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Ebro Puleva, S.A.

ANNUAL ACCOUNTS AND MANAGEMENT REPORT
for the year ended December 31, 2005

ERNST & YOUNG

Torre Picasso
Plaza Pablo Ruiz Picasso, 1
28020 Madrid

Teléfono: 915 727 200
Fax: 915 727 270
www.ey.com/es

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, 2005, 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 2005, those of 2004. Our opinion refers only to the annual accounts for 2005. On April 1, 2005, we issued our audit report on the 2004 annual accounts, in which we expressed an unqualified opinion.

In our opinion, the accompanying annual accounts for 2005 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, 2005 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 2005 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 2005. Our work as auditors is limited to the verification of the Directors' 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

Madrid, March 1, 2006

Ebro Puleva, S.A.

Balance sheets at december 31 2005 and december 31, 2004
(Thousands of euros) (Notes 1, 2, 3 and 4)

ASSETS	31.12.05	31.12.04	LIABILITIES	31.12.05	31.12.04
Fixed assets	**1,712,072**	**1,230,977**	**Capital and reserves (Note 10)**	**896,746**	**805,778**
Intangible assets (Note 5)	**4,370**	**8,338**	Subscribed capital	92,319	92,319
Patents and trademarks	12,210	12,207	Share premium	34,333	34,333
Software	94	94	Revaluation reserves	3,169	3,169
Amortization and provisions	(7,934)	(3,963)	**Reserves**	**625,497**	**578,883**
			Legal reserve	18,464	18,464
Tangible assets (Note 6)	**21,914**	**35,674**	Reserves for own shares	1	412
Land and buildings	23,920	41,647	Other reserves	607,032	560,007
Technical installations and machinery	960	1,007	Profit for the year	141,428	97,074
Other installations, tools and furniture	533	418			
Other tangible assets	243	199			
Depreciation and provisions	(3,742)	(7,597)	**Deferred income (Note 11)**	**174**	**12,970**
			Other deferred income	174	12,970
Investments (Note 7)	**1,685,787**	**1,186,553**			
Equity investments in Group companies	1,549,760	1,108,921			
Receivables from group companies (Note 9)	97,218	37,971	**Provisions for liabilities and charges**	**5,887**	**3,539**
Equity investments in associated companies	16,901	8,001	Provisions for pension and other commitments		
Receivables from associated companies (Note 9)	2,621	11,140	with personnel (Note 12)	335	326
Other accounts receivable	1,121	1,940	Other provisions (Note 13)	5,552	3,213
Long-term guarantees and deposits	73	6,342	**Long-term liabilities**	**751,087**	**377,646**
Provisions	(7,317)	(20,624)	Amounts owed to credit institutions (Note 14)	656,976	342,395
Long-term deferred tax assets			Amounts owed to Group companies (Note 9)	91,318	30,608
(Note 15.7)	25,410	32,862	Other accounts payable	31	30
Own shares (Note 10)	**1**	**412**	Deferred tax liabilities (Note 15.7)	2,762	4,613
Deferred expenses (NOTE 8)	**3,102**	**1,244**			
Current assets	**55,914**	**50,798**	**Current liabilities**	**117,194**	**83,086**
Debtors	**34,962**	**28,693**	**Amounts owed to credit institutions (note 14)**	**71,436**	**69,334**
Trade receivables	8,629	12,669	Loans and other liabilities	68,529	68,587
Accounts receivable, group companies (Note 9)	26,056	14,408	Accrued interest on liabilities with credit institutions	2,907	747
Personnel	16	18	**Short-term amounts owed to group and**		
Public administrations	276	1,618	**group and associated companies(note 9)**	**33,956**	**6,568**
Provisions	(15)	(20)	Accounts payable to Group companies	33,506	6,568
Short-term financial investments	**16,426**	**21,149**	Accounts payable to associated companies	450	0
Receivables from Group companies (Note 9)	15,000	0	**Trade creditors**	**2,845**	**2,669**
Other loans	1,142	1,233	**Other non-trade accounts payable**	**8,957**	**4,515**
Short-term securities portfolio (Note 7)	0	19,916	Public administrations	6,834	2,726
Short-term guarantees and deposits	284	0	Other accounts payable	295	541
Cash in hand and at banks	**4,364**	**236**	Wages and salaries payable	1,828	1,248
Prepayments and accrued income	**162**	**720**	**Accruals and deferred income**	**0**	**0**
Total	**1,771,088**	**1,283,019**	**Total**	**1,771,088**	**1,283,019**

Notes 1 to 20 in the accompanying notes to the financial statements are an integral part of the balance sheet at December 31, 2005.

Ebro Puleva, S.A.

Profit and loss accounts for the financial years ended december 31, 2005 and december 31, 2004 (thousands of euros) Notes 1, 2, 3 and 4)

DEBIT	2005	2004
Expenses		
Consumption of goods	**0**	**722**
Consumption of goods for resale	0	653
Consumption of raw material and other consumables	0	8
Other external charges	0	61
Personnel costs	**8,125**	**6,822**
Wages, salaries, et al.	6,473	5,739
Social security costs	1,652	1,083
Depreciation expense	**1,263**	**1,564**
Other operating expenses	**8,670**	**8,414**
External services	7,801	7,828
Taxes	869	586
Financial and other similar charges	**26,876**	**8,253**
From liabilities with Group companies	2,873	819
From other liabilities	24,003	7,434
Changes in provisions for short-term investments	**1**	**2**
Exchange losses	**36,020**	**359**
Net financial income	**57,353**	**60,376**
Profit on ordinary activities	**51,422**	**54,130**
Losses From Sales Of Fixed Assets	215	2
Change in provisions for intangible assets and equity investments	(7,308)	14,173
Other Extraordinary Expenses	7,655	7,880
Extraordinary profit (Note 17)	**76,738**	**42,930**
Profit before taxes	**128,160**	**97,060**
Corporate Income Tax (Note 15)	13,268	14
Profit for the year	**141,428**	**97,074**

CREDIT	2005	2004
Income		
Net turnover	**19**	**687**
Sales	0	449
Income from services rendered	19	238
Other operating revenues	**12,108**	**10,589**
Ancillary income	11,998	10,589
Capital grants	110	0
Operating loss	**(5,931)**	**(6,246)**
Income from equity investments	**115,702**	**64,099**
Group companies (Note 7)	115,702	64,099
Income from other marketable securities and long-term receivables	**10**	**6**
Other interest and similar income	**3,146**	**716**
From Group and associated companies	2,741	189
Third parties	405	527
Exchange gains	**1,392**	**4,169**
Profit from sale of tangible assets and securities portfolio	72,485	62,210
Profit From Sales Of Own Shares	1,315	1,265
Other Extraordinary Income	3,500	1,510

Notes 1 to 20 of the accompanying financial statements are an integral part of the profit and loss account for 2005.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2005

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. with effect from January 1, 2001.

Azucarera Ebro Agrícolas, S.A. was incorporated in Barcelona on May 11, 1998, registered on 25 May and commenced its activities with retroactive effect to April 1, 1998. It was established by the merger of Ebro Agrícolas, Compañía de Alimentación, S.A. and Sociedad General Azucarera de España, S.A.

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

The Company is engaged in the manufacture, marketing, export and import of sugar, dairy products, rice and its by-products, and products for human and animal consumption, by-products and waste, as well as agriculture and exploitation, leasing and conveyance of properties. The Company may perform all or part of its activities indirectly through the holding of stocks and shares in companies with identical or similar activities.

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 2005, were drawn up and submitted separately by the directors of Ebro Puleva S.A. on February 23, 2006. 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 2005 consolidated annual accounts, which have been prepared for the first time 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:

MILLIONS OF EUROS 2005		
Total Assets		2,988,903
Equity:		1,098,055
– Parent company	1,076,582	
– Minority interests	21,473	
Revenues		2,359,866
Profit (Loss) for the year		1 58,758
– Parent company	155,641	
– Minority interests	3,117	

2. BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS

2.A) GENERAL PRINCIPLES

The accompanying annual accounts are based on the accounting records of the Company and are set out in accordance with the National 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, 2005 (hereinafter the 2005 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.

2.B) CORPORATE TRANSACTIONS PERFORMED DURING 2004 AND 2005 AND THEIR EFFECT ON THE BASIS FOR COMPARISON

No corporate transactions were carried out in 2004 and 2005 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.

2003 transactions (see 2003 annual accounts)

2.b.1) Takeover merger of Productos La Fallera, S.A.:

In their extraordinary general meetings held on June 25, 2003, the shareholders of Ebro Puleva, S.A. and Productos La Fallera, S.A. approved the takeover merger agreement whereby the latter was absorbed by the former. Consequently, Ebro Puleva, S.A. acquired all the rights and obligations of Productos La Fallera, S.A. by universal succession.

The transaction was carried out under the fiscal neutrality regime in accordance with the provisions of Chapter VIII, Title VIII of Corporation Tax Law 43/1995. No assets were revalued and there was no tax effect. Productos La Fallera, S.A. was integrated in the Tax Group controlled by Ebro Puleva, S.A. in 2002. The amortizable assets transferred at a cost and accumulated depreciation amounting to 9,367 thousand and 7,669 thousand euros, respectively, were acquired by Productos La Fallera, S.A. in various years prior to 1999. At the date of the merger, Productos La Fallera, S.A. did not take any tax benefits for which obligatory requisites had not been met. This merger was executed on January 1, 2003.

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

On July 23, 2003 the Board of Directors of Ebro Puleva, S.A. agreed to dissolve Azucarera Ebro Agrícolas Gestión de Patrimonio, S.L. (a wholly owned subsidiary) and transfer all of its assets and liabilities to its sole shareholder Ebro Puleva, S.A.

The transaction was carried out under the fiscal neutrality regime in accordance with the provisions of Chapter VIII, Title VIII of Corporation Tax Law 43/1995. No assets were revalued and there was no tax effect. Azucarera Ebro Agrícolas Gestión de Patrimonio, S.L. was included from its incorporation in the tax group of which Ebro Puleva, S.A. is the parent company (and therefore it filed a consolidated tax return with Ebro Puleva, S.A.) The amortizable assets transferred at a cost and accumulated depreciation amounting to 23,305 thousand and 6,737 thousand euros, respectively, were acquired over several years by the transferring company prior to 1990 in most cases. No tax benefits were taken by the transferring company for which obligatory requirements had not been met at the date of dissolution.

3. PROFIT DISTRIBUTION

The Board of Directors will submit the following distribution of 2005 profit to the General Meeting of Shareholders for approval (Thousands of euros):

Available for distribution	
Profit after tax	141,428
Distribution	
– Freely distributable reserves	89,114
– Dividend (0,34 euro per share)	52,314

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 FIXED ASSETS

Intangible fixed 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.

C) TANGIBLE FIXED ASSETS

Tangible fixed 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) INVESTMENTS

* **Equity investments in group companies**
  Investments in group companies are carried at the lower of acquisition cost or market value. The market value is established on the basis of the equity method value of the shareholding interest according to the latest available financial statements of the group companies, adjusted by the amount of any unrealized capital gains existing at the time of acquisition and subsisting at year-end. The difference between the acquisition cost and the market value requires no write-off if it can be absorbed by the annual increase in the equity method values of the companies over a period of 10 to 20 years from the acquisition date. Provisions have been made for any capital losses and these are deducted from the balance of financial fixed assets.

* **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 writedown 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 disbursement 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

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. 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. The transactions existing at December 31, 2005 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).

O) 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.

P) 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 FIXED ASSETS

The detail of the movements in this heading during the year and the related accumulated amortization at December 31, 2005 was the following (Thousands of euros:)

GROSS AMOUNTS					
	12/31/04	Increases	Decreases	Transfers	12/31/05
Industrial property, patents and trademark	12,207	3	0	0	12,210
Software	94	0	0	0	94
Intangible assets under construction	0	0	0	0	0
Total	**12,301**	**3**	**0**	**0**	**12,304**

ACCUMULATED AMORTIZATION					
	12/31/04	Increases	Decreases	Transfers	12/31/05
Industrial property, patents and trademark	3,897	943	0	0	4,840
Software	66	28	0	0	94
Total	**3,963**	**971**	**0**	**0**	**4,934**

PROVISIONS					
Provision for intangible assets	0	3,000			3,000
Total intangible assets (net)	**8,338**	**(3,968)**	**0**	**0**	**4,370**

At December 31, 2005 the Company had fully amortized patents and trademarks amounting to 3,036 thousand euros. For strategic purposes, and due to market conditions, in 2005 a provision allowance was recorded for potential impairment of one of the Company's trademark that may arise from the delay in the project for which it will be exploited.

6. TANGIBLE ASSETS

The detail of the movements in this heading during the year and the related accumulated amortization at December 31, 2005 was the following (Thousands of euros):

GROSS AMOUNTS					
	12/31/04	Increases	Decreases	Transfers	12/31/05
Land and buildings	41,647	0	(17,727)	0	23,920
Technical installations and machinery	1,007	780	(827)	0	960
Other installations, tools and furniture	418	115	0	0	533
Other tangible	199	46	(2)	0	243
Tangible assets under construction	0	0	0	0	0
Total	**43,271**	**941**	**(18,556)**	**0**	**25,656**

ACCUMULATED DEPRECIATION					
	12/31/04	Increases	Decreases	Transfers	12/31/05
Land and buildings	6,089	231	(3,362)	0	2,958
Plant and machinery	960	4	(785)	0	179
Other installations, tools and furniture	277	4	0	0	281
Other tangible assets	107	53	0	0	160
Total	**7,433**	**292**	**(4,417)**	**0**	**3,578**

PROVISIONS					
Provisions for fixed assets	164	0	0	0	164
Total tangible assets	**35,674**	**649**	**(14,409)**	**0**	**21,914**

Decreases correspond to sales to third parties of buildings. In particular, in 2005 the Company sold its headquarters and moved that of is subsidiary Azucarera Ebro, S.L.

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

The detail of fully depreciated assets at December 31, 2005 was the following:

	TOTAL
Buildings	85
Technical installations and machinery	180
Other installations, tools and furniture	185

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 was the following (Thousands of euros):

Concept	Balance 12/31/04	Increases	Decreases	Balance 12/31/05
Shares in group companies	1,108,921	465,803	(24,964)	1,549,760
Loans to group companies	37,971	86,078	(26,831)	97,218
Shares in associated companies	8,001	8,900		16,901
Loans granted to associated companies	11,140		(8,519)	2,621
Other receivables	1,940		(819)	1,121
Long-term deposits and guarantees	6,342	61	(6,330)	73
Long-term deferred tax asset (*)	32,862	1,872	(9,324)	25,410
	1,207,177	562,714	(76,787)	1,693,104
Provisions	(20,624)	(1,734)	15,041	(7,317)
Total financial fixed assets	**1,186,553**	**560,980**	**(61,746)**	**1,685,787**

(*) *See Note 15.7*

A) SHARES IN GROUP COMPANIES

Increases and decreases in the year relate principally to:

1. 440,839 thousand euros corresponding to the acquisition of 100% of the share capital of PANZANI SAS (Lyon, France) and the subsequent capital increase.

2. 24,964 thousand euros corresponding to the capital increase in Herba Foods, S.L. On March 31, 2005, Ebro Puleva S.A.'s Board of Directors also approved the nonmonetary contribution of the shares of some of the foreign companies of the rice activity to the wholly owned subsidiary Herba Foods, S.L.

This transaction was carried out in accordance with the tax regime established in Chapter VIII, Title VII of Legislative Royal Decree 4/2004, dated March 5, which approves the revised Spanish Corporation Tax Law. The process did not include the revaluation of assets.

The total amount of shares of Group and associated companies corresponding to investments of Ebro Puleva, S.A. contributed to Herba Foods, S.L. amounted to 24,964 thousand euros, which is equal to the amount of the capital increase (6,000 euros in share capital and 18,964 thousand euros in share premium) carried out by Herba Foods, S.L., the shares of which have been fully subscribed and recorded by Ebro Puleva, S.A.

The detail of shares contributed to Herba Foods, S.L. and the corresponding percentage of ownership was the following (in thousands of euros):

Company	Registered address	% of share
S&B Herba Foods Ltd.	Londres (UK)	51%
Danrice, A/s	Orbaek (Denmark)	100%
Riceland-Magyarors. Kft	Budapest (Hungry)	76.7%

B) EQUITY INVESTMENTS AND RECEIVABLES FROM ASSOCIATED COMPANIES

The 8,900 thousand euro increase in “Shares in associated companies” corresponds to the capitalization of one of the two participative loans granted by Ebro Puleva, S.A. to Biocarburantes de Castilla y León, S.A. as an increase in the equity investment in this associated company. This also explains the decrease in the loans granted to associated companies (the difference relates to accrued interest pending collection). Consequently, at year 2005, only one of the participative loans granted by two shareholders 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) LOANS TO GROUP COMPANIES

At December 31, 2005 the most significant items in this heading (see Note 9) correspond to: the loan granted to Panzani SAS in 2005, which does not have an established maturity date and bears interest at three-month Euribor plus an annual spread of 0,4%, and to the loan granted in 2001 to Beira Terrace Ltda., a wholly owned Portuguese subsidiary, to purchase buildings in Portugal. This loan does not have an established maturity date and bears interest at three-month Euribor plus an annual spread of 0.2%.

D) PROVISIONS

The increase in this heading is due primarily to allowances recorded in 2005 in Lactimilk, S.L. and Beira Terrace Ltda. The decrease in provisions corresponds principally to the release to the profit and loss account of the provision recorded in Riviana Inc y de Lince, S.A.

E) SHORT-TERM SECURITIES PORTFOLIO

The following concepts included in this heading in 2004 have been eliminated at year end 2005:

1. Due to temporary surplus cash at the end of 2004, the Company had invested 10 million euros in government bonds that matured on January 17, 2005 and bore interest at 2.1%. These bonds no longer exist at year end 2005.

2. The rest of the heading corresponds to an investment and an account receivable from Inversiones Greenfields, Ltda., net of recorded provisions. At the end of November 2004, Ebro Puleva, S.A. sold its 49% share in inversions Greenfields Ltd., bringing its current share to 51%. In November 2005 this entire investment was sold.

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 and reserves
Azucarera Ebro S.L. (Group)	100,00%	Madrid (Spain)	491,090
Balmes 103 Gestión de Patrimonio, S.L.	100,00%	Madrid (Spain)	12,362
Fincas e Inversiones Ebro, S.A.	100,00%	Madrid (Spain)	11,925
S.C.I. Bidassoa	100,00%	ST. Jean-de-Luz - France	0
Compañía Agrícola de Tenerife, S.A.	99,94%	Tenerife (Spain)	24,409
Puleva Food, S.L. (Group)	100,00%	Granada (Spain)	250,451
Lactimilk, S.A. (Group)	100,00%	Granada (España)	9,719
Herba Foods S.L.	100,00%	Madrid (Spain)	86,612
Herba Ricemills S.L	100,00%	Madrid (Spain)	69,378
Herba Nutrición S.L	100,00%	Madrid (Spain)	4,132
Puleva Biotech, S.A.	77,23%	Granada (Spain)	29,417
Jiloca Industrial, S.A.	60,00%	Teruel (Spain)	2.084
Biocarburantes de Castilla y León, S.A.	50,00%	Salamanca (Spain)	33.800
Beira Terrace Soc.de Construçes	100,00%	Oporto (Portugal)	295
Rizerie Franco Americaine et Col., S .A.	100,00%	Paris (France)	1,175
Riceland, Ltda. (*)	20,00%	Budapest (Hungry)	1,169
Riviana Foods Inc (Group)	100,00%	Houston (Texas-USA)	324,587
Panzani, SAS (Group) (Panzani)	100,00%	Lyon (France)	440,911
Lince Insurance Ltd.	100,00%	Dublin (Ireland)	2,173
Total			

(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 2005. 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 Hereba Foods, S.L.

Puleva Biotech is listed on the stock exchange as from December 17, 2001. The average listing for the last quarter of 2005 and at December 31, 2005 was 2,46 euros and 2,36 euros, respectively, per share.

(a) 2005 results	Dividend paid in 2005	Activity	Last closed annual accounts	Value of Investment	Provision (b)
49,145	(73,484)	Production and sale of rice	12/31/05	411,594	
0		Agriculture	12/31/05	10,983	
28		Real estate	12/31/05	4,926	
0		Real estate	12/31/05	218	(218)'
455		Bananas and canned vegetables	12/31/05	22,849	
18,091	(31,148)	Dairy products	12/31/05	180,612	
(783)		Dairy products	12/31/05	10,292	(1,500)
1,141	(1,635)	Investment management:	12/31/05	50,676	
(678)		Production and sale of rice	12/31/05	69,078	
9,431	(9,294)	Production and sale of rice	12/31/05	526	
1,694		Development and sale of new products	12/31/05	30,900	(3,740)
324		Production of organic fertilizer	12/31/05	274	
(116)		Production of bioethanol	12/31/05	16,900	
(234)		Real estate	12/31/05	1,360	(1,299)
44		Production and sale of rice	12/31/05	1,241	(12)
256	(141)	Production and sale of rice	12/31/05	597	
20,848		Production and sale of rice	12/31/05	309,297	
19,798		Production and sale of pasta and sauces	12/31/05	440,838	
779		Insurance	12/31/05	3,500	(548)
	(115,702)			**1,566,661**	**(7,317)**

8. DEFERRED CHARGES

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

	Balance 12/31//04	Increases	Decreases	Amortization for the year	Balance 12/31/05
Credit arrangement expenses	1,244	2,523		(665)	3,102

9. ACCOUNTS WITH GROUP AND ASSOCIATED COMPANIES

The main transactions of the Company with group and associated companies during the period were (in thousands of euros):

	Group companies	Associated companies
External services	647	
Personnel costs	800	
Financial charges	2,873	
Total purchases and expenses	**4,320**	**0**
Other operating income	10,267	1,500
Interest income	2,312	429
Income or dividends received	115,702	
Total sales and income	**128,281**	**1,929**

The balances of Ebro Puleva, S.A. with Group companies at December 31, 2005 were the following (in thousands of euros):

Balances with group companies	Long-term loans to Group companies	Accounts receivable from Group companies	Short-term loans to Group companies	Accounts receivable from Group companies	
				Long-term	Short-term
Panzani SAS	85,845	—	—	—	—
Beira Terrace, Ltda.	9,258	—	—	—	—
Azucarera Ebro, S.L.	—	18,374	—	(51,040)	—
Balmes 103 Gestión de Patrim., S.L.	—	—	—	(12,360)	—
Herba Ricemills, S.L.	—	2,166	15,000	(89)	(30,000)
Lince, S.A.	—	—	—	(249)	—
Fincas e inversiones Ebro, S.A.	2,115	15	—	—	—
Compañía Agrícola de Tenerife, S.A.	—	250	—	(19,673)	—
Puleva Biotech, S.A.	—	112	—	(7,220)	—
Puleva Foods, S.L. (Grupo)	—	5,541	—	(683)	(3,506)
Lactimilk, S.L.	—	(445)	—	(2)	—
Riviana Inc.	—	43	—	(2)	—
	97,218	**26,056**	**15,000**	**(91,318)**	**(33,506)**

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 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.

