices. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables except that indicated in Note 26 related to Biocarburantes de Castilla y León, S.A.

For the year ended December 31, 2007, the Group has not made any provision for doubtful debts relating to amounts owned by related parties (2006: zero). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

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

Note 18.1 lists the companies with significant shares in Ebro Puleva, S.A. (parent company of the Ebro Puleva Group).

The summary of transactions, excluding dividends, of any Ebro Puleva Group company with these majority shareholders (except for those directors which are shown in Note 27.2), is the following:

Majority shareholders' name or company name	Group companies	Nature of the relationship	Type of transaction	Amount (thousands of euros) 2006	Amount (thousands of euros) 2007
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.	Contractual	Purchase of Goods (finished or other)	3.442	3,120
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.	Contractual	Sale of Goods (finished or other)	7.354	7,627
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.	Contractual	Services Rendered	432	435
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.	Contractual	Operating Lease Contracts	57	75
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.	Contractual	Services Rendered	–	5
Instituto Hispánico Del Arroz, S.A.	Herba Ricemills, S.L.	Contractual	Other (civil liability insurance)	–	16
Instituto Hispánico del Arroz, S.A.	Herba Foods S.L.U.	Contractual	Services Rendered	–	50
Sociedad Anónima, DAMM	Herba Ricemills, S.L.	Contractual	Purchase of Goods (finished or other)	662	2,175
Sociedad Anónima, DAMM	Herba Ricemills, S.L.	Contractual	Purchase of Goods (finished or other)	79	224
Sociedad Anónima, DAMM	Lactimilk, S.A.	Contractual	Purchase of Goods (finished or other)	4	5
Sociedad Anónima, DAMM	Puleva Food, S.L.	Contractual	Purchase of Goods (finished or other)	35	59
Sociedad Anónima, DAMM	Azucarera Ebro, S.L.	Contractual	Purchase of Goods (finished or other)	4.273	1,289
Sociedad Anónima, DAMM	Herba Ricemills, S.L.U.	Contractual	Purchase of Goods (finished or other)	–	82
Sociedad Anónima, DAMM	Nueva Comercial Azucarera, S.A.	Contractual	Purchase of Goods (finished or other)	–	4,072
Sociedad Anónima, DAMM	Puleva Fodd, S.L.U.	Contractual	Purchase of Goods (finished or other)	–	60
Sociedad Anónima, DAMM	Puleva Fodd, S.L.U.	Contractual	Purchase of Goods (finished or other)	–	297

The related transactions with Sociedad Anónima Damm shown in Note 27.1 were carried out directly with the following Damm Group companies.

- Estrella Levante, S.A.: Purchase of goods from Herba Ricemills, S.L.U. amounting to 224 thousand euros.
- Font Salem, S.L.: Purchase of goods from Azucarera Ebro, S.L.U. amounting to 1,289 thousand euros and purchase of goods from Nueva Comercial Azucarera, S.A. amounting to 4,072 thousand euros.
- Cerbedam, S.L.: purchase of goods from Lactimilk, S.A. amounting to 5 thousand and from Puleva Food, S.L.U. amounting to 59 thousand euros.
- Plataforma Continental, S.L.: purchase of goods from Herba Ricemills, S.L.U. amounting to 82 thousand euros.
- Cerveleba, S.L.: purchase of goods from Puleva Foods, S.L.U. amounting to 60 thousand euros.
- Distridam, S.L.: purchase of goods from Puleva Foods, S.L.U. amounting to 297 thousand euros.

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

The summary of transactions, excluding dividends, with directors and executives of Ebro Puleva, S.A. is the following:

Director or executive's name or company name	Group companies	Nature of the relationship	Type of transaction	Amount (thousands of euros) 2006		Amount (thousands of euros) 2007	
				Drawable amount	Amount drawn	Drawable amount	Amount drawn
Caja de Ahorros de Salamanca y Soria	Biocarburantes de Castilla y León, S.A.	Financial	Guarantees	6.000	6.000	6,000	6,000
Caja de Ahorros de Salamanca y Soria	Agroteo, S.A.	Financial	Financing agreements: Other	1.021	1.021	–	869
Caja de Ahorros de Salamanca y Soria	Ebro Puleva, S.A.	Financial	Financing agreements: Loans	58.957	58.957	52,746	52,746
Caja de Ahorros de Salamanca y Soria	Azucarera Ebro, S.L.	Financial	Guarantees	13.823	8.395	13,823	7,620
Caja de Ahorros de Salamanca y Soria	Azucarera Ebro, S.L.	Financial	Financing agreements: Loans	31.000	9.908	31,000	1,116
Caja de Ahorros de Salamanca y Soria	Biocarburantes de Castilla y León, S.A.	Financial	Financing agreements: Loans	11.321	11.321	12,335	12,327
Caja de Ahorros de Salamanca y Soria	Biocarburantes de Castilla y León, S.A.	Financial	Financing agreements: Other	6.309	6.309	10,000	936
Caja España de Inversiones, Caja de Ahorros y Monte de Piedad	Ebro Puleva, S.A.	Financial	Financing agreements: Loans	29.477	29.477	23,153	23,153
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Ebro Puleva, S.A.	Financial	Financing agreements: Loans	6.000	0	6,000	32
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Ebro Puleva, S.A.	Financial	Financing agreements: Loans	–	–	26,371	26,371
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Azucarera Ebro, S.L.	Financial	Financing agreements: Loans	46.000	19.331	46,000	20,500
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Azucarera Ebro, S.L.	Financial	Repo	–	–	–	(20,000)
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Azucarera Ebro, S.L.	Financial	Financing agreements: Loans	–	–	127	127
Don Juan Domingo Ortega Martínez	Food, S.L.	Contractual	Purchase of Goods (finished or other)		587		569

The related transaction with Juan Domingo Ortega Martínez shown in Note 27.2 was carried out directly by Quesos Forlasa, S.A.

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

The following dividends were distributed in 2007 in accordance with Ebro Puleva, S.A.'s general dividend policy described in Note 18:

- Dividends paid to majority shareholders (in thousands of euros): 14,080
- Dividends paid to directors and executives (in thousands of euros): 11,592

27.4. Transactions related to other companies in the Ebro Puleva Group which are not eliminated in the preparation of consolidated financial statements and are not part of the companies' ordinary business

Note 4 provides the list of subsidiaries and associates that make up the Ebro Puleva Group.

The transactions with non-consolidated Group companies and associates carried out during the year are not significant, except for those described in Notes 12 and 26 relating to loans and guarantees granted by Ebro Puleva, S.A. to Biocarburantes de Castilla y León, S.A.

The summary of transactions with associates is the following (in thousands of euros):

Group company name	Type of transaction	Amount (thousands of euros) 2006		Amount (thousands of euros) 2007	
		Drawable amount	Amount drawn	Drawable amount	Amount drawn
Biocarburantes de Castilla y Leon S.A.	Financing agreements: Subordinated loans	2,804	2,804	2,946	2,946
Biocarburantes de Castilla y Leon S.A.	Guarantees	79,000	62,684	62,500	62,500

27.5. Related party disclosures – transactions between the Ebro Puleva Group companies and Puleva Biotech Group

This caption describes the relevant transactions involving the transfer of resources during 2007 between the Biotech Group and the following wholly owned associates of its majority shareholder, Ebro Puleva, S.A.

Since Puleva Biotech, S.A. does not have all of the same shareholders as the parent company Ebro Puleva, S.A., which is likewise a listed company, a potential conflict of interests could eventually arise. Consequently, the contractual conditions by which the economic relationships between Ebro Puleva and Puleva Biotech Group companies are governed must be strictly arms length to ensure that no situation may arise that would be detrimental to the minority shareholders of either party, which do not take part in the decision-making process since they are not on the Boards of Directors of the contracting companies

In 2007, Puleva Biotech, S.A. and Española de I+D, S.A. have signed a contract or executed several contracts with the Ebro Puleva Group companies referred to above.

1. R+D+I service contract between Puleva Food, S.L. and Puleva Biotech, S.A.

In 2007, Puleva Biotech, S.A. continued to provide R+D+I services to Puleva Food, S.L. under the terms of separate contracts signed by the parties for each project. These contracts are part of the framework contract signed in 2001, for carrying out these services. The majority of these contracts are extensions of others subscribed in 2004. The projects include the following categories:

- Clinical and nutritional analysis
- Development of new packaging technologies
- New product development
- Quality assurance and food safety
- Product reformulation and ingredient approval

In addition, in 2007 Puleva Food, S.L. acquired a volume of 237,474 kilograms of functional fats omega3, EPA and DHA manufactured in the industrial plant operated by Puleva Biotech, S.A.

The net amount invoiced to Puleva Food, S.L. for products sold and services rendered by Puleva Biotech in 2007 amounted to 5,657 thousand euros.

In addition, Puleva Food, S.L. is the supplier of certain goods and services of Puleva Biotech, i.e. the rental of offices and warehouses in the normal course of business, certain supplies for manufacturing installations, etc.

2. Termination of the original contract between Herba Ricemills, S.L. and Puleva Biotech, S.A. and the signing of a new contract

On September 1, 2003, Puleva Biotech, S.A. and Herba Ricemills, S.L. signed a framework contract governing R&D services rendered by Puleva Biotech, S.A. to Herba Ricemills, S.L. These services relate to Herba Ricemills' activities.

On January 2, 2006, an extension was signed to the contract governing R&D services subscribed on January 3, 2005, setting fees for the year at 750 thousand euros.

In 2007, Herba Ricemills, S.L. (hereinafter Herba) decided to restructure their R+D activities, including the teams from Puleva Biotech, S.A., Española de I+D, S.A. and Herba in a business combination, to carry out an R&D&I project called "Research and Technological Development in the Cereal and Derivatives Sector: Scientific and Technological Fundamentals and the new improved range of starchy products" (Cereals

Project). For that purpose, on February 22, 2007, a joint venture ("acuerdo de consorcio") was signed in which Herba, as the company leading the Project, assumed all expenses and investments made by the collaborating companies in carrying out the Project, plus the corresponding profit margin.

This joint venture was established subject to receiving economic aid requested from the Corporación Tecnológica de Andalucía (CTA), and that aid was granted by CTA in a decision issued on May 8, 2007. Herba will pay 50% of the contribution to CTA made by Puleva Biotech.

In 2007 Puleva Biotech invoiced Herba Ricemills, S.L. for 497 thousand euros for expenses incurred in the Cereals Project in addition to the agreed industrial margin and 250 thousand euros corresponding to half of the contribution to CTA that Puleva Biotech, S.A. had made to date.

Given the changes in the research activities sponsored by Herba, the service contract was deemed unnecessary for the progress of the relations between Herba Ricemills, S.L. and Puleva Biotech, S.A., as they were governed as of 2007 by the new business combination agreement mentioned above.

3. Contract between Herba Ricemills, S.L. and Española de I+D, S.A.

In keeping with the Consortium Agreement for the R&D&I project presented to the Corporación Tecnológica de Andalucía and the Agencia de Innovación y Desarrollo de Andalucía signed on February 22, 2007, and the Addenda to that consortium agreement for the R&D&I project approved by the Corporación Tecnológica de Andalucía, "Exploitation Conditions", signed on September 24, 2007, Española de I+D, S.A. has been contributing to the Project, in accordance with the scientific, technical and staff specifications of the agreement, research and development work, means, and services included in the framework of the activity which is its corporate purpose.

Herba Ricemills, S.L.U., as the leading company in the consortium and the coordinator of the Cereals Project, pays all costs incurred in carrying out and developing the project within the framework set forth as budget incentives by the CTA in its resolution dated May 8, 2007.

4. Other

There are current account contracts with Puleva Food, S.L. and Ebro Puleva, S.A. Any balances from cash loans or borrowings between these companies and Puleva Biotech, S.A. by virtue of the aforementioned contracts earn interest at market rates.

Due to the importance of R&D&I activities for the Ebro Puleva Group, the volume of invoicing for goods and services of the above-mentioned companies comprises 68% of net turnover for Puleva Biotech, S.A.

27.6. Related parties – Key management personnel

Directors' compensation - The breakdown of total compensation paid to the directors of Ebro Puleva, S.A. in all the companies of the Group during 2006 and 2007 totaled 6,136 and 4,826 thousand euros respectively, as per the following breakdown (in thousands of euros):

	2006	2007
Expenses	242	279
Share under bylaws	2,055	2,055
Total external board members	**2,297**	**2,334**
Wages, salaries and professional fees	2,861	2,341
Termination benefits	831	0
Life and retirement insurance	147	151
Total executive directors	**3,839**	**2,492**
Total director's compensation	**6,136**	**4,826**

The current bylaws of the Company establish a share of 2.5% in the net profit for the year, provided that the legal reserve has been covered and the necessary amount has been set aside to pay the shareholders a dividend of 4% of the share capital.

