

EBRO FOODS, S.A.

INTERIM CONDENSED CONSOLIDATED FINANCIAL REPORT (UNAUDITED)

for the period ended 30 June 2012
(1st Half)

**EBRO FOODS CONSOLIDATED GROUP
INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 30 JUNE 2012 AND 31 DECEMBER 2011**

<u>THOUSAND EURO</u>	<u>Notes</u>	<u>30/06/2012</u> Unaudited	<u>31/12/2011</u> Audited
<u>NON-CURRENT ASSETS</u>			
Intangible assets	9	386.219	392.725
Property, plant & equipment	10	503.323	507.760
Investment property	11	31.097	31.922
Financial assets	12	40.144	51.927
Investments in associates	13	3.090	2.740
Deferred tax assets		60.360	55.582
Goodwill	14	837.963	818.205
		<u>1.862.196</u>	<u>1.860.861</u>
<u>CURRENT ASSETS</u>			
Inventories		338.086	360.627
Trade and other receivables		326.539	340.428
Current income tax		16.451	10.644
Tax receivables		27.016	30.496
Financial assets	12	3.853	4.207
Derivatives and other financial instruments		1.095	1.570
Other current assets		9.136	3.905
Cash		94.666	97.870
		<u>816.842</u>	<u>849.747</u>
Non-current assets held for sale	7	0	0
		<u>2.679.038</u>	<u>2.710.608</u>
<u>TOTAL ASSETS</u>			
		<u>1.626.624</u>	<u>1.588.460</u>
<u>EQUITY</u>			
<u>Equity attributable to shareholders of the parent</u>			
Share capital		92.319	92.319
Share premium		4	4
Restricted reserves		21.633	21.633
Unrestricted reserves		1.526.004	1.542.892
Interim dividends		0	(23.080)
Translation differences		18.764	(167)
Treasury shares	17	(33.200)	(46.303)
		<u>1.625.524</u>	<u>1.587.298</u>
<u>Non-controlling interests</u>			
		<u>1.100</u>	<u>1.162</u>
<u>NON-CURRENT LIABILITIES</u>			
Deferred income		4.345	4.716
Provisions for pensions and similar obligations	18	40.487	40.948
Other provisions	19	17.701	49.067
Financial liabilities	21	240.868	279.980
Other non-financial payables		31	38
Deferred tax liabilities		217.881	201.918
		<u>521.313</u>	<u>576.667</u>
<u>CURRENT LIABILITIES</u>			
Financial liabilities	21	215.122	209.171
Derivatives and other financial instruments		203	444
Trade and other payables		282.955	304.847
Current income tax		9.580	7.306
Tax payables		11.213	14.470
Other current liabilities		12.028	9.243
		<u>531.101</u>	<u>545.481</u>
Non-current liabilities held for sale	7	0	0
		<u>2.679.038</u>	<u>2.710.608</u>
<u>TOTAL LIABILITIES</u>			

Notes 1 - 24 are an integral part of the interim condensed consolidated balance sheet as at 30 June 2012.

EBRO FOODS CONSOLIDATED GROUP
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 30 JUNE 2012 AND 2011
THOUSAND EURO

	<u>Notes</u>	<u>30/06/2012</u>	<u>30/06/2011</u>
		Unaudited	Unaudited
Revenue (net turnover)	6	1,012,832	839,695
Changes in inventories of finished goods and work in progress		5,249	5,400
Work performed by the company and capitalised		327	542
Other operating income	8	28,756	5,434
Raw materials & consumables used and other external expenses		(568,018)	(442,334)
Employee benefits expense		(124,893)	(115,187)
Depreciation and amortisation expense		(28,044)	(24,088)
Other operating expenses	8	(203,487)	(187,451)
OPERATING PROFIT		122,722	82,011
Finance income		9,824	16,197
Finance costs	12	(32,660)	(12,200)
Impairment of goodwill		(89)	(88)
Share of profit of associates	13	882	718
CONSOLIDATED PROFIT BEFORE TAX		100,679	86,638
Income tax expense	20	(33,454)	(29,833)
CONSOLIDATED PROFIT FOR THE PERIOD (continuing operations)		67,225	56,805
Net profit/loss from discontinued operations	7	0	0
CONSOLIDATED PROFIT FOR THE PERIOD		67,225	56,805
Attributable to:			
Owners of the parent		67,274	56,464
Non-controlling interests		(49)	341
		67,225	56,805
<u>Earnings per share (euro):</u>	<u>Notes</u>	<u>30/06/2012</u>	<u>30/06/2011</u>
		Unaudited	Unaudited
- From continuing operations	16		
Basic		0.446	0.367
Diluted		0.446	0.367
- From total profit			
Basic		0.446	0.367
Diluted		0.446	0.367

Notes 1 - 24 are an integral part of the interim condensed consolidated income statements for the half-year period ended 30 June 2012.