The balances of Ebro Puleva, S.A. with associated companies at December 31, 2005 were the following (in thousands of euros)

Balances with associated companies	Long-term loans to Group companies	Short-term accounts payable to associated companies
Biocarburantes de Castilla León	2,621	—
SCI Bidassoa	—	450
	2,621	**450**

10. SHAREHOLDERS' EQUITY

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

	Balance at 12/31/04	Appropriation of 2004 results	2005 results	Own shares reserve	Balance at 12/31/05
Capital	**92,319**				**92,319**
Share premium	**34,333**				**34,333**
Revaluation reserves	**3,169**				**3,169**
Other reserves	**578,883**	**46,343**	**0**	**271**	**625,497**
Legal reserve	18,464				18,464
Reserves for own shares	412			(411)	1
Other reserves	560,007	46,343		682	607,032
Profit or (loss) for the year	**97,074**	**(97,074)**	**141,428**		**141,428**
	805,778	**(50,731)**	**141,428**	**271**	**896,746**

* At December 31, 2005 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 stakes of more than 5% of share capital at December 31, 2005 are: Instituto Hispánico del Arroz, S.A., 11.61% (6.61% held directly and 5% held indirectly through Hispafoods Invest, S.L.), Grupo Torras, S.A., 7.82%, Grupo Caja España 5.037%, Caja de Ahorros de Salamanca y Soria 5.00%, and Cajade Ahorros de Asturias 5.00%. See additional note in Note 19, Post-Balance Sheet Events.

* 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, save in 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, 2005, this reserve has reached 20% 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 2005, the Company purchased and sold shares as authorized by the shareholders in their general meeting held on April 27, 2005. These transactions were communicated to the National Securities Market Commission as required by prevailing regulations. The Company purchased 1,200,584 shares in 2005 and sold 1,265,584. At year end 2005, the Company holds 231 of its own shares (0.0002% 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 nondistributable 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 2005, the Company has not yet decided on the final use of these shares.

11. DEFERRED INCOME

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

	Balance at 12/31/04	Increases	Decreases	Amortization charged in the year	Balance at 12/31/05
Unrealized exchange differences	12,605		(12,605)	0	
Other deferred income	365			(191)	174
	12,970	**0**	**(12,605)**	**(191)**	**174**

Unrealized exchange differences correspond to the restatement of the loan in US dollars obtained to finance the acquisition of the equity investment in Riviana Foods Inc. at the year end exchange rate.

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, 2005, are:

a) Mortality and survival PERM 2000 tables.

b) Pay rises. A cumulative 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. A cumulative 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. are to be 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 supplementary 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, 2005 for seniority bonuses amounts to 335 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 3.3%.

13. OTHER PROVISIONS

The movements in this heading during the period were the following:

For other provisions for liabilities and charges	Thousands of euros
Balance at December 31, 2004	3,213
Allowances	2,339
Balance at December 31, 2005	**5,552**

The balance at December 31, 2005 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	284,000	68,529
Drawn-down bank loans in US dollars	372,976	
Accrued interest pending maturity		2,907
Total	**656,976**	**71,436**

The above loans were arranged to finance investments made by Riviana Inc (2004) and Panzani SAS (2005). These long-term loans are guaranteed by the subsidiaries Azucarera Ebro, S.L., Puleva Foods, S.L., Herba Food, S.L. and Herba Ricemills, S.L. and Panzani SAS and correspond to:

* A syndicated loan agreement signed in November 2004, renewed in May 2005, amounting to 287 million euros, the principal of which will be repaid in 8 six half year installments of 35, 5 million euros beginning May 2006. The first installment for 3,0 million euros was paid in November 2005. 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, the principal of which will be repaid in 6 six half year installments of 73, 33 million dollars as of October 2011. The annual interest rate was one-, three-, six-, or twelve-month LIBOR plus a market spread.

At year end 2005, there is still an IRS on the loan in euros equivalent to 75 million euros with a “collar” ranging from 3% to 4, 9% and a “knock-in” at 2,5%.

In addition, at December 31, 2005, the Company had credit facilities at banks amounting to 29 million euros secured by personnel guarantees. No amount has been drawn down on these facilities.

The average annual interest rate on these debts, excluding the syndicated loan referred to above, is three-month EURIBOR plus an average market spread of 0,3%.

There are also other bank guarantees granted to the Company amounting to 3,275 thousand euros. The amount drawn down on these guarantees at December 31, 2005 amounted to 3,275 thousand euros.

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

2006 installment	71,000 thousand euros
2007 installment	71,000 thousand euros
2008 installment	71,000 thousand euros
2009 installment	71,000 thousand euros
2011-2014 installments	440,000 thousand US dollars
	(372,976 thousand euros at December 31, 2005)

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)
- Balmes 103 Gestión de Patrimonio, S.L.
- Compañía Agrícola de Tenerife, S.A. (CATESA)
- Catesa Food, S.L.
- Puleva Food, S.L. (group)
- Lactimilk, S.A. (group)
- Puleva Biotech, S.L.
- 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, 2005 is as follows (in thousands of euros):

PRE-TAX BOOK RESULTS			128,160
	Increases	Decreases	
Permanent differences	669	13,177	(12,508)
Permanent differences generated by consolidation adjustments	1,500	113,926	(112,426)
Adjusted book results			**3,226**
Temporary differences arising in 2005	5,348		5,348
Temporary differences arising in other exercices	5,253	26,642	(21,389)
Taxable income			**(12,815)**
Total taxable income of Ebro Puleva, S.A.			**(12,815)**

	Tax accrued	Tax refundable	Deferred tax liabilities	Deferred tax assets
Corporation income tax rate (35%)	1,129	4,485	1,839	(7,453)
Tax payable	**1,129**	**4,485**	**1,839**	**(7,453)**
Deductions	(14,218)	14,218		
2005 Corporate income tax	**(13,089)**	**18,703**	**1,839**	**(7,453)**
Permanent establishment tax	0			
Adjustment to 2004 corporation income tax	(179)			
Total corporate income tax	**(13,268)**			

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.	18,703
Payments made on account during the fiscal year	10,852
Withholdings	139
Tax payable by the remaining companies of the tax group	(32,615)
Amount receivable (payable) by the tax group	**(2,921)**

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

Increases	Amount
Provisions for fixed assets and equity investments	3,000
Application of tax criteria to disposal of fixed assets	5,253
Other increases	2,348
Total	**10,601**

Decreases	Amount
Tax amortization of goodwill	(4,638)
Application for tax purposes of provisions for equity investments	(21,404)
Other decreases	(600)
Total	**(26,642)**

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

Increases	Amount
Allowance to provisions for equity investments in companies of the tax group	1,500
Other non-deductible expenses	669
Total	**2,169**

Decreases	
Adjustments for dividends of subsidiaries of the tax group	(113,926)
Adjustments for dividends of foreign subsidiaries	(1,776)
Tax amortization of goodwill	(11,401)
Total	**(127,103)**

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

15.6. On February 11, 2005 the Company was notified of the commencement of an inspection of Arrocerías Herba, S.A. for 1999, 2000 and 2001 corporation tax and of 2001 for all other taxes. On February 14, 2005, the tax authorities notified all the Group companies of the Ebro Puleva, S.A. tax group that an inspection would begin for corporation tax from 1999-2003 and for remaining taxes from 2001-2003. In January 2006, the tax authorities informed the Company that the inspection would continue for an additional twelve months.

In addition, the Company is open to inspection of all taxes from 2004 onward.

15.7. The following variations have occurred during the year in advance and deferred tax of Ebro Puleva, S.A. (Thousands of euros):

Deferred tax assets	Amount
Balance at December 31, 2004	**32,862**
Allowance to provisions for fixed assets and equity investments	1,050
Other provisions	822
Application of other provisions	(210)
Application of provisions for fixed assets and equity investments	(7,491)
Tax amortization of goodwill	(1,623)
Balance at december 31, 2005	**25,410**

Deferred tax liabilities	Amount
Balance at December 31, 2004	**4,613**
Write-offs	(12)
Application of tax criteria to disposal of fixed assets	(1,839)
Balance at december 31, 2005	**2,762**

16. GUARANTEES FURNISHED

At December 31, 2005 the following bank guarantees had been furnished (Thousands of euros Amount):

	Amount
Bank guarantees	
Deposited with courts and public bodies in connection with administrative appeals and deferment of tax	2,641
Given to third parties in guarantee of normal transactions	634
Guarantees given by Ebro Puleva, S.A.	
Guarantees given to banks as collateral for loans granted to Group companies	43,455
Other guarantees given to banks on behalf of associated companies and third parties	79,000

The most significant guarantee given to banks to cover the transactions of associated companies corresponds to the guarantee given by Ebro Puleva, S.A. 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. This loan was intended to finance said company's biofuel factory project. The loan totals 158 million euros, guaranteed at 50% by the shareholders of Biocarburantes de Castilla y León, S.A. Consequently, the maximum amount guaranteed by Ebro Puleva, S.A. is 79 million euros. However, until December 31, 2005, Biocarburantes de Castilla y León, S.A. had drawn down 95 million euros of the total loan, and therefore the proportional amount effectively guaranteed by Ebro Puleva, S.A. totaled 47,5 million euros.

In addition, at December 31, 2005, Ebro Puleva, S.A. submitted guarantees to secure the debts of certain Group companies with credit institutions amounting to 43,455 thousand euros.

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

17. INCOME AND EXPENSES

a) Foreign currency transactions

The Company normally carries out its transactions in euros, except for the loan denominated in US dollars described in Note 14.

b) Extraordinary items

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

Extraordinary expenses	Amount
Changes in provisions for investments (Note 7)	(10,308)
Allowance to provisions for trademark impairment (Note 5)	3,000
Losses from sale of tangible and intangible assets	215
Extraordinary indemnities	5,295
Recovery of guarantees deposited for indemnities (Note 7)	(3,000)
Allowances to provisions for other contingencies (Note 13)	2,339
Other extraordinary expenses	21
	(2,438)

Extraordinary income	
Profit on sale of tangible and intangible assets (Note 6)	72,485
Profit from sales of own shares	1,315
Other extraordinary income	500
	74,300
Total extraordinary results – Net income	**(76,738)**

c) The average number of employees is the following:

Permanent employees	39
Temporary/regular temporary employees	0
Total	**39**

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

Management	12
Middle management	17
Administrative staff	10
Total	**39**

18. OTHER INFORMATION

18.1. Board of Directors' remuneration

The overall remuneration earned by the Directors of Ebro Puleva, S.A in 2005 for the period totaled 3,389 thousand euros, as follows (Thousand of euros):

	2004	2005
Expenses	185	282
Share under bylaws	1,134	1,374
Total external board members	**1,319**	**1,656**
Wages, salaries and professional fees	2,073	1,650
Life and retirement insurance	158	83
Total executive directors	**2,231**	**1,733**
Total directors' emoluments	**3,550**	**3,389**

In addition, 4,461 thousand euros in indemnities were paid for expiration of contracts in 2005.

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. At the Board of Directors meeting held on February 23, 2006 the directors resolved to propose the reduction of that share to 1,13% of the profit for the year, with effect as from the 2005 financial year.

The members of the Board of Directors perform executive functions for which they do not receive any travel and subsistence allowance under the terms of their respective contracts. The amounts to which they would have been entitled, according to the bylaws, are not shared out among the other Directors, but are withheld in the company.

Several members of the board who have executive duties within the Company are beneficiaries of a supplementary life and retirement insurance policy in an annual sum of 83 thousand euros, in pursuance of the bylaws.

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

In addition, the directors of Ebro Puleva, S.A. have significant shares in companies with activities that are the same, similar or complementary to those carried out by the Ebro Puleva Group, as per the following detail:

* Mr. Elías Hernández Barrera:
  He holds a direct 50% share of the Instituto Hispánico del Arroz, S.A. with close family members. He is also the Chairman of the Board of Directors.
  He likewise holds an indirect 50% share of Hispafoods Invest, S.L. with close family members. He is also the Chairman of the Board of Directors.
  He indirectly owns 1,58% of the Uruguayan company Casarone Agroindustrial, S.A. through an indirect 10,65% share held with close family members.

* Mr. Antonio Hernández Callejas:
  He directly owns 16,666% of the Instituto Hispánico del Arroz, S.A. a 50% share held jointly with close family members. He is holds the position of "attorney in-fact."
  He indirectly owns 16,666% share of Hispafoods, S.A. through a 50% share held jointly with close family members.
  He directly owns 3,620% of the Uruguayan company Casarone Agroindustrial, S.A. through and indirect 10,65% share held jointly with close family members.

* Mr. Laureano Roldán Aguilar holds a direct 0,014% share and is a member of the Board of Directors of Puleva Biotech, S.A.

* Caja de Ahorros de Salamanca y Soria:
  This entity holds a 33,333% share of Barrancarnes Industrial.
  It also holds a 40% share of Jamones Burgaleses, S.A. and is a member of the Board of Directors.
  It holds a 35,430% share of Leonesa Astur de Piensos, S.A. and is a member of the Board of Directors.

* Caja España de Inversiones:
  This entity holds a 100% share of Campo de Inversiones, S.A. and is a member of the Board of Directors.
  It also holds a 36% share of Maltacarrión, S.A. and is a member of the Board of Directors.
  It holds a 27% share of Mejor Campo de Inversiones, S.A. and is a member of the Board of Directors.

* Corporación Caixa Galicia, S.A.:
  This entity holds a 5% share of Bodegas Terras Gauda, S.A. and is a member of the Board of Directors.
  It also holds a 16% share of Pescanova, S.A. and is a member of the Board of Directors.

The above information does not include the shares or positions held by the Company's directors in other companies of the Ebro Puleva Group, since they are not bound to duty of loyalty, but rather are part of the administrative structure of the group itself. In any case, the information on positions held in other Group companies is included in the Annual Report on Corporate Governance of Ebro Puleva, S.A. as required by Circular 1/2004, dated March 17, of the National Securities Exchange Commission and in Ministerial Order 3050/2004, dated September, of the Ministry of Economics and Finance.

In 2005 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.

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 maximum indemnity collectible under current coverage is forty five million euros (six million euros in the case of Puleva Biotech, S.L.). The policy has a premium payment of two hundred and four thousand ninety six euros and provides coverage from April 1, 2005 to March 31, 2006. This policy is currently in the process of being renewed.

18.2. Remuneration earned by executive management

Ebro Puleva, S.A.'s executive management is made up of 11 members, whose total remuneration in the aggregate amounted to 2,821 thousand euros. Of this amount, 1,682 thousand euros corresponded to wages and salaries, and 1,139 thousand euros to termination benefits.

The contracts of Executive Board Members, the Steering Committee (made up of the Managing Directors of the principal subsidiaries), as well as executive management include golden parachute clauses in the event of termination due either to management decision or changes in control. These clauses, approved by the Board of Directors on May 25, 1999 as part of the compensation policy proposed by the Selection and Compensation Committee, provide for indemnities that range from one to three year's salary.

18.3. 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.

18.4. Audit fee

"External services" in the profit and loss account includes the fee for the audit of the individual annual accounts paid to Ernst & Young, S.L., which amounted to 40 thousand euros. In addition, with regard to the audit of the consolidated annual accounts, the total fee accrued in 2005 for the annual audits of the companies of the Ebro Puleva Group amounted to 1,469 thousand euros. Of this amount, the audits performed by the main auditor (Ernst & Young and its international network) amounted to 1,465 thousand euros.

In addition, the Ebro Puleva Group engaged Ernst & Young companies to provide non-audit related services amounting to 415 thousand euros, 293 thousand euros of which correspond to Due Diligence work performed for the acquisition of companies.

19. POST-BALANCE SHEET EVENTS

Except for the matter explained below, no significant events have occurred from December 31, 2005 to the date on which these annual accounts were approved.

From December 31, 2005, to the date these annual accounts were prepared, Ebro Puleva, S.A. sold several Puleva Biotech, S.A. shares on the stock market, which reduced its percentage of ownership in said company from 77,23% to 70%.

In their meeting held on February 23, 2006, the Board of Directors unanimously agreed to accept the resignation of Mr. Bader Al Rashoud, Mr. Jorge Delclaux Bravo and Mr. Laureano Roldán Aguilar as Board members, and coopt Corporación Económica Damm, represented by Mr. Demetrio Carceller Arce, and Ms. Blanca Hernández Rodríguez and Mr. Juan Domingo Ortega Martínez.

Lastly, according to the data on file at the National Securities Exchange Market Commission, from year end to February 23, 2006, Ebro Puleva, S.A.'s shareholders have changed. In particular, the share formerly held by Grupo Torras, S.A. was purchased from Alimentos y Aceites, S.A. (after which Alimentos y Aceites, S.A.'s share is 8,45%); Corporación Económica Damm likewise purchased a 4,57% share.

20. STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 2005 (THOUSANDS OF EUROS)

Applications	2005	2004	Sources	2005	2004
Deferred expenses	2,523	1,244	**Sources obtained from operations**	**105,302**	**66,056**
Additions to fixed assets:			Deferred income		
Tangible assets	941	964	Other deferred income	0	12,970
Intangible assets	3	0			
Investments	527,359	343,758			
Transfer of equity investments to short-term investments	0	9,842			
Provisions for liabilities and charges					
Application of other provisions	0	22			
Acquisition of own shares	15,436	23,211	Disposal of own shares	17,433	31,001
Cancellation or transfer to short-term of:			**Long-term debts**		
Long-term amounts owed to financial institutions	74,000	212,970	From financial institutions	352,563	430,365
Other long-term liabilities	0	23,326	Other long-term liabilities	60,711	0
Other deferred income	12,796	0	Disposal/write-off of tangible assets	86,680	65,001
Payment of dividends			Early redemption of investments	33,980	15,766
Prior year dividend	50,731	46,068	Transfer to short-term of long-term investments	0	9,913
Deferred tax assets	1,872	7,365	Deferred tax liabilities	0	4,137
Increase/(Decrease) in working capital	**(28,992)**	**(33,561)**			
Total applications	**656,669**	**635,209**	**Total sources**	**656,669**	**635,209**

CHANGES IN WORKING CAPITAL				
	2005		2004	
	Increases	Decreases	Increases	Decreases
Receivable	6,269			10,298
Investments		4,723	10,105	
Cash and banks	4,128		235	
Accruals and deferred income		558	623	
Short-term receivables		34,108		34,226
Total	**10,397**	**39,389**	**10,963**	**44,524**
Decreases in working capital	**28,992**		**33,561**	
	39,389	**39,389**	**44,524**	**44,524**

SOURCES FROM OPERATIONS		
	2005	2004
Profit (loss) for the year	**141,428**	**97,074**
Plus:		
Depreciation and amortization	1,263	1,564
Changes in provisions for fixed assets	(10,308)	15,004
Allowance to the provision for liabilities and charges	2,348	59
Deferred financial expense	665	400
Unrealized exchange differences	36,018	0
Loss on disposal of fixed assets	215	2
Deferred tax assets	9,324	16,519
Less:		
Other deferred income	0	(1,027)
Profit from sale of own shares	(1,315)	(1,265)
Profit from sales of fixed assets	(72,485)	(62,210)
Overprovision for liabilities and charges	0	(64)
Deferred tax liabilities	(1,851)	0
	105,302	**66,056**

02

Ebro Puleva, S.A.

MANAGEMENT REPORT
for the year ended December 31, 2005

2005 MANAGEMENT REPORT

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 other less significant markets through its subsidiaries, mainly in Spain, but with a growing international presence.

Ebro Puleva is making great strides at striking a balance between revenues received from the Spanish and international markets, as well as increasing income from brand name sales vis-à-vis industrial sales. Similarly, it is also leveling the revenues from its various business divisions. Overall, the rice division is gaining over its sugar business.

The management report on the consolidated annual accounts includes information on business trends and the activity carried out in 2005 by the various business lines and segments of the companies comprising the Ebro Puleva Group.

2. 2005 OVERVIEW OF EBRO PULEVA, S.A.

Revenues are determined primarily by dividends of subsidiaries, real estate transactions and financial expenses from indebtedness. Equity changes in subsidiaries led to the need to record or release securities portfolio provisions.

Operating loss amounted to 5,931 thousand euros as compared with loss of 6,246 thousands in the previous year.

Financial income stood at 57,353 thousand, as opposed to 60,376 in the previous year. This increase was due to the growth in financial expenses relating to new company acquisitions, offset by the increase in revenues from dividends received from subsidiaries.

Extraordinary profit totaled 76,738 thousand euros (2004: 42,930 thousands euros), thanks to disinvestment in non-strategic fixed assets during the year and the application of portfolio provisions.

The profit after tax amounted to 141,428 thousand euros, an increase of 44,354 thousand. This increase is due to the growth in revenues from real estate disinvestments, the release of securities portfolio provisions and the increase in dividends received from subsidiaries.

The principal investment made in 2005 was the acquisition of 100% of Panzani SAS and the subsequent increase in this company's share capital by 440,839 thousand euros. This acquisition was financed through a syndicated loan of 440 million US dollars and the renewal of another loan on that same date as explained in Note 14 of the accompanying Notes to the Financial Statements.

3. FORESEEABLE DEVELOPMENT OF THE COMPANY

In future years, Ebro Puleva's results will derive from dividends received from its subsidiaries, billings of services rendered, capital gains from the sale of non-strategic buildings and finance charges on debts financing assets. Consequently, results will be determined by subsidiaries and the realization of real estate revenues dependent on market trends.

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 2005, the Company purchased and sold own shares as authorized by the shareholders in their general meeting held on April 27, 2005. These transactions were communicated to the National Securities Market Commission as required by prevailing regulations. The Company purchased 1,200,584 shares in 2005 and sold 1,265,584 shares. At year end 2005, the Company holds 231 of its own shares which correspond to 0.0002% of share capital. At year end 2005, 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 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 in which it agrees to swap during certain periods the difference between the amount of fixed and variable interest rates, calculated based on a notional amount of principal agreed-upon between the parties. These swaps are designed to cover the underling payment commitments. At December 31, 2005, after taking into account the effect of interest rate swaps, approximately 20% of loans had fixed interest rates.

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.

Environmental issues

Due to the Company's specific activity, it does not carry out its own R&D projects (see Note 18.3 of the Notes to the Financial Statements).

9. SUBSEQUENT EVENTS

No significant events have occurred from December 31, 2005 to the date on which these consolidated annual accounts were drawn up aside from the following:

From December 31, 2005 to the date this management report was prepared, Ebro Puleva, S.A. sold several Puleva Biotech, S.A. shares on the stock market, which reduced its percentage of ownership in said company from 77,23% to 70%.

In their meeting held on February 23, 2006, the Board of Directors unanimously agreed to accept the resignation of Mr. Bader Al Rashoud, Mr. Jorge Delclaux Bravo and Mr. Laureano Roldán Aguilar as Board members, and coopt Corporación Económica Damm, represented by Mr. Demetrio Carceller Arce, and Ms. Blanca Hernández Rodríguez and Mr. Juan Domingo Ortega Martínez.

Lastly, according to the data on file at the National Securities Exchange Market Commission, from year end to February 23, 2006, Ebro Puleva, S.A.'s shareholders have changed. In particular, the share formerly held by Grupo Torras, S.A. was purchased from Alimentos y Aceites, S.A. (after which Alimentos y Aceites, S.A.'s share is 8,45%); Corporación Económica Damm likewise purchased a 4,57% share.

03

Ebro Puleva, S.A.

CONSOLIDATED ANNUAL ACCOUNTS AND MANAGEMENT REPORT

for the year ended December 31, 2005

ERNST & YOUNG

Torre Picasso
Plaza Pablo Ruiz Picasso, 1
28020 Madrid

Teléfono: 915 727 200
Fax: 915 727 270
www.ey.com/es

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

To the shareholders of
EBRO PULEVA, S.A.

We have audited the consolidated annual accounts of EBRO PULEVA, S.A. and the companies comprising the Ebro Puleva Group, which consist of the consolidated balance sheet at December 31, 2005, 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 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 consolidated annual accounts and the assessment of their presentation, the accounting principles applied and estimates made.