Ebro Puleva's Board of Directors, at their meeting on February 27, 2008, decided to propose that 2007 subsistence allowances be maintained at their 2006 amounts (€2,055,000), which will mean proposing to the General Shareholders' Meeting that 2.48% of consolidated profits attributed to the company in 2007 be applied. They also decided to maintain travel expenses at the amount of 1,400 euros for attending the Ebro Puleva Board meeting and 700 euros for attending various commissions (a 2007 total of €250,600). Travel expenses for attending the 2010 Dosbio Board meeting were set at 700 euros, a total amount of €28,000. The total of travel expenses for 2007 was €278,600.

In 2006, the Chairman, Mr. Antonio Hernández Callejas, notified the Board of Directors that he would irrevocably forgo his entitlement to the safeguard clause originally included in his contract, which consisted of a net termination benefit, equal to two years' gross annual remuneration

The General Director, Mr. Jaime Carbó Fernández, and the General Secretary Mr. Miguel Angel Pérez Álvarez have likewise forgone their entitlement to the safeguard clauses originally established in their respective contracts, which consisted of a net termination benefit, equal to two years' gross annual remuneration. The Board of Directors resolved to replace this termination benefit with the indemnity contemplated in cases of dismissal or change in control equal or similar to what he would have normally received under prevailing employment legislation in Spain.

Mr. Eugenio Ruiz-Gálvez Priego, Chief Executive of Azucarera Ebro, (subsidiary of the parent company Ebro Puleva, of which he is also a Board member), has foregone his entitlement to the safeguard clause originally included in his contract, which consisted of a termination benefit of two years' gross annual remuneration. The Board of Directors resolved to replace this termination benefit with the indemnity contemplated in cases of dismissal or change in control equal to all forms of remuneration pending collection up to the age of 65, which will decrease in amount and cease to be paid when he reaches said age, at which time he may remain employed by the company if both parties so desire.

One Board member who has executive duties within the Company are beneficiaries of a supplementary life and retirement insurance policy, amounting to 151 in 2007 (147 in 2006) thousand euros annually, in accordance with the Company's bylaws.

The Company has not granted any loans or advances to Board members or furnished any guarantees or sureties on their behalf.

Article 127 ter, paragraph 4, TRLSA. In accordance with article 127 ter, paragraph 4, of the Revised Text of the Spanish Corporation Law, this note of the Notes to the Consolidated Financial statements includes the information that the directors, in compliance with their duty of loyalty, have communicated to the Company with respect to the shares and positions they hold in companies whose activity is identical, similar or complementary to that of Ebro Puleva, S.A., irrespective of whether said companies belong to the Ebro Puleva Group:

- Antonio Hernández Callejas:
  – Direct 16.666% shareholding in Instituto Hispánico del Arroz, S.A. He does not hold any position.
  – Indirect 3.62% shareholding in Casarone Agroindustrial, S.A. He does not hold any position.

- Mr. Félix Hernández Callejas:
  – Direct 16.666% shareholding in Instituto Hispánico del Arroz, S.A. He does not hold any position.
  – Indirect 3.620% shareholding in Casarone Agroindustrial. He does not hold any position.
  – Direct 0.002% shareholding in Rivera del Arroz, S.A. He is a Board member.
  – Direct 0.0002% shareholding in Mundi Riz, S.A. He is a Board member.

- Blanca Hernández Rodríguez:
  – Direct 16.666% shareholding in Instituto Hispánico del Arroz, S.A. She does not hold any position.
  – Indirect 3.020% shareholding in Casarone Agroindustrial, S.A. She does not hold any position.

Mr. Antonio Hernández Callejas, Mr. Félix Hernández Callejas and Ms. Blanca Hernández Rodríguez hold indirect shareholdings in Ebro Puleva, S.A. through a shareholding of 15.259% in the company held by Instituto Hispánico del Arroz, S.A., directly and through Hispafoods Invest, S.L.

- Caja de Ahorros de Salamanca y Soria:
  – 40% shareholding in Barrancarnes Industrial. Member of the Board of Directors.
  – 40% shareholding in Jamones Burgaleses, S.A. Member of the Board of Directors.
  – 41.290% shareholding in Leonesa Astur de Piensos, S.A. Member of the Board of Directors.
  – 27.0101% shareholding in Divaq Diproteg, S.A. Member of the Board of Directors.

- Caja España de Inversiones y Monte de Piedad:
  – 100% shareholding in Campo de Inversiones, S.A. Member of the Board of Directors.

- Juan Domingo Ortega Martínez:
  – Indirect 60.69% shareholding in Quesos Forlasa, S.A. He is a representative of Forlasa Alimentación, S.L., which is the Chief Executive of the former.
  – Sole Director of Monzotami, S.L.

The following chart depicts the positions held by the directors in other Ebro Puleva Group companies in which none of them hold a direct share:

Name of Board member	Ebro Puleva Group company	Position
Mr. José Barreiro Seoane	Dosbio 2010, S.L.U	Board member
Mr. Jaime Carbó Fernández	Panzani,S.A.S	Board member
Mr. Jaime Carbó Fernández	Dosbio 2010, S.L.U	Board member
Mr. Jaime Carbó Fernández	Riviana Foods, Inc	Board member
Mr. Jaime Carbó Fernández	Ebro América, Inc	Board member
Mr. Jaime Carbó Fernández	El Castillo Debic Foof Service, S.L	Board member
Mr. Jaime Carbó Fernández	New World Pasta Company	Board member
Mr. Jaime Carbó Fernández	Risella Oy	Board member
Mr. Jaime Carbó Fernández	N&C Boost, N.V.	Board member
Mr. Jaime Carbó Fernández	Herto, N.V.	Board member
Mr. Jaime Carbó Fernández	Boost Nutrition, C.V.	Board member
Mr. Jaime Carbó Fernández	Herba Germany GMBH	Joint and several director
Mr. Fernando Castelló Clemente	Castillo Castelló, S.A	Chairman
Mr. Fernando Castelló Clemente	El Castillo Debic Food Service, S.L	Chairman
Mr. Fernando Castelló Clemente	Lactmilk, S.A	Chairman
Mr. Antonio Hernandez Callejas	Panzani, S.A.S	Board member
Mr. Antonio Hernandez Callejas	New World Pasta Company	Board member
Mr. Antonio Hernandez Callejas	Riviana Foods, Inc	Board member
Mr. Antonio Hernandez Callejas	Dosbio 2010, S.L.U	Chairman
Mr. Antonio Hernandez Callejas	Puleva Biotech, S.A	Board member
Mr. Antonio Hernandez Callejas	Ebro América, Inc	Chairman
Mr. Antonio Hernandez Callejas	Azucarera Ebro S.L	Chairman
Mr. Antonio Hernandez Callejas	Herto, N.V.	Board member
Mr. Antonio Hernandez Callejas	N&C Boost, N.V.	Board member
Mr. Antonio Hernandez Callejas	Boost Nutrition, C.V.	Board member
Mr. Antonio Hernandez Callejas	Danrice, A/S	Board member
Mr. Antonio Hernandez Callejas	Josehp Heap&Sons Limited	Board member
Mr. Antonio Hernandez Callejas	S&Herba Foods Limited	Board member
Mr. Antonio Hernandez Callejas	Anglo Australian Rice Limited	Board member

Name of Board member	Ebro Puleva Group company	Position
Mr. Antonio Hernandez Callejas	Vogan & Co Limited	Board member
Mr. Antonio Hernandez Callejas	A W Mellish Limited	Board member
Mr. Antonio Hernandez Callejas	Josehp Heap Property Limited	Joint and several director
Mr. Antonio Hernandez Callejas	Heap Comet Limited	Joint and several director
Mr. Antonio Hernandez Callejas	Herba Germany GMBH	Joint and several director
Mr. Antonio Hernandez Callejas	Arrozeiras Mudiarroz, S.A.	Chairman
Mr. Felix Hernandez Callejas	Herba Ricemills, S.L.U.	Joint and several director
Mr. Felix Hernandez Callejas	Herba Foods, S.L.U.	Joint and several director
Mr. Felix Hernandez Callejas	Herba Nutricion, S.L.U.	Joint and several director
Mr. Felix Hernandez Callejas	Fallera Nutricion, S.L.U.	Joint and several director
Mr. Felix Hernandez Callejas	Nuratri, S.L.U.	Joint and several director
Mr. Felix Hernandez Callejas	Nutrial, S.L.U.	Joint and several director
Mr. Felix Hernandez Callejas	Nutramas, S.L.U.	Joint and several director
Mr. Felix Hernandez Callejas	Pronatur, S.L.U.	Joint and several director
Mr. Felix Hernandez Callejas	Vitasan, S.L.U.	Joint and several director
Mr. Felix Hernandez Callejas	Risella, Oy	Board member
Mr. Felix Hernandez Callejas	S&B Herba Foods, Ltd.	Board member
Mr. Felix Hernandez Callejas	Anglo Australian Rice, Ltd.	Board member
Mr. Felix Hernandez Callejas	Joseph Heap&Sons, Ltd.	Board member
Mr. Felix Hernandez Callejas	Vogan&Co, Ltd.	Board member
Mr. Felix Hernandez Callejas	Danrice A/S	Board member
Mr. Felix Hernandez Callejas	Herba Egypt Ricemills, Co.	Board member
Mr. Felix Hernandez Callejas	Arrozeiras Mudiarroz, S.A.	Board member
Mr. Felix Hernandez Callejas	Riviana Foods, Inc	Board member
Mr. Felix Hernandez Callejas	Herba de Puerto Rico, LLC	Board member
Mr. Felix Hernandez Callejas	Herto, N.V.	Board member
Mr. Felix Hernandez Callejas	Boost Nutrition, C.V.	Board member
Mr. Felix Hernandez Callejas	Rivera del Arroz, S.A.	Board member
Mr. Felix Hernandez Callejas	Mundi Riz, S.A.	Board member
Mr. Juan Domingo Ortega Martínez	Dosbio 2010, S.L.U	Board member
Mr. Eugenio Ruiz-Gélvez Priego	Azucarera Ebro S.L	Chief Executive Officer
Mr. Eugenio Ruiz-Gélvez Priego	Compañia de Melazas, S.A	Vice-chairman
Mr. Eugenio Ruiz-Gélvez Priego	Union Azucarera, A.I.T	Joint Director
Mr. Eugenio Ruiz-Gélvez Priego	Maltacarrión, S.A	Board member
Mr. Eugenio Ruiz-Gélvez Priego	Nueva Comercial Azucarera, S.A.	Chairman

Irrespective of the above, no director has informed the Company that he holds any shareholdings or positions in companies with activities identical, similar or complementary to those of Ebro Puleva, S.A. and its Group companies.

In 2006 and 2007 the directors of Ebro Puleva, S.A. have not carried out any transactions with Ebro Puleva Group companies other than those pertaining to said companies' normal course of businesses or that have not been conducted at arm's length.

Directors' compensation: The management of Ebro Puleva, S.A. at year end 2007 (2006) totaled 7 (8) members, who received total compensation in 2007 (2006) of 1,276 (1,401) thousand euros, of which 1,276 (1,196) thousand euros were in wages and salaries and 0 (205) thousand euros in indemnities.

The contracts of certain directors include safeguard clauses in the event of dismissal decided by the company or for changes in control which provide for termination benefits ranging from one to three years' annual remuneration. For the remaining cases, indemnities for improper dismissals would be applied as per prevailing employment legislation in Spain.

In addition, in 2006 the Selection and Compensation Committee approved an incentive program for its management team which would enable members to receive a cash amount based on the achievement of the objectives set forth in the Group's Strategic Plan for the period from 2007 to 2009. The Ebro Puleva Group's key management, including Executive Board members, are entitled to benefit from the plan.

The incentive would consist of an amount based on the average annual remuneration received for the period from 2007 to 2009 of each beneficiary, to which a percentage would be applied depending on the degree to which objectives were achieved. Payment of the incentive, which would be made in 2010 (once the previous year's financial statements have been approved by the shareholders), is contingent upon the beneficiaries remaining with the Group until December 31, 2009, as well as meeting EBITDA, EVA and other qualitative objectives established in the Group's Strategic Plan.

In keeping with objectives attained as set forth in the Selection and Compensation Committee's Medium-term Incentives Plan, which was approved by the Ebro Puleva Board of Directors, €1,549,856 were allocated in the 2007 consolidated financial statements under "Current liabilities-Other payables". In accordance with the General Conditions of the Incentive Plan, the abovementioned amount is a provisional estimate recorded for accounting purposes which does not grant the right to collect said amount. That amount, except for cases of death or disability, may be collected only by persons employed by the Company in 2010 when the Ebro Puleva General Shareholders' Meeting approves the 2009 financial statements.

This program is not contingent upon the value of Ebro Puleva shares nor does it entitle the beneficiaries to receive shares or any other such benefits.

Lastly, the parent company has a civil liability insurance policy for directors and managers of Ebro Puleva, S.A. covering all subsidiaries, with a limit on claims per year of 45 million euros, a premium of 86,536 and coverage hasta April 30, 2008. This policy is currently being renewed.

28. Financial risk management objectives and policies and financial instruments

The Ebro Puleva Group, within the framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) report on internal control, has systems in place to identify, measure, manage and report risks for all its businesses. These systems are used to hedge environmental, business, financial and credit, labor and technological risks.