EBRO FOODS CONSOLIDATED GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2012 AND 2011
(THOUSAND EURO)

	30/06/2012	30/06/2011
Gains (losses) on measurement of available-for-sale financial assets	-11.249	-47.706
Gains (losses) on measurement of available-for-sale financial assets reverted to profit/loss for the year	21.040	0
Translation differences	18.918	-33.445
Translation differences reverted to profit/loss for the year	0	0
Actuarial gains (losses)	-414	498
Tax effect of items recognised against or transferred from equity	-2.831	14.122
Net gain (loss) recognised in equity	25.464	-66.531
Net profit (loss) for the year	67.225	56.805
Total recognised income and expense in the year	92.689	-9.726
Attributable to:		
Owners of the parent	92.751	-10.068
Non-controlling interests	-62	342
	92.689	-9.726

Notes 1 - 24 are an integral part of the interim condensed consolidated statement of comprehensive income for the half-year period ended 30 June 2012.

EBRO FOODS CONSOLIDATED GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2012 AND 2011
THOUSAND EURO

Total Equity	Non-controlling interests	Equity attributed to the shareholders of the parent										
		Total	Share capital	Share premium	Restricted reserves		Unrestricted reserves		Interim dividend	Exchange differences	Treasury shares	
					Revaluation reserve	Legal reserve	Retained earnings	P/L				
Balance at 31 December 2010	1.607.446	14.703	1.592.743	92.319	4	3.169	18.464	1.113.028	388.797	0	-23.038	0
- Distribution of profit from previous year	0	0	0	0	0	0	0	388.797	-388.797	0	0	0
- Dividends	-64.008	0	-64.008	0	0	0	0	-64.008	0	0	0	0
- Trading in own equity instruments (net)	-14.762	0	-14.762	0	0	0	0	0	0	0	0	-14.762
- Changes in scope of consolidation	-13.643	-13.643	0	0	0	0	0	0	0	0	0	0
Total distribution of profit and transactions with shareholders	-92.413	-13.643	-78.770	0	0	0	0	324.789	-388.797	0	0	-14.762
- Net profit/loss for the period	56.805	341	56.464	0	0	0	0	0	56.464	0	0	0
- Movement of exchange differences	-33.445	1	-33.446	0	0	0	0	0	0	0	-33.446	0
- Fair value of financial instruments:												
1. Unrealised gains and losses	-47.706	0	-47.706	0	0	0	0	-47.706	0	0	0	0
- Variation in actuarial gains and losses	498	0	498	0	0	0	0	498	0	0	0	0
- Tax effect of P/L on capital & reserves	14.122	0	14.122	0	0	0	0	14.122	0	0	0	0
Total profit or loss in the period	-9.726	342	-10.068	0	0	0	0	-33.086	56.464	0	-33.446	0
Balance at 30 June 2011	1.505.307	1.402	1.503.905	92.319	4	3.169	18.464	1.404.731	56.464	0	-56.484	-14.762
Balance at 31 December 2011	1.588.460	1.162	1.587.298	92.319	4	3.169	18.464	1.391.350	151.542	-23.080	-167	-46.303
- Distribution of profit from previous year	0	0	0	0	0	0	0	151.542	-151.542	0	0	0
- Dividends	-69.239	0	-69.239	0	0	0	0	-92.319	0	23.080	0	0
- Trading in own equity instruments (net)	13.103	0	13.103	0	0	0	0	0	0	0	0	13.103
- Gains(lossses) on disposals of treasury shares	1.611	0	1.611	0	0	0	0	1.611	0	0	0	0
- Changes in scope of consolidation	0	0	0	0	0	0	0	0	0	0	0	0
Total distribution of profit and transactions with shareholders	-54.525	0	-54.525	0	0	0	0	60.834	-151.542	23.080	0	13.103
- Net profit/loss for the period (P/L)	67.225	-49	67.274	0	0	0	0	0	67.274	0	0	0
- Movement of exchange differences	18.918	-13	18.931	0	0	0	0	0	0	0	18.931	0
- Fair value of financial instruments:	0	0	0	0	0	0	0	0	0	0	0	0
1. Unrealised gains and losses	9.791	0	9.791	0	0	0	0	9.791	0	0	0	0
- Variation in actuarial gains and losses	-414	0	-414	0	0	0	0	-414	0	0	0	0
- Tax effect of P/L on capital & reserves	-2.831	0	-2.831	0	0	0	0	-2.831	0	0	0	0
Total profit or loss in the period	92.689	-62	92.751	0	0	0	0	6.546	67.274	0	18.931	0
Balance at 30 June 2012	1.626.624	1.100	1.625.524	92.319	4	3.169	18.464	1.458.730	67.274	0	18.764	-33.200