The accompanying consolidated annual accounts for 2005 are the first the Group has prepared in accordance with the International Financial Reporting Standards adopted by the European Union (EU-IFRS), which in general require that the financial statements present comparative information. Therefore, and 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 cash flow statement, the consolidated statement of changes in equity and the notes to the notes to the consolidated financial statements, in addition to the figures for 2005, those of 2004, which were obtained by applying the EU-IFRS in force at December 31, 2005. Accordingly, the figures for 2004 differ from those presented in conformity with the accounting principles and criteria in force that year. The differences arising from the application of EU-IFRS on consolidated equity at January 1 and December 31, 2004 and on consolidated profit and loss for 2004 are detailed in Note 32. Our opinion refers only to the consolidated annual accounts for 2005. On April 1, 2005, we issued our audit report on the 2004 consolidated annual accounts, prepared in accordance with the accounting principles and criteria in force that year, in which we expressed an unqualified opinion.

ERNST & YOUNG

In our opinion, the accompanying 2005 consolidated annual accounts 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, 2005 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 in the preparation of the 2004 consolidated financial statements, included for comparative purposes.

The accompanying consolidated Management Report for 2005 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 annual accounts. We have verified that the accounting information contained in the aforementioned consolidated Management Report agrees with that of the consolidated annual accounts for 2005. 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

Madrid, March 1, 2006

Ebro Puleva Consolidated Group

Balance sheets at december 31, 2005 and 2004
(thousands of euros)

ASSETS	Note	31/12/2005	31/12/2004
Non-current assets			
Intangible assets	9	164,438	79,441
Property, plant and equipment	10	961,738	811,737
Investment properties	11	12,225	17,940
Financial assets	12	33,675	49,959
Investments in associates	13	25,556	12,721
Deferred tax assets	25	112,047	113,312
Goodwill	14	620,846	193,389
Other non-current assets		111	278
		1,930,636	**1,278,777**
Current assets			
Inventories	15	450,866	406,750
Trade and other receivables	16	445,395	321,869
Tax receivables	25	48,537	35,066
Derivatives and other financial instruments	28	32	0
Other non-current assets		16,947	15,109
Current assets	17	82,196	109,673
		1,043,973	**888,467**
Non-current assets held for sale	7	14,294	0
Total assets		**2,988,903**	**2,167,244**

LIABILITIES	Note	31/12/2005	31/12/2004
Equity and liabilities		**1,098,055**	**979,756**
Equity attributable to equity holders of the parent			
Issued capital	18	92,319	92,319
Share premium	18	34,333	34,333
Revaluation reserve	18	3,169	3,169
Restricted reserves	18	18,464	18,464
Retained earnings	18	943,241	837,345
Translation differences	18	(14,941)	(23,784)
Treasury shares	18	(3)	(686)
		1,076,582	**961,160**
Equity attributable to minority interests		**21,473**	**18,596**
Non-current liabilities			
Deferred income	19	15,961	21,075
Provisions for pensions and other post-employment benefits	20	38,846	24,084
Other provisions	21	150,533	133,088
Financial liabilities	22	693,827	400,152
Other non-financial liabilities	23	1,493	10,683
Deferred tax liabilities	25	115,360	65,561
		1,016,020	**654,643**
Current liabilities			
Financial liabilities	22	329,708	191,966
Derivatives and other financial instruments	28	197	876
Trade and other payables	24	485,013	290,553
Tax payable	25	55,180	42,475
Other current liabilities		4,730	6,975
		874,828	**532,845**
Total equity and liabilities		**2,988,903**	**2,167,244**

Notes 1 to 32 in the accompanying notes to the financial statements are an integral part of the consolidated balance sheet at December 31, 2005.

Ebro Puleva Consolidated Group

Income statementsfor the years ended december 31, 2005 and 2004
(thousands of euros)

	Note	31/12/2005	31/12/2004
Revenues	6	2,359,866	1,844,610
Change in inventories of finished goods and work in progress	6	(43,434)	4,861
Capitalized expenses of Company work on assets	6	4,391	7,711
Other operating revenues	8	105,197	75,707
Consumption of goods and other external charges	6	(1,233,312)	(1,135,774)
Employee benefits expense	8	(299,497)	(210,536)
Depreciation and amortization	6	(87,478)	(66,108)
Other operating expenses	8	(548,056)	(322,919)
Operating profit		**257,677**	**197,552**
Net finance revenue (cost)	8	(34,327)	(20,170)
Impairment of goodwill	14	(4,278)	(2,317)
Share of profit (loss) of associates	13	984	(633)
Profit before tax		**220,056**	**174,432**
Income taxes	25	(61,298)	(41,349)
Profit for the year (from continuing operations)		**158,758**	**133,083**
Profit (loss) for the year from discontinued operations	7	0	(3,548)
Profit for the year		**158,758**	**129,535**
Attributable to:			
Equity holders of the parent		155,641	126,573
Minority interests		3,117	2,962
		158,758	**129,535**
Earnings per share:	**18**		
For profit from continuing operations			
Basic		1.012	0.846
Diluted		1.012	0.846
For profit for the year			
Basic		1.012	0.823
Diluted		1.012	0.823

Notes 1 to 32 in the accompanying notes to the financial statements are an integral part of the consolidated income statement for the year ended December 31, 2005.

Ebro Puleva Consolidated Group

Statement of changes in equity
(thousand of euros)

STATEMENT OF CHANGES IN EQUITY											
			Parent company equity								
								Available reserves			
	Total equity	Minority-interests	Total	Share capital	Share Premium	Revaluation reserve	Legal reserve	Retained Earnings	Profit for the year	Translation Differences	Treasury shares
Balance at January 1, 2004	**919,445**	**22,288**	**897,157**	**92,319**	**34,333**	**3,169**	**18,464**	**756,083**	**0**	**0**	**(7,211)**
Dividends paid	(47,875)	(1,715)	(46,160)	0	0	0	0	(46,160)	0	0	0
Capital increase/decrease expenses	(100)	0	(100)	0	0	0	0	(100)	0	0	0
Acquisition/sale of treasury shares (net)	6,525	0	6,525	0	0	0	0	0	0	0	6,525
Gain (loss) on sale of treasury shares	1,265	0	1,265	0	0	0	0	1,265	0	0	0
Tax effect of preceding movements	(408	0	(408)	0	0	0	0	(408)	0	0	0
Changes in consolidation scope	(4,248)	(4,248)	0	0	0	0	0	0	0	0	0
Other movements	92	0	92	0	0	0	0	92	0	0	0
Total distribution of profit and transactions with shareholders	**(44,749)**	**(5,963)**	**(38,786)**	**0**	**0**	**0**	**0**	**(45,311)**	**0**	**0**	**6,525**
Profit (loss) for the year	129,535	2,962	126,573	0	0	0	0	0	126,573	0	0
Movement in translation differences	(21,499)	(691)	(20,808)	0	0	0	0	0	0	(20,808)	0
Sale and/or deconsolidation of Companies	(2,976)	0	(2,976)	0	0	0	0	0	0	(2,976)	0
Other movements	0	0	0	0	0	0	0	0	0	0	0
Total income and expense for the year	**105,060**	**2,271**	**102,789**	**0**	**0**	**0**	**0**	**0**	**126,573**	**(23,784)**	**0**
Balance at December 31, 2004	**979,756**	**18,596**	**961,160**	**92,319**	**34,333**	**3,169**	**18,464**	**710,772**	**126,573**	**(23,784)**	**(686)**
Distribution of prior year profit	0	0	0	0	0	0	0	126,573	(126,573)	0	0
Dividends paid	(50,.890)	(115)	(50,775)	0	0	0	0	(50,775)	0	0	0
Acquisition/sale of treasury shares (net)	683	0	683	0	0	0	0	0	0	0	683
Gain (loss) on sale of treasury shares	1,315	0	1.315	0	0	0	0	1,315	0	0	0
Tax effect of preceding movements	(460)	0	(460)	0	0	0	0	(460)	0	0	0
Changes in consolidation scope	(956)	(956)	0	0	0	0	0	0	0	0	0
Other movements	44	0	44	0	0	0	0	44	0	0	0
Total distribution of profit and transactions with shareholders	**(50,264)**	**(1,071)**	**(49,193)**	**0**	**0**	**0**	**0**	**76,697**	**(126,573)**	**0**	**683**
Profit (loss) for the year	158,758	3,117	155,641	0	0	0	0	0	155,641	0	0
Movement in translation differences	9,807	831	8,976	0	0	0	0	133	0	8,843	0
Fair value of financial instruments											
1. Unrealized gains	(2)	0	(2)	0	0	0	0	(2)	0	0	0
Total income and expense for the year	**168,563**	**3,948**	**164,615**	**0**	**0**	**0**	**0**	**131**	**155,641**	**8,843**	**0**
Balance at December 31, 2005	**1,098,055**	**21,473**	**1,076,582**	**92,319**	**34,333**	**3,169**	**18,464**	**787.600**	**155,641**	**(14,941)**	**(3)**

Notes 1 to 32 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, 2005.

Ebro Puleva Consolidated Group

Cash flow statements for the years ended december 31, 2005 and 2004 (thousands of euros)

	31/12/2005	31/12/2004
Receipts from sales and services	2,700,933	2,178,259
Payments to suppliers and employees	(2,386,353)	(1,922,680)
Interest paid / collected	(28,529)	(13,145)
Dividends received	15	0
Other receipts / payments from continuing activities	(30,532)	(17,609)
Income tax paid	(34,477)	(34,966)
Net cash flows from operating activities	**221,057**	**189,859**
Purchase/sale of property, plant and equipment	29,218	(29,587)
Purchase of financial investments	(335,348)	(310,478)
Sale of financial investments	13,091	5,048
Other receipts / payments from investing activities	6,874	10,235
Net cash flows from investing activities	**(286,166)**	**(324,782)**
Transactions with treasury shares	949	7,790
Dividends paid to shareholders	(50,883)	(46,167)
Financial debt disposals	371,421	392,106
Repayment of borrowings	(285,335)	(203,368)
Other financial receipts / payments and government grants	621	(797)
Net cash flows from financing activities	**36,773**	**149,564**
Translation differences of flows from foreign operations	1,326	(497)
Increase (decrease) in cash and cash equivalents	**(27,011)**	**14,144**
Cash and cash equivalents at January 1	109,673	96,154
Effect of foreign exchange rates on the opening balance	(466)	(625)
Cash and cash equivalents at December 31	**82,196**	**109,673**

Notes 1 to 32 in the accompanying notes to the financial statements are an integral part of the consolidated cash flow statement for the year ended December 31, 2005.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

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.

Azucarera Ebro Agrícolas, S.A. was incorporated in Barcelona on May 11, 1998, registered on May 25 and commenced its activities with retroactive effect to April 1, 1998. It was established by the merger of Ebro Agrícolas, Compañía de Alimentación, S.A. and Sociedad General Azucarera de España, S.A.

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

The parent Company is engaged in the manufacture, marketing, export and import of sugar, dairy, rice and products for human and animal consumption, by-products and waste, as well as agriculture and exploitation, leasing and conveyance of properties. The Company may perform all or part of its activities indirectly through the holding of stocks and shares in companies engaged in identical or similar activities.

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 annual accounts are expressed in thousand of 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 AND COMPARABILITY OF INFORMATION

A) BASIS OF PRESENTATION

1. General accounting principles

The annual accounts for 2005 are the first prepared by the Group 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 Ebro Puleva Group's consolidated financial statements for 2004 were approved at the General Shareholders' Meeting of April 27, 2005. These annual accounts were prepared in accordance with generally accepted accounting principles in Spain (Spanish GAAP), which explains the differences in the amounts shown for 2004 for comparison, which were prepared under IFRS (including the application of IAS 32 and 39).

The disclosures required by IFRS regarding the transition from Spanish GAAP are included in Note 32.

The consolidated accounts for the year ended December 31, 2005, which were prepared by the directors of the parent company on February 23, 2006, are pending approval at the General Shareholders' Meeting. It is expected that they will be approved without modification. The annual accounts for 2005 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 annual accounts is the responsibility of the Group's directors.

In the preparation of the consolidated annual accounts, 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 annual accounts 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, 2005, those at December 31, 2004.

C) CHANGES IN CONSOLIDATION SCOPE

The main changes in the consolidation scope in 2004 and 2005 and the consolidation method used are shown in Notes 4 and 5.

3. SIGNIFICANT ACCOUNTING POLICIES

The main accounting criteria applied to the preparation of the consolidated annual accounts are described here below:

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.

Minority interests are stated 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) FOREIGN CURRENCY TRANSLATION

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

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:

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)

Intangible assets are carried at cost, and are tested and adjusted for impairment losses regularly (see Note h). Intangible assets include:

* **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, and amortized using the straight-line method over a period of four or five years. However, very small amounts are written off within one year.

* **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. These expenses are amortized according to their estimated useful life, which in some cases exceeds five years. The useful lives of the licenses are assessed to be either finite or indefinite. These assets are amortized over the estimated useful life of the licenses, which ranges between 10 and 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 (EXCLUDING GOODWILL)

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 live is assessed for impairment annually or whenever there is an indication that the intangible assets may be impaired.

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 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.

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.

K) TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognized at the nominal amount, 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.

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

M) DEFERRED INCOME - GRANTS

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

a) 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.

b) 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. and CATESA, 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 is 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, in accordance with their respective collective labor agreements, some Riviana Foods Inc. subsidiaries pay their employees periodic bonuses based on years of service. This provision is calculated based on the present value of the commitments.

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.

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).

In this respect, at December 31, 2005 the potential Sugar CMO restructuring (see Note 28) does not meet the criteria in the preceding paragraph. Therefore, no provision was made.

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.

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." 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.

Exchange of good or services for others of a similar nature and value 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.

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 12/31/05	12/31/04	Parent Company	Registered address	Activity
Azucarera Ebro S.L. (Group) (AE)	100,00%	100,00%	EP	Madrid (Spain)	Production and sale of sugar
Balmes 103 Gestión de Patrim., S.L.	100,00%	100,00%	EP	Madrid (Spain)	Real estate
Fincas e Inversiones Ebro, S.A.	100,00%	100,00%	EP	Madrid (Spain)	Crop farming
S.C.I. Bidassoa (A)	100,00%	100,00%	EP	ST. Jean (France)	Being liquidated
Cía. Agrícola de Tenerife, S.A. (CATESA)	99,90%	99,90%	EP	Tenerife (Spain)	Banana growing and canned vegetables
Puleva Food, S.L. (Group) (PF)	100,00%	100,00%	EP	Granada (Spain)	Production and sale of dairy products
Lactimilk, S.A. (Group) (LACT)	100,00%	100,00%	EP	La Coruña (Spain)	Production and sale of dairy products
Puleva Biotech, S.A. (C)	77,23%	74,98%	EP	Granada (Spain)	Development and marketing of new products
Jiloca Industrial, S.A.	60,00%	60,00%	EP	Teruel (Spain)	Production of organic fertilizer
Biocarburantes de C. y León, S.A. (B)	50,00%	50,00%	EP	Seville (Spain)	Production bioethanol
Beira Terrace Ltda.	100,00%	100,00%	EP	Porto (Portugal)	Real estate
Riviana Foods Inc (Group) (Riviana)	100,00%	100,00%	EP	Houston, Texas (USA)	Production and sale of rice
Panzani, SAS (Group) (Panzani)	100,00%	n/a	EP	Lyon (France)	Production and sale of pasta and sauces
Lince Insurance Ltd. (D)	100,00%	100,00%	EP	Dublin (Ireland)	Insurance
Agroteo, S.A.	73,00%	73,00%	AE	Benavente (Spain)	Services for farmers
Azucarera Energías, S.L.	60,00%	60,00%	AE	Madrid (Spain)	Electricity cogeneration
Unión Azucarera, A.I.E.	98,90%	98,90%	AE	Madrid (Spain)	Joint venture
Compañía de Melazas, S.A. (B)	50,00%	50,00%	AE	Madrid (Spain)	Sale of molasses
Sucran France, SAS	100,00%	n/a	AE	Lyon (France)	Sale of sugar
Malta Carrión , S.A.	8,00%	30,00%	AE	Madrid (Spain)	Production of malt
Ses Ibérica, S.A. (B)	n/a	50,00%	AE	Madrid (Spain)	Being liquidated
Puleva Networks, S.A.	100,00%	100,00%	PF	Granada (Spain)	IT development and services
Puleva Salud, S.A.	88,30%	88,30%	PF	Granada (Spain)	Internet
Grelva, S.L.	100,00%	100,00%	PF	Granada (Spain)	Electricity cogeneration
Yofres, S.A.	100,00%	100,00%	PF	Granada (Spain)	Sale of fermented dairy products
Miguel Sancho Puleva, S.A.	100,00%	100,00%	PF	Granada (Spain)	Idle
Edda, S.A.	100,00%	100,00%	PF	Granada (Spain)	Idle
Uniasa, S.A.	100,00%	100,00%	PF	Granada (Spain)	Idle
Formalac, S.L.	100,00%	100,00%	PF	Granada (Spain)	Idle
Nutrilac, S.L.	100,00%	100,00%	PF	Granada (Spain)	Idle
Fundación Puleva	100,00%	100,00%	PF	Granada (Spain)	Foundation
JJ. Software de Medicina, S.A. (B)	26,80%	37,00%	PF	Madrid (Spain)	Sale of software
Castillo Castelló, S.A.	80,00%	80,00%	LACT	Lleida (Spain)	Sale of dairy products
Eurodairy, S.L.	100,00%	100,00%	LACT	Barcelona (Spain)	Sale of dairy products
Innovalact El Castillo, S.A.	100,00%	100,00%	LACT	Lleida (Spain)	Sale of dairy products
El Castillo Madibic, S.L.	50,00%	50,00%	LACT	Barcelona (Spain)	Sale and production of dairy products
Leyma Alimentación, S.A.	100,00%	n/a	LACT	Coruña (Spain)	Sale of dairy products
Catesa Foods, S.L. (CF) (*)	100,00%	n/a	CATESA	Tenerife (Spain)	Plant and banana growing
SAT Tejinaste (B) (*)	32,80%	32,80%	CF	Tenerife (Spain)	Sale of farming products
Interjardin, S.L. (B) (*)	40,00%	40,00%	CF	Tenerife (Spain)	Landscaping
Herba Foods S.L. (HF)	100,00%	100,00%	EP	Madrid (Spain)	Investment management
Herba Ricemills S.L (HR)	100,00%	100,00%	EP	Madrid (Spain)	Production and sale of rice
Herba Nutrición S.L (HN)	100,00%	100,00%	EP	Madrid (Spain)	Production and sale of rice
Fallera Nutrición, S. L.	100,00%	100,00%	HN	Valencia (Spain)	Production and sale of rice
S&B Herba Foods Ltd. (Group)	100,00%	100,00%	HF / R. Int.	London (UK)	Production and sale of rice
Rizerie Franco Americaine et Col., S .A.	100,00%	100,00%	EP	Paris (France)	Production and sale of rice
Herba Germany, GmbH	100,00%	100,00%	HF	Hamburg (Germany)	Patent holder
Riceland Magyarorszag	100,00%	100,00%	HF /EP	Budapest (Hungary)	Production and sale of rice
Danrice A.S.	100,00%	100,00%	HF	Orbaek (Denmark)	Production and sale of rice
Boost Nutrition C. V. (Boost)	100,00%	100,00%	HF / N.C.	Merksem (Belgium)	Production and sale of rice
Euryza	100,00%	100,00%	Boost	Germany	Production and sale of rice
Mundi Riso S.R.L.	100,00%	100,00%	HF	Vercelli (Italy)	Production and sale of rice
Herba Hellas, S.A.	75,00%	75,00%	HF	Thessalonica (Greece)	Production and sale of rice
Mundi Riz, S.A.	100,00%	100,00%	HF	Larache (Morocco)	Production and sale of rice
Arrozeíras Mundiarroz, S.A.	100,00%	100,00%	HF	Lisbon (Portugal)	Production and sale of rice

Subsidiaries and associates	% Shareholding 12/31/05	12/31/04	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%	n/a	HF	Warsaw (Poland)	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	USA	Investment management
Riviana Puerto Rico	100,0%	100,0%	R. Int.	Puerto Rico	Sale of rice
Alimentos Kern, S. A. (Kern)	100,0%	100,0%	R. Int.	Guatemala	Production and sale of food
Pozuelo S. A. (Poz)	92,8%	92,8%	R. Int.	Costa Rica	Production and sale of food
Riviana de Centro America, S.A.	92,8%	92,8%	Poz / Kern	El Salvador	Sale of food
Distribuidora Tropical, S. A.	88,2%	88,2%	Poz	Nicaragua	Sale of food
Riviana de Panama S. A.	92,8%	92,8%	Poz / Kern	Panama	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%	n/a	Panzani	Lyon (France)	Being liquidated
Lustucru Frais	99,8%	n/a	Panzani	Lyon (France)	Production and sale of fresh pasta
Ferico	99,9%	n/a	Panzani	Lyon (France)	Production and sale of other pasta
Grands Moulins Maurel	99,8%	n/a	Panzani	Lyon (France)	Production and sale of flour and semolina
Silo de la Madrague	100,0%	n/a	Panzani	Lyon (France)	Production and sale of flour and semolina
Vía Gio (A)	99,8%	n/a	Panzani	Lyon (France)	Idle and being liquidated
Bastille (A)	100,0%	n/a	Panzani	Lyon (France)	Idle and being liquidated
Siepa (A)	98,1 %	n/a	Panzani	Lyon (France)	Idle and being liquidated
Sociadore (A)	100,0%	n/a	Panzani	Lyon (France)	Farming
Alp' imprim (A)	100,0%	n/a	Panzani	Lyon (France)	Printing

(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 77.23% direct control (vs. 74.98% in 2004, after the cancellation of treasury shares in 2005) over Puleva Biotech, S.A. as treasury shares. Therefore, the full consolidation method has been applied to Puleva Biotech, S.A. The percentage shareholding deriving from the treasury shares acquired by Puleva Biotech, S.A., which at December 31, 2005 amounted to 3.40% of share capital, is considered a financial asset held for trading. Therefore, it is included in consolidated assets and measured in accordance with its classification (see Note 12).
(D) Although a subsidiary, consolidated under the equity method. Full consolidation would not have a significant impact.
(*) Companies sold in January 2006 (see Note 7)

Puleva Biotech, S.A. is the only listed subsidiary or associate. Its shares trade on the Madrid, Barcelona, Bilbao and Valencia stock exchanges. 100% of its share capital is admitted to trading. The shares began trading on December 17, 2001. The average share price for the last quarter of 2005 (2004) and the price at December 31, 2005 (2004) were 2.46 and 2.36 (2.61 and 2.63) euros, respectively.

5. CORPORATE TRANSACTIONS PERFORMED DURING THE YEAR 2004 AND 2005 AND THEIR EFFECT ON THE BASIS FOR COMPARISON:

5.1 INTERNAL TRANSACTIONS IN 2004

a) Dissolution of Nomen Alimentación, S.L. (sole partner company) with transfer of assets and liabilities to Herba Nutrición, S.L.

On November 1, 2004, the sole partner of Nomen Alimentación, S.L. (sole partner company), Herba Nutrición, S.L. (sole partner company), agreed to dissolve Nomen Alimentación, S.L. (sole partner company), transferring all of its assets and liabilities to its sole partner. The transfer of assets and liabilities was approved by the Board of Directors of Herba Nutrición, S.L. (sole partner company), a wholly owned subsidiary of Ebro Puleva, S.A., in the meeting held on November 2, 2004.

This transaction is subject to the tax regime established in Chapter VIII, Title VII of Legislative Royal Decree 4/2004, dated March 5, which approves the revised text of the Corporation Tax Law. The process did not include the revaluation of assets. The dissolution of the abovementioned company was recorded in the Mercantile Register on December 31, 2004, the date on which the dissolution is considered effective for accounting and tax purposes.