The main objective of the capital management policy is to guarantee a financial structure based on compliance with prevailing regulations in the countries where the Group operates. The Group's capital management policy also seeks to ensure steady credit rates as well as maximize shareholder returns. Information on financial leverage is included in the accompanying Management Report.

The Group was the first in its industry to develop and encourage R&D, environmental and food quality and internal audit. It has committees for environmental and food quality, commercial or counterparty risk, occupational hazard prevention and R&D. These committees are responsible for preventing and mitigating risks.

In addition, for all investment projects a risk analysis is performed beforehand to assess their economic and strategic viability. Investment decisions are made by the appropriate body based on a series of predefined limits. The main projects (i.e. over 2 million euros) require approval by the Board of Directors.

With acquisitions of companies and businesses, Ebro Puleva, S.A. has a series of procedures for minimizing acquisition risk. The main ones are:

- Due diligence with renowned firms.
- Negotiation of the final price based on a risk analysis.

- Application for guarantees until litigation is resolved or the liability is clarified.
- Deferred payment or bank guarantee in case of potential contingencies.

Ebro Puleva, S.A. hedges transactions that could be subject to foreign currency risks either via exchange rate insurance or natural hedges through loan financing with cash flows generated in the same currency.

Finally, for risks affecting inventories and assets, all Group companies have insurance policies for their properties, investments and inventories.

The Group is also faced with another two types of risk: regulatory (e.g. guidelines established by the Common Agriculture Policy) and country or market risk. Over the last few years, the Group has mitigated these risks by implementing a firm policy of business and geographical diversification, expanding its presence in Europe, America and the Maghreb countries.

Control systems to assess and mitigate or reduce the main risks facing the parent company and the Group

1. Regulatory risk

As its business entails the production and sale of sugar, milk, pasta and rice, the Group is subject to certain legal regulations, above all in the European Union through the Common Agriculture Policy (CAP) and the World Trade Organization (WTO). These regulations establish from production quotas to intervention prices or customs protection. Because of this regulatory risk, the Group's policy entails stable expansion to become more geographically diversified and to achieve a more balanced contribution by results by the four main businesses: sugar, rice, pasta and milk.

2. Environmental and food quality risk

The Group has designed, developed and put into place an environmental management system (EMS) that is UNE-EN-ISO 14 001:2004 standard compliant. It has also defined a quality and food safety management system that complies with the UNE-EN-ISO 9001:2000 standard, endorsed by the certifying body, AENOR. It has likewise defined a quality control and food safety management system that complies with the UNE-EN-ISO 17025 standard, endorsed by ENAC. Many of our subsidiaries are Certified Organic Producers.

In food safety, the Group has reported no incidents and is still drawing up an HACCP (Hazard Analysis and Critical Control Point) system that meets the requirements of both Spanish and European Union legislation. The majority of our handling processes have been given IFS (International Food Security) Certificates. In addition, the Group continues to operate its material, paper and aluminum recycling programs. Also worthy of mention are the GMP (Good Manufacturing Practices program) or the HAACP (Hazard Analysis and Critical Control) programs in place at our American subsidiaries.

3. Technological risk

Through its biotechnology and R&D subsidiaries, Puleva Biotech, Española de I+D y Crecerpal (Panzani subgroup), the Group supports its main business lines by facilitating product and process development and innovation so they can leverage the commercial launch on the food market of new functional foods, such as Omega 3, and become a benchmark in biotechnology.

In line with this Group policy, Puleva Biotech recently acquired Exxentia to enhance development of new research projects, as well broadening the range of products currently offered to customers.

4. Labor risk

As the Group is mainly involved in an industrial business and since most of its employees work at factories, the control and prevention of occupational hazards is paramount.

The Group's policy in labor risk prevention aims to promote the improvement of working conditions, and raise the level of safety protection and the health of its workers. It has a series of protocols to prevent potential claims, including evacuation plans, first aid, etc. There are also specific programs designed to enhance the work environment and maximize protection levels, such as training courses for Group companies and the purchase of material and installations so employees can work properly.

5. Credit risk

The Group's policy in this respect has always been conservative. It has credit insurance for the businesses with the highest levels of credit risk, as a result of which it has virtually no bad debts.

The commercial risk committees draw up tables or templates for each customer that include risk tolerance for each customer classification, as well as potential bonuses and volume discounts. These committees prepare a monthly printout showing the age of the amounts due from customers, the age of receivable balances, their source and the steps taken to collect. After a certain age, the matter is handed over to the Group's legal advisors. In addition, each month the Internal Audit and Control unit reviews the situation of customers that have caused problems. The Group is not exposed to significant concentration of credit risk.

Financial risk management and financial instruments

The Group's principal financial instruments, other than derivatives, comprise bank loans and overdrafts, forward purchase contracts, and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's activities. The Group has various other financial assets and liabilities, such as trade receivables and trade payables. The Group also enters into derivative transactions, including principally forward currency contracts and occasionally interest rate swaps. The purpose is to hedge the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk, as indicated previously (see point 5 of this note).

The board reviews and agrees policies for managing each of these risks, as summarized below. The Group's accounting policies in relation to derivatives are set out in Note 3.

Cash flow interest rate risk

The Group's exposure to the risk for changes in market interest rates relates primarily to its long-term debt obligations with a floating interest rate.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. The Group's policy is to minimize its exposure to this risk and therefore it closely monitors fluctuations in interest rates with the help of external experts. When necessary, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

The French subsidiary, Panzani, has entered into two combined interest rate options: a cap with knock-out call and a floor with knock-in put, with notional amounts of 15 and 35 million euros, respectively.

A sensitivity analysis performed on the main financial instruments on the Group balance sheet exposed to interest rate variation risk with impact on Group results showed variations on the income statement of 8.7 million euros with interest rate variations equivalent to 75 basic points.

The principal assumptions used in performing the sensitivity analysis are as follows:

- Only financial instruments subject to material variations with interest rate surges and drops were included.
- Hedges were excluded, as pure hedges are not subject to variation.
- The interest rate was considered as the sole variable, all other variables in the model remaining constant.

The sensitivity analysis performed on financial instruments exposed to interest rate risk are shown in the chart below, which reflects this impact on the income statement. An increase in interest rates would led to higher financial expense; a drop, in a lower one.

Expense	(0.75%)	(0.50%)	(0.25%)	0.00%	0.25%	0.50%	0.75%
In thousand euros	(8,667)	(5,779)	(2,891)	0	2,891	5,779	8,667

Foreign currency risk
As a result of significant investment operations in the United States, the Group's balance sheet may be affected significantly by movements in the USD/EUR exchange rate.

The Group seeks to mitigate the effect of its structural currency exposure by borrowing in US dollars. 100% of its investment in the US is hedged in this manner.

Included under "Non-current loans" at December 31, 2007 (2006) is the 630 (630) million US dollar loan (see Note 22) designated as a hedge of net investments in US subsidiaries and used to hedge the Group's foreign currency risk arising from these investments. Gains or losses on the translation of this loan to euros are recognized in equity to offset any gain or loss on the translation of the net investments in the subsidiaries.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. The Group requires all its operating units to use forward currency contracts to eliminate the currency exposures on large transactions. The forward currency contracts must be in the same currency as the hedged item.

It is the Group's policy not to enter into forward contracts until a firm commitment is in place and to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

Certain Spanish companies of the Herba Rice Group, S&B Herba (U.K.) and the Panzini subgroup in France have forward foreign exchange contracts (exchange insurance) to cover the risk of exchange rate fluctuations in customer receivables which they do not classify as hedges. At December 31, 2007 there were contracts open for the following notional values:

Currency	Notional
US $	58,364,646
Euro	9,768,695
GBP	852,551

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

- Only financial instruments subject to material variations with modifications in exchange rates were included.
- Liabilities were excluded given that they are a pure hedge for the purpose of the investment.
- The exchange rate was considered as the sole variable, all other variables in the model remaining constant.

The sensitivity analysis performed on financial instruments exposed to exchange rate risk is shown in the chart below, which reflects this impact on the income statement.

NOTIONAL DERIVATIVES, SENSITIVITY. CURRENCY REVALUATIONS WITH A POSITIVE EFFECT MEAN GREATER EXPENSE							
US Dollar					Revaluation €/$		
Expense in	(15.00%)	(10.00%)	(5.00%)	0.00%	5.00%	10.00%	15.00%
Thousands of euros	(4,494)	(3,132)	(1,641)	0	1,641	3,132	4,494
					Revaluation THB/$		
Expense in	(15.00%)	(10.00%)	(5.00%)	0,00%	5.00%	10.00%	15.00%
Thousands of euros	(408)	(284)	(149)	0	149	284	408
					Revaluation GBP/$		
Expense in	(15.00%)	(10.00%)	(5.00%)	0.00%	5.00%	10.00%	15.00%
Thousands of euros	(341)	(341)	(179)	0	179	341	341
Euro					Revaluation euro/THB		
Expense in	(15.00%)	(10.00%)	(5.00%)	0.00%	5.00%	10.00%	15.00%
Thousands of euros	(401)	(279)	(146)	0	146	279	401
					Revaluation €/GBP		
Expense in	(15.00%)	(10.00%)	(5.00%)	0.00%	5.00%	10.00%	15.00%
Thousands of euros	963	642	321	0	(321)	(642)	(963)
GBP					Revaluation GBP/THB		
Expense in	(15.00%)	(10.00%)	(5.00%)	0.00%	5.00%	10.00%	15.00%
Thousands of euros	157	109	57	0	(57)	(109)	(157)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of revolving credit policies, bank loans and forward purchase contracts.

29. Environmental issues

In keeping with its environmental policy, the Group has been carrying out various activities and projects aimed at managing environmental resources in order to comply with prevailing legislation. It continues to implement in 2007 and 2006 advanced environmental, food hygiene and safety control policies which respect both the environment and social issues. These projects are designed to provide sustained development based on the concepts of prevention and ongoing innovation.

Business activities relating to the sugar, rice, dairy and pasta, product industries require important investments to manage and monitor the related environmental risks. Such investments also lead to increased production capacity of installations and machinery, which are capitalized and depreciated on a straight-line basis over their estimated useful lives.

The Group has made a concerted effort in recent years, especially with regard to proper control of sewage waste, gas and dust emissions, as well as solid and organic waste. In fact, we are not aware of any significant contingencies with regard to compliance of current environmental protection regulations.

In 2007 (2006) the Azucarera Ebro Group invested 3.1 (9.3) million euros in environmental assets (as a complement to the 48 million euros invested between 2005 and 2002). The investments of this type capitalized at December 31, 2007 (2006) amounted to 121 (118) million euros. In 2007 and 2006 the Group continued to invest heavily in environmental protection at all of its factories (all of which had full or partial positive effects). This substantial investment has led to energy savings, a reduction in effluents and emissions, etc., and excellent results from external audits and government inspections.

In 2007, the factories in Peñafiel, Guadalcacín and Guadalete obtained the Integrated Environmental Authorization. The authorization granted in 2006 in Miranda has been maintained. The Authorization has been requested for the remaining centers, pending publication by the Government in its official bulletins. Eight Environmental Management System certifications from AENOR have been maintained in approval of quality standards in keeping with Spanish regulation UNE-EN ISO 14001:2004, corresponding to all factories in operation. Annual audits have been performed and showed excellent technical results. Greenhouse gas emissions were declared and verified by AENOR for the seven related productive centers, in keeping with prevailing legislation.

CO_2 emission rights: Real CO_2 emissions in 2007 and 2006 ere lower than the final official greenhouse gas emissions rights allocated to the co-generation facilities at our plants. We expect a similar situation in 2007.

For the 2008-2012 period of the Second National CO_2 Emission Rights Assignment Plan, Azucarera Ebro received a total assignment of 330,895 metric tons, a 25% reduction compared to its assignments under the First Plan. However, no deficit is foreseen for the period.

The amount of capex and required expenditure for the rest of the Group companies is far lower.

Expenses for external environmental management services in 2007 (2006) amounted to 9,843 (10,349) thousand euros and tax deductions applied to 330 (929) thousand euros.

Lastly, several Group companies have contracted a civil liability insurance policy against damage caused to third parties by sudden accidental contamination and they consider that the policy adequately covers any risk in this regard.

In 2006, the company contracted to dismantle the former Monzón de Campos sugar refinery was the cause of an accidental spill. Legal proceedings are currently underway in which the company has not been formally accused. No significant claims have been filed against the remaining production centers. There have, however, been favorable pronouncements with respect to the results of audits, the absence of allegations in the processing of Integrated Environmental Authorizations, etc.

30. Audit fee

Audit Fees are included under “External services” in the profit and loss account and correspond to the fee paid to the auditors of the consolidated financial statements. The total fee paid in 2007 (2006) for the audit of the financial statements of Ebro Puleva Group companies amounted to 1,867 (2,011) thousand euros. Of this amount, the audits performed by the main auditor (Ernst & Young and its international network) amounted to 1,773 (1,929) thousand euros.

In addition, the Ebro Puleva Group engaged Ernst & Young companies to provide non-audit related services amounting to 228 (295) thousand euros.