Notes 1 - 24 are an integral part of the interim condensed consolidated statement of changes in equity for the half-year period ended 30 June 2012.

EBRO FOODS CONSOLIDATED GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2012 AND 2011
THOUSAND EURO

	<u>30/06/2012</u>	<u>30/06/2011</u>
	Unaudited	Unaudited
Cash receipts from sales and services	1.109.896	890.733
Cash payments to suppliers and employees	(972.018)	(891.027)
Interest paid	(3.865)	(4.983)
Interest received	1.262	2.745
Dividends received	644	1.050
Other receipts / payments generated from operations	1.580	14.774
Income taxes paid	(27.505)	(17.999)
<u>Net cash flows from operating activities</u>	<u>109.994</u>	<u>(4.707)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in non-current assets	(18.247)	(36.461)
Disposals of non-current assets	1.411	1.922
Investments in financial assets	(653)	0
Disposals of financial assets	957	1.883
Other receipts / payments generated from investments	2.692	16
<u>Net cash flows from investing activities</u>	<u>(13.840)</u>	<u>(32.640)</u>
Treasury share transactions	14.716	(14.762)
Dividends paid	(45.346)	(44.019)
Bank borrowing drawdowns	38.331	55.784
Repayment of bank borrowings	(108.617)	(36.080)
Other financial receipts / payments and capital grants	95	592
<u>Net cash flows from financing activities</u>	<u>(100.821)</u>	<u>(38.485)</u>
Exchange differences on cash flows from foreign operations	101	306
<u>Net increase in cash and cash equivalents</u>	<u>(4.566)</u>	<u>(75.526)</u>
Cash and cash equivalents at beginning of period	97.870	555.707
Effect of year-end exchange rate on opening balance	1.362	(4.707)
<u>Cash and cash equivalents at end of period</u>	<u>94.666</u>	<u>475.474</u>

Notes 1 - 24 are an integral part of the interim condensed consolidated statement of cash flows for the half-year period ended 30 June 2012.

EBRO FOODS GROUP

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2012 (H1 2012) (EXPRESSED IN THOUSAND EURO)

1. BUSINESS AND GENERAL INFORMATION

The Spanish public limited company Ebro Foods, S.A., (“the Company”) came into being through the merger by absorption of Puleva, S.A. into Azucarera Ebro Agrícolas, S.A. on 1 January 2001. Following that merger, the company’s name was changed from Azucarera Ebro Agrícolas, S.A. to Ebro Puleva, S.A. and subsequently, at the Annual General Meeting held on 2 June 2010, the Company adopted its current name of Ebro Foods, S.A.

The company’s current registered office is at Paseo de la Castellana, 20, 28046 Madrid.

The Group operates on the domestic and international markets. Its core business activities, the composition of its sales and other details are set out in the disclosures about business segments (Note 6).

The interim condensed consolidated financial statements are presented in thousand euro (unless expressly indicated otherwise) because the euro is the principal currency in which the Ebro Foods Group operates. Transactions in other currencies are converted to euro according to the accounting policies described in Note 2.

This interim condensed consolidated financial report for the six-month period ending 30 June 2012 were authorised for issue by a resolution adopted by the board of directors on 24 July 2012.