Given that Nomen Alimentación, S.L. (sole partner company) was already consolidated using the full consolidation method in the previous year, this corporate transaction does not affect the comparability of the consolidated annual accounts of both years.

b) Sale of shares or participation units between Group companies

* Effective January 1, 2004, Puleva Food, S.L. sold its 100% share in Lactimilk, S.A. (100% of share capital) to Ebro Puleva S.A. Consequently, Lactimilk, S.A. is now wholly owned by Ebro Puleva, S.A.

* Also effective January 1, 2004, Puleva Food, S.L. sold its 80% share of Castillo Castelló, S.A., as well as the 100% share that this company owned in Eurodairy, S.L. to Lactimilk S.A. As a result of this transaction, the 80%-owned Castillo Castelló, S.A. and the 100%-owned Eurodairy, S.L. are now subsidiaries of Lactimilk, S.A.

Given that these subsidiaries were already consolidated using the full consolidation method in the previous year, this corporate transaction does not affect the comparability of the consolidated annual accounts of both years.

5.2 2005 INTERNAL TRANSACTIONS

a) Non-monetary contribution of foreign investments of the rice activity:

On March 31, 2005, Ebro Puleva S.A.'s Board of Directors approved the non-monetary contribution of shares of some of the foreign companies of the rice activity to the wholly owned subsidiary, Herba Foods, S.L.

The transaction was carried out under the fiscal neutrality regime in accordance with the provisions of Chapter VIII, Title VII of Legislative Royal Decree 4/2004 of March 5 which approves the revised text of the Corporation Tax Law. No assets were revalued and there was no tax effect.

The total amount of shares of Group companies and associates corresponding to investments of Ebro Puleva, S.A. contributed to Herba Foods, S.L. was 24,964 thousand euros, which is equal to the amount of the capital increase (6,000 thousand euros in issued capital and 18,964 thousand euros in share premium) carried out by Herba Foods, S.L. The shares of this capital increase were fully subscribed and recorded by Ebro Puleva, S.A. The detail of shares contributed to Herba Foods, S.L. and the corresponding percentage of ownership was the following (in thousands of euros):

Company	Location	% ownership
S&B Herba Foods Ltd.	London (UK)	51%
Danrice, A/s	Orbaek (Denmark)	100%
Riceland-Magyarors. Kft	Budapest (Hungary)	76.7%

Given that these subsidiaries were already consolidated using the full consolidation method, this corporate transaction does not affect the comparability of the consolidated annual accounts of both years.

b) Segregation of the plant activity in Tenerife (Spain)

On July 29, 2005, the Board of Directors of La Compañía Agrícola de Tenerife, S.A. (a 100%-owned subsidiary of Ebro Puleva, S.A.) approved the contribution of the Tenerife activity to Catesa Foods, S.L. (newly created sole shareholder company and wholly owned subsidiary of Compañía Agrícola de Tenerife, S.A.), thus creating an autonomous economic unit effective August 1, 2005.

The transaction was carried out under the fiscal neutrality regime in accordance with the provisions of Chapter VIII, Title VIII of Corporation Tax Law 43/1995 of December 27. No assets were revalued.

In November 2005, a preliminary agreement was signed for the sale of 100% of Catesa Foods, S.L. to a company outside the Group, which took place in January 2006. At December 31, 2005, the investment in Catesa Foods, S.L. was included in non-current assets held for sale (Note 7).

5.3 EXTERNAL CORPORATE TRANSACTIONS CARRIED OUT IN 2004 AND 2005 WHICH AFFECT THE BASIS OF COMPARISON — CHANGES IN THE CONSOLIDATION SCOPE:

In 2004, in addition to the changes described in 5.1 above, changes were made to the consolidation scope, the most significant of which were the following:

COMPANIES ADDED 2004 TO THE CONSOLIDATION SCOPE:			
Company affected	**Subgroup**	**%**	**Comments**
Riviana Foods Inc. (USA) (Group)	Rice-USA	100.0 (a)	Acquired by Ebro Puleva
S&B Herba Foods Ltd. (UK)	Rice	100.0 (a)	Acquired by Ebro Puleva
Boost Distribution C.V. (Belgium)	Rice	49.0 (a)	Acquired by Ebro Puleva
Herto, N.V. (Belgium)	Rice	33.3 (a)	Acquired by Ebro Puleva
Vogan & Company Ltd. (UK)	Rice	100.0	Acquired by S&B Herba Foods
Risella OY (Finland)	Rice	100.0	Newly-formed company
Puleva Biotech, S.A.	Parent company	4.98	New acquisitions and trading portfolio transfers
Innovalact El Castillo, S.A.	Láctimilk	100.0	Newly-formed company
Lince Insurance Ltd. (Ireland)	Parent company	100.0	Newly-formed company
COMPANIES REMOVED 2004 FROM CONSOLIDATION SCOPE:			
Company affected	**Subgroup**	**%**	**Comments**
Josep Heap & Sons	Rice	49,0 (a)	Sale of share through its acquisition by S&B Herba Foods
Inversiones Greenfields Ltd. (Group)	Parent company	49,0	Sale of share

(a) At the end of March 2004, 100% of the Group's shares in Josep Heap & Sons were exchanged for 51% of S&B Herba Foods Ltd. (through the acquisition, as a wholly owned subsidiary, of the latter by the former) and therefore the Ebro Puleva group indirectly owns 51% of Josep Heap & Sons. In addition, effective September 1, 2004, the parent company acquired Riviana Foods Inc. (USA), which owned the remaining 49% of S&B Herba Foods Ltda. Consequently, at year end 2004, the Puleva Group also directly and indirectly owned 100% of this company. Riviana Foods Inc. also owns the remaining 49% of Boost Distribution C. V. (Belgium) and 33% of Herto, N.V. (Belgium). As a result of the acquisition of Riviana Foods Inc., the Ebro Puleva Group has increased its share in Boost Distribution C. V. (Belgium) to 100% and its share in Herto, N.V. (Belgium) to 66%.

Summary on companies added to the consolidation scope in 2004

With regard to the comparability of financial years, the preceding detail reveals that in 2004 the Ebro Puleva Group added 100% of the Riviana Group (as of September 1), 100% of S&B Herba Foods (as of April 1), 100% of Vogan & Company (as of May 1) and 33% of Herto, N.V. (as of September 1) to its consolidation scope. The increase in ownership of Boost Distribution C. V. (Belgium) from 51% to 100% does not affect comparability, since this company was consolidated using the equity method.

All of the companies added to the consolidation were consolidated using the full consolidation method. Herto, N.V. (Belgium) was consolidated using the equity method up to September 1, 2004, the date on which it was consolidated using the full consolidation method, since the Group's percentage of ownership in this company increased from 33% to 66% following the acquisition of the Riviana Group (explained above).

Summary on companies removed from the consolidation scope in 2004

The most significant company removed from the consolidation scope in 2004 was Inversiones Greenfields Ltd. (Group), which owns 51% of Sociedad Chilena Campos Chilenos, S.A. In turn, this company owns 45.13% of IANSA. At the end of November 2004, Ebro Puleva, S.A. sold its 49% share in Inversiones Greenfields Ltd., bringing its current share to 51%. Prior to the sale of the aforementioned 49%, Ebro Puleva, S.A.

indirectly owned 23% of its share in IANSA; however, this company had been consolidated using the full consolidation method since Ebro Puleva, S.A. had majority control. Nevertheless, the sale of its 49% share in Inversiones Greenfields Ltd. means that Ebro Puleva, S.A. no longer controls the majority of IANSA Group companies and therefore, practically the only asset of Inversiones Greenfields (the equity investment in IANSA through the share in Campos Chilenos) cannot be consolidated by the full consolidation at year end 2004.

In addition, the remaining 51% share held in Inversiones Greenfields Ltd. at December 31, 2004 that was recorded in assets on the consolidated balance sheet under "Investments available for sale" at market value was sold in November 2005.

Consequently, for purposes of comparison, it should be borne in mind that the 2004 income statement includes 11 months of activity of the Greenfields Group which have been restated as "results from discontinued operations" (Note 7).

The following detail shows the effects of the most significant companies added to the consolidation scope in 2004:

		Date of inclusion			
		09/01/2004	04/01/2004	05/01/2004	09/01/2004
		100%	51%	100%	(a)
Thousands of euros	**Total**	**Riviana**	**SB**	**Vogan**	**Herto**
Intangible assets	41,094	41,072	0	0	22
Property, plant and equipment	141,001	117,899	1,609	5,664	15,829
Investments in associates	21,575	21,575	0	0	
Financial assets	915	913	2	0	
Goodwill131,409	129,287	725	1,397		
Deferred tax assets	9,388	8,354	1,034	0	
Other non-current assets	0	0	0	0	
Inventories	57,022	50,759	2,496	1,753	2,014
Other current assets	64,233	46,522	11,468	3,258	2,985
Total assets	**466,637**	**416,381**	**17,334**	**12,072**	**20,850**
Equity	324,985	309,297	4,221	7,539	3,928
Equity attributable to minority interests	8,717	6,420	2,297	0	
Provisions for pensions and other post-employment benefits	7,408	3,457	3,951	0	
Non-current financial liabilities	9,682	33	0	2,649	7,000
Other non-current liabilities	14		0	0	14
Deferred tax liabilities	39,639	38,019	(11)	364	1,297
Current financial liabilities	24,126	18,532	0	0	5,594
Trade payables	36,136	26,859	5,866	1,292	2,119
Other current liabilities	15,930	13,764	1,010	228	928
Total equity and liabilities	**466,667**	**416,381**	**17,334**	**12,072**	**20,880**
Carrying amount of net assets acquired	152,758	145,351	3,621	3,786	
Difference between carrying amount of net assets and their fair value	44,767	42,536	(125)	2,356	(a)
Goodwill	123,532	121,410	725	1,397	
Total investment	**321,057**	**309,297**	**4,221**	**7,539**	
Financed with financial liabilities	316,836				
Financed with shares of Josep Heap Ltda.	4,221				
Total investment	**321,057**				
Net cash acquired from the subsidiary	14,779	10,732	3,814	233	
Revenues (*)	182,792	118,786	38,773	18,282	6,951
Profit (loss) contributed (*)	11,058	10,039	336	630	53

(*) From the date of inclusion in the Group

(a) Does not entail an acquisition, but rather the effects of the change from the equity to the full consolidation method following the acquisition of the Riviana Group (see previous page).

In 2005, there were other changes in the consolidation scope aside from those mentioned in point 5.2 above, such as the acquisition effective May 1, 2005 of 100% of French group Panzani SAS, the inclusions of Bosto Poland (Poland) and Leyma Alimentación, S.A. and the liquidation of SES Ibérica, S.A.

The effects of the acquisition and inclusion in the consolidation scope of the Panzani Group in 2005 are the following:

THOUSANDS OF EUROS	05/01/2005 100% Panzani
Intangible assets	84,908
Property, plant and equipment	161,49
Investments in associates	5,843
Financial assets	5,553
Goodwill	417,449
Deferred tax assets	15,423
Other non-current assets	0
Inventories	31,429
Other current assets	161,140
Total assets	**883,238**
Equity	341,675
Equity attributable to minority interests	261
Provisions for pensions and other post-employment benefits	11,086
Other provisions	27,536
Non-current financial liabilities	156,524
Other non-current liabilities	57
Deferred tax liabilities	55,884
Current financial liabilities	148,611
Trade payables	109,112
Other current liabilities	32,492
Total equity and liabilities	**883,238**
Carrying amount of net assets acquired	47,495
Difference between carrying amount and fair value of net assets acquired	73,804
Goodwill	220,376
Total investment	**341,675**
Financed with financial liabilities	341,675
Total investment	**341,675**
Net cash acquired from the subsidiary	2,896
Revenues (*)	320,776
Profit (loss) contributed (*)	19,798

(*) From the date of inclusion in the Group

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:

* Sugar business
* Rice business - Herba
* America rice and food business - Riviana
* Dairy business
* Pasta business-Panzani (France)
* 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 detail at the end of Note 6.

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.

Rice business – Herba:

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).

America rice and food business - Riviana

This unit is specialized in activities pertaining to the rice business in the US through Riviana Inc., the US' largest rice company, which also produces and sells fruit juices and cookies in Central America.

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

Riviana is also one of the main processors, sellers and distributors of cookies, crackers, fruit juices and vegetables in seven countries of Central America through its Riviana Pozuelo and Alimentos Kern subsidiaries.

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.

Pasta business-Panzani (France):

This unit is specialized in pasta and sauces. French Group Panzani is the leader in France in pastas, rice, semolina and sauces.

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 add-value offer to consumers.

In semolina, Panzani is the country's number two player through its Regia and Ferrero brands.

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 profitable condition prior to sale.

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 were 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 between 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 of Europe – primarily the rice businesses of Herba, Panzani and Riviana.
- America – Riviana's business
- RoW– primarily the rice business of Herba plus part of sugar exports

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

2005-Geographical area	Spain	Rest of Europe	America	RoW	Total
Segment revenues	1,284,698	757,287	335,723	33,076	2,410,784
Inter-segment sales					(50,918)
Total revenues	**1,284,698**	**757,287**	**335,723**	**33,076**	**2,359,866**
Intangible assets	12,882	110,147	41,409	0	164,438
Property, plant and equipment	614,893	219,288	122,701	4,856	961,738
Other assets	881,181	697,625	276,421	7,500	1,862,727
Total assets	**1,508,956**	**1,027,060**	**440,531**	**12,356**	**2,988,903**

2004-Geographical area	Spain	Rest of Europe	America	RoW	Total
Segment revenues	1,342,183	349,451	118,785	59,571	1,869,990
Inter-segment sales					(25,380)
Total revenues	**1,342,183**	**349,451**	**118,785**	**59,571**	**1,844,610**
Intangible assets	18,935	24,022	36,483	1	79,441
Property, plant and equipment	648,241	52,031	106,785	4,680	811,737
Other assets	970,064	70,684	227,612	7,706	1,276,066
Total assets	**1,637,240**	**146,737**	**370,880**	**12,387**	**2,167,244**

6.2. BUSINESS SEGMENTS

The following tables present revenue and profit and certain asset and liability information regarding the Group's business segments for the years ended December 31, 2005 and 2004:

BUSINESS SEGMENT						
Ebro Puleva Group (Thousands of euros)	**Consolidated total**		**Sugar Business**		**Dairy Business**	
Balance sheet	**12/31/05**	**12/31/04**	**12/31/05**	**12/31/04**	**12/31/05**	**12/31/04**
Intangible assets	164,438	79,441	231	768	10,480	10,384
Property, plant and equipment	961,738	811,737	401,247	398,296	125,236	145,861
Investment properties	12,225	17,940	0	0	96	259
Financial assets	30,745	49,958	449	256	15,835	17,408
Investments in associates	42,780	12,722	89	154	0	0
Deferred tax assets	112,047	113,312	58,318	62,148	5,895	9,393
Goodwill	620,846	193,389	0	0	54,953	55,335
Other non-current assets	111	278	0	0	0	0
Receivables from Group companies	0	0	51,500	4,999	4,630	10,581
Other current assets	1,043,973	888,467	388,444	440,291	137,318	141,342
Total assets	**2,988,903**	**2,167,244**	**900,278**	**906,912**	**354,443**	**390,563**
Equity	1,098,055	979,756	466,751	490,196	249,547	262,668
Deferred income	15,961	21,075	1,724	2,491	9,370	13,497
Provisions for pensions and other post-employment benefits	38,846	24,084	11,856	12,742	0	0
Other provisions	150,533	133,088	121,985	125,683	8,957	2,288
Current and non-current financial liabilities	1,023,535	592,118	54,713	75,719	13,371	32,506
Other non-financial payables	1,493	10,683	1,469	1,434	0	6,364
Deferred tax liabilities	115,360	65,561	9,946	11,125	1,896	4,611
Payables to Group companies	0	0	18,731	13,398	17,752	11,079
Other current liabilities	545,120	340,879	213,103	174,124	53,550	57,550
Total equity and liabilities	**2,988,903**	**2,167,244**	**900,278**	**906,912**	**354,443**	**390,563**
Payments on investments in the year	99,664	102,524	34,584	41,461	17,501	36,948
Capital employed	1,534,318	1,219,230	559,623	555,498	225,904	217,432
ROCE	13,5%	15,5%	15,6%	21%	16,6%	14,3%
Gearing	86,5%	49,1%				
Average number of employees	8,118	5,261				
Per share data						
Number of shares	153,865,392	153,865,392				
Market cap at December 31	2,158,731	1,615,587				
EPS	1,01	0,82				
Dividend per share	0,34	0,33				
Underlying carrying amount per share	7,00	6,25				

INFORMATION

Rice Business Herba		America Business Riviana		Pasta Business Panzani		Ep Holding		Other Businesses and consolidation adjustments	
12/31/05	**12/31/04**	**12/31/05**	**12/31/04**	**12/31/05**	**12/31/04**	**12/31/05**	**12/31/04**	**12/31/05**	**12/31/04**
21,810	21,113	41,409	36,483	84,936		4,300	9,253	1,272	1.440
111,363	104,538	122,701	106,785	164,088		14,958	24,614	22,145	31.643
790	304	11	0	947		6,956	11,060	3,425	6.317
2,113	69	841	779	2,707		1,563,727	1,126,290	(1,554,927)	(1.094.844)
0	0	25,911	22,717	7,236		1	1	9,543	(10.150)
3,542	3,795	7,526	7,149	9,534		25,486	33,169	1,746	(2.342)
19,025	18,772	129,419	115,502	417,449		0	0	0	3.780
14	0	0	0	0		0	0	97	278
33,727	293	3,300	2,746	1,114		138,274	52,379	(232,545)	(70.998)
195,307	182,147	109,413	78,719	186,790		13,716	25,246	12,985	20.722
387,691	**331,031**	**440,531**	**370,880**	**874,801**	**0**	**1,767,418**	**1,282,012**	**(1,736,259)**	**(1.114.154)**
165,560	157,838	351,900	292,511	460,975		896,606	813,585	(1,493,284)	(1.037.042)
3,541	3,105	0	0	56		174	365	1,096	1.617
8,215	7,452	7,361	3,530	11,079		335	326	0	34
589	349	0	450	12,331		4,979	2,640	1,692	1.678
119,562	61,252	2,196	9,994	106,048		725,791	410,515	1,854	2.132
9	0	0	0	15		0	0	0	2.885
7,879	5,958	33,768	32,846	53,752		2,762	9,345	5,357	1.676
21,794	29,237	31	0	89,492		124,575	37,176	(272,375)	(90.890)
60,542	65,840	45,275	31,549	141,053		12,196	8,060	19,401	3.756
387,691	**331,031**	**440,531**	**370,880**	**874,801**	**0**	**1,767,418**	**1,282,012**	**(1,736,259)**	**(1.114.154)**
15,976	21,832	13,800	4,831	15,964	N/A	937	0		
241,676	238,251	214,261	52,670	217,927	N/A	26,492	42,360		
13,1%	15,2%	13,1%	21,5%	14,5%	N/A	392,7%	133,9%		

	BUSINESS SEGMENT					
Ebro Puleva Group						
(Thousands of euros)	**Consolidated total**		**Sugar Business**		**Dairy Business**	
Balance sheet	**12/31/05**	**12/31/04**	**12/31/05**	**12/31/04**	**12/31/05**	**12/31/04**
Sales to external customers	2,359,866	1,844,610	646,958	728,685	517,646	497,983
Inter-segment sales			5,356	5,412	491	927
Total revenues	**2,359,866**	**1,844,610**	**652,314**	**734,097**	**518,137**	**498,910**
Changes in inventories	(43,434)	4,861	(51,219)	7,682	4,223	(35)
Capitalized expenses of Company work on assets	4,391	7,711	2,264	2,267	1,991	3,197
Other operating revenues	105,197	75,707	10,215	9,892	7,805	2,479
Consumption of goods and other external charges	(1,233,312)	(1,135,774)	(357,440)	(453,282)	(340,059)	(325,659)
Employee benefits expense	(299,497)	(210,536)	(67,642)	(75,791)	(50,659)	(51,517)
Depreciation and amortization	(87,4780	(66,108)	(33,232)	(34,046)	(16,614)	(15,542)
Other operating expenses	(548,056)	(322,919)	(73,785)	(120,860)	(96,399)	(83,469)
Operating profit	**257,677**	**197,552**	**81,475**	**69,959**	**28,425**	**28,364**
Net finance revenue (cost)	(37,327	(20,170)	(5,221)	(5,268)	(120)	(4,433)
Impairment of goodwill	(4,278)	(2,317)	0	0	(382)	(381)
Share of profit (loss) of associates	984	(633)	0	0	0	0
Profit before tax	**220,056**	**174,432**	**76,254**	**64,691**	**27,923**	**23,550**

INFORMATION										
	Rice Business Herba		America Business Riviana		Pasta Business Panzani		Ep Holding		Other Businesses and consolidation adjustments	
	12/31/05	12/31/04	12/31/05	12/31/04	12/31/05	12/31/04	12/31/05	12/31/04	12/31/05	12/31/04
				4 months	8 months	N/A				
	434,010	484,122	328,367	118,786	419,318		117,345	62,596	(103,778)	(47,562)
	11,807	2,195	7,338	0	8,306		8,908	10,799	(42,206)	(19,333)
	445,817	**486,317**	**335,705**	**118,786**	**427,624**	**0**	**126,253**	**73,395**	**(145,984)**	**(66,895)**
	5,596	(3,248)	0	0	(624		0	0	(1,410)	462
	63	50	0	0	68		0	0	5	2,197
	1,854	2,164	46	28	12,984		85,210	69,689	(12,917)	(8,545)
	(270,142)	(300,063	(152,803)	(56,962)	(140,073)		0	(722)	27,205	914
	(48,555)	(43,220)	(69,872)	(22,590)	(49,851)		(8,125)	(10,911)	(4,793)	(6,507)
	(12,147)	(11,151)	(10,493)	(3,028)	(12,924)		(348)	(475)	(1,720)	(1,866)
	(92,341)	(97,957)	(76,810)	(24,241)	(203,247)		(22,509)	(26,260)	17,035	29,868
	30,145	**32,892**	**25,773**	**11,993**	**33,957**	**0**	**180,481**	**104,716**	**(122,579)**	**(50,372)**
	(1,693)	(3,434)	(117)	133	(4,277)		(66,495)	5,266	43,596	(12,434)
	0	0	0	0	0		0	0	(3,896	(1,936)
	0	145	4,164	2,649	0		0	0	(3,180)	(3,427)
	28,452	**29,603**	**29,820**	**14,775**	**29,680**	**0**	**113,986**	**109,982**	**(86,059)**	**(68,169)**

7. DISCONTINUED OPERATIONS

On November 12, 2004 the Group announced the sale of a 49% share in Chileno Inversiones Greenfields Group. This group mainly operated in the sugar business, but also in tomato sauce and fruit concentrates, and comprised a separate business segment. The production environment surrounding the Chilean business was erratic, making it difficult for management to achieve real growth and returns from this segment. The remaining 51% stake was sold on November 8, 2005. As indicated in Note 5.3, at December 31, 2004 the remaining 51% share was classified as a financial asset held for trading (see Note 12). However, in the first 11 months of 2004, the results of the Greenfields Group were recognized as discontinued operations, as follows:

THOUSANDS OF EUROS	
Cumulative loss from Greenfields Group	(3,956)
Exchange gains generated in 2004	2,976
Gain on sale and/or deconsolidation of Inversiones Greenfields	(4,441)
Tax impact of the sale of the investment	1,873
	(3,548)

Revenues and expenses for the Greenfields Group in the first 11 months of 2004 (restated for comparative purposes in net results from discontinued operations in the consolidated income statement):

THOUSANDS OF EUROS	
Revenues (sales)	279,245
Change in inventories	(9,805)
Other operating revenues	1,050
	270,490
Consumption of goods and other expenses	186,801
Employee benefits expense	16,892
External services	8,607
Servicios exteriores	33,051
Other operating expenses	27,628
	272,979
Operating result	**(2,489)**
Net finance costs	(4,643)
Net exchange losses	(6,886)
Financial result	**(11,529)**
Impairment of goodwill	(3,972)
Share of profit (loss) of associates	973
Profit before tax	**(17,017)**
Income taxes	5,748
Loss for the period	**(11,269)**
Minority interests	7,313
Net loss attributable to equity holders of EP Group	**(3,956)**

In November 2005, a preliminary agreement was signed for the sale of 100% of Catesa Foods, S.L. to a company outside the Group (see Note 5.2.b). The final agreement was signed in January, 2006. Consequently, at December 31, 2005 the investment in Catesa Foods, S.L. was recognized in non-current assets held for sale. As this did not entail a significant amount, there was no need to reclassify the investment in the income statement under results from discontinued operations.