31. Events after the balance sheet

- Early January 2008 saw the culmination of Puleva Biotech, S.A.'s acquisition of 100% of the Spanish Exxentia Group. Puleva Biotech, S.A. paid a price of 34 million euros. At the same time, the sellers of the Exxentia Group shares acquired 11.09% of share capital in Puleva Biotech, S.A. from Ebro Puleva, S.A., which, at 2.5 euros per share, amounted to a sales price of 16 million euros.
  This leaves Ebro Puleva, S.A. with 51.02% of the share capital of Puleva Biotech, S.A. The Company is currently taking the first steps towards adopting IFRS and measuring the assets and liabilities acquired from the Exxentia group. Therefore, not all the data regarding the purchase price allocation are available. However, the goodwill arising on the acquisition is estimated to be around 20 million euros.

- Regarding the sugar CMO, discussed previously in Note 21.1, at the beginning of March an agreement was reached with ACOR to reduce output by a further 24,770 tons in order to meet the 50% targeted reduction in the national sugar quota. This agreement, which has yet to be executed, means Azucarera Ebro, S.L.U. will abandon 8,703.1 tons of its quota and ACOR the remaining 16,068.9 tons.

No other significant events have occurred from December 31, 2007 to the date on which these consolidated financial statements were drawn up.

Consolidated Report Management

for the year ended December 31, 2007

This management report contains information on the company's performance, consolidated results and main business segments. In some cases, data are obtained from certain transactions and aggregations of figures contained in the accompanying consolidated financial statements. In others, internal information is used for management control of the Group's various businesses.

1. Review of the year

A full year focused on reinforcing our businesses. 2007 featured a major upheaval in raw materials and freight markets due to a combination of factors, most notably:

- the influx of new consumers from developing countries (China)
- adverse weather and poor harvests
- new outlets for products (energy)
- the turmoil of the financial markets and the search for investment alternatives

All these factors marked an end to a prolonged situation of price stability.

This situation forced the Ebro Puleva group to attempt to raise its prices gradually, in line with increases in raw materials prices. Not surprisingly, there was a lag that undermined our growth. While dealing with this challenge we never lost sight of the objectives of completing our business integration, reducing debt and continuing to innovate, develop and communicate new food products and solutions (e.g. Meal Solutions).

In addition to the volatility of the raw materials market, for a better understanding of the consolidated data for 2007 the following circumstances must be taken into account:

- The inclusion for the full 12 months of the New World Pasta group, acquired in June 2006, and the Minute Rice brand.
- The full impact of the sugar industry's restructuring, which will require the closure of three sugar plants in the coming years.
- The much smaller contribution from non-core asset disposals than in other years.

CONSOLIDATED FIGURES

Thousands of euros	2004	2005	2005-2004	2006	2006-2005	2007	2007-2006
Revenues	1,814,359	2,130,409	*17.4%*	2,452,212	*15.1%*	2,685,042	*9.5%*
Net sales	1,765,527	2,080,975	*17.9%*	2,398,816	*15.3%*	2,622,430	*9.3%*
As % of revenues	*97.3%*	*97.7%*		*97.8%*		*97.7%*	
EBITDA	248,489	281,564	*13.3%*	306,005	*8.7%*	306,760	*0.2%*
As % of revenues	*13.7%*	*13.2%*		*12.5%*		*11.4%*	
EBIT 182,871	197,052	7.8%		211,216	*7.2%*	207,760	*(1.6%)*
As % of revenues	*10.1%*	*9.2%*		*8.6%*		*7.7%*	
EBIT + Financial results	162,778	163,590	0.5%	162,616	*(0.6%)*	137,872	*(15.2%)*
As % of revenues	*9.0%*	*7.7%*		*6.6%*		*5.1%*	
Profit before tax	171,365	210,361	*22.8%*	200,099	*(4.9%)*	124,255	*(37.9%)*
As % of revenues	*9.4%*	*9.9%*		*8.2%*		*4.6%*	
Income tax expense	(40,558)	(58,744)	*(44.8%)*	(71,734)	*22.1%*	(31,782)	*(55.7%)*
As % of revenues	*(2.2%)*	*(2.8%)*		*(2.9%)*		*(1,2%)*	
Consolidated profit for the year	128,365	151,617	*18.1%*	128,365	*(15.3%)*	92,473	*(28.0%)*
As % of revenues	*7.1%*	*7.1%*		*5.2%*			
Profit for the year	126,573	155,641	*23.0%*	180,363	*15.9%*	90,577	*(49.8%)*
As % of revenues	7.0%	7.3%		7.4%		3.4%	
Average working capital	426,853	451,215	*5.7%*	493,143	*9.3%*	472,497	*(4.2%)*
Capital employed	1,219,230	1,535,036	*25.9%*	1,654,931	*7.8%*	1,675,831	*1.3%*
ROCE (1)	15.5	13.5%		12.8%		12,4	
Capex	102,524	99,664	*2.8%*	298,225	*199.2%*	87,199	*(70.8%)*
Average number of employees	5,261	6,296	*19.7%*	6,784	*7.8%*	7,226	*6.5%*
	12-31-04	**12-31-05**	**2005-2004**	**12-31-06**	**2006-2005**	**12-31-07**	**2007-2006**
Equity	961,160	1,076,582	*12.0%*	1,187,962	*10.3%*	1,198,245	*0.9%*
Net debt	472,123	931,322	*97.3%*	1,134,894	*21.9%*	988,249	*(12.9%)*
Average net debt	352,088	841,427	*139.0%*	1,046,354	*24.4%*	1,129,254	*7.9%*
Gearing (2)	0.37	0.78		0,88%		0,94	
Total assets	**2,167,244**	**2,988,903**		**3,363,715**		**3,375,496**	

(1) ROCE = (Operating profit/(loss), Total Average Rate for 12 months/(Net investment – Investments– Goodwill)).
(2) Net interest-bearing loans and borrowings/equity (excluding minority interests).

Reaching more households. Net sales for the Group amounted to 2,622,430 thousand euros in 2007, up from 2,398,816 thousand euros the year before. The geographical mix improved further (see chart).

The Group achieved significant organic growth, especially in the rice business. There was also a change in the sales mix, with a stronger bias towards value added easy-to-cook products. Higher volumes and improved sales mixes accounted for around 18% of the growth in net sales in the rice and pasta divisions. Price rises, deriving from increases in raw materials, also boosted revenues.

Despite the volatility of the raw materials markets, operating cash flow **(EBITDA) rose slightly, to 306,760 thousand euros.** The rice business was a major contributor, posting a 34% jump. This improvement was achieved thanks to an efficient policy of diversifying rice sources and came despite pressure on supply.

The percentage of Group EBITDA generated in US dollars increased to 26% in 2007 from 20% in 2006. However, our business diversification was hurt by adverse exchange-rate movements.

Profit from continuing operations was only 28% lower despite the sharp fall in other operating profits (including extraordinaries) caused mainly by two factors:

- Lower proceeds from the disposal of non-core assets (primarily property assets) compared to previous years.
- The publication in October 2007 of the new regulation modifying the sugar sector reform deriving from the new CMO. The aim of the modification is to encourage producers to relinquish quotas so that the stated targets can be achieved. Although the final volume of sugar quota given up will not be known until the second quarter of 2008, Azucarera Española's restructuring had a net negative effect on the consolidated accounts of 11 million euros (see Note 21).

At the bottom line, it should also be noted that net profit for 2006 included 60 million euros of net gains on the sale of assets in Central America, recognized under "Profit (loss) for the year from discontinued operations."

Capex amounted to 87 million euros in 2007. While this amount was not much different from other years, there was a qualitative change as investments were made that will shape the Company's future. Foundations were laid for a significant part of the rice group's operations. Specifically, the Company began building the new rice plant in Memphis — set to become the industry benchmark — and bought the land where the future Puebla del Rio plant will be located. It also invested heavily in the roll-out of SAP at Riviana (the seedling of the Ebro North America project), the installation of new production lines at the Nanterre plant and the start of construction of a new refinery in Guadalete.

The **performance of debt was highly satisfactory.** Cash flows from operations rose thanks to a working capital management policy that easily offset the impact of raw material inflation. The gearing ratio at year end was well below 1, and with a debt/EBITDA ratio of 3x, the Group has ample room to maneuver.

EBRO PULEVA GROUP. CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEARS ENDEDDECEMBER 31, 2007 AND 2006		
	12-31-2007	12-31-2006
Net cash flows from operating activities	230,944	171,639
Net cash flows from investing activities	(83,819)	(362,719)
Net cash flows from financing activities	(126,349)	187,651
Translation differences of flows from foreign operations	16	(2,641)
Increase (decrease) in cash and cash equivalents	20,792	(6,070)
Cash and cash equivalents at January 1	75,070	82,196
Impact of year-end exchange rates on opening balance	(1,263)	(1,056)
Cash and cash equivalents at December 31	94,599	75,070

1. Results by business line

The Ebro Puleva Group is divided into the following business lines:

- Sugar business: carried out mainly by Azucarera Ebro S.L.U., which produces and sells sugar and byproducts.
- Dairy business: basically milk, fermented products, dairy beverages and baby food. This business is carried out through the Puleva Food and Lactimilk groups.
- Rice business: includes the industrial and rice brand activity and other products. We are present in a large number of countries in Europe, the Maghreb, North and Central America and Thailand.
- Pasta: production and sale of dry and fresh pasta, sauces, semolina and wheat flour through the Panzani Group, New World Pasta and Birkel.
- Other businesses: R&D activities by Puleva Biotech in neutraceuticals; harnessing and managing power related to our industry; real estate management; and other activities related to the food industry and our other business lines.

Sugar

SUGAR BUSINESS							
Thousands of euros	2004	2005	2005-2004	2006	2006-2005	2007	2007-2006
Revenues	734,097	652,314	*(11.1%)*	687,011	*5.3%*	653,653	*(4.90%)*
Net sales	710,866	624,993	*(12.1%)*	657,770	*5.2%*	621,062	*(5.60%)*
% of revenues	*96.8%*	*95.8%*		*95.7%*		*95.00%*	
EBITDA	152,251	119,505	*(21.5%)*	96,955	*(18,90%)*	79,911	*(17.60%)*
% of revenues	*20.7%*	*18.3%*		*14.1%*		*12.2%*	
EBIT 118,205	86,273	(27.0%)		64,818	*(24,90%)*	48,143	*(25.70%)*
% of revenues	*16.1%*	*13.2%*		*9.4%*		*7.4%*	
EBIT + Financial result	112,937	81,052	*(28.2%)*	60,411	*(25,50%)*	45,563	*(24.60%)*
% of revenues	*15.4%*	*12.4%*		*8.8%*		*7.0%*	
Average working capital	149,385	155,162	*3.9%*	149,766	*(3.5%)*	109,226	*(27.10%)*
Capital employed	555,498	559,623	*0.7%*	543,599	*(2.9%)*	463,933	*(14.70%)*
ROCE	21	15.6		11.9		10.4	
Capex	41,461	34,584	*16.6%*	27,368	*(20.9%)*	16,255	*(40.60%)*

- The new EU regulation for the sugar market was in place throughout 2007. The main purpose of the regulation is to provide a stable regulatory framework until 2014, which entails encouraging producers to significantly scale back their sugar production.
  The scant success of the reform in curbing production was seen in the year. In the first two campaigns, producers gave up 1.8 million tons of sugar quota, a far cry from the nearly 6 million target.
  In October 2007, the new regulation 1261/07 was published, modifying existing legislation and entailing huge incentives to relinquish quota and harvests by industry players. Pursuant to this change in law and based on beet production forecasts, the Company announced a 332,252.2 ton reduction in its quota (see note 21)

- One of the first responses to the new situation was the incorporation of Nueva Comercial Azucarera (NCA), 87.5%-owned by Azucarera Ebro and 12.5% by Sociedade de Desenvolvimento Agro Industrial (DAI). Starting in May 2007, NCA began selling all the sugar produced by its partners. The new company enables the Group to manage approximately 100,000 more tons of sugar and extends its footprint in the Iberian market.

- Sugar consumption in Spain was steady in 2007, at around 1.3 million tons, with prices pushed down by the scant cutbacks in European production quota, restrictions on exports and the growth of private labels.

- Yields were good, although the decrease in area harvested affected the cost of production in the south. To cushion this effect and become more competitive, the Company decided to pool its production.

- EBITDA was 17.6% lower as prices were squeezed, exports dried up and reimbursements ended since volumes were reduced from the year before.

- The main investments in the year went to upgrades in water treatment, the R&D center and the control room of the plants in the north. In the south, work began on the future Guadalete refinery, a key plank in the long-term strategy.