2. BASIS OF PRESENTATION, COMPARATIVE INFORMATION AND ACCOUNTING POLICIES

a) Basis of presentation

The interim condensed consolidated financial statements were prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*, applying accounting policies and/or principles criteria consistent with the International Financial Reporting Standards (IFRS), as adopted by the European Union, in pursuance of Regulation (EC) No 1606/2002 of the European Parliament and of the Council.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the consolidated annual accounts and should be read together with the consolidated annual accounts for the year ended 31 December 2011.

b) Comparative information

It has not been necessary to make any material adjustments to the comparative figures for the previous period.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2012 (H1 2012)
(EXPRESSED IN THOUSAND EURO)**

c) Accounting policies

The accounting policies used to prepare the interim condensed consolidated financial statements are consistent with those applied in the preparation of the consolidated annual accounts for the year ended 31 December 2011, except for the following new IFRS or IFRIC or amendments of existing ones which entered into force on or after 1 January 2012:

- Amendment to IFRS 7 – Financial Instruments: Disclosures
- Amendment to IAS 12 – Income Taxes - deferred tax on investment property

The adoption of these standards, interpretations and amendments has not had a material effect on the Group's financial position or income. The Group has not adopted in advance any standard, interpretation or amendment that has been published but whose application is not mandatory.

3. SEASONAL NATURE OF TRANSACTIONS IN THE REPORTING PERIOD

As a rule, the transactions of the different segments of the Group have a certain seasonal variation over the annual period and, therefore, on a consolidated level there is a relative deviation in the transactions between the interim periods. In particular, the campaigns for obtaining product in the rice business segment are between September of one year and March of the next, which has a significant effect during the year on the situation of working capital (through the volume of accumulated stock) and, therefore, the level of debt at the same date. At the end of the first half of each year, the volume of stock is usually considerably lower than that existing at year-end (31 December), the smallest volume of stock being registered at 31 October.

In general, judging by the information from previous years, we can conclude that the business volumes and income levels are traditionally better in the second half of each year than in the first half, accounting for approximately 55% to 45%, respectively, of the full year figures.

4. SUBSIDIARIES AND ASSOCIATES

The interests held by Ebro Foods, S.A. in subsidiaries and associates are represented by the company's direct or indirect investments in the same companies as those mentioned in the consolidated annual accounts for the year ended 31 December 2011.

EBRO FOODS GROUP

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2012 (H1 2012) (EXPRESSED IN THOUSAND EURO)

5. CORPORATE TRANSACTIONS AND/OR SIGNIFICANT BUSINESS COMBINATIONS IN THE REPORTING PERIOD

There have been no significant changes in the scope of consolidation.

6. FINANCIAL REPORTING BY SEGMENTS

The Group's principal format for disclosures about segments is by business segments, since its risks and rates of return are affected mainly by differences in the goods and services offered. The operating segments are organised and managed separately according to the nature of the products and services supplied, each segment representing a strategic business segment offering different products and serving different markets.

The Ebro Foods Group has the following business lines and/or activities:

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

These businesses and/or activities are the basis for the Group's disclosure about segments.

There are no differences in the segmentation criteria or criteria for measurement of the segment profit or loss in this period in respect of the previous period or the consolidated annual accounts for the year ended 31 December 2011.

Thousand euro

SEGMENTS	Ordinary revenue					
	CONSOLIDATED					
	Ordinary revenue from customers		Ordinary revenue between segments		Total ordinary revenue	
	CURRENT PERIOD	PER. ENDED 30/06/2011	CURRENT PERIOD	PER. ENDED 30/06/2011	CURRENT PERIOD	PER. ENDED 30/06/2011
RICE BUSINESS	526,199	381,881	26,168	23,919	552,367	405,800
PASTA BUSINESS	475,152	445,119	8,906	8,332	484,058	453,451
					0	0
					0	0
Others	11,481	12,695	4,317	2,949	15,798	15,644
					0	0
(-) Adjustments and eliminations of ordinary revenue between segments			-39,391	-35,200	-39,391	-35,200
TOTAL	1,012,832	839,695	0	0	1,012,832	839,695

EBRO FOODS GROUP

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2012 (H1 2012)
(EXPRESSED IN THOUSAND EURO)**

SEGMENTS		Income	
		CONSOLIDATED	
		CURRENT PERIOD	PER. ENDED 30/06/2011
RICE BUSINESS	2250	61,744	41,750
PASTA BUSINESS	2251	48,248	46,903
	2252		
	2253		
	2254		
Total income from the segments reported	2260	109,992	88,653
(+/-) Unassigned earnings	2261	-9,313	-2,015
(+/-) Elimination of internal revenue (between segments)	2262	0	0
(+/-) Other revenue	2263	0	0
(+/-) Income tax and/or revenue from continuing operations	2264		
PROFIT (LOSS) BEFORE TAX	2270	100,679	86,638