The investment was sold for 30 million euros, producing a capital gain of 15.7 million euros, which will be recognized in the consolidated income statement for 2006.

8. OTHER REVENUES AND EXPENSES

8.1. OTHER OPERATING REVENUES

	2005	2004
Government grants	3,995	3,822
Net gains on disposal of property, plant and equipment	76,154	63,941
Proceeds on sale of investments in companies	3	0
Proceeds on disposal of investment properties	1,171	0
Reversal of provisions	3,372	190
Other revenues	20,502	7,754
	105,197	**75,707**

The detail of the main items of “Other revenues” is the following:

	2005	2004
Other operating revenues	6,520	3,539
Last repayment of reduction as per Puleva, S.A.’s 1994 payments moratorium creditors’ agreement.	0	1,452
Insurance settlements	5,532	528
Government aid for claims	3,800	0
Income from litigation	2,311	0
Other minor revenues	2,339	2,235
	20,502	**7,754**

8.2. OTHER OPERATING EXPENSES

	2005	2004
External services	(496,327)	(248,668)
Research and development costs	(6,359)	(3,770)
Taxes (other than income tax)	(12,805)	(13,330)
Losses on the disposal of property, plant and equipment	(7,475)	(10,701)
Provisions	(17,934)	(41,892)
Other expenses	(7,156)	(4,558)
	(548,056)	**(322,919)**

The detail of the main items of “Other expenses” and “Provisions” is the following:

	2005	2004
Provisions for litigation and court cases	(5,553)	(37,690)
Impairment of property, plant and equipment	(7,775)	(4,001)
Tax assessments paid	0	(2,337)
Restructuring costs	(8,750)	0
Other minor expenses	(3,012)	(2,422)
	(25,090)	**(46,450)**

8.3. FINANCE REVENUE AND COSTS

	2005	2004
Finance costs		
Payables to third parties	(36,192)	(15,113)
Financial restatement of provisions for litigation	(4,537)	(4,588)
Losses on disposal of financial assets and liabilities	(1)	(122)
Impairment of financial assets	(1,407)	(7,455)
Expenses-losses on financial derivative instruments	(394)	(2,037)
Exchange losses	(6,022)	(2,362)
	(48,553)	**(31,677)**
Finance revenue		
Income from investments	5,872	5,361
Gains on disposal of financial assets and liabilities	1,769	74
Reversal of write-downs of financial assets	3,594	44
Income-profit on financial derivative instruments	37	493
Exchange-rate gains	2,954	5,535
	14,226	**11,507**
Net finance cost	**(34,327)**	**(20,170)**

8.4. EMPLOYEE BENEFITS EXPENSE

	2005	2004
Wages and salaries	(221,833)	(149,752)
Other welfare charges	(16,567)	(5,855)
Social security costs, et. al.	(45,746)	(40,349)
Dismissal indemnities	(6,218)	(11,739)
Post-employment benefits other than pensions	(9,133)	(2,841)
Pension costs	**(299,497)**	**(210,536)**

The average number of employees of Group companies in 2005 and 2004 (taking into account changes in the consolidation scope) is as follows:

2005			
	Permanent	Temporary	Total
Management	247	0	247
Middle management	653	41	694
Administrative staff	1,129	38	1,167
Auxiliary staff	147	44	191
Sales	596	8	604
Other personnel	4,381	834	5,215
Total	**7,153**	**965**	**8,118**
2004			
	Permanent	Temporary	Total
Management	223	0	223
Middle management	728	51	779
Administrative staff	989	45	1,034
Auxiliary staff	47	46	93
Sales	520	12	532
Other personnel	2,610	1,415	4,025
Total	**5,117**	**1,569**	**6,686**

9. INTANGIBLE ASSETS

The detail of movements in intangible assets and accumulated amortization at December 31, 2005 and 2004 is the following (thousands of euros):

NET AMOUNTS					
	Development expenses	Patents and licenses	Software	Intangible assets in progress	Total
Balance at January 1, 2004	1,757	29,929	7,501	2,874	**42,061**
Balance at December 31, 2004	3,381	66,601	6,362	3,097	**79,441**
Balance at December 31, 2005	3,547	150,489	8,459	1,943	**164,438**

GROSS AMOUNTS	Development expenses	Patents and licenses	Software	Intangible assets in progress	Total
Balance at January 01, 2004	**3,039**	**34,194**	**20,484**	**2,874**	**60,591**
Business combinations		40,608	1,558		42,166
Increases	739	4,186	1,620	2,155	8,700
Decreases	(272)	(320)	(5,212)		(5,804)
Translation differences		(4,321)	(162)		(4,483)
Transfers	1,562	(18)	370	(1,932)	(18)
Balance at December 31, 2004	**5,068**	**74,329**	**18,658**	**3,097**	**101,152**
Business combinations		83,932	9,090		93,022
Increases	1,442	40	3,144	543	5,369
Decreases	(51)	(255)	(3,239)		(3,545)
Translation differences		4,978	217		5,195
Transfers			1,697	(1,697)	0
Balance at December 31, 2005	**6,459**	**163,224**	**29,567**	**1,943**	**201,193**

ACCUMULATED AMORTIZATION AND IMPAIRMENT	Development expenses	Patents and licenses	Software	Intangible assets in progress	Total
Balance at January 01, 2004	**(1,282)**	**(4,265)**	**(12,983)**		**(18,530)**
Business combinations			(1,071)		(1,071)
Increases in the year	(840)	(3,630)	(3,529)		(7,999)
Decreases in the year	435	152	5,254		5,841
Translation differences			79		79
Transfers		15	(46)		(31)
Balance at December 31, 2004	**(1,687)**	**(7,728)**	**(12,296)**	**0**	**(21,711)**
Business combinations			(8,114)		(8,114)
Increases in the year	(1,274)	(5,027)	(3,117)		(9,418)
Decreases in the year	50	20	2,617		2,687
Translation differences			(178)		(178)
Transfers	(1)		(20)		(21)
Balance at December 31, 2005	**(2,912)**	**(12,735)**	**(21,108)**	**0**	**(36,755)**

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. At December 31, 2005, impairment tests had been performed on the main intangible assets, with the values allocated to the following cash-generating units:

* 4,000 thousand euros of licenses to the Risella (Finland) cash-generating unit as part of the Rice business – Herba segment.

* 16,532 thousand euros of licenses to the cash-generating unit of the Rice business – Herba segment.

* 40,608 thousand euros of licenses to the cash-generating unit of the America Business – Riviana segment.

* 83,932 thousand euros of licenses to the cash-generating unit of the Pasta Business – Panzani segment.

* 4,250 thousand euros of licenses to the Puleva Infantil cash-generating unit as part of the Dairy 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 10.5%

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.

MOVEMENTS IN THE YEAR

The most significant increase in 2004, in addition to those relating to companies added to the Riviana Group consolidation scope, correspond to "Licenses" following the acquisition of the Risella trademark in Finland for 4,000 thousand euros. In 2005, additions included the Panzani brands, which are well known in England, following the acquisition of the Panzani Group. At December 31, 2005, "Licenses" mainly include those acquired in 2003 and 2004 (for the Reis Fit, Puleva Infantil and Risella trademarks), those contributed by the Riviana Group in 2004 (principally the seven most important trademarks it markets) and those contributed by the Panzani Group in 2005 (its four leading trademarks).

Other relevant increases in intangible assets include those in Puleva Food and Puleva Biotech in "Development expenses" under "Intangible assets in progress," which relate to research into nutritional improvements and the development of new products. In several other companies or subgroups, increases can be seen in "Software," where efforts have been made to strengthen technological resources.

Decreases relate primarily to the derecognition of certain intangibles assets that were almost fully amortized and no longer in use.

The charges for these intangible assets to the income statements in 2005 (2004) were 4,518 (4,499) thousand euros in amortization and 4,900 (3,500) thousand euros in impairment of licenses.

10. PROPERTY, PLANT AND EQUIPMENT

The detail of the movement and accumulated depreciation of property, plant and equipment at December 31, 2005 and 2004 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 January 1, 2004	66,532	161,326	398,241	16,636	9,573	10,669	662,977
Balance at December 31, 2004	75,890	193,395	486,888	18,733	12,837	23,994	811,737
Balance at December 31, 2005	93,254	231,791	559,744	20,316	12,938	43,695	961,738

GROSS AMOUNTS	Land	Buildings	Plant and Machinery	Other installations, tools and furniture	Other plant and equipment	Work in progress	Total
Balance at January 1, 2004	**66,532**	**246,298**	**1,005,462**	**40,513**	**30,393**	**10,669**	**1,399,867**
Business combinations	10,582	35,767	95,601	538	1,205	5,066	148,759
Additions in the year	1,553	4,185	38,629	2,364	5,419	51,896	104,046
Disposals	(1,811)	(10,702)	(95,154)	(4,979)	(7,162)	(437)	(120,245)
Translation differences	(1,042)	(2,958)	(8,765)	0	(34)	(437)	(13,236)
Transfers	76	6,225	35,043	(638)	(1)	(42,763)	(2,058)
Balance at December 31, 2004	**75,890**	**278,815**	**1,070,816**	**37,798**	**29,820**	**23,994**	**1,517,133**
Business combinations	21,710	96,103	233,020	11,341	2,196	3,634	368,004
Additions	404	6,582	30,014	1,453	1,627	59,821	99,901
Disposals	(6,309)	(21,953)	(51,747)	(4,326)	(2,685)	(8,599)	(95,619)
Translation differences	927	4,212	11,608	69	(286)	561	17,091
Transfers	814	2,572	29,760	493	744	(35,716)	(1,333)
Balance at December 31, 2005	**93,436**	**366,331**	**1,323,471**	**46,828**	**31,416**	**43,695**	**1,905,177**

ACCUMULATED DEPRECIATION AND IMPAIRMENT	Land	Buildings	Plant and Machinery	Other installations, tools and furniture	Other plant and equipment	Work in progress	Total
Balance at January 1, 2004	**—**	**(84,972)**	**(607,221)**	**(23,877)**	**(20,820)**	**—**	**(736,890)**
Business combinations	—	(649)	(6,107)	(306)	(505)	—	(7,567)
Additions	—	(7,403)	(48,823)	(2,524)	(3,140)	—	(61,890)
Disposals	—	7,306	81,850	4,501	6,871	—	100,528
Translation differences	—	21	171	—	—	—	192
Transfers	—	277	(3,798)	3,141	611	—	231
Balance at December 31, 2004	**—**	**(85,420)**	**(583,928)**	**(19,065)**	**(16,983)**	**—**	**(705,396)**
Business combinations	(157)	(45,074)	(154,832)	(7,575)	0	—	(207,638)
Additions	(25)	(11,401)	(65,798)	(2,949)	(3,974)	—	(84,147)
Disposals	—	6,968	(42,023)	3,077	2,456	—	54,524
Translation differences	—	(170)	(968)	—	—	—	(1,138)
Transfers	—	557	(224)	—	23	—	356
Balance at December 31, 2005	**(182)**	**(134,540)**	**(763,727)**	**(26,512)**	**(18,478)**	**—**	**(943,439)**

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.

Part of the disposals in 2004 and virtually all in 2005 relate 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. The majority of the disposals in 2004, however, correspond to divestments in sugar and dairy plants upon their renewal.

Government grants have been received in 2005 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 2005 (2004) income statement for these assets were 82,694 (61,502) thousand euros in accumulated depreciation and 1,453 (388) thousand euros in impairment.

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 detail of movements in “Investment properties” for the consolidated Group at December 2005 y 2004 and the accumulated depreciation and impairment for each year are the following (thousands of euros):

NET AMOUNTS	Land	Buildings	Total
Balance at January 1, 2004	9,926	9,107	**19,033**
Balance at December 31, 2004	8,902	9,038	**17,940**
Balance at December 31, 2005	3,168	9,057	**12,225**

GROSS AMOUNTS	Land	Buildings	Total
Balance at January 1, 2004	**9,926**	**12,228**	**22,154**
Business combinations			—
Additions			—
Disposals	(1,024)	(451)	(1,475)
Transfers			—
Balance at December 31, 2004	**8,902**	**11,777**	**20,679**
Business combinations	923	3,139	4,062
Additions		12	12
Disposals	(6,325)	(768)	(7,093)
Transfers	(140)	1,023	883
Balance at December 31, 2005	**3,360**	**15,183**	**18,543**

ACCUMULATED DEPRECIATION AND IMPAIRMENT	Land	Buildings	Total
Balance at January 1, 2004	**—**	**(3,121)**	**(3,121)**
Business combinations	—	—	—
Additions	—	(107)	(107)
Disposals		489	489
Transfers	—	—	—
Balance at December 31, 2004	**—**	**(2,739)**	**(2,739)**
Business combinations	(192)	(2,743)	(2,935)
Additions	—	(267)	(267)
Disposals	—	87	87
Transfers	—	(464)	(464)
Balance at December 31, 2005	**(192)**	**(6,126)**	**(6,318)**

Investment properties are stated at cost. For informational purposes, the fair value of the main investment properties amounts to between 70 and 85 million euros. The fair values of most of the investment properties have been determined based on valuations performed by independent experts in 2005. 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.

12. FINANCIAL ASSETS

The detail of this balance sheet heading at December 31, 2005 and 2004 is the following (in thousands of euros):

	12/31/05	12/31/04
Assets held for trading:		
Net investment in Inversiones Greenfields	0	9,911
Puleva Biotech, S.A. treasury shares	4,366	4,356
Other financial assets	92	192
	4,458	**14,459**
Investments held to maturity:		
Guarantees and deposits	1,359	3,688
Bank loans and credit facilities		
Loans and receivables from associates	7,706	11,140
Loans and receivables from third parties	20,152	20,672
	27,858	**31,812**
Total financial assets	**33,675**	**49,959**

At December 31, 2004, the net investment in Inversiones Greenfields, Ltda. represented the amount assigned to the remaining 51% shareholding in this company as indicated in Note 5.3. This investment was sold in 2005.

Treasury shares relate to the portion of the investment portfolio held as own equity instruments by Puleva Biotech, S.A. The net purchases and sales of these shares in 2005 (2004) led to a net increase of 3,997 (1,497,952) shares. The number of treasury shares held for trading at the end of 2005 (2004) was 1,961,778 (1,957,781), representing 3.40% (3.29%) of Puleva Biotech, S.A.'s share capital.

In 2004, two participating loan agreements granted by the two shareholders to associate Biocarburantes de Castilla and León, S.A. were signed. The portion of the loan granted by Ebro Puleva, S.A. amounted to 11,120 thousand euros. No maturity date has been established for these loans, which bear interest at Euribor plus 2 points. In 2005, one of the loans, for 8,900 million euros, was capitalized through the capital increase held by Biocarburantes de Castilla and León, S.A. Therefore, at December 31, 2005 only one of the two loans granted by Ebro Puleva, S.A. to its associate remains. This loan is for 2,220 thousand euros plus 400 thousand euros of interest. The remaining balance of 5,086 thousand euros relates to loans granted to Panzani Group companies being liquidated, which therefore will be repaid in 2006.

The balance of loans and receivables from third parties at December 31, 2005 (2004) mainly comprises 17,571 (17,277) thousand euros from the Puleva Food and Herba groups (finance loans made to livestock raisers and farmers) and non-current loans of 1,690 (1,940) thousand euros, for the sale of land belonging to the parent company (guaranteed by a mortgage on the land sold). Of these balances, 17,469 (18,552) thousand euros are denominated in euros, 1,327 (2,022) thousand euros in US dollars and the remainder in Moroccan dirhams. These loans mature as of 2006, with 7,011 thousand euros in 2006, 6,649 thousand in 2007, 3,481 thousand in 2008 and 1,933 thousand in 2009. The remaining 1,078 thousand euros mature as of 2010.

13. INVESTMENTS IN ASSOCIATES

The movements in this heading in 2005 and 2004 (in thousands of euros) are the following:

Associate	Balance at 1/1/2004	Increases (acquisitions)	Decreases (disposals)	Dividends paid	Profit (loss) for the year	Translation differences	Other movements	Balance at 12/31/2004
Biocarburantes de Castilla León, S.A.	8,000							8,000
Lince Insurance, Ltd.	—	3,500			(1,327)			2,173
Associates of Riviana Foods Inc.	—	2,691		(585)	548	(285)		2,369
Associates of Azucarera	68	30						98
Ses Ibérica, S.A. (being liquidated)	55							55
Associates of CATESA	58		(32)					26
Associates of Herba - Herto	778				146		(924)	—
	8,959	**6,221**	**(32)**	**(585)**	**(633)**	**(285)**	**(924)**	**12,721**

Associate	Balance at 1/1/2005	Increases (acquisitions)	Decreases (disposals)	Dividends paid	Profit (loss) for the year	Translation differences	Other movements	Balance at 12/31/2005
Biocarburantes de Castilla León, S.A.	8,000				(2,000)		8,900	14,900
Lince Insurance, Ltd.	2,173				779			2,952
Associates of Riviana Foods Inc.	2,369			(1,659)	2,205	392		3,307
Associates of Azucarera	98	36						134
Ses Ibérica, S.A. (being liquidated)	55		(55)					—
Associates of CATESA	26		(26)					—
Associates of Panzani being liquidated	—	5,322	(1,059)					4,263
	12,721	**5,358**	**(1,140)**	**(1,659)**	**984**	**392**	**8,900**	**25,556**

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:

	12/31/05	12/31/04
Lince Insurance, Ltd.		
Current assets	486	567
Liquid assets	3,580	4,184
Provisions (insurance)	(854)	(2,550)
Current liabilities	(152)	(28)
Net assets	**3,060**	**2,173**
Total revenues	1,898	1,655
Profit (loss) for the year	779	(1,327)

14. GOODWILL

The movement in this heading in 2005 and 2004 is the following (in thousands of euros):

Segment	Cash-generating unit	Balance at 1/1/2004	Increases (acquisitions)	Decreases (disposals)	Decreases (impairment)	Translation differences	Balance at 12/31/2004
Rice business-Herba	Danrice (Denmark)	14,524					14.524
Rice business-Herba	Vogan (England)		1,397				1.397
Rice business-Herba	Riceland (Hungary)	2,126					2.126
Rice business-Herba	Steve & Brotherton (England)	558	725	(558)			725
Dairy business	Puleva Food	53,731	23				53.754
Dairy business	Lactimilk, S.L.	1,962			(381)		1.581
America business-Riviana	Central America business		31,517			(3,360)	28.157
America business-Riviana	USA business		97,770			(10,425)	87.345
Other	Puleva Biotech, S.A.		5,716		(1,936)		3.780
		72,901	**137,148**	**(558)**	**(2,317)**	**(13,785)**	**193,389**

Segment	Cash-generating unit	Balance at 12/31/2004	Increases (acquisitions)	Decreases (disposals)	Decreases (impairment)	Translation differences	Balance at 12/31/2005
Rice business-Herba	Danrice (Denmark)	14,524					14.524
Rice business-Herba	Vogan (England)	1,397				367	1.764
Rice business-Herba	Riceland (Hungary)	2,126					2.126
Rice business-Herba	Steve & Brotherton (England)	725				(114)	611
Dairy business	Puleva Food	53,754					53.754
Dairy business	Lactimilk, S.L.	1,581			(382)		1.199
America business-Riviana	Central America business	28,157				415	28.572
America business-Riviana	Riviana Group	87,345				13,502	100.847
Other	Puleva Biotech, S.A.	3,780	116		(3,896)		0
Pasta business-Panzani	Panzani Group	—	417,449				417.449
		193,389	**417,565**	**—**	**(4,278)**	**14,170**	**620,846**

Increases in the year are explained in the changes in consolidation scope (Note 5.3).

The goodwill was acquired through business combinations. At December 31, 2005, 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 10.5% 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.

15. INVENTORIES

The detail of this heading at December 31, 2005 and 2004 is the following (in thousands of euros):

	AMOUNT	
ITEM	**12/31/05**	**12/31/04**
Commercial	7,229	8,016
Raw materials	86,136	53,468
Consumables and spare parts	9,823	15,217
Containers	10,119	5,506
Work in Progress	18,282	43,699
Finished goods	281,695	250,840
By-products and waste	20,677	24,830
Advance payments to suppliers	18,934	7,193
Total gross inventories	**452,895**	**408,769**
Write-down of inventories	(2,029)	(2,019)
Total net inventories	**450,866**	**406,750**

Of the balance of "Advance payments to suppliers" in the balance sheet at December 31, 2005 (2004), 10,889 (6,356) thousand euros corresponds to payment made to rice growers. At the year end, the Group had firm commitments to purchase 9,476 (13,697) thousand euros of paddy rice. In addition, the Riviana Group had commitments to sell products amounting to 18,000 (14,000) thousand euros.

16. TRADE AND OTHER RECEIVABLES

The detail of this heading at December 31, 2005 and 2004 is the following (in thousands of euros):

	AMOUNT	
Item	**12/31/05**	**12/31/04**
Trade receivables	420,365	304,181
Receivable from associates	18	665
Other receivables	40,535	28,024
Provisions	(15,523)	(11,001)
	445,395	**321,869**

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 detail of this heading at December 31, 2005 and 2004 is the following (in thousands of euros):

AMOUNT		
Concept	**12/31/05**	**12/31/04**
Cash at banks and in hand	29,765	30,072
Short-term deposits and equivalents	52,431	79,601
	82,196	**109,673**

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, 2005 (2004) is 82,196 (109,673) 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 2%.

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

18.1 SHAREHOLDERS' EQUITY

Issued capital

At December 31, 2004 and 2005 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 published by the National Securities Market Commission, 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, 2005 (2004) are: Instituto Hispánico del Arroz, S.A.

11.61% (11.50%), (6.61% (6.50%) directly and 5% (5%) indirectly through Hispafoods Invest, S.L.), Grupo Torras, S.A. 7.82% (7.82%), Grupo Caja España 5.037% (5.53%), Caja de Ahorros de Salamanca y Soria 5.00% (5.00%) and Caja de Ahorros de Asturias 5.00% (5.00%). See Note 31 Events after the balance sheet date for additional information.

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, 2005 (2004) amounting to 26.5 (22.3) 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

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 detail by company of translation differences at December 31, 2005 and 2004 is the following (in thousands of euros):

	12/31/05	12/31/04
Companies of the Rice business segment	(579)	(408)
RIVIANA Group	(14,362)	(23,376)
Total	**(14,941)**	**(23,784)**

Treasury shares

In 2004, the Company purchased and sold shares as authorized by the shareholders in their general meeting held on April 15, 2004. These transactions were communicated to the National Securities Market Commission as required by prevailing regulations. In the year it bought 2,408,678 and sold 3,198,253 shares. At year end the Company had 65,231 treasury shares, representing 0.04% of share capital.