Rice

RICE BUSINESS							
Thousands of euros	2004	2005	2005-2004	2006	2006-2005	2007	2007-2006
Revenues	574,856	688,648	*19.8%*	696,655	*1.2%*	771,128	*10.70%*
Net sales	549,255	667,988	*21.6%*	672,500	*0.7%*	741,107	*10.20%*
% of revenues	*95.5%*	*97.0%*		*96.5%*		*96.1%*	
EBITDA	61,291	68,820	*12.3%*	71,343	*3.7%*	96,194	*34.80%*
% of revenues	*10.7%*	*10.0%*		*10.2%*		*12.5%*	
EBIT	47,624	49,147	3.2%	51,368	4.5%	75,297	*46.60%*
% of revenues	*8.3%*	*7.1%*		*7.4%*		*9.80%*	
EBIT + Financial result	44,399	48,202	*8.6%*	45,562	*(5.5%)*	56,783	*24.60%*
% of revenues	*7.7%*	*7.0%*		*6.5%*		*7.40%*	
Average working capital	130,389	166,035	*27.3%*	191,208	*15.2%*	188,294	*(1.50%)*
Capital employed	238,251	455,937	*91.4%*	462,702	*1.50%*	498,237	*7.70%*
ROCE	15.2	13.1		11.1		15.1	
Capex	25,164	25,727	*2.2%*	23,098	*(10.2%)*	22,046	*(4.60%)*

- The rice market was also affected by the situation of basic raw materials in general, and cereals in particular; purchase prices rose as much as 30%. Freight costs also went up and this is particularly important for certain types of rice harvested mostly in the Far East. Even so, the division delivered an excellent set of results for the year.

- The main drivers of its earnings were:
  - The success of the policy aimed at diversifying supplies. In 2006, the Group announced its commitment to diversification with the start-up of operations in Thailand and Egypt. In 2007, we completed the platforms in these countries, learnt more about the supply chain, raised our storage capacity and incorporated these structures into our value chain.

– The integration of the Minute brand in the America business. During the year all the sales and administrative activities were transferred to the Riviana subsidiary. At the same time, this brand was chosen for the marketing of our "ready to eat" products. This decision proved highly successful, with Minute RTS growing 170% and emerging as the second leading microwave rice brand by the end of the year.
– The ongoing policy of innovating and defining the product categories with which our brands are identified. This enabled us to become leaders in healthy (brown) and exotic rice.
– The extension of the "convenience" product range to other products, such as purees, pasta and porridges. This process will continue with launches of new pasta and sauce dishes, in an attempt to add pleasure to the experience.

• Advertising spend in the year rose 15% to 22.9 million euros.

• EBITDA for the rice division soared 34.8% to 96.2 million euros, making this division the Group's largest cash generator. The Minute brand added tremendous value, boosting all the sales ratios and driving a strong increase in consolidated ROCE.

• The main investments went to completing the installations in Thailand, Egypt and Morocco (which we identified as a strategic market) and rolling out SAP in the US.

• Elsewhere, the first steps were taken to what will shape the future of the rice business in:
– Memphis, where construction began in February 2008. This will mark a reorganization of business around the US's main producing area and a leap in our productivity in that country.
– La Puebla del Rio. Production in the Guadalquivir area will be reorganized around this area, with construction slated to commence in 2008.

Dairy business

DAIRY BUSINESS							
Thousands of euros	2004	2005	2005-2004	2006	2006/2005	2007	2007-2006
Revenues	497,078	518,137	*4.2%*	504,14	*(2.7%)*	527,489	*4.6%*
Net sales	497,078	518,137	*4.2%*	504,14	*(2.7%)*	527,489	*4.6%*
% of revenues	*100%*	*100%*		*100.0%*		*100.0%*	
EBITDA	46,620	54,121	*16.1%*	55,46	*2.5%*	53,033	*(4.4%)*
% of revenues	*9.4%*	*10.4%*		*11.0%*		*10.1%*	
EBIT	31,078	37,507	*20.7%*	40.176	*7,10%*	37,541	*(6.6%)*
% of revenues	*6.3%*	*7.2%*		*8.0%*		*7.10%*	
EBIT + Financial result	26,645	37,387	*40.3%*	39,993	*7.0%*	39,401	*(1.5%)*
% of revenues	*5.4%*	*7.2%*		*7.9%*		*7.50%*	
Average working capital	71,042	79,597	*12%*	87,508	*9.9%*	74,072	*(15.4%)*
Capital employed	217,432	225,904	*3.9%*	223,511	*(1,1%)*	196,938	*(11.9%)*
ROCE	14.3	16.6		18.0		19.1	
Capex	36,948	17,501	*52.6%*	14,625	*(16.4%)*	16,872	*(15.4%)*

• Milk supply came under pressure in 2007, in part due to reductions in production quotas and low output in certain international markets; this marked a dramatic turnabout after several years of surpluses in Europe. In addition, cereal prices rose higher than ever, indirectly hampering the dairy business by pushing up the prices of feed for livestock.

Puleva Food wasted no time in responding, thanks to its leadership position in the functional milk segment, as can be seen by the following chart showing average retail price trends:

Despite acting quickly, the division still was unable to prevent the temporary lag between rises in milk prices and their pass-through to customers.

- In this situation, Puleva firmed up its commitment as an innovative brand providing maximum well-being to consumers of our products and catering to all categories. Accordingly, we remain leaders in heart-healthy, calcium-enriched and growing-up milk products.

- A highlight was the success in the area of baby formulas, with Puleva Peques, Puleva Max and Batidos Puleva. Puleva Peques continued to grow, raising its share of the liquid baby formula market (for children under age three) to 42%. Similarly, more mothers of children aged 3 to 12 are buying Puleva Max, whose share of the growing-up milk market stands at 62%. The commitment to this market segment is underpinned by both the credibility it lends our brand with respect to nutritional and safety requirements, and the possibility of retaining our customers from the time they are babies.

- Meanwhile, in a bid to achieve a more efficient industrial structure, we sold the León plant, concentrating production and enhancing the returns on our products.

- Advertising spend in the year rose 5% to 15.5 million euros.

- EBITDA for the dairy division fell to 53 million euros, but the business commanded wider margins. ROCE for 2007 was 19.1%, rising for the fourth straight year.

- Investment during the year went mainly to designing new formats that are more tailored to consumers' needs.

Pasta

PASTA BUSINESS					
Thousands of euros	2005	2006	2006-2005	2007	2007-2006
Revenues	291,041	596,140	*104.8%*	775,235	*30.00%*
Net sales	291,041	596,140	*104.8%*	775,055	*30.00%*
% of revenues	*100%*	*100%*		*100%*	
EBITDA	44,416	92,093	*107.3%*	88,450	*(4.00%)*
% of revenues	*15.3%*	*15.4%*		*11.40%*	
EBIT	31,492	66,408	*110.9%*	58,274	(12.20%)
% of revenues	*10.8%*	*11.1%*		*7.50%*	
EBIT + Financial result	27,215	61,394	*125.6%*	50,126	*(18.40%)*
% of revenues	*9.4%*	*10.3%*		*6.50%*	
Average working capital	28,889	57,592	*99.4%*	73,909	*28.30%*
Capital employed	217,927	361,120	*65.7%*	478,785	*32.60%*
ROCE	14.5	18.4		13.9	
Capex	15,964	19,419	*21.6%*	23,677	*21.90%*

- Birkel Teigwaren joined the Group in October. This company produces and sells dry pasta under the Birkel, 3Glocken and Mowe brands, and is leader of the German market. Its contribution is still only marginal, but the company forms part of our European growth strategy.

- Hard wheat is used to produce our pastas. This type of wheat is mainly grown near the border between the US and Canada and in the Mediterranean basin. Its scant growing area leaves it more exposed than other types of wheat to shifts in demand, weather conditions and incentives for neighboring or substitute crops.
  At the beginning of this report, we included a chart that clearly illustrates the situation of this raw material. The trend of reference prices in the US or Canada shows a similar performance. This is a completely new situation, which has undermined what otherwise would have been a good year for this business area.

- Panzani achieved both higher absolute and volume sales. Its market shares make it leader in dry pasta (36.9% by value), sauces (40.1%), rice (30.4%) and fresh pasta (33.2%), far ahead of its closest rivals in all cases and with larger shares than in 2006.

- The integration of New World Pasta into the Group continued during the year. The company liaised logistics management with Riviana and carried out a functional restructuring, a process which will culminate with the forthcoming integration of its SAP systems. Marketing endeavors were also resumed, with the development and launch of a new product range called “Smart Taste” (fiber- and mineral-enriched pasta) and the expansion of the Healthy Harvest range.

- Advertising spend in the year rose 47% to 38.2 million euros.

- The contribution by the pasta division to consolidated EBITDA declined slightly (-4%) due to problems absorbing increases in costs at source in such a short span of time. However, the outlook is promising once prices level off.

- Investment in 2007 went mainly to improving the new logistics facilities in the US and renewing and upgrading lines for new products in France.

2. Outlook

Going forward, the Group will gear its efforts towards reinforcing its leadership position through ongoing innovation and brand differentiation. The goal is to become the food solutions provider for consumers from infancy to maturity, offering healthy and tasty meals that adapt to the needs of our time.

Organizationally, our challenge is to further integrate our businesses in Europe and America and boost cross-selling in markets where we already have some type of operation. In addition, we want to work in new EU member countries, where the potential for growth is huge.

Sugar business

The announcement of the proposed quotas to be relinquished on March 31 should remove uncertainty in the industry and bring the market back in balance by the end of 2008. The measures included in the restructuring plan also have to be carried out.

Rice business

The rice division's production and supply structure is being completely overhauled. We will continue to invest in the development of our brands and in innovation.

Dairy Products business

The drive for market segmentation and differentiation through innovation will be stepped up. The focus on maternal milk will increase with the introduction of ready-to-eat microwave milk formulas and cereals (Papiya!).

Pasta

In the America division, the strategy will continue to focus on reinforcing marketing, strengthening the domestic umbrella brand and extending the range of healthy and convenience products by applying technologies already developed in Europe.

In Europe, Panzani will uphold its commitment to innovation and extend its footprint into other EU countries. It also aims to tap synergies arising in the German market through the start-up of new products and integration in the value chain.

Other businesses

Elsewhere, new activities will be added in the fields of research and marketing of bio-healthy ingredients, with the support of Puleva Biotech and Exxentia.

Additional real estate assets will be sold to raise cash in order to fund the growth of the core businesses.

3. R&D&I

Ebro Puleva has always been a forerunner in new consumer trends and an international benchmark in R&D of products applied to the food industry. The Group remained firmly committed to R&D&I in 2007, aware that it is an essential tool for developing a quality and differentiated strategy. This entailed myriad nutritional assessment tests and constant innovation in products, technology and formats.

This work was carried out by over a hundred and fifty researchers at the six centers comprising the Group's R&D&I platform. These centers are: Puleva Biotech; the European Center for Research on Cereals, Rice and Pasta (CRECERPAL); the Center for Culinary Research and Inspection (CEREC); the Riviana Tech Center; the Azucarera Ebro R&D Center; and the Spanish R&D Center.

The objectives of the R&D&I initiatives carried out are:

- To help Ebro Puleva develop through R&D of new products and processes.
- To innovate in technologies, which will allow the company to develop processes in-house and establish technological barriers to competition.
- To maintain a steady flow of products in the pipeline.
- To contribute innovative customer relationship solutions.

All these targets are aligned with the development of healthy, convenient and gastronomically appealing foods based on a strict food safety policy.

The work carried out in the rice division focused on developing rice and flour products with a high content of functional and healthier ingredients than other traditional products.

In the last quarter of 2007, the sugar division moved the R&D center from its Valladolid headquarters to the new facilities at the Toro (Zamora) plant. There, work remained centered on achieving the overriding objective of reducing industrial operating costs and ensuring quality to our customers in the sugar, alcohol and byproduct production processes.

Progress was made during the year in developing baby food products and new dairy byproducts. Various projects were carried out, leading to the industrial development of ready-to-eat dairy products, as well as culinary desserts and creams, whipping cream and vegetable mixes. On these, Puleva worked hand-in-hand with Castillo Debic.

Finally, the pasta division continued to revamp its range of fresh products and export its tailored solutions to new markets.

4. Treasury shares

In 2007, the Company bought and sold treasury shares as authorized by the General Meeting held on April 18, 2007, having duly notified the CNMV (Spanish National Securities Commission) in accordance with current reporting standards. In 2007, 1,141,851 treasury shares were purchased and 420,427 were sold. At year end the Company had 721,655 treasury shares, equivalent to 0.469% of its share capital. At year end 2007, these shares were not earmarked for any specific purpose.

5. Employees

The number of employees at Ebro Puleva has grown with the addition of companies and businesses. The Company has been able to mix a variety of cultures and skills with a constant flow of information and knowledge (see Note 8.4 for details on employees).

6. Financial risk management objectives and policies and financial instruments

The Ebro Puleva Group, within the framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) report on internal control, has systems in place to identify, measure, manage and report risks for all its businesses.

These systems are used to hedge environmental, business, financial and credit, labor and technological risks. The Group was the first in its industry to develop and encourage R&D, environmental and food quality, and internal audit.

It has committees for environmental and food quality, commercial or counterparty risk, occupational hazard prevention and R&D. These committees are responsible for preventing and mitigating risks.

In addition, for all investment projects a risk analysis is performed beforehand to assess their economic and strategic viability. Investment decisions are made by the appropriate body based on a series of predefined limits. The main projects (i.e. over 2 million euros) require approval by the Board of Directors.