Distribution of net turnover by geographic area	CONSOLIDATED	
	CURRENT PERIOD	PER. ENDED 30/06/2011
Domestic market	74,668	65,649
Exports:	938,164	774,046
a) European Union	515,487	441,053
b) OECD countries	377,753	288,820
c) Other countries	44,924	44,173
TOTAL	1,012,832	839,695

The distribution of assets among the geographical segments is shown below (thousand euro):

31/12/2011 - Geographic area	Spain	Europe	America	Others	TOTAL
Intangible assets	32,230	134,958	225,476	61	392,725
Property, plant & equipment	73,398	204,418	212,619	17,325	507,760
Other assets	329,150	842,081	597,269	41,623	1,810,123
Total continuing operations	434,778	1,181,457	1,035,364	59,009	2,710,608
Non-current assets held for sale	0	0	0	0	0
Total Assets	434,778	1,181,457	1,035,364	59,009	2,710,608

30/6/2012 - Geographic area	Spain	Europe	America	Others	TOTAL
Intangible assets	40,007	127,801	218,356	55	386,219
Property, plant & equipment	70,725	200,654	215,172	16,772	503,323
Other assets	253,383	845,547	668,941	21,625	1,789,496
Total continuing operations	364,115	1,174,002	1,102,469	38,452	2,679,038
Non-current assets held for sale	0	0	0	0	0
Total Assets	364,115	1,174,002	1,102,469	38,452	2,679,038

EBRO FOODS GROUP

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2012 (H1 2012) (EXPRESSED IN THOUSAND EURO)

7. NON-CURRENT ASSETS HELD FOR SALE AND NET INCOME FROM DISCONTINUED OPERATIONS

At the end of the first half of 2012, there are no non-current assets held for sale in a material amount, or any discontinued operations.

8. OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

8.1 Other operating income

Other operating income includes the following less recurrent items:

- Proceeds of €318 thousand obtained from the sale of property, plant and equipment and a brand in England.
- Income in a sum of €22,331 thousand from reversals of provisions for litigation upon the conclusion of the relevant lawsuits. The lion's share of this amount corresponds to the negotiated settlement of the suits regarding the dairy business, for which provisions were reversed in a sum of €20,766 thousand (see Note 19).
- The remaining other operating income correspond to grants and other minor operating income.

8.2 Other operating expenses

Other operating expenses include the following less recurrent items:

- Losses of €34 thousand on the retirement, disposal or restructuring of different industrial equipment and facilities.
- Non-capitalisable investment expenses and the cost of starting up new IT systems, in a sum of €3,101 thousand.
- Amounts set aside for provisions and costs of new litigations with third parties in a sum of €1,189 thousand.
- Industrial restructuring expenses in several workplaces in a sum of €1,953 thousand.

9. INTANGIBLE ASSETS

The most significant movements in this item in the first half of 2012 are:

- Increase of €2,855 thousand for new intangible assets: acquisition of EDP equipment and CO₂ emission allowance.
- Increase of €5,891 thousand for exchange differences.
- Reduction for the provision for amortisation of €2,517 thousand.

EBRO FOODS GROUP

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2012 (H1 2012) (EXPRESSED IN THOUSAND EURO)

- Reduction of €12,601 thousand for reclassification of part of the purchase price of the Strom Products, Ltd. (No Yolks) business (acquired as of 30 December 2011 – see consolidated annual accounts 2011-), corresponding to goodwill in a sum of €10,668 thousand (see Note 14) and other assets in a sum of €1,933 thousand.

Retirements and disposals were made in the same period in a sum of €134 thousand.

As indicated in the 2011 annual accounts, in September 2011 the Spanish Antitrust Authorities approved the purchase of the SOS rice business in Spain, subject to the commitments for Ebro Foods, S.A. to license or sell the Nomen brand and the brands La Parrilla, La Cazuela, Pavo Real and Nobleza. Accordingly, on 26 April 2012, Ebro Foods, S.A. and Arrossaires del Delta de L'Ebre, SCCL signed an agreement whereby the former undertook to sell its Nomen business to the latter on the following terms:

- The object of the transaction was brands, distinguishing signs and other industrial and intellectual property rights associated with the Nomen products.
- The agreed price was approx. €30.1 million, receivable in an initial payment consisting of a building in La Aldea (Tarragona) valued at €1.5 million, and thirteen annual payments of €2.9 million each. Therefore, the total amount to be received by Ebro, including interest on the deferred payment, will be €39.2 million.
- It was agreed to mortgage the Nomen brands as security for the deferred price.
- Effectiveness of the agreement was conditional upon approval by the Spanish Antitrust Authorities. That approval was granted on 5 July 2012 and the parties estimate that it will be possible to conclude the sale and transfer of Nomen around mid-September 2012.