The Company also bought and sold treasury shares in 2005, as authorized by the shareholders in their general meeting held on April 27, 2005. These transactions were communicated to the National Securities Market Commission as required by prevailing regulations. In the year it bought 1,200,584 and sold 1,265,584 of its own shares. The Company ended 2005 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.

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, 2005 and 2004- by the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares –Ebro Puleva, S.A. did not have such shares at December 31, 2005 and 2004-.

The following reflects the income and share data used in the basic and diluted earnings per share computation:

THOUSAND EUROS		
	12/31/2005	12/31/2004
Net profit attributable to ordinary equity holders of the parent from continuing operations	155,641	130,121
Loss attributable to ordinary equity holders of the parent from discontinued operations	—	(3,548)
Net profit attributable to ordinary equity holders of the parent	155,641	126,573
Interest on convertible non-cumulative redeemable preference shares	—	—
Net profit attributable to ordinary equity holders of the parent from adjusted for the effect of convertible preference shares	155,641	126,573

THOUSAND EUROS		
	2005	2004
Weighted average number of ordinary shares for earnings per share	153,865	153,865
Effect of dilution:		
Share options	—	—
Redeemable preference shares	—	—
Weighted average number of ordinary shares adjusted for the effect of dilution	153,865	153,865

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

	2005	2004
Declared and paid during the year (thousand euros):		
Equity dividends on ordinary shares:		
Final dividend for 2004: 33 cents (2003: 30 cents)	50,775	46,100
First dividend for 2005: 0 cents (2004: 0 cents)	—	—
	50,775	46,100
Proposed for approval at General Shareholders' Meeting (not recognized as a liability as at December 31)		
Equity dividends on ordinary shares:		
Final dividend for 2005: 34 cents (2004: 33 cents)	52,314	50,775

19. DEFERRED INCOME

This heading mainly includes government grants. The detail of the movement in 2005 and 2004 is the following:

	Government grants		Other deferred income		Total	
	12/31/05	12/31/04	12/31/05	12/31/04	12/31/05	12/31/04
At January 1	20,426	17,143	649	1,376	21,075	18,519
Cancelled					—	—
Received	1,278	7,105			1,278	7,105
Other increases/decreases	(2,195)		(11)		(2,206)	0
Released to the income statement	(3,995)	(3,822)	(191)	(727)	(4,186)	(4,549)
At December 31	**15,514**	**20,426**	**447**	**649**	**15,961**	**21,075**

The balance at December 31, 2005 and 2004 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.

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):

	12/31/05	12/31/04
Balances at January 1	**24,084**	**18,400**
Translation differences	627	(424)
Business combinations	11,086	7,408
Application and payments	(5,343)	(2,026)
Transfers to other accounts	450	(400)
Allocation to profit	7,942	1,126
Balance at December 31	**38,846**	**24,084**

The detail by company is the following (in thousands of euros):

	12/31/05	12/31/04
Azucarera Ebro, S.L.	11,856	12,742
Herba Group companies	8,215	7,452
Riviana Group companies	7,361	3,530
Panzani Group companies	11,079	n/a
Ebro Puleva, S.A.	335	326
Compañía Agrícola de Tenerife, S.A.	—	34
Total	**38,846**	**24,084**

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 annual accounts for active employees, and the corresponding premiums paid.

Due to the abovementioned externalization of insurance policies, the provisions that had been recorded for the former internal funds were eliminated from liabilities in 2002. 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, 2005 (2004) of Azucarera Ebro, S.L. and Ebro Puleva, S.A. of 12,191 (13,068) thousand euros corresponds exclusively to the provision against potential employee commitments that are not legally required to be externalized: long-service bonuses of 8,466 (8,744) thousand euros and compensation for some current employees of the Company for waiving lifelong life insurance policies of 3,725 (4,324) thousand euros. These provisions are recorded based on actuarial calculations made by independent experts.

20.2. RIVIANA GROUP COMPANIES

This heading includes the provision for the indemnity payable to employees based on the years of service of the Riviana Group's Central American subsidiaries amounting to 5,533 (4,641) thousand euros, calculated in accordance with actuarial studies, plus a net debit balance of 1,828 (1,111) thousand euros corresponding to the defined contribution pension plan, primarily of US companies, as per the following detail (in thousand of euros):

Thousands of euros	12/31/05	12/31/04
Provisions for pensions and other post-employment benefits	**12 months**	**4 months**
Opening balance	34,725	37,484
Allocations recorded in the year	4,869	1,537
Actuarial changes	2,831	256
Payments made in the year	(7,141)	(479)
Staff restructuring	1,317	0
Estimation of unrecognized losses	383	0
Exchange differences	3,695	(4,073)
Balance at December 31	**40,679**	**34,725**
Provisions for pensions-invested assets		
Value at beginning of period	(35,284)	(36,619)
Return on investments during the year	(1,362)	(3,197)
Contributions by the Company	(1,599)	(11)
Payments made in the year	7,141	479
Exchange differences	(5,256)	4,064
Balance at December 31	(36,360)	(35,284)
Net balance at December 31	**4,319**	**(559)**
Net actuarial gains (losses)	(2,491)	(552)
Net balance at December 31	**1,828**	**(1,111)**

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 2005 (2004) amounted to 200 (198) thousand euros.

20.3 PULEVA FOOD GROUP

The collective labor agreement applicable to the work places in Granada, Jerez 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.

20.4. HERBA GROUP COMPANIES

The collective labor agreement applicable to one of the foreign companies of this group includes personnel pension commitments. The corresponding provisions have been recorded based on calculations made by independent experts.

20.5. PANZANI GROUP COMPANIES

Panzani group companies have certain commitments with employees, mainly defined benefit pension and post-employment benefit plans. Provisions for the defined benefit pension plans were recorded based on actuarial calculations made by independent experts (8,836 thousand euros at December 31, 2005) and for the post-employment benefit plans by internal actuarial estimates (1,296 thousand euros at December 31, 2005).

These benefits are funded internally, without realizing specific assets for this purpose. The main assumptions used in these calculations are:

a) Mortality and life expectancy. INSEE 2003 tables.

b) Wages. Compound annual growth of 2.5%.

c) Social security contribution ratio. 50%

e) Retirement age. 65 years

f) Interest rate. 2.95%.

The remainder of the provision relates to commitments with certain directors of Panzani SAS, which are covered by an insurance policy.

21. OTHER PROVISIONS

The movements in this heading in 2005 and 2004 are the following (in thousands of euros):

	12/31/05	12/31/04
Opening balance	133,088	86,013
Translation differences	—	—
Business combinations	27,536	450
Transfers	6,174	0
Applied	(24,475)	(12,339)
Allowances charged to the income statement	8,210	51,792
Provisions against profit (loss) for tax effect	—	7,172
Balance at December 31	**150,533**	**133,088**

The detail of these provisions by item, company or segment is the following (in thousands of euros):

	12/31/05	12/31/04
Provisions		
Litigation and lawsuits	138,973	121,186
Modernization and Optimization Plan	687	8,601
Contingences of subsidiaries	2,549	3,300
Sundry contingencies of an insignificant amount	1,699	1
Maintenance of co-generation equipment	6,625	—
	150,533	**133,088**

	12/31/05	12/31/04
Azucarera Ebro, S.L.	121,985	125,683
Ebro Puleva, S.A.	4,979	2,640
Puleva Food Group	8,957	2,288
Compañía Agrícola de Tenerife, S.A.	1,692	1,678
Arroz Herba Group companies	589	349
Riviana Group	—	450
Panzani Group	12,331	0
Total	**150,533**	**133,088**

21.1. AZUCARERA EBRO, S.L.

The final balance of this subsidiary includes principally the provisions for litigations arising from ongoing judicial proceedings and other claims filed against the company, as well as provisions for payments from the previous year relating to the Modernization and Optimization of Industrial Competitiveness Plan which this company is currently implementing. This plan is primarily aimed at preparing for new European regulations for the sugar industry, which logically will require a new plan to be designed (see Note 28).

The amounts applied in the year correspond mainly to dismissal indemnities recorded against the provision made at year end 2003 for the abovementioned Modernization and Optimization of Industrial Competitiveness Plan, which will continue to be carried out in 2005.

Provision allowances in the year correspond to the current value of interest relating to other litigation, as well as other provision allowances for new liabilities related to litigation. In addition, in 2004 as a result of the sentence rendered by the National Court of Justice referred to above, 40,588 thousand euros were recorded to cover the regulatory fines and storage tax.

On February 2, 2005, the National Court of Justice ruled against the Company in judicial proceedings relating to alleged fictitious transactions among factories during the 1996-1999 sugar campaigns, to correct the differences resulting from sugar stock counts. In addition to convicting the thirteen accused by the Department of Public Prosecutions and the Treasury Counsel, the Court determined that the Company is civilly liable for a total of 27 million euros plus the corresponding interest for failure to pay the regulatory fee for alleged C sugar, as well as the fee for offsetting storage expenses.

Although the Company considers that this decision is not in keeping with the law and has filed an appeal with the Supreme Court, the accounts closed at December 31, 2004 include a provision for the full amount including interest that the Company would have to pay in the event the aforementioned sentence were confirmed.

21.2. OTHER COMPANIES

Of the remaining balance, the majority refers to:

* In the dairy segment, a 6,625 thousand euro provision from a maintenance contract for the co-generation plant. This contract should cover preventive maintenance for the plant, as well as scheduled revisions of the engines including all replaceable parts and labor, and support potential corrective measures. The Group is currently waiting to sign a new contract for approximately 7 million euros. The contract will be for a period of 44,000 hours or 11 years of operation for the engines. The contract in 2004 was recognized in "Other non-current non-financial liabilities."
* Virtually half of the provisions used in the year correspond to the Panzani Group for the various obligations related to the shutdown of the Arles plant for flooding in 2004. At December 31, 2005 this claim was nearly settled, with 1,824 thousand euros of unused provisions.
* 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, 2005 (2004), 138,973 (121,186) 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 detail of the maximum potential litigation risk is the following (in thousands of euros):

	12/31/05	12/31/04
Tax assessments signed in disagreement	128,464	111,973
Legal risks	11,008	4,504
Other legal risks	5,913	5,856
	145,385	**122,333**

22. INTEREST-BEARING LOANS AND BORROWINGS

The detail of this heading is the following (in thousands of euros):

FINANCIAL LIABILITIES				
	At 12/31/2005		At 12/31/2004	
	Non-current	Current	Non-current	Current
Non-current bank loans	672,476	71,023	375,028	71,046
Current bank loans	—	251,004	—	113,688
Payables for externalization of post-employment benefit commitments	18,508	6,792	23,422	6,792
Other payables to official institutions	2,198	439	1,644	440
Payables to Group companies	586	450	—	—
Guarantees and deposits received (financial)	59	—	58	—
Total financial liabilities	**693,827**	**329,708**	**400,152**	**191,966**

Non-current payables for the externalization of post-employment benefits commitments at December 31, 2005 (2004) amount to 18,508 (23,422) thousand euros and current payables to 6,792 (6,792) 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 detail of interest-bearing loans and borrowings by segment or company and maturity is the following (in thousands of euros):

Detail by segment or company of Bank loans and borrowings	12/31/04	12/31/05	2007	2008	2009	2010	Subsequent years
- Ebro Puleva, S.A.	341,151	653,874	71,874	71,000	71,000	—	440,000
- Puleva Food Group	15,026	1,229	123	1,106	—	—	—
- Lactimilk Group	11,493	—	—	—	—	—	—
- Rice business - Herba	7,335	16,926	15,052	1,874	—	—	—
- America business - Riviana Group	23	—	—	—	—	—	—
- Pasta business - Panzani	n/a	447	108	108	108	61	62
Non-current bank loans and borrowings	**375,028**	**672,476**	**87,157**	**74,088**	**71,108**	**614**	**440,062**
- Sugar business	45,497	29,473					
- America business - Riviana Group	9,972	2,196					
- Puleva Food Group	3,051	10,920					
- Lactimilk Group	2,916	1,202					
- Other companies	47	216					
Current bank loans and borrowings	**184,734**	**322,027**					
Total bank loans and borrowings	**559,762**	**994,503**					

The detail of this heading by currency in which the loans are denominated is the following:

Currency	12/31/05	12/31/04
Euros	598,563	257,325
US dollars	373,643	280,883
Pound sterling	14,501	12,262
Moroccan dirhams	7,275	4,437
DKK	521	4,855
Total	**994,503**	**559,762**

Current interest-bearing loans and borrowings at December 31, 2005 (2004) included 3,524 (1,108) thousand euros of interest pending maturity and 6,206 (1,023) thousand euros of bills pending maturity.

Non-current interest-bearing loans and borrowings by Ebro Puleva, S.A. went to fund the investments in Riviana Inc (2004) and Panzani SAS (2005). These loans are guaranteed by subsidiaries Azucarera Ebro, S.L., Puleva Food, S.L., Herba Foods, S.L., Herba Ricemills, S.L. and Panzani SAS and correspond to:

* A 287 million euro syndicated loan arranged in November 2004 and renewed in May 2005, the principal of which will be repaid in eight half-yearly installments of 35.5 million euros from May 2006. The first installment of 3 million euros was repaid in November 2005. The annual interest applicable to the loan is linked to 1, 3, 6 and 12 month Euribor plus a market differential.

* A 440 million euro syndicated loan arranged in May 2005, 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 differential.

At year end 2005, 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%. It matures in 2007 and is not classified as a hedge.

As for the remainder at December 31, 2005 (2004), Group companies have credit facilities at banks secured by personal guarantees with a total limit of 794 (647) million euros. The amount drawn down was 263 (141) million euros. Panzani Group credit facilities, up to a limit of 105 million euros, are secured by accounts receivable.

There are also commercial discount lines, foreign trade financing and other bank guarantees for the following amounts (in thousands of euros):

Financing arranged	Amount drawn down	Amount available	Total limit
Discounted bills	6,206	41,766	47,972
Bank guarantees	181,539	121,860	303,399
Factoring agreements	18,593	0	18,593
Consolidated total	**206,338**	**163,626**	**369,964**

The average annual interest rate on long-term loans was 2.60% for loans to the Rice Group and 2.55% 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 3.0% for the Rice Group, 2.27% for Azucarera Ebro, S.L., 2.55% for the Puleva Food Group, 2.49% for Panzani Group and 17.9% for Central American subsidiaries of the Riviana 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, 2004 and 2005.

23. OTHER NON-FINANCIAL PAYABLES

The movement in this heading relative to 2004 is mostly due to the restatement indicated in Note 21.2 of the estimation of the future co-generation plant maintenance contract in the dairy business. The remainder includes various minor payables.

24. TRADE AND OTHER PAYABLES

The detail of this heading is the following (in thousands of euros):

	12/31/2005	12/31/2004
Trade payables	412,229	241,555
Other payables	34,262	28,001
Employee benefits payable	38,148	19,505
Guarantees and deposits received	374	1,492
Total	**485,013**	**290,553**

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 insurance premiums.

25. TAX SITUATION

The detail by of tax receivables and payables at December 31, 2005 and 2004 is the following (in thousands of euros):

	Receivable		Payable	
	12/31/05	12/31/04	12/31/05	12/31/04
VAT and income tax withholding payable to the Treasury	39,160	18,491	14,543	9,478
Corporate income tax	3,847	7,075	19,767	8,967
Social security costs	5	5	2,988	3,267
Grants pending receipt	4,001	6,872		
Other public bodies	1,524	2,623	17,882	20,763
Total public bodies	**48,537**	**35,066**	**55,180**	**42,475**

The major components of income tax expense for the years ended December 31, 2005 and 2004 are (in thousands of euros):

Consolidated income statement	12/31/05	12/31/04
Current income tax	41,463	39,350
Deferred income tax	18,361	4,206
Adjustments in respect of current income tax of previous years	1,474	(2,207)
	61,298	**41,349**
Income tax recognized directly in equity		
Expense for modification of share capital at subsidiaries	—	-35
Proceeds on sale of treasury shares	460	443
Other	—	—
	460	**408**

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: 35% in Spain, 34.93% in France, 37.5% in the US, 38% in Germany and 30-31% in Central America. The effect of tax rates above or below 35% is recognized in permanent differences.

The detail of consolidated Group tax for the year ended December 31, 2005 and 2004 is the following (in thousands of euros):

	31/12/05		31/12/04	
	Accounting	Taxable	Accounting	Taxable
Profit (loss) before tax from continuing operations	**220,056**	**220,056**	**174,432**	**174,432**
Profit (loss) before tax from discontinued operations	**0**	**0**	**(5,421)**	**(5,421)**
Profit (loss) before tax recognized in equity	**1,315**	**1,315**	**1,165**	**1,165**
	221,371	**221,371**	**170,176**	**170,176**
Permanent differences from Group companies	(10,832)	(10,832)	886	886
Permanent differences from consolidation adjustments	13,741	13,741	16,039	16,039
Application of individual loss carryforwards	(873)	(873)	(2,097)	(2,097)
Adjusted accounting profit (loss)	**223,407**	**223,407**	**185,004**	**185,004**
Temporary differences from Group companies		1,701		(17,313)
Temporary differences from consolidation adjustments		(54,163)		5,294
Application of loss carryforwards from subsidiaries		0		0
Taxable profit (loss) of the tax group	**223,407**	**170,945**	**185,004**	**172,985**
Tax expense at 35% rate	78,192	59,831	64,751	60,545
Deductions applied	(17,908)	(17,908)	(22,638)	(22,638)
Tax payable	**60,284**	**41,923**	**42,113**	**37,907**
Permanent establishment tax	0	0	(22)	(22)
Write-off of deferred taxes	511		(1,345)	
Write-off of prior year's tax	963		(862)	
Total expense	**61,758**	**41,923**	**39,884**	**37,885**
Income tax expense reported in the income statement	61,298		41,349	
Income tax attributable to discontinued operations	0		(1,873)	
Income tax expense recognized in equity	460		408	
	61,758		**39,884**	

The total tax expense less withholdings and prepayments made in the year leave a total income tax payable to the treasury.

Loss carryforwards in 2004 correspond principally to Puleva Food, S.L., as a permanent difference.

The temporary differences of companies relate principally to transactions of Azucarera Ebro, S.L. and correspond to the recording or application for tax purposes of provisions released or recorded in the year, and other minor differences and Ebro Puleva, S.A. for allocation and/or reversals to/from provisions for impairment of property, plant and equipment and financial assets eligible/ineligible for tax deductions in the year.

The temporary differences associated with consolidation adjustments mainly correspond to foreign exchange differences recognized directly in translation differences for the natural hedge of the US dollar loan related to the investment in Riviana (see Note 28).

Permanent differences correspond principally to the monetary adjustment of investment property sold in the year, to tax depreciation already calculated for accounting purposes in previous years and the application, for tax purposes, of investment losses. Lastly, permanent differences from consolidation adjustments relate primarily to the elimination of provisions between companies of subgroups that belong to the same tax group.

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 2005 is 87 million euros (65 million, 25 million and 33.6 million euros, respectively, in 2004, 2003 and 2002, amounts which were already reinvested by the tax group in 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, 2005 and 2004 is the following (in thousands of euros):

	12/31/05		12/31/04	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Balance at January 1	113,312	65,561	94,941	18,318
Exchange differences	979	4,888	(763)	(3,984)
Changes in consolidation Scope	15,423	55,884	9,388	39,639
Applied during the year	(17,667)	(10,973)	9,746	11,588
Balance at December 31	**112,047**	**115,360**	**113,312**	**65,561**

The detail of deferred tax assets and liabilities by company is the following (in thousands of euros):

	12/31/05		12/31/04	
	Assets	Liabilities	Assets	Liabilities
Ebro Puleva, S.A.	26,186	7,925	29,227	10,745
Herba Group companies	3,542	7,879	3,795	5,958
Azucarera Ebro Group	58,318	9,946	62,148	11,125
Riviana Group companies	7,526	33,768	7,149	32,846
Puleva Food Group	5,210	1,896	8,878	4,611
Lactimilk Group	685	0	515	0
Compañía Agrícola de Tenerife, S.A.	150	0	208	0
Puleva Biotech, S.A.	896	194	1,392	276
Panzani Group companies	9,534	53,752	0	0
Total	**112,047**	**115,360**	**113,312**	**65,561**

At December 31, 2004 and 2005 Group companies had no significant tax carryforwards pending application.

In February 2004 the inspection that was being carried out of all taxes to which Puleva, S.A. is liable for the years 1998 to 2000 was completed. As a result of this inspection, tax contingencies were raised amounting to 1,832 thousand euros, which were signed in conformity and the related provision applied. This provision was recorded in the annual accounts of Puleva Food, S.L., a wholly owned subsidiary of Ebro Puleva, S.A., since this company has assumed the tax obligations of the dissolved Puleva, S.A.

On February 14, 2005, the tax authorities notified all the Group companies of the Ebro Puleva, S.A. tax group that an inspection would begin for corporation tax for fiscal years 1999-2003 and for remaining taxes for fiscal years 2001-2003. At the reporting date the inspection is still underway. The Group was asked by tax authorities for a special 12 month extension owing to the large number of companies involved. In addition, the Ebro Puleva Spanish Tax Group is open to inspection of all taxes to which it is liable for 2004 and 2005.

Group companies are open to inspection of all taxes as per the prevailing regulations of each country. Given their relative importance, we would highlight that Panzani SAS is only open to inspection for 2005 and Riviana Foods Inc., in general, from 2003 to 2005.

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, 2005 are as follows:

	12/31/05
Within one year	1,630
After one year but not more than five years	1,808
More than five years	0
Total	**3,438**

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, 2005 are as follows:

	12/31/05
Within one year	127
After one year but not more than five years	508
More than five years	635
Total	**1,270**

Capital commitments

At December 31, 2005 the Group have commitments of 6,970 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 2005, the Group had the following bank guarantees:

	12/31/05	12/31/04
From banks: For claims before tax courts and public bodies for deferral of tax liabilities (see Note 21.3)	126,435	119,967
From banks: Before the F.E.G.A. customs and third parties to guarantee completion of normal trade transactions	58,224	64,367
Other bank guarantees	485	14,230
Before banks to guarantee completion of transactions of associates and non-Group companies	79,631	81,907
Total	**264,775**	**280,471**

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. This loan was intended to finance said company's biofuel factory project.

The loan totals 158 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 79 million euros. However, as of December 31, 2005 (2004) Biocarburantes de Castilla y León, S.A. had drawn down 94 (45) million euros of the total loan, and therefore the proportional amount effectively guaranteed by Ebro Puleva, S.A. totaled 47.5 (22.5) million euros.

With regard to the guarantees given by Puleva Food, S.L., at December 31, 2005 and 2004 the mortgage placed by the Regional Government of Andalusia on certain assets valued at 6,010 thousand euros to guarantee a fully-repaid loan had not yet been cancelled.

Puleva Biotech, S.A. has given a total of 775 thousand euros of bank guarantees, of which 742 thousand euros are to guarantee the repayment of loans subsidized by the Directorate General of Technological Policy within the Technical Research Development Program (PROFIT).

Finally, Panzani Group credit facilities, up to a limit of 100 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, 2005, the Group has not made any provision for doubtful debts relating to amounts owned by related parties (2004: 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 PARTIES – DIRECTORS' INTERESTS IN ENTITIES (OR RELATED PARTIES) THAT HOLD SHARES IN EBRO PULEVA, S.A. AND OTHER DIRECTORS' INTERESTS

Note 18.1 lists the companies with significant shares in Ebro Puleva, S.A. (parent company of the Ebro Puleva Group).