With acquisitions of companies and businesses, Ebro Puleva, S.A. has a series of procedures for minimizing acquisition risk, mainly:

- Due diligence with renowned firms.
- Negotiation of the final price based on a risk analysis.
- Application for guarantees until litigation is resolved or the liability is clarified.
- Deferred payment or bank guarantee in case of potential contingencies.

Ebro Puleva, S.A. hedges transactions that could be subject to foreign currency risks either via exchange rate insurance or natural hedges through loan financing with cash flows generated in the same currency.

Finally, for risks affecting inventories and assets, all Group companies have insurance policies for their properties, investments and inventories.

The Group is faced with two additional types of risk: regulatory (e.g. guidelines established by the EU Common Agriculture Policy) and country or market risk. Over the last few years, the Group has mitigated these risks by implementing a firm policy of business and geographical diversification, expanding its presence in Europe, America, the Maghreb countries and Thailand.

Control systems to assess and mitigate or reduce the main risks facing the parent company and the Group

1. Regulatory risk

As its business entails the production and sale of sugar, milk, pasta and rice, the Group is subject to certain legal regulations, above all in the European Union through the Common Agriculture Policy (CAP) and the World Trade Organization (WTO). These regulations include stipulations related to production quotas, intervention prices, and customs protection. Given this regulatory risk, the Group's policy entails stable expansion to become more geographically diversified and to achieve a more balanced contribution by results by the four main businesses: sugar, rice, pasta and milk, as shown in this management report.

Note 28 of the accompanying consolidated financial statements explains the key features of the sugar CMO, which came into effect in 2006.

2. Environmental and food quality risk

The Group's environmental policy is based on the principle of ongoing compliance with legislation. Accordingly, it has designed, developed and put into place an environmental management and food safety system that is UNE-EN-ISO 14001:2004 and UNE-EN-ISO 9001:2000 standard compliant and certified by AENOR.

It has also defined a food quality and safety system that meets the requirements of the UNE-EN-ISO 17025 standard, certified by ENAC.

In food safety, the Group has reported no incidents and is still drawing up an HACCP (Hazard Analysis and Critical Control Point) system that meets the requirements of both Spanish and European Union legislation. The Group also has a waste (e.g. paper and aluminum) recycling program. Finally, we would highlight some quality-enhancing initiatives carried out by our North American subsidiaries, such as the GMP (Good Manufacturing Practices) and the HAACP (Hazard Analysis and Critical Control Policy).

3. Technological risk

Through its Puleva Biotech subsidiary, the Group supports its main business lines by facilitating product and process development and innovation so they can leverage the commercial launch on the food market of new functional foods, such as Omega 3, and become a benchmark in biotechnology.

In line with the Group's philosophy, Puleva Biotech recently acquired Exxentia, which should help it expand and conduct new research projects, as well as broaden its product offering.

4. Labor risk

As the Group is mainly involved in an industrial business and since most of its employees work at factories, the control and prevention of occupational hazards is paramount.

The Group's policy in labor risk prevention aims to promote the improvement of working conditions, and raise the level of safety protection and the health of its workers.

It has a series of protocols to prevent potential claims, including evacuation plans, first aid, etc. There are also specific programs designed to enhance the work environment and maximize protection levels, such as training courses for Group companies and the purchase of material and installations so employees can work properly.

5. Credit risk

The Group's policy in this respect has always been conservative. It has credit insurance for the businesses with the highest levels of credit risk, as a result of which it has virtually no bad debts.

The commercial risk committees draw up tables or templates for each customer that include risk tolerance for each customer classification, as well as potential bonuses and volume discounts. These committees prepare a monthly printout showing the age of the amounts due from customers, the age of receivable balances, their source and the steps taken to collect. After a certain age, the matter is handed over to the Group's legal advisors. In addition, each month the Internal Audit and Control unit reviews the situation of customers that have caused problems.

The Group is not exposed to significant concentration of credit risk. In addition, the Company invests cash and enters arranges financial instruments with entities of high solvency and credit ratings.

Financial risk management and financial instruments

The Group's principal financial instruments, other than derivatives, comprise bank loans and overdrafts, forward purchase contracts, and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's activities. The Group has various other financial assets and liabilities, such as trade receivables and trade payables. The Group also enters into derivative transactions, including principally forward currency contracts and occasionally interest rate swaps. The purpose is to hedge the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk, as indicated previously.

The board reviews and agrees policies for managing each of these risks, as summarized below. The Group's accounting policies in relation to derivatives are set out in Note 3 of the notes to the consolidated financial statements.

Cash flow interest rate risk

The Group's exposure to the risk for changes in market interest rates relates primarily to its long-term debt obligations with a floating interest rate.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. The Group's policy is to minimize its exposure to this risk and therefore it closely monitors fluctuations in interest rates with the help of external experts. When necessary, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

The French subsidiary, Panzani, has entered into two combined interest rate options: a cap with knock-out call and a floor with knock-in put, with notional amounts of 15 and 35 million euros, respectively.

Note 28 provides information on the Group's financial instruments exposed to interest rate risk.

Foreign currency risk

As a result of significant investment operations in the United States, the Group's balance sheet can be affected significantly by movements in the USD/EUR exchange rate.

The Group seeks to mitigate the effect of its structural currency exposure by borrowing in US dollars. 100% of its investment in the US is hedged in this manner.

Included under "Non-current loans" at December 31, 2006 are two, 440 and 190 million US dollar, loans (see Note 22) designated as a hedge of net investments in US subsidiaries and used to hedge the Group's foreign currency risk arising from these investments. Gains or losses on the translation of this loan to euros are recognized in equity to offset any gain or loss on the translation of the net investments in the subsidiaries.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. The Group requires all its operating units to use forward currency contracts to eliminate the currency exposures on large transactions. The forward currency contracts must be in the same currency as the hedged item.

It is the Group's policy not to enter into forward contracts until a firm commitment is in place and to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

Some Spanish companies of the Rice Business- Herba and Pasta Business - Panzani segments have entered into currency futures (exchange rate insurance) to hedge the risk of foreign currency fluctuation of customer receivables.

Note 28 provides information on the Group's financial instruments exposed to foreign currency risk.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of revolving credit policies, bank loans and forward purchase contracts.

7. Environmental issues

Note 29 details information regarding the environment.

8. Events after the balance sheet date

- In early January 2008, Puleva Biotech, S.A. completed the acquisition of 100% of the Spanish group, Exxentia. The price paid was 34 million euros. Simultaneously, the sellers of the Exxentia shares acquired an 11.09% shareholding in Puleva Biotech, S.A. from Ebro Puleva, S.A. at a price of 2.5 euros per share, for a total of 16 million euros.
  This leaves Ebro Puleva, S.A. with 51.02% of the share capital of Puleva Biotech, S.A. The Company is currently taking the first steps towards adopting IFRS and measuring the assets and liabilities acquired from the Exxentia group. Therefore, not all the data regarding the purchase price allocation are available. However, the goodwill arising on the acquisition is estimated to be around 20 million euros.

- Regarding the sugar CMO, discussed previously in Note 21.1, at the beginning of March an agreement was reached with ACOR to reduce output by a further 24,770 tons in order to meet the 50% targeted reduction in the national sugar quota. This agreement, which has yet to be executed, means Azucarera Ebro, S.L.U. will abandon 8,703.1 tons of its quota and ACOR the remaining 16,068.9 tons.

No significant events have occurred from December 31, 2007 to the date on which these consolidated financial statements were drawn up.

9. Article 116 bis of the securities Market Law

Data refer solely to the Ebro Puleva, S.A. parent company as the quoted company subject to this law.

a) The structure of capital, including securities which are not admitted to trading on a regulated market in a Member State, where appropriate with an indication of the different classes of shares and, for each class of shares, the rights and obligations attaching to it and the percentage of total share capital that it represents

Share capital amounts to 92,319,235.20 euros and consists of 153,865,392 fully subscribed and paid bearer shares with a nominal value of 0.60 euros each, represented by book entries. All shares are of the same class and series.

The shares comprising share capital are considered transferable securities and subject to the regulations governing the securities markets.

b) Any restrictions on the transfer of securities

There are no restrictions on the transfer of securities.

c) Significant direct and indirect shareholdings.

Name or company name of shareholder	No of voting rights	No. of indirect voting rights (*)	% of total voting rights
Bestinver Gestión, S.A., S.G.I.C.	0	9,128,029	5.930
Casa Grande de Cartagena, S.L.	9,475,145	0	6.158
Caja de Ahorros de Salamanca y Soria	9,247,898	0	6.010
Hispafoods Invest, S.L.	10,346,192	0	6.724
Instituto Hispánico del Arroz, S.A.	13,132,722	10,346,192	15.259
Invergestión, Sociedad de Inversiones y Gestión, S.A.	7,750,000	0	5.037
Lolland, S.A.	0	9,475,145	6.158
Sociedad Anónima DAMM	0	7,710,000	5.011
Sociedad Estatal De Participaciones Industriales	0	12,995,941	8.446

Significant indirect shareholdings are through:

Name or company name of direct owner of the shareholding	No. of voting rights	% of total voting rights
Bestinver Bolsa, F.I.	4,311,745	2.800
Soixa Sicav	2,031,184	1.320
Bestinfond, F.I.	1,605,900	1.040
Bestinver Mixto, F.I.	875,723	0.570
Texrenta Inversiones S.I.C.A.V.	57,564	0.040
Corfin Inversiones S.I.C.A.V.	26,301	0.020
Rodaon Inversiones, S.I.C.A.V.	24,313	0.020
Tibest 5, S.I.C.A.V., S.A.	18,324	0.010
Ivers en Bolsa Siglo XXI, S.I.C.A.V.	17,995	0.010
Loupri Inversiones	14,485	0.010
Aton Inversiones S.I.C.A.V., S.A.	13,333	0.010
Tigris Inversiones S.I.C.A.V, S.A.	12,371	0.010
Mercadal De Valores S.I.C.A.V., S.A.	11,686	0.010
H202 Inversiones S.I.C.A.V.	10,665	0.010
Divalsa de Inversiones S.I.C.A.V., S.A.	10,386	0.010
Entrecar Inversiones, S.I.C.A.V., S.A.	9,345	0.010
Pasgom Inversiones S.I.C.A.V.	9,240	0.010
Cartera Millennium S.I.C.A.V.	7,968	0.010
Renvasa	7,806	0.010
Zamarrón S.I.C.A.V.	7,543	0.000
Acciones, Qupones y Obligaciones Segovianas.	7,507	0.000
Artica 21, S.I.C.A.V., S.A.	6,438	0.000
Campo de Oro, S.I.C.A.V.	5,836	0.000
Linker Inversiones, S.I.C.A.V., S.A.	5,583	0.000
Heldalín Inversiones S.I.C.A.V.	4,173	0.000
Tawarzar 2-S2 S.I.C.A.V.	3,356	0.000
Opec Inversiones, S.I.C.A.V.	2,966	0.000
Jorick Investment	2,842	0.000
Trascasa	2,811	0.000
Iberfama S.I.C.A.V., S.A.	2,640	0.000
Hispafoods Invest, S.L.	10,346,192	6.724
Casa Grande de Cartagena, S.L.	9,475,145	6.158
Corporación Económica DAMM, S.A.	7,710,000	5.011
Alimentos y Aceites, S.A.	12,995,941	8.446

d) Any restrictions on voting rights

There are no restrictions on voting rights.

e) Agreements between shareholders

The Company has not been notified of any agreements between shareholders.

f) The rules governing the appointment and replacement of board members and the amendment of the articles of association

The appointment and replacement of board members are regulated by the Corporate bylaws (articles 19 and 20) and the Board Regulations (articles 21, 23 and 24).

The Board of Directors shall be composed of at least seven and at most fifteen members. The General Meeting is in charge of determining the composition, as well as the appointment and separation of directors. The board currently comprises 14 directors.

Directorships may be waived, canceled or reappointed and are for a term of four years. When their tenure expires, Directors may be reappointed one or more times for terms of equal duration.

The appointment of board members expires when, after expiry of their tenure, the next General Meeting has been held or the legal period for holding the Meeting to approve the accounts of the preceding year has elapsed.

If during the term of appointment there are vacancies, the board may provisionally appoint among shareholders the people to hold the post until the first General Meeting thereafter is held.

The persons proposed by the Board for appointment or reappointment as Directors shall be of recognized standing and have adequate experience and expertise to perform their duties.

These proposals shall be made taking into account the existence of three types of director: (i) Executive; (ii) Non-Executive, who fall into two classes: those who are on the Board at the request of shareholders with significant stakes in the capital and those who may be considered independent according to applicable laws and regulations or the prevailing recommendations on good corporate governance; and (iii) those who do not fit into either of the above categories.

The distribution of the number of directors among the types mentioned above shall be adjusted from time to time to the operating requirements and real structure of the company's shareholding body, on the basis of the ratio of capital held by controlling shareholders to capital held by institutional investors and minority shareholders.

In any case, any initiative taken by the Board in respect of its members shall be without prejudice to the sovereign power of the General Meeting of Shareholders to appoint and remove Directors, and any exercise by shareholders of their right to proportional representation.

Directors shall step down and tender their resignation in the following cases:

- When they are affected by one of the cases of incompatibility or disqualification established in law, the bylaws or these regulations.
- When they step down from the executive post to which their appointment as director was linked, when the shareholder they represent sells its entire shareholding or reduces it to a level that requires a reduction in the number of proprietary directors and, in general, whenever the reasons for their appointment no longer exist.
- When the Board, subject to a report by the Nomination and Remuneration Committee, considers that the Director has seriously defaulted on his or her obligations or that there are reasons of corporate interest for demanding his or her resignation.

The Board of Directors shall propose to the General Meeting of Shareholders that a Director be removed if one of the circumstances described above occurs and the Director fails to tender his resignation.

Directors who give up their post before their tenure expires, through resignation or otherwise, should explain their reasons to all other members of the board. Irrespective of whether such resignation is filed as a significant event, the move for the same must be explained by the Company in the Annual Corporate Governance Report.

When the board makes decisions about which a director has expressed reservations and he or she resigns, an explanation setting out their reasons should be provided under the terms mentioned in the preceding paragraph.

With regard to amendments of the corporate bylaws, there are no procedures or requirements other than those provided for by law with the exception of the stricter-than-standard quorum requirements for attendance at the generating meeting, which article 12 of the bylaws stipulates at sixty per cent of the subscribed voting capital on first call and thirty per cent on second call, the same quorum for voting as included in the revised text of Spanish Corporation Law.

g) The powers of board members and, in particular, the power to issue or buy back shares

Executive directors Antonio Hernández Callejas and Jaime Carbó Fernández have been granted the following powers:

1. To represent the company and sign on its behalf in all types of transactions, businesses and contracts comprising its corporate purpose. To enter into all types of works, service or supply contracts with the

European Union, the Spanish central, regional, provincial, island or local governments and, in general, any public or private individual or company via public tender, auction, direct adjudication or any type of arrangement permitted by law, presenting and signing the related proposals, accepting any projects awarded, performing any acts and signing any public or private documents required or suitable for their approval, compliance and settlement.

These powers shall be exercised jointly by two legal representatives when the amount of the transaction, business or contract exceeds 50,000 euros.

2. To plan, organize, oversee and control the performance of the company and all its businesses, workplaces and installations, reporting to the Chairman of the Board of Directors and proposing any amendments deemed appropriate regarding the organization of the company.
These powers may be exercised jointly and severally.

3. To sell, purchase, swap, replace, assign and dispose of the ownership or all types of assets, including properties and ownership interests, and to provide guarantees to subsidiaries or third parties. To set up and form part of other companies and acquire shares or ownership interests. To accept and appoint corporate positions in other companies and entities.
These powers shall be exercised jointly by two legal representatives.

4. To stipulate, set up, accept, modify, withdraw and cancel provisional or definitive guarantees, deposits and sureties at any public or private entity, including the Spanish government depository (Caja General de Depósitos) and the Bank of Spain.
These powers may be exercised jointly and severally.

5. Banking powers:

- To open, use, settle and cancel current savings or loan accounts at any bank, including the Bank of Spain, or any other credit and savings banks, signing for these purposes as many documents as required or suitable, and to take out or withdraw from them through checks, money orders, drafts or transfers.
- To arrange, execute and underwrite loans, signing as many private and public documents as necessary and reporting to the Board of Directors of the exercise of these powers at its first meeting thereafter.

These powers shall be exercised jointly by two legal representatives.

6. To issue, accept, collect, pay, endorse, contest, discount, guarantee and negotiate commercial or financial bills of exchange, promissory notes, checks, and other drafts and bills. To undertake and fix the terms of endorsements, certificate discounts and all kinds of commercial paper, together with orders to pay drawn on the Treasury, banks, savings institutions and other entities at which the Company holds securities, bills, cash or any other form of assets.

The powers to issue, accept and order payment shall be exercised jointly by two legal representatives.

7. To demand, collect and receive all money due to be credited or paid to the Company in cash, bills or any other type of payment by individuals, banks or any other entity, by the European Union, the Spanish state, regional, provincial, island or local governments and, in general, any public or private entity. To give and receive receipts and vouchers and to fix and settle account balances. To determine the method of payment of amounts owed by the Company, grant extensions and set due dates and amounts.
To accept all kinds of personal guarantees and liens from debtors, including mortgages, movable and immovable collateral, transferred and registered pledges, along with agreements, clauses and terms that it deems appropriate and to cancel them once the amounts or credits under guarantee have been received.
These powers may be exercised jointly and severally by any of the Company's legal representatives.

8. To make any type of payments, taking any step necessary to comply with all the Company's obligations and to demand the necessary payment receipts and vouchers.
These powers shall be exercised jointly by two legal representatives when the amount of the payments exceeds 50,000 euros.

9. To represent the Company before third parties and any type of government authority, chambers, commissions or other, committees, associations, mutual insurance companies, registries, delegations, offices and premises of the European Union, the Spanish state, regional, provincial, island or local governments and other Spanish or foreign administrative, governmental or other centers or bodies, at any level or jurisdiction, or appoint an individual to represent the company in this capacity. To exercise the rights and interests that, as appropriate, correspond to the Company. To execute inquiries and suits. To file any pertinent proceedings, requesting the data, copies or documents, and lodging prior or ex facto complaints, and lodging any type of legal appeals. To withdraw from proceedings, claims and appeals at any stage of the process, abide by or enforce any definitive rulings. To protest or file proceedings and certified notices or of other kind. To request reliable certificates, testimonies and copies of interest of the Company.
   These powers may be exercised jointly and severally.

10. To appear and represent the Company before criminal and civil courts, prosecutors, juries and other appellate, labor or other bodies in any jurisdiction and at all levels, both Spanish and of any other country or international organization, entering into any legal relationships deemed appropriate and complying in particular, solely by signing an administrative appeal, with the requirements provided under article 45.2,d) of Law 29/1998, dated July 13.
    To grant and revoke powers in favor of attorneys and lawyers.
    To exercise all types of pleas and claims, oppose any type of appeals against any procedures or appeals, either as plaintiff or defendant or in any other capacity. To file any type of ordinary or extraordinary claim or appeal, including appeals to the Supreme Court and appeals for judicial review. To withdraw any claims, proceedings, lawsuits and judicial reviews at any stage of the process. To testify in court as a legal representative of the Company and, as so required, ratify their testimony personally and expressly. To reach settlements and to submit any matters of interest to the Company to arbitration. To abide by or enforce any definitive legal rulings.
    To represent the Company and participate on its behalf in all types of payments moratorium, bankruptcy, acquittance procedures, creditor agreements or winding up under the supervision of the court, certifying the Company's credit items, obtaining guarantees and accepting their award as payment, granting or rejecting reductions or extensions. To appoint, accept and excuse bankruptcy receivers, administrators, experts and adjustors, and propose and reject the recommendations made by them in their respective assessments. To compromise, agree on terms, acquittances and settlements covered by the collective labor agreement and sign them, following the matters through all procedures until abidance by or enforcement of the definitive judgments.
    To choose the location and abide by express or implied jurisdictions.
    These powers may be exercised jointly and severally.

11. To execute, with respect to management, the resolutions adopted by the Board of Directors or its Executive Committee subject to a report by the Nomination and Remuneration Committee; and, regarding company staff, hire, relocate, fine, suspend and fire employees, set wages, salaries and other emoluments of any Company employee; award termination benefits and, in general, decide on any matters related to personnel of the company. To appoint and remove proxies and agents.
These powers may be exercised jointly and severally.

12. To abide by and enforce the resolutions adopted at the General Shareholders' Meeting, by the Board of Directors, its Executive Committee or Steering Committee, issuing, as appropriate, any public deeds or other legally required public or private documents for this purpose.
These powers may be exercised jointly and severally.

13. To replace and/or grant to third parties, all or in part, the powers attributed to them, as well as remove powers in full or in part, including those granted previously, issuing the related public or private documents, and reporting the exercise of this power to the Board of Directors at its next meeting thereafter.
These powers must be exercised jointly, with the additional requirement of at least three legal representatives.

14. To attend and represent the Company at the general meetings of shareholders and/or partners of all Ebro Puleva Group companies, and to pass as many resolutions as necessary without limitation.
These powers may be exercised jointly or separately.
Finally, neither Antonio Hernández Callejas, nor Jaime Carbó Fernández or any other director or manager has been granted powers to issue or buy back shares.

h) Any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company. This exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements

There are no agreements of this type.

i) Any agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid

In 2006, the Chairman, Mr. Antonio Hernández Callejas notified the Board of Directors that he would irrevocably forgo his entitlement to the safeguard clause originally included in his contract, which consisted of a net termination benefit equivalent to two years' total gross annual remuneration

The General Director, Mr. Jaime Carbó Fernández, and the General Secretary Mr. Miguel Angel Pérez Álvarez have likewise forgone their entitlement to the safeguard clauses originally established in their respective contracts, which consisted of a net termination benefit, equal to two years' gross annual remuneration. The Board of Directors resolved to replace this termination benefit with the indemnity contemplated in cases of dismissal or change in control equal or similar to what they would have normally received under prevailing employment legislation in Spain.

As for other managers of Ebro Puleva, S.A. the contracts of three managers include safeguard clauses in the event of dismissal decided by the company or for changes in control which provide for termination benefits ranging from one to three years' annual remuneration.

In other cases of dismissal through no fault on the part of the employee, the indemnity contemplated in prevailing employment legislation in Spain shall be applied.

Disclaimer

in respect of the financial year 2007

Disclaimer by the Directors of Ebro Puleva, S.A.

In pursuance of the Corporations Act s. 208 and Royal Decree 1362/2007 Art. 8.1b, the members of the Board of Directors of Ebro Puleva, S.A. declare, in respect of the Annual Financial Report of the company for 2007 containing the separate and consolidated annual accounts and directors' reports, that:

To the best of the knowledge and belief of the Directors, the annual accounts prepared in accordance with the applicable accounting principles give a true and fair view of the net worth, financial position and results of the issuer and the companies in its consolidated group, and that the directors' report includes an accurate analysis of the business development and results and the position of the issuer and the companies in its consolidated group, together with a description of the main risks and uncertainties they face.

This declaration is made in respect of the separate and consolidated annual accounts for 2007, as drawn up by the Board of Directors of the company on the twenty-sixth of March two thousand and eight.

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Report

issued in respect of 2007 pursuant to the Securities Market Act section 116

Report explaining additional aspects included in the Directors' Report

Under section 116 bis of the Securities Market Act, as per Act 6/2007 of 12 April, listed companies are required to report to the Annual General Meeting on the items which, pursuant to that section, must be included in the Directors' Report for 2007.

Accordingly, the Board of Directors of Ebro Puleva, S.A. has issued this report.

a) Structure of capital, including securities not traded on a community regulated market, stating where appropriate the different classes of shares and, for each class of shares, the rights and obligations conferred on their holders and the percentage of the capital represented

Ebro Puleva, S.A. has a capital of 92,319,235.20 euro, fully subscribed and paid up, divided into 153,865,392 shares with a par value of 0.60 euro each, issued in book-entry form, all in the same series and class.

The shares in the capital are considered securities and are governed by the laws and regulations governing the Securities Market.

b) Constraints on the transferability of shares

There are no constraints on the transferability of shares.

c) Significant direct and indirect shareholding interests

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Bestinver Gestión, S.A., S.G.I.C.	0	9,128,029	5.930
Casa Grande de Cartagena, S.L.	9,475,145	0	6.158
Caja de Ahorros de Salamanca y Soria	9,247,898	0	6.010
Hispafoods Invest, S.L.	10,346,192	0	6.724
Instituto Hispánico del Arroz, S.A.	13,132,722	10,346,192	15.259
Invergestión, Sociedad de Inversiones y Gestión, S.A.	7,750,000	0	5.037
Lolland, S.A.	0	9,475,145	6.158
Sociedad Anónima Damm	0	7,710,000	5.011
Sociedad Estatal de Participaciones Industriales	0	12,995,941	8.446

The indirect interests are held through the following companies:

Name of the direct holder of the interest	Number of direct voting rights	% of total voting rights
Bestinver Bolsa, F.I.	4,311,745	2.800
Soixa Sicav	2,031,184	1.320
Bestinfond, F.I.	1,605,900	1.040
Bestinver Mixto, F.I.	875,723	0.570
Texrenta Inversiones S.I.C.A.V.	57,564	0.040
Corfin Inversiones S.I.C.A.V.	26,301	0.020
Rodaon Inversiones, S.I.C.A.V.	24,313	0.020
Tibest 5, S.I.C.A.V., S.A.	18,324	0.010
Ivers en Bolsa Siglo XXI, S.I.C.A.V.	17,995	0.010
Loupri Inversiones	14,485	0.010
Aton Inversiones S.I.C.A.V., S.A.	13,333	0.010
Tigris Inversiones S.I.C.A.V., S.A.	12,371	0.010
Mercadal de Valores S.I.C.A.V., S.A.	11,686	0.010
H202 Inversiones S.I.C.A.V.	10,665	0.010
Divalsa de Inversiones S.I.C.A.V., S.A.	10,386	0.010
Entrecar Inversiones, S.I.C.A.V., S.A.	9,345	0.010
Pasgom Inversiones S.I.C.A.V.	9,240	0.010
Cartera Millennium S.I.C.A.V.	7,968	0.010
Renvasa	7,806	0.010

Name of the direct holder of the interest	Number of direct voting rights	% of total voting rights
Zamarrón S.I.C.A.V.	7,543	0.000
Acciones, Cupones y Obligaciones Segovianas	7,507	0.000
Artica 21, S.I.C.A.V., S.A.	6,438	0.000
Campo de Oro, S.I.C.A.V.	5,836	0.000
Linker Inversiones, S.I.C.A.V., S.A.	5,583	0.000
Heldalín Inversiones S.I.C.A.V.	4,173	0.000
Tawarzar 2-S2 S.I.C.A.V.	3,356	0.000
Opec Inversiones, S.I.C.A.V.	2,966	0.000
Jorick Investment	2,842	0.000
Trascasa	2,811	0.000
Iberfama S.I.C.A.V., S.A.	2,640	0.000
Hispafoods Invest, S.L.	10,346,192	6.724
Casa grande de Cartagena, S.L.	9,475,145	6.158
Corporación Económica Damm, S.A.	7,710,000	5.011
Alimentos y Aceites, S.A.	12,995,941	8.446

d) Restrictions on voting rights

There are no restrictions on voting rights.

e) Shareholders' agreements

The company is not aware of any shareholders' agreements.

f) Applicable rules for appointment and replacement of directors and alteration of the company bylaws

Both the appointment and replacement of directors are regulated in the Bylaws (Articles 19 and 20) and the Regulations of the Board (Articles 21, 23 and 24).