The main transactions with these parties are as follows (in thousands of euros):

Company	Transaction	Type of operation	2004	2005
Instituto Hispánico del Arroz, S.A.	Commercial	Sale of different types of paddy rice	9,377,182 kgs. 2,116 thousand euros	23,750,602 kgs. 5,090 thousand euros
	Commercial	Sale of different types of rice seed	1,399,480 kgs. 707 thousand euros	1,293,280 kgs. 641 thousand euros
	Commercial	Storage of rice and byproducts	3	0
	Commercial	International rice purchases (Hisparroz Group profit margin)	30	30
	Commercial	Reciprocal leases between Ebro Puleva group companies and Instituto Hispánico del Arroz (storage, premises and offices)	67 thousand euros: annual rent paid by the Ebro Group. 14 thousand euros annual rent paid by Instituto Hispánico del Arroz.	5 thousand euro annual rent paid by the Ebro Puleva Group. 14 thousand euros annual rent paid by Instituto Hispánico del Arroz.
	Commercial	Tax consultancy services to companies in the rice division.	188	206
Caja España de Inversiones	Financial	Credit facility for working capital. At 12/31//05 (2004) the amount drawn down was 0 (10)	6,000	6,000
	Financial	Syndicated loan to finance investments	n/a	38,821 thousand US dollars
	Financial	Credit facility for working capital. At 12/31//05 the amount drawn down was 750	n/a	750
	Financial	Two lines to finance the sugar beet harvest and working capital, respectively. The amount drawn down at 12/31/05 (2004) was 9,008 (12,074).	60,000 and 3,000	60,000 and 6,000
Caja de Salamanca y Soria (Caja Duero)	Financial	Two lines to finance the sugar beet harvest and working capital, respectively. The amount drawn down at 12/31/05 (2004) was 2,957 (672).	32,000 and 6,000	25,000 and 6,000
	Financial	Line of bank guarantees. 11,613 thousand euros drawn down at 12/31/05	n/a	13,823
	Financial	Syndicated loan to finance investments	n/a	77,647 thousand US dollars
	Financial	Loan to finance the production of bioethanol (for Biocarburantes de Castilla y León,S.A.)	n/a	9,871
	Financial	Interest-bearing deposit	36,000	17,000
Corporación Caixa Galicia, S.A.	Financial	Three credit lines to finance working capital. At 12/31//05 (2004) the amount drawn down was 14,577 (7,226)	33,000	33,000
	Financial	Syndicated loan to finance investments	n/a	129,413 thousand US dollars
	Financial	Line of discounted bills	n/a	1.800
	Financial	Line of guarantees. 1,873 thousand euros drawn down at 12/31/05	n/a	4.000
Cajasur	Financial	Syndicated loan to finance investments	n/a	64,706 thousand US dollars
Guillermo Mesonero y Javier Tallada	Commercial	Advertising agreements with Libertad Digital, S.A. and Intereconomía, of which both members of the Board are also	144	n/a
Javier Tallada García de la Fuente	Trade	Sale of 1,782,916 shares of Puleva Biotech at at 2.69 euros per share.	4,795	n/a

27.2. RELATED PARTIES - ASSOCIATES

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):

	31/12/2005		31/12/2004	
	Revenues	Expenses	Revenues	Expenses
Biocarburantes de C. y León, S.A.	1,929	0	0	0
Other companies	372	144	250	125
	2,301	**144**	**250**	**125**

27.3. RELATED PARTIES — KEY MANAGEMENT PERSONNEL

Directors' compensation. The detail of total compensation paid to the directors of Ebro Puleva, S.A. in all the companies of the Group during 2004 and 2005 totaled 4,283 and 3,977 thousand euros respectively, as per the following detail (in thousands of euros):

	2004	2005
Expenses	185	282
Share under bylaws	1,134	1,374
Total external board members	**1,319**	**1,656**
Wages, salaries and professional fees	2,663	2,093
Life and retirement insurance	301	228
Total executive directors	**2,964**	**2,321**
Total director's compensation	**4,283**	**3,977**

In addition, 4,461 (2,657) thousand euros in indemnities were paid for expiration of contracts in 2005 (2004).

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. At the Board of Directors meeting held on 23 February, 2006, the directors resolved to propose the reduction of that share to 1.13% (1.55%) of the profit for the year, effective as of the 2005 (2004) financial year.

The members of the Board of Directors perform executive functions for which they do not receive any travel and subsistence allowance under the terms of their respective contracts. The amounts to which they would have been entitled, according to the bylaws, are not shared out among the other directors, but are withheld in the company.

Several members of the Board who have executive duties within the Company are beneficiaries of a supplementary life and retirement insurance policy, amounting to 228 (301) 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.

In addition, the directors of Ebro Puleva, S.A. have significant shares, hold positions are carry out activities in companies with activities that are the same, similar or complementary to those carried out by the Ebro Puleva Group. The detail is the following:

* **Elías Hernández Barrera:**

  Direct 50% stake in Instituto Hispánico del Arroz, S.A. with close family members. Chairman of the Board of Directors.

  Indirect 50% stake in Hispafoods Invest, S.L. with close family members. Chairman of the Board of Directors.

  This Board member also indirectly owns a 1.58% share of Casarone Agroindustrial, S.A. (Uruguay), and 10.65% indirectly with close family members.

* **Antonio Hernández Callejas:**

  Direct 16.666% stake in Instituto Hispánico del Arroz, S.A. and joint 50% with close family members. Attorney in-fact.

  Indirect 16.666% stake in Hispafoods, S.A. and joint 50% with family members.

  He also indirectly owns a 3.62% share in Casarone Agroindustrial, S.A, a Uruguayan company, and 10.65% indirectly with immediate family members.

* **Laureano Roldán Aguilar:**

  Owns a direct 0.014% of Puleva Biotech, S.A. and is member of the company's Board of Directors.

* **Caja de Ahorros Municipal de Burgos:**

  33.333% shareholding in Barrancarnes Industrial.

  40% shareholding in Jamones Burgaleses, S.A. Member of the Board of Directors.

  35.430% shareholding in Leonesa Astur de Piensos, S.A. Member of the Board of Directors.

* **Caja España de Inversiones:**

  100% shareholding in Campo de Inversiones, S.A. Member of the Board of Directors.

36% shareholding in Maltacarrión, S.A. Member of the Board of Directors.

27% shareholding in Mejor Campo Abonos y Cereales, S.A. Vice chairman of the Board of Directors.

* **Corporación Caixa Galicia, S.A.**

5% shareholding in Bodegas Terras Gauda, S.A. Member of the Board of Directors.

16% shareholding in Pescanova, S.A. Member of the Board of Directors.

The above information does not include the shares or positions held by the Company's directors in other companies of the Ebro Puleva Group, since they are not bound to duty of loyalty, but rather are part of the administrative structure of the group itself. This information is included in the Annual Report on Corporate Governance of Ebro Puleva, S.A. as required by National Securities Commission Circular 1/2004 of March 17 and Ministry of Economics Order 3050/2004 of September 15.

In 2005 and 2004 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.

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 forty-four million euros (and a sublimit for Puleva Biotech, S.L. of six million euros), a premium of two hundred and four thousand ninety-six euros and coverage from April 1, 2005 to March 31, 2006. This policy is currently being renewed.

Directors' compensation. Ebro Puleva, S.A. has 11 directors, who received total compensation in 2005 of 2,821 thousand euros, of which 1,682 thousand euros were in wages and salaries and 1,139 thousand euros in indemnities.

The contracts of executive directors, members of the Management Committee (including heads of the main subsidiaries) and senior management generally include safeguard clauses in the event of dismissal decided by the company or for changes in control. The Board of Directors approved these clauses, which entail between one and three years' wages, along with the company's overall compensation scheme proposed by the Appointments and Compensation Committee at its meeting of May 25, 1999.

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 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.

With interest rate risk, in some cases these are hedged with interest rate collars or ranges whereby the interest rate paid by Ebro Puleva, S.A. ranges between 2.5% and 4.9%.

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.

The key issues of the new CMO set to come into effect in 2006, which will govern the sugar industry in coming years, are explained at the end of this note.

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 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, 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.

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.

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.

Throughout the year under review, the Group's policy has been not to trade in financial instruments.

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. At December 31, 2005, after taking into account the effect of interest rate swaps, approximately 20% of the Group's borrowings are at a fixed rate of interest.

Note 22 provides details on outstanding SWAPS at December 31, 2005 and 2004 and the Group's financial liabilities 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, 2005 is the 400 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 for which payment is anticipated more than one month after the Group has entered into a firm commitment for a sale or purchase. 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, although it did not have any contracts of significant amounts at the end of the year.

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.

NEW SUGAR CMO

In November 2005, a political agreement was reached on the guiding principles of the new Sugar CMO, whose regulations were approved by the EU Council of Ministers on February 20, 2006. The main features are as follows:

* Period covered: 2006/07 through 2014/15 campaigns

* Stated objectives

  – To guarantee a stable framework for beet and sugar in the EU that is sustainable in the medium term, taking into account:

- The foreseeable increase in imports from EBA countries.

- The reduction and even disappearance of a significant part of the existing EU sugar exports owing to the outcome of the complaints by Australia, Brazil and Thailand and the commitments deriving from the CMO negotiations under way.

- The need, therefore, to reduce the current production volumes in the EU to maintain a stable balance between sugar supply and demand.

- The desire to concentrate production in the regions with the best agricultural (most competitive) conditions.

* Measures established

– Progressive lowering of beet price by 40% on average within the EU between the 2006/2007 and 2009/2010 campaigns (45% in the case of Spain).

– Equivalent reduction of the sugar reference price by 36% over the same period.

– Compensation to growers in a flat payment of 64% of the margin lost through a reduction in beet prices (60% in the first two marketing years).

– Disappearance of the intervention system, maintaining a transitional regime up to the 2009/2010 campaign.

– Creation of a Restructuring Fund to alleviate the economic effects of the foreseeable shrinkage in production and create an incentive to give up quota.

The amount of restructuring aid per ton of renounced quota will be

730 euros per ton in the 06/07 and 07/08 campaigns
625 euros per ton in the 08/09 campaign
520 euros per ton in the 09/10 campaign

(At least 10% of this amount will be made available to beet growers and machinery contractors).

– The above amounts will be supplemented with aid for diversification, in the following sums:

109.5 euros per ton of sugar quota renounced in 06/07 and 07/08
93.8 euros per ton of sugar quota renounced in 08/09
78.0 euros per ton of sugar quota renounced in 09/10

The aid will be increased by 50%, 75%, 100% in Member States that reduce their initial quotas by 50%, ≥ 75% or 100%, respectively.

If the initial quota is reduced by an amount equal to or greater than 50%, the Commission authorizes additional aid for a period of five years in a sum equivalent to 30% of the margin lost due to lowering of the beet price (approx. 6 euros per ton of beet) and additional national aid in a sum to be proposed by the Member State and approved by the Commission.

The fund will be financed with a temporary structuring amount per campaign per ton of quota, payable by manufacturers to which a quota has been allocated, in the following amounts:

126.4 euros per ton in the 06/07 campaign
173.8 euros per ton in the 07/08 campaign
113.3 euros per ton in the 08/09 campaign

- The stated aim of the Commission is for approximately 5-6 million tons of sugar quota to be renounced in the EU (reduction of 29-35% of the present quota).

- Creation of approx. 1.1 million tons of new quota assigned by countries (10,000 tons for Spain), which can be purchased at the price of 730 euros per ton in the 06/07 and 07/08 campaigns.

- At the end of the 2010/11 campaign, the Commission will assess the results of the Restructuring Program and whether or not there are stable conditions of balanced supply and demand on the market. If necessary, it will apply an even reduction of the quotas allocated at that time to guarantee that balance.

- The Commission expressly encourages alternative solutions for growing energy crops to produce biofuels.

OPINION

* As of the date of preparation of these notes to the consolidated financial statements, most of the regulations that will define the terms of application of the aforesaid agreement are pending. It is, consequently, difficult to make a precise assessment of how it will affect our business. It should be borne in mind that the planned structure of aids, allowances and funds receivable (depending on how they are finally regulated) would largely mitigate the potential impact of restructuring the business.

* Azucarera will largely adapt its decisions according to the interest of the growers in each specific zone in maintaining sufficient production volumes to operate the sugar factories.

* Most likely there will be a sharp, but gradual, reduction in beet and sugar production over the next four campaigns, when the Restructuring Fund will be in force.

* The scope and calendar for this reduction will more than likely be defined during 2006, once the regulations developing the new CMO, the terms of application and the growers' decisions are known (see Note 31 Events after the balance sheet date for additional information).

* Also in 2006 we will define the specific actions to be taken with regard to biofuels and raw sugar refining. We anticipate significant business growth in both in the short and medium term.

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 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 and dairy 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 2005 (2004) the Azucarera Ebro Group invested 4,8 (11,2) million euros in environmental assets (as a complement to the 37 million euros invested in 2003 and 2002). The investments of this type capitalized at December 31, 2005 (2004) amounted to 109 (104) million euros. In 2004 and 2005 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. Among the most significant actions taken were: the building of a new effluents basin; remodeling of the Rinconada basin; acquisition of new gas washers in Rinconada, Guadalete and La Bañeza, new pulp dryers in Guadalete, etc.

These efforts were mainly geared towards improving the quality of sewage waste, reducing air emissions, managing waste, etc. and led to excellent results in the external audits by AENOR (ISO standard 14001), customers' audits, government inspections, etc.

CO_2 emission rights: Real CO_2 emissions in 2005 were lower than the final official greenhouse gas emissions rights allocated to the co-generation facilities at our plants. We expect a similar situation in both 2006 and 2007, the last two years of the period considered.

In addition to these rights, the provisional emission rights allocated to power plants with installed capacity of over 20 Mw, which mainly affect the pulp dryers, are in line with our needs for 2006 and 2007.

The amount of capex and required expenditure for the rest of the Group companies is far lower.

Expenses for external environmental management services in 2005 (2004) amounted to 8,250 (4,331) thousand euros and tax deductions applied to 423 (1,600) 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.

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 annual accounts. The total fee paid in 2005 (2004) for the audit of the annual accounts of Ebro Puleva Group companies amounted to 1,469 (1,267) thousand euros. Of this amount, the audits performed by the main auditor (Ernst & Young and its international network) amounted to 1,465 (895) thousand euros.

In addition, the Ebro Puleva Group engaged Ernst & Young companies to provide non-audit related services amounting to 415 (860) thousand euros, 0 (165) thousand euros of which relate to the special limited review of the consolidated financial statements for the first half of 2004 (this reversal was not made in the first half of 2005) and 293 (462) thousand euros correspond to Due Diligence work performed for the acquisition of companies.

31. EVENTS AFTER THE BALANCE SHEET

No significant events have occurred from December 31, 2005 to the date on which these consolidated annual accounts were drawn up aside from the following:

Closure of a sugar plant

At the meeting of the Growers' Organizations in the Central Area held February 16, 2006, it was decided that, in view of the current situation of beet growers in the area and the new regulatory framework approved by the European Union, members should not harvest beets in the 2006/2007 campaign.

The decision by beet growers in Castilla La Mancha, to be ratified by some farmers' associations, means that our Azucarera Ebro subsidiary's factory in Ciudad Real will have to be shut down. For this, the Company will contact the corresponding public bodies and agents immediately to express its commitment to making every effort to ensure the smoothest process possible.

We cannot estimate the economic impact that factory's closure will have on the Ebro Puleva Group's consolidated results, as this will depend on the terms of the sugar industry's global restructuring after the European Union approves the new Sugar CMO and its application in Spain is determined.

We can, however, say that the impact will not be significant given the small size of the Ciudad Real factory (total assets of less than 5 million euros) and contribution (approximately 22,000 tons) to Azucarera Ebro's current annual quota of over 700,000 tons.

Sale of investment in Catesa Foods, S.L.

As indicated in Note 7, a preliminary agreement was signed in November 2005 for the sale of 100% of Catesa Foods, S.L. to a company outside the Group, which took place in January 2006. The investment was sold for 30 million euros, producing a capital gain of 15.7 million euros, which will be recognized in the 2006 consolidated income statement.

Sale of part of the interest in Puleva Biotech, S.A.

From December 31, 2005 to the date of preparation of these consolidated annual accounts, Ebro Puleva, S.A. has sold a number of shares in Puleva Biotech, S.A. on the market, reducing its stake from 77.23% to 70%.

Changes of Board Members and Shareholders

At its meeting of February 23, 2006 the Board of Directors unanimously agreed to accept the resignations from the board tendered by members Bader Al Rashoud, Jorge Delclaux Bravo and Laureano Roldán Aguilar, and appoint, through co-optation, as new members the representatives from Corporación Económica Damm, Demetrio Carceller Arce, Blanca Hernández Rodríguez and Juan Domingo Ortega Martínez.

Finally, data from the Spanish National Securities Commission show changes in Ebro Puleva, S.A.'s shareholder structure between December 31, 2005 and February 23, 2006. Specifically, Alimentos y Aceites, S.A. acquired shares held by Grupo Torras, S.A. (reducing its stake to 8.45%) and the purchase of 4.57% by Corporación Económica Damm.

32. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

As indicated in Note 2.a, this is the first year that the Ebro Puleva Group is presenting its financial statements in accordance with IFRS. The tables below provide the information required under IFRS 1 regarding the transition. The latest financial statements prepared under previous accounting standards (Spanish GAAP) were for the year ended December 31, 2004. As a result, January 1, 2004 is taken as the IFRS transition date.

32.1. RECONCILIATION OF EQUITY AT JANUARY 1 AND DECEMBER 31, 2004 AND PROFIT FOR 2004

THOUSANDS OF EUROS	Equity at 01/01/2004	Equity at 12/31/2004	Profit for 2004
Under Spanish GAAP	**911,635**	**980,613**	**120,859**
- Restatement of treasury shares, deduction from equity	(5,043)	(412)	(822)
- Elimination of capitalized research costs	(3,348)	(4,529)	(1,239)
- Elimination of formation expenses	(1,451)	(471)	923
- Differences on translation of goodwill	—	(18,006)	—
- Measurement and amortization of goodwill	—	10,992	8,600
- Deferred taxes	—	(1,262)	(1,400)
- Elimination of actuarial differences in post-employment commitments	(2,880)	(2,441)	490
- Measurement of post-employment commitments	—	(1,408)	(3,574)
- Measurement of intangible assets	(1,718)	(3,781)	(2,275)
- Amortization of intangibles with indefinite useful life	—	2,005	1,988
- Differences on translation of discontinued operations	—	—	2,976
- Other (net) adjustments	(38)	(140)	47
Equity before minority interests under IFRS	**897,157**	**961,160**	**126,573**
- Minority interests	22,288	18,596	2,962
Total equity under IFRS	**919,445**	**979,756**	**129,535**

32.2 RECONCILIATION OF THE BALANCE SHEET AT DECEMBER 31, 2004

THOUSANDS OF EUROS	2004 under Spanish GAAP	2004 under IFRS	Difference	NOTE
Formation expenses	721	0	(721)	
Intangible assets	88,609	79,441	(9,168)	A
Property, plant and equipment and investment properties	830,527	829,677	(850)	
Financial assets	41,894	62,680	20,786	E
Deferred tax assets	104,630	113,312	8,682	B
Goodwill	196,019	193,389	(2,630)	C
Other non-current assets	6,649	278	(6,371)	D
Treasury shares	412	0	(412)	
Current assets	912,356	888,467	(23,889)	E
Total assets	**2,181,817**	**2,167,244**	**(14,573)**	
Equity attributable to equity holders of the parent	980,613	961,160	(19,453)	F
Minority interests	19,348	18,596	(752)	
Negative goodwill	920	0	(920)	
Deferred income	21,224	21,075	(149)	
Provisions	153,244	157,172	3,928	H
Financial liabilities	596,631	592,118	(4,513)	G
Deferred tax liabilities	62,355	65,561	3,206	B
Other non-current liabilities	0	10,683	10,683	G
Other current liabilities	347,482	340,879	(6,603)	G
Total equity and liabilities	**2,181,817**	**2,167,244**	**(14,573)**	

A Reduced by elimination of research expenses and other minor write-downs.
B orresponds to the tax effect produced by adjustments between Spanish GAAP and IFRS.
C Reduced basically by application of the year-end exchange rate to the goodwill generated on the acquisition of the Riviana Group and increased by not writing off goodwill in 2004 under IFRS.
D Reduced by transfer to minor debt of the deferred charges of commitment fees on loans and reduced by write-down of expenses pending allocation of the effects of changes in the actuarial variables of pension schemes and others.
E Reclassification between current and non-current of financial assets, which under IFRS are classified jointly.
F See detail in table in Note 32.1.
G The financial debt is reduced by the transfer to other non-current payables of the payables to suppliers of property, plant and equipment and commitment fees on loans, and increased by the transfer of the debt corresponding to financing the outsourcing of the pension fund, which under Spanish GAAP had been recognized in "Other current liabilities."
H Increased mainly by the measurement of post-employment benefits under IFRS.

32.3. RECONCILIATION OF THE INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2004

MILLION EUROS				
	2004 under Spanish GAAP (*)	**2004 under IFRS**	**Difference**	**Note**
Revenues (net sales and services rendered)	1,842,488	1,844,610	2,122	A
Change in inventories of finished goods and work in progress	8,110	4,861	(3,249)	H
Capitalized expenses of Company work on assets	7,652	7,711	59	
Other operating revenues	79,591	75,707	(3,884)	A
Consumption of goods and other external charges	(1,138,514)	(1,135,774)	2,740	H
Employee benefits expense	(197,582)	(210,536)	(12,954)	B
Depreciation and amortization	(71,866)	(66,108)	5,758	C
Other operating expenses	(350,786)	(322,919)	27,867	B,D and G
Operating profit	**179,093**	**197,552**	**18,459**	
Net finance cost	(7,861)	(20,170)	(12,309)	D
Impairment of goodwill	(13,049)	(2,317)	10,732	E
Share of profit (loss) of associates	224	(633)	(857)	
Profit before tax	**158,407**	**174,432**	**16,025**	
Income taxes	(34,747)	(41,349)	(6,602)	F
Profit for the year (from continuing operations)	**123,660**	**133,083**	**9,423**	
Net profit (loss) for the year from discontinued operations	0	(3,548)	(3,548)	G
Profit (loss) for the year	**123,660**	**129,535**	**5,875**	
Attributable to minority interests	(2,801)	(2,962)	(161)	
Attributable to equity holders of the parent	**120,859**	**126,573**	**5,714**	

(*) To facilitate comparability and the explanations of the differences between Spanish GAAP and IFRS; 2004 figures under Spanish GAAP do not include the 11 months of revenues and expenses from the discontinued operation in Chile. Details of this discontinued operation are provided in Note 7.

A Increase by including lease revenues, previously recorded in "Other operating income."

B Under IFRS restructuring expenses are included in "Employee benefits expense" and under Spanish GAAP in "Operating expenses."

C Smaller amortization of research and formation expenses

D Reclassification from other operating expenses: financial asset provisions, financial adjustment of provisions for litigation and other minor expenses.

E Goodwill cannot be amortized under IFRS, although companies are obliged to make provisions for possible impairment.

F Increased by the impact of adjustments for conversion to IFRS and the tax effect of discontinued operations.

G Corresponds to the net effect of discontinued operations, which were recorded as operating expenses under Spanish GAAP, and the corresponding tax effect on income tax.

H Restatement of part of the change in inventories to consumption of goods.

04

Ebro Puleva, S.A.