The Board of Directors has no fewer than seven nor more than fifteen members. The General Meeting decides the exact number and appoints and removes directors. There are currently fourteen Board members.

The appointment of directors may be declined or revoked. Directors are appointed for a term of four years, after which they are eligible for re-election on one or several occasions for terms of an equal duration.

After this term, Directors' appointments end on the date of the next succeeding Annual General Meeting or upon expiry of the time stipulated in law for holding the General Meeting to approve the previous year's accounts.

Should any vacancies arise during the term for which directors were appointed, the Board may appoint one or several shareholders to fill such vacancies until the next succeeding general meeting.

The persons nominated by the board for appointment or re-election of directors must be persons of recognised standing and have sufficient experience and expertise to perform their duties.

Nominations will be made taking account of the three types of directors: (i) executive; (ii) non-executive, which may be of two classes: those appointed to the Board at the request of holders of significant interests in the capital of the company and those who could be considered independent, according to the applicable laws and regulations or the prevailing recommendations on good corporate governance; and (iii) those who cannot be included in either of the above categories.

The distribution of the number of directors among the above-mentioned types is adjusted from time to time, according to the company's operating needs and real structure of ownership, based on the ratio of capital controlled by significant shareholders and the capital held by institutional investors and minority shareholders.

In any case, the initiative of the Board regarding the integration of its members is without prejudice to the sovereign power of the General Meeting of Shareholders to appoint and remove directors and the exercise by shareholders, where appropriate, of their right to proportional representation.

Directors must tender their resignations from the board and step down in the following cases:

- When they are affected by one of the cases of incompatibility or disqualification established in law, the bylaws or these regulations.

- When they step down from the executive post to which their appointment as director was linked, when the shareholder they represent sells all its shares in the company or reduces its shareholding interest to a level requiring a cut in the number of proprietary directors and, in general, whenever the reasons for their appointment disappear.

- When the Board, following a report by the Nomination and Remuneration Committee, considers that the Director has seriously defaulted his obligations or that there are reasons of corporate interest for demanding his resignation.

The Board of Directors will submit a proposal to the General Shareholders' Meeting for the removal of a Director if one of the above circumstances occurs and the Director fails to tender his resignation.

If a director resigns or steps down from the board for whatsoever reason before the end of his term of office, he must explain the reasons to the other board members and, notwithstanding notification thereof as a significant event, the company will explain in the Annual Corporate Governance Report why that director has left the board.

If the board adopts decisions on any business on which a director has expressed reservations and that director opts to resign, he will explain his reasons as indicated above.

No formalities or requirements other than those stipulated in law are established for alteration of the Bylaws, except the special quorum for the General Meeting established in Article 12 of the Bylaws, of sixty per cent of the subscribed voting capital on first call and thirty per cent on second call, maintaining the voting majorities stipulated in the Corporations Act.

g) Powers of the Board members, particularly concerning the possibility of issuing or buying back shares

The executive directors, Antonio Hernández Callejas and Jaime Carbó Fernández have been vested with the following powers:

One. Represent the company and use the corporate signature, in all kinds of actions, businesses and contracts falling within the company's objects. Make and enter into works, service or supply contracts, with the European Union, state, regional, provincial, island or local authorities, institutions and corporations and, in general, all public or private persons or entities, awarded by tender, auction, direct contracting or whatsoever other form of contracted permitted by law, submitting and signing the appropriate bids, accepting awards, where appropriate, and performing such actions and signing such public or private documents as may be necessary or convenient for their execution, fulfilment and settlement.

These powers must be exercised jointly by two attorneys whenever the amount of any individual action, business or contract exceeds 50,000 euro.

Two. Plan, organise, direct and control the running of the company and all its activities, workplaces and plants, reporting to the Chairman of the Board and proposing such modifications as they may deem fit in the corporate organisation.

These powers may be exercised jointly and severally.

Three. Sell, buy, swap, replace, assign, encumber and dispose under whatsoever title of all kinds of assets, including real estate and shares, and furnish guarantees and endorsements for subsidiaries or third parties. Participate in the founding of other companies and purchase stocks and shares therein. Appoint and accept appointments to office in other companies and entities.

These powers must be exercised jointly by two attorneys.

Four. Require, make, accept, modify, withdraw and cancel provisional and definitive guarantees, deposits and bonds at any kind of public or private institution, including the government depositary and the Bank of Spain.

These powers may be exercised jointly and severally.

Five. Banking powers:

- Open, use, settle and close current, savings and credit accounts at any bank, including the Bank of Spain, or other credit institutions and savings banks, signing such documents as may be necessary or convenient and use and withdraw sums of money from them using cheques, drafts, receipts and transfer orders.

- Arrange, sign and execute loan transactions and sign such public and private documents as may be necessary for this purpose, reporting to the board at the first meeting held thereafter.

These powers must be exercised jointly by two attorneys.

Six. Draw, accept, collect, pay, endorse, protest, discount, guarantee and negotiate bills of exchange, trade or finance bills, notes, cheques and other draft and exchange documents. Make endorsements and discounts of receipts, trade bills of whatsoever nature and payment orders against the public treasury, banks, depositaries and any other institutions or entities at which the company may have securities, bills, cash or assets of whatsoever nature, defining the terms and conditions thereof.

The powers concerning money orders, acceptances and payment orders must be exercised jointly by two attorneys.

Seven. Claim, collect and receive any sums payable to the company, in cash, bills or whatsoever other form, by individuals, banks and other entities, by the European Union, the state, regional, provincial, island or local authorities and institutions and, in general, by any public or private entity whatsoever. Issue and demand receipts, determine and settle balances. Define the terms of payment of any sums owed to the company, grant extensions, set deadlines and amounts payable at each deadline.

Accept from debtors all kinds of personal and real sureties, including chattel and real-estate mortgages, pledges with or without deposit, with such clauses, terms and conditions as they may deem fit, and cancel them upon receipt of the secured amounts or credits.

These powers may be exercised jointly and severally by any attorney of the company.

Eight. Make all kinds of payments, doing whatever may be necessary to secure due fulfilment by the company of all its obligations and demand the corresponding receipts and discharges.

This power must be jointly exercised by two attorneys whenever the amount of such payments exceeds the sum of 50,000 euro.

Nine. Represent the company before third parties and at all kinds of administrative boards, chambers, commissions of any nature or type, committees, associations, friendly societies, registries, delegations, offices and departments of the European Union, the state, regional, provincial, island or local governments and other administrative, governmental or other kinds of centres or bodies, at all levels and instances, in Spain or abroad, and appoint someone to exercise such representation on behalf of the company. Exercise the rights and interests corresponding to the company, as the case may be. Make petitions and requests. Seek such proceedings or inquiries as may be appropriate, requesting any relevant data, copies or documents, making claims, including preliminary claims, and file all kinds of administrative appeals. Withdraw from inquiries, claims and appeals at any stage of the proceedings, execute final decisions or cause them to be executed. Answer or request deeds, documents or requests, by notary or otherwise. Request such certificates, transcripts and attested copies as may be of interest to the company.

These powers may be exercised jointly and severally.

Ten. Appear and represent the company before courts, tribunals, judges, prosecuting authorities, juries and other centres or bodies for contentious-administrative proceedings, industrial tribunals and proceedings of all jurisdictions and at all levels and instances, whether Spanish, foreign or international, establishing such legal relations as may be deemed fit and especially complying with the requirement stipulated in Act 29/1998 of 13 July s. 45.2.d), by merely signing the appeal for judicial review.

Grant and revoke powers of attorney in favour of barristers, solicitors, lawyers and attorneys-at-law.

Exercise all kinds of claims and actions, challenge whatsoever pleas in any proceedings, formalities or appeals, as plaintiff or defendant or in whatsoever other capacity. File claims and appeals of any nature, whether ordinary or extraordinary, including appeals for review or rehearing and appeals to the Supreme Court. Abandon actions, claims, litigations and appeals at any stage of the proceedings. Answer interrogatories and give evidence in court as legal representative of the company and, whenever so required, make express, personal ratifications. Compromise and submit to arbitration all and any matters in which the company has any interest. Execute final court decisions or cause them to be executed.

Represent the company and participate on its behalf in all and any suspensions of payments, receiverships, bankruptcies, compositions or arrangements with creditors or official liquidations, providing evidence of the company's credits, endeavouring to have them secured and accepting awards in payment, granting or denying reductions and extensions. Appoint, accept and challenge trustees, administrators, experts, referees and receivers and propose and challenge any proposals made during the proceedings. Compromise, agree on terms, reductions and extensions contemplated in the arrangement, sign the deed of arrangement and follow such business through all formalities and stages up to fulfilment and enforcement of the final decisions.

Choose an address for service and submit to tacit or express jurisdictions.

These powers may be exercised jointly and severally.

Eleven. Execute in respect of the company executives all resolutions adopted by the Board of Directors or its Executive Committee, after a report by the Nomination and Remuneration Committee; and, in respect of the company's employees, hire, move, penalise, suspend and dismiss employees; decide on the salary, bonuses and other pay items of any company employee; grant severance pay and, in general, solve any issues that may arise in connection with the company's workforce. Appoint and revoke attorneys and agents.

These powers may be exercised jointly and severally.

Twelve. Execute and fulfil the resolutions adopted by the General Meeting of Shareholders, Board of Directors, Executive Committee, Managing Director or Chief Executive, signing and executing such public deeds and other public or private instruments as may be required by virtue of the legal nature of the actions performed.

These powers may be exercised jointly and severally.

Thirteen. Delegate and/or grant powers of attorney to third parties to exercise some or all of the powers granted herein, and revoke such powers of attorney, in full or in part, including any granted prior to this power of attorney, signing and executing the corresponding public or private documents and reporting to the Board at the next successive meeting whenever this power is exercised.

These powers must be exercised jointly, with the additional requirement that they must be exercised jointly by at least three attorneys.

Fourteen. Attend and represent the company at general meetings of shareholders of all the companies in the Ebro Puleva Group and adopt such resolutions as may be considered necessary, without limitation.

These powers may be exercised jointly and severally.

Finally, it is expressly stated that neither Antonio Hernández Callejas nor Jaime Carbó Fernández, nor any other director or executive, is authorised to issue or buy back shares.

h) Significant agreements entered into by the company that enter into force, are modified or concluded upon a change of control of the company by virtue of a takeover bid, and the effects thereof, except when disclosure would be seriously detrimental to the company. This exception is not applicable if the company is obliged by law to disclose this information

No such agreements have been made.

i) Agreements between the company and its directors, executives or employees providing for compensations in the event of resignation or unfair dismissal of those directors, executives or employees, or if their employment relationship ends as a result of a takeover bid

In 2006, the Chairman, Antonio Hernández Callejas, notified the Board of his total, irrevocable waiver of the golden parachute originally established in his contract, consisting of a net severance pay equivalent to two years' total gross annual salary.

Similarly, the General Manager, Jaime Carbó Fernández, and the Company Secretary, Miguel Angel Pérez Álvarez, also waived the golden parachutes originally established in their respective contracts, consisting of a net severance pay equivalent to two years' total gross annual salary. In both cases, the Board resolved to replace these compensations with a compensation payable in the event of dismissal or change of control equivalent in net terms to the compensation that would be payable under the current Workers' Statute.

With regard to the remaining executives of Ebro Puleva, S.A., the contracts of three executives include guarantee clauses in the event of dismissal or change of control, contemplating payments of between one and three years' salary.

The severance pay stipulated in the Workers' Statute for unfair dismissal would be applicable to the remaining executives.

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