2005 CONSOLIDATED MANAGEMENT REPORT

for the year ended December 31, 2005

1. REVIEW OF THE YEAR

CONSOLIDATED FIGURES			
Thousands of euros	**2004**	**2005**	**2005/2004**
Revenues	1,844,610	2,359,866	27.9%
Net sales	1,795,778	2,173,849	21.1%
As % of revenues	97.4%	92.1%	
EBITDA	252,122	295,160	17.1%
As % of revenues	13.7%	12.5%	
EBIT	186,014	207,682	11.6%
As % of revenues	10.1 %	8. 8%	
EBIT + Financial results	165,844	173,355	4.5%
As % of revenues	9.0%	7.3%	
Profit before tax	174,432	220,056	26.2%
As % of revenues	9.5%	9.3%	
Income tax expense	(41,349)	(61,298)	-48.2%
As % of revenues	-2.2%	-2.6%	
Profit for the year	126,573	155,641	23.0%
As % of revenues	6.9%	6.6%	
Average working capital	426,853	450,453	5.5%
Capital employed	1,219,230	1,534,318	25.8%
ROCE (1)	15.5	13.5	
Capex	102,524	99,664	2.8%
Average number of employees	5,261	8,118	54.3%
	12.31.04	**12.31.05**	**2005/2004**
Equity	961,160	1,076,582	12.0%
Net debt	472,123	931,322	97.3%
Average net debt	352,088	841,427	139.0%
Gearing (2)	0.37	0.78	
Total assets	2,167,244	2,988,903	

(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).

Ebro Puleva achieved record earnings in 2005, with profit of 155,641 thousand euros 23% respect to 2004. The contribution by business lines underscored the diversification strategy followed in recent years, which has added stability to the Company and helped it achieved a better balance across businesses and markets.

The stellar results came amid a tough market backdrop, highlighted by:

* The recent reform to the Common Rice Market
* The reform to the sugar market
* A macroeconomic environment featuring scant growth throughout Europe
* An industry faced with aggressive discounts and a war among distributors

Revenues for the year totaled 2,173,849 thousand euros, a 21% increase on the 1,795,778 thousand euros of 2004. Ebro Puleva's activity included 12 full months of consolidation of the Riviana Group for the first time, which resulted in:

* a 298,700 thousand euro increase in revenues
* a 33,875 thousand euro increase in EBITDA

and eight months of the Panzani Group, which provided entry to a new business line and:

* revenues of 289,588 thousand euros
* EBITDA of 44,416 thousand euros

Like-for-like revenues; i.e. excluding the contributions by the Panzani and Riviana Groups (213,768 thousand euros in the first eight months of 2005), however, were 7% lower at 1,670,493 thousand euros. This fall was largely due to the situation of the sugar industry in 2005. A new regulatory framework (CMO) for the sector was negotiated during the year that culminated in the agreement reached by the EU agricultural ministers on November 24, 2005 (see Note 28 in the notes to the consolidated financial statements). This prompted a change in behavior by market players, encouraging them to reposition amid the uncertainty and downward pressure on prices.

Noteworthy was the 5.5% increase in working capital, fuelled by a 28% increase in revenues, which bears out the Company's improved product mix (i.e. greater weight of products with a shorter life cycle).

The addition of new companies and restructuring of existing businesses are part of the Company's ongoing adaptation to market circumstances and regulatory changes. EBITDA rose 17% to 43,038 thousand euros, driven by additions and despite:

* a increase in oil derivatives and fuel prices, on the back of a 50% surge in Brent barrel prices,
* higher transport and logistics costs caused by the rise in crude prices, which led to an increase in Spanish transport tariffs of around 15%
* an increase in commercial costs, in line with Ebro Puleva's product-customer focus and brand strategy
* the situation arising from the change in legislation in the sugar industry.

Ebro Puleva continues to diversify into non-core assets and properties, with the aim of generating capital gains and cash to fund the Group's strategy of remaining Spain's leading food company and one of the world's main industry players. In 2005, the Company sold 116.5 million euros worth of assets, obtaining capital gains of 69 million euros. This partly explains the sharp growth in profit before taxes.

The bulk of investment in the year aside from the purchase of Panzani for 639 million euros (including debt) went to new products and to upgrade existing products. Specifically, the Group acquired a new packaging plant in Benavente, which will help it meet current and future market demands and produce a new line of higher added-value products. It started up a new dry pasta line, refurbished the

Jerez factor to produce microwave rice, and added new boil in the bag rice facility in Houston and new steam lines for wild rice in Minnesota.

At the same time it continued to streamline resources and installations to adapt installed capacity. This reduced capital employed and, accordingly, improved the Company's ROCE.

The Group's financial structure reflects the recent Panzani and Riviana acquisitions. These purchases were financed by a 440 million US dollar syndicated loan arranged in May 2005 and the renewal of another 426 million euro loan at the same time (see Note 14 of the note to the consolidated financial statements for further details). These loans afford the Group a natural hedge of assets and liabilities. Stripping out the investment in Panzani, Group debt would have decreased by 187 million euros. Ebro Puleva wants to achieve a balanced structure between business lines and currencies so it can generate sustainable and stable cash flows.

EBRO PULEVA GROUP

Consolidated cash flow statements for the years ended december 31, 2005 and 2004

	12/31/2005	12/31/2004
Net cash flows from operating activities	221,057	189,859
Net cash flows from investing activities	(286,166)	(324,782)
Net cash flows from financing activities	36,773	149,564
Translation differences of flows from foreign operations	1,326	(497)
INCREASE (DECREASE) in cash and cash equivalents	(27,011)	14,144
Cash and cash equivalents at January 1	109,673	96,154
Impact of year-end exchange rates on opening balance	(466)	(625)
Cash and cash equivalents at December 31	**82,196**	**109,673**

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.

* Pasta: production and sale of dry and fresh pasta, sauces, semolina and wheat flour through the Panzani Group.

* 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
Revenues	734,097	652,314	-11.1%
Net sales	710,866	624,993	-12.1%
% of revenues	96.8%	95.8%	
EBITDA	152,251	119,505	-21.5%
% of revenues	20.7%	1.3%	
EBIT	118,205	86,273	-27.0%
% of revenues	16.1 %	13. 2%	
EBIT + Financial result	112,937	81,052	-28.2%
% of revenues	15. 4 %	12. 4 %	
Average working capital	149,385	155,162	3.9%
Capital employed	555,498	559,623	0.7%
ROCE	21,0	15,6	
Capex	41,461	34,584	16.6%

2005 was a transition year for Azucarera, with the high point being the reform of the CMO adopted by the EU at the end of the year. The regulations were approved by the EU Council of Ministers on February 20, 2006. Affecting the situation was the spiral in oil prices and its derivatives. This put a squeeze on the Company's margins, despite the commercial improvements achieved and the higher productivity at its factories.

Commercial

Sugar consumption in Spain was steady, at around 1.3 million tons. The downtrend of the commercial market continued, although this was offset by a slight pickup in consumption by industrial customers.

Broadly speaking, the commercial markets of the main EU countries were volatile, featuring stiffer competition and a plunge in sugar prices. A number of factors were behind this situation, such as:

* The varying and, often opposing, interests of member countries and sugar producers in the reform of the Sugar CMO.

* The final ruling in Brazil, Thailand and Australia's class action (known as the Sugar Panel) against the EU at the WTO, which went against community interests by curtailing future sugar exports.

* The miscalculation of consumption in the 10 new members of the EEC in 2004, which created a larger imbalance between supply and demand and uncovered the existence of sugar stocks in producing countries before they joined the EU.

* The cut to reimbursement of sugar quota exports, which undermined margins throughout the year.

* The EC's decision not to declassify sugar in the 2004/2005 campaign.

This situation put a strain on supply in the Spanish market, causing imports from the community to rise, especially from France and Portugal. Azucarera Ebro's volume was 4.76% lower than in 2004 as a result. Meanwhile, average sugar prices were also down 6%.

Alcohol sales were up slightly (1.6%), while prices jumped (9.4%).

Other highlights of the commercial activity in the year were:

* Actions taken in trade marketing to the modern channel, which boosted penetration in specialties and led to a 10.6% increase in brown sugar from the year before.

* Continued collaboration, in general communications, with the beet and sugar research institute (IEDAR) to disseminate and promote sugar consumption.

All these factors led to a 12.1% decrease in revenues in 2005.

Industrial

In southern Spain, where beets are harvested in summer, the three factors yielded 1,692,213 tons, with an average sugar content of 16.8%. 2005 was a dry year, with an extremely cold winter. The technological quality of the root was average, hurt by the adverse weather conditions throughout the harvest.

It was, however, a good year for crops sewn in spring in northern and central Spain, as seen by the excellent yields and technical quality of the roots. The average root sugar content was 17.5º.

On the industrial front, in 2005 we streamlined the management of active centers to reinforce our competitive edge in products and costs and be better prepared for the implications of the new sector reform.

Steps were taken to raise yields, optimize the use of resources and cut production costs, mainly be cutting back fuel consumption and lowering maintenance costs at our factories without undermining reliability by using cutting-edge predictive maintenance techniques. Nonetheless, the increase in crude prices led to an average increase of 10 euros per ton in the cost of sugar produced.

The overall poor market performance and the higher cost of sugar produced in the southern harvest –owing to both adverse weather conditions and the increased cost of oil derivatives- caused EBITDA to fall 32,746 thousand euros from the year before. The good yields of the northern harvest, which will improve product costs, have yet to be marketed.

Investments

The bulk of investment in 2005 was earmarked to lower production costs, meet the increasing quality demands of customers and comply with environmental regulations.

The Company completed the new packaging plant in Benavente, which will help it meet current and future market demands and produce a new range of higher added-value products.

RICE

RICE BUSINESS (HERBA+ RIVIANA)			
Thousands of euros	**2004**	**2005**	**2005/2004**
Revenues	605,107	781,522	29.2%
Net sales	579,506	760,862	31.3%
% of revenues	95.8%	97.4%	
EBITDA	64,924	82,416	26.9%
% of revenues	10.7%	10.5%	
EBIT	50,767	59,777	17.7%
% of revenues	8.4%	7.6%	
EBIT + Financial result	47,465	57,967	22.1%
% of revenues	7.8%	7.4%	
Average working capital	130,389	166,035	27.3%
Capital employed	238,251	455,937	91.4%
ROCE	15.2	13.1	
Capex	26,663	29,776	11.7%

Behind the sharp growth of the rice business was the consolidation for the first time of a full year of the Riviana Group, which delivered an excellent performance.

The end of low carb diets in the US paved the way for overall market growth, with Riviana among the leaders. Its share of the distribution market rose 4pp to 27% at year end, based on: 1) the company's solid positioning in two of the fastest growth market segments, brown and specialty rice, where it doubled the sector's average growth; and 2) its stronger positioning in instant rice, posting a 12% volume increase versus a 2% decline by the market.

In Europe, the segment of rice in a cup for microwaves performed especially well, with growth of nearly 50% in both volumes and absolute sales. Also noteworthy was the creation of BOSTO POLAND, a new subsidiary for the Company's growing businesses in the EU. The Group is well aware of the importance of these emerging markets and is firmly committed to having its brands present in the main countries.

Ebro Puleva continues to play a major role in developing new products: its recent penetration of markets such as France (Panzani) and the US (Riviana) have enabled it to introduce the new pre-cooked products manufactured by the Group in Spain, but tailored to local tastes and demand. The established portfolio of cooked rice following a variety of recipes is being enlarged with other products of this format. The sales networks of our subsidiaries are the ideal vehicle for introducing these new products, in which the Group is a specialist.

In Europe, the new regulatory framework for rice, mainly the start-up of the new CMO at the end of 2004, was most visible in 2005. The dramatic reduction in the intervention price only partly fed through to real prices at source, prompting downward revisions for cost-cutting targets and forecasts. To some extent, this was due to higher demand for rice by the Eastern European countries that recently joined the EU, which pushed up prices. To overcome the shortfall in supply, Europe had to import rice from non-EU countries and release part of the intervention stocks onto the market.

In the US, the foundations were laid to further streamline production. In August 2005, the Company announced that the packaging plant in Abbeville (Louisiana) would be closed, with the business relocating to the production centers in Houston and Memphis. This was followed up by the announcement at the end of January 2006 that the drying, storage and million facilities in southern Louisiana were up for sale. Both these initiatives will have a major impact from 2006.

EBITDA for the rice business rose 26.9% to 6 million euros. Revenues, however, were lower than in 2004 due to two factors:

* The commitment to value-added products, which led to a sharp increase in commercial and marketing initiatives

* The impact of the restructuring at Riviana, which entailed 135 job losses at the factories mentioned previously and administrative staff cuts

In any event, these measures leave room for solid growth going forward.

Average capital employed was higher in 2005, following the full consolidation of Riviana. Working capital performed well, with growth lagging that of revenues. Conversely, the high volume of assets added at the end of 2004 undermined ROCE in 2005, although the ongoing production reorganization should enhance this ratio in 2006.

Investments

2005 featured an ambitious investment plan for the rice business. The microwave rice factory in Seville was enlarged, while investment on building the new plant in Jerez began. Regarding the rest of the Europe-based companies, highlights included the conclusion of investment in Coruche (Portugal), providing the Company with top-notch installations in a market where its brands are heavily entrenched, and the improvements made at the packaging plant in Belgium.

DAIRY

DAIRY BUSINESS

Thousands of euros	2004	2005	2005/2004
Revenues	497,078	518,137	4.2%
Net sales	497,078	518,137	4.2%
% of revenues	100%	100%	
EBITDA	46,620	54,121	16.1%
% of revenues	9.4%	10.4%	
EBIT	31,078	37,507	20.7%
% of revenues	6.3%	7.2%	
EBIT + Financial result	26,645	37,387	40.3%
% of revenues	5.4%	7.2%	
Average working capital	71,042	79,597	12%
Capital employed	217,432	225,904	3.9%
ROCE	14.3	16.6	
Capex	36,948	17,501	52.6%

In 2005, the Dairy division took steps to optimize installed capacity and achieve a leaner cost structure. As part of this process, in August and September it sold the Leyma brand and the Arteixo factory. Likewise, the Jerez plant was reconverted and integrated into the rice business.

Puleva's strategy was to further innovate and focus on value-added products associated with health and well-being. Meanwhile, Lactimilk, with its RAM and El Castillo brands, operates in the classic milk segment, where it enjoys a rich local tradition and where customers recognize its convenience and accessibility.

Revenues rose for the year even though the Leyma brand was discontinued in August, which implied 8.5 million liters less. Compared to 2004, growth was particularly strong in the volume of nutritional milks, with Omega 3 and the Max range (targeting younger people), although 13 million liters more of RAM brand milk was sold in 2005. Revenues rose 21,059 thousand euros to 518,137 thousand euros.

Driving sales were new dairy product launches, such as Puleva Calcio Soja, a milk with isoflavones that complements the range of products with calcium, and Puleva Max Defensas, a fermented dairy product with probiotic bacteria targeting children aged 4 to 12. The Company also introduced new cereal-based baby formulas and powdered infant and follow-on milk.

EBITDA improved 7,501 thousand euros, fuelled by better milk at origin prices, cost control and productivity improvements. The full impact of the restructuring was not felt in 2005, but should be in 2006.

Investments

After investing heavily to bring the co-generation plant up to speed the year before, in 2005 the Dairy division continued to invest in new PET lines, providing a quality and differentiated bottle (the new 2x2 packs) and enhancing the traceability and quality systems.

PASTA

BUSINESS	
Thousands of euros	**2005**
Net sales	289,588
% of revenues	100%
EBITDA	44,416
% of revenues	15.3%
EBIT	31,492
% of revenues	10.9%
EBIT + Financial result	27,215
% of revenues	9.4%
Average working capital	28,889
Capital employed	217,927
ROCE	14.5
Capex	15,964

The Pasta division was added for the first time to the Ebro Puleva Group following the acquisition of Panzani S.A.S. ("Panzani"), the French pasta leader. The acquisition was completed on April 25. The figures shown are from May to December.

Panzani produces and sells dry and fresh pasta, sauces, rice and couscous under the Panzani, Lustucru, Taureau Aile, Ferrero and Regia brands and is a leading player in all these products.

In 2005, preparations were made to amend the Commerce Law. The new law, set to come into effect in January 2006, coupled with other governmental initiatives, is designed to boost consumption. It aims to modify the structure of commercial discounts, increase transparency, protect small and medium-sized industry and lower end product prices.

During the year, the hard discounters stepped up the pressure on the larger distributors. This caused prices to fall and led to higher sales of discount and house brands.

Panzani addressed the situation by reinforcing its leadership position in all segments, maximizing the synergies from belonging to the Group and anticipating trends and growth in its markets.

Market share growth was underpinned by:

* adapting products and prices to market deflation

* providing new solutions (microwave pasta, Gnocchi for frying, etc.), tailored to consumer's tastes

The Company managed to tap synergies throughout the value chain: commercial synergies by leveraging the Group's strong international presence, synergies in the procurement of products and services, and in manufacturing and industrial localization.

Panzani anticipates change by launching new products:

* microwave pastas

* Gnocchi for frying

* Fresh cooked meals (to be launched in May 2006)

* a new range of frozen foods

Panzani is expanding its activities into new product ranges, such as frozen foods, and new markets. Having become the leader in the Czech Republic, with a 21% market share in three years, in 2005 Panzani started up activities in Hungary, Canada and England alongside the Ebro Puleva Group.

Investments

The main investments in the year went to bring a new dry pasta line on stream and to launch the new prepared dishes line.

2. OUTLOOK

2006 will be a year of consolidation of recent expansion and diversification. We will continue to work towards improving the balance between domestic and international market revenues, and branded and industrial sales.

* **Sugar business**
  The 2006/07 campaign will be the first regulated by the new Sugar CMO (see Note 28 of the notes to the consolidated financial statements for details of the reform).

* **Rice business**
  Ebro Puleva will complete the restructuring of its business in the US, raising its industrial efficiency and disposing of non-core assets. There will be more joint venture opportunities with the sale of microwave products manufactured at the new factory in Jerez.

  On the industrial side, the new plant will help meet the increasing needs of this range of value-added products. Meanwhile, the Company will explore existing possibilities in countries outside the EU that can contribute growth and sizeable synergies.

* **Dairy Products business**
  The improvements in production should become visible now that the business has been restructured. The Company will continue to innovate and operate product ranges developed to meet the specific needs of some sectors of the population.

* **Pasta**
  The changes to legislation spearheaded by the French government will come into effect. The new framework governing the relationship with the large distributors should make trade relations more transparent and benefit producers.

  The Company will proceed with its geographical expansion, above all in Southern Europe, North Africa, Eastern Europe and the US. It will also continue to fine-tune its new range of frozen foods and microwave pasta.

* **Other businesses**
  Puleva Biotech will continue to perform R&D on new products and nutritional components and provide advisory services on R&D&I to Group and other companies. Additional properties will be sold to obtain cash to fund the growth of the core businesses.

3. R&D&I

Ebro Puleva leverages the know-how gained internally and externally with its own innovation management model. This includes integrated management of all issues related to innovation and a company (Puleva Biotech) that carries out projects that can be applied to all Group divisions.

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 become an international benchmark in R&D of products applied to the food industry.

* To maintain a steady flow of products in the pipeline.

In 2005, the work performed by Puleva Biotech to Puleva Food in baby foods focused on aiding the launch of infant and follow-on milk and new cereal formula. In other dairy products, work is being done to launch products targeting sectors of the population that have specific needs. The Puleva Calcio product range has added a milk with soy isoflavones, Puleva Calcio Soja.

Work also continued on dairy products to make them appealing to customers, such as new margarines and the development of new drinks.

In the rice business, the project to determine the characteristics —both the nutritional composition and the functional properties— of varieties of rice and flours continued, with special attention being paid to brown rice flour with varying fiber contents. In addition, over the last year efforts have been made to gain further knowledge of the procedure for obtaining rice derivatives, starches, maltodextrines, proteins and other products, as well as the recovery and revaporization of products from water in which rice has been boiled.

In the sugar business, the work pending was successfully completed before the conclusion of the technology transfer contract for the production of fructo-oligosaccharides (FOS), including the use of the products generated, the exploration of alternative production methods and the demonstration of the greater functional properties of products through in vitro and in vivo studies. Related to this work, a feasibility plan was drawn up and estimates were made on investments for the industrial implementation of the full FOS production process.

4. TREASURY SHARES

In 2005, the Company bought and sold treasury shares as authorized by the General Meeting held on April 27, 2005, having duly notified the CNMV (Spanish National Securities Commission) in accordance with current reporting standards. In 2005, 1,200,584 treasury shares were purchased and 1,265,584 were sold. At year end the Company had 231 treasury shares, equivalent to 0.0002% of its share capital At year end 2005, these shares were not earmarked for any specific purpose.

5. EMPLOYEES

The number of employees 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. 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.

With interest rate risk, in some cases these are hedged with interest rate collars or ranges whereby the interest rate paid by Ebro Puleva, S.A. ranges between 2.5% and 4.9%.

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 14001 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, 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.

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.

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.

Throughout the year under review, the Group's policy has been not to trade in financial instruments.

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 the 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 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. At December 31, 2005, after taking into account the effect of interest rate swaps, approximately 20% of the Group's borrowings are at a fixed rate of interest.

Note 22 of the notes to the consolidated financial statements provides details on outstanding SWAPS at December 31, 2005 and 2004 and the Group's financial liabilities 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, 2005 is the 400 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 for which payment is anticipated more than one month after the Group has entered into a firm commitment for a sale or purchase. 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, although it did not have any contracts of significant amounts at the end of the year.

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

No significant events have occurred from December 31, 2005 to the date on which these consolidated annual accounts were drawn up aside from the following:

Closure of a sugar plant

At the meeting of the Growers' Organizations in the Central Area held February 16, 2006, it was decided that, in view of the current situation of beet growers in the area and the new regulatory framework approved by the European Union, members should not harvest beets in the 2006/2007 campaign.

The decision by beet growers in Castilla La Mancha, to be ratified by some farmers' associations, means that our Azucarera Ebro subsidiary's factory in Ciudad Real will have to be shut down. For this, the Company will contact the corresponding public bodies and agents immediately to express its commitment to making every effort to ensure the smoothest process possible.

We cannot estimate the economic impact that factory's closure will have on the Ebro Puleva Group's consolidated results, as this will depend on the terms of the sugar industry's global restructuring after the European Union approves the new Sugar CMO and its application in Spain is determined.

We can, however, say that the impact will not be significant given the small size of the Ciudad Real factory (total assets of less than 5 million euros) and contribution (approximately 22,000 tons) to Azucarera Ebro's current annual quota of over 700,000 tons.

Sale of investment in Catesa Foods, S.L.

As indicated in Note 7, a preliminary agreement was signed in November 2005 for the sale of 100% of Catesa Foods, S.L. to a company outside the Group, which took place in January 2006. The investment was sold for 30 million euros, producing a capital gain of 15.7 million euros, which will be recognized in the 2006 consolidated income statement.

Sale of part of the interest in Puleva Biotech, S.A.

From December 31, 2005 to the date of preparation of these consolidated annual accounts, Ebro Puleva, S.A. has sold a number of shares in Puleva Biotech, S.A. on the market, reducing its stake from 77.23% to 70%.

Changes of Board Members and Shareholders

At its meeting of February 23, 2006 the Board of Directors unanimously agreed to accept the resignations from the board tendered by members Bader Al Rashoud, Jorge Delclaux Bravo and Laureano Roldán Aguilar, and appoint, through co-optation, as new members the representatives from Corporación Económica Damm, Demetrio Carceller Arce, Blanca Hernández Rodríguez and Juan Domingo Ortega Martínez.

Finally, data from the Spanish National Securities Commission show changes in Ebro Puleva, S.A.'s shareholder structure between December 31, 2005 and February 23, 2006. Specifically, Alimentos y Aceites, S.A. acquired shares held by Grupo Torras, S.A. (reducing its stake to 8.45%) and the purchase of 4.57% by Corporación Económica Damm.

Ebro Puleva
GRUPO

PASEO DE LA CASTELLANA, 20. 28046 MADRID * TEL. 917 245 250 * FAX 917 245 341
WWW.EBROPULEVA.COM