With regard to the undertaking to sell the other brands (La Parrilla, La Cazuela, Pavo Real and Nobleza), an agreement was reached with a third party on 26 June 2012 for their sale for €2 million. Effectiveness of this agreement is conditional upon approval by the Spanish Antitrust Authorities, which is expected to be obtained by September of this year.

10. PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 June 2012, the most significant changes in this item were:

- Increase of €6,344 thousand for exchange differences.
- Reduction for the provision for depreciation of €25,495 thousand.
- Increase for new investments of €15,191 thousand. These were basically for the technical enhancements and new plant at the Panzani, Riviana, NWP and Herba España factories.

Retirements and disposals were made in the same period in a sum of €477 thousand.

At 30 June 2012 the Group had investment commitments for purchases or replacements of machinery in a sum of approx. €6,500 thousand.

EBRO FOODS GROUP

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2012 (H1 2012) (EXPRESSED IN THOUSAND EURO)

11. INVESTMENT PROPERTY

There have been no significant variations in respect of the last full year, ended 31 December 2011.

12. FINANCIAL ASSETS

The composition of this item on the balance sheet is as follows (in thousand euro):

	30/06/2012			31/12/2011		
	Total	Non-current	Current	Total	Non-current	Current
<u>Assets held for trading:</u>						
- Other financial assets	1,054	1,050	4	493	401	92
<u>Available-for-sale financial assets</u>	33,799	33,799	0	45,428	45,428	0
<u>Held-to-maturity investments:</u>						
- Deposits and guarantees	1,205	1,108	97	1,113	1,083	30
<u>Loans and receivables:</u>						
- Associates	0	0	0	0	0	0
- Third parties	7,939	4,187	3,752	9,100	5,015	4,085
	7,939	4,187	3,752	9,100	5,015	4,085
TOTAL FINANCIAL ASSETS	43,997	40,144	3,853	56,134	51,927	4,207

Available-for-sale financial assets

- Investment in Deoleo Corporación, S.A.

This corresponds to the investment made in December 2010 in Deoleo Corporación, S.A., subscribing 95,510,218 shares in the capital increase made by that company, at a cost of 0.5 €/share, representing 9.3% of Deoleo's capital. This financial investment is recognised at its fair value with changes in equity until its derecognition or impairment, when the amount recognised will be carried to profit and loss.

At 30 June 2012, the fair value of this investment according to the market price of the shares was €31,041 thousand (€41,069 thousand at 31 December 2011), equivalent to 0.325 €/share, so a net reduction of its value of €7,020 thousand has been recognised directly in equity (€10,028 thousand gross expense less €3,008 thousand tax effect). Furthermore, at 30 June 2012 it was established that this investment has suffered a permanent impairment since its acquisition, so the cumulative impairment in equity of €11,701 thousand was reverted to profit and loss in first-half 2012, corresponding to €16,716 thousand gross expense (included in finance costs) less the tax effect of €5,015 thousand.

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- Investment in Biosearch, S.A.

On 13 January 2011 the board of directors of Ebro Foods, S.A. resolved to sell to Grupo Lactalis Iberia, S.A. 17,252,157 shares, representing 29.9% of the capital of Biosearch, S.A. After the sale, the remaining investment in this company was recognised as an available-for-sale financial investment. This financial investment is recognised at its fair value with changes directly in equity until its derecognition or impairment, when the amount recognised will be carried to profit and loss.

At 30 June 2012, the investment corresponded to 10,215,000 shares, representing 17.704% of the capital. At that date, the fair value of this investment according to the market price of the shares was €2,758 thousand (€4,359 thousand at 31 December 2011), equivalent to 0.27 €/share, so a net reduction of its value of €855 thousand has been recognised directly in equity (€1,221 thousand gross expense less €366 thousand tax effect). Furthermore, at 30 June 2012 it was established that this investment has suffered a permanent impairment since its acquisition, so the cumulative impairment in equity of €3,027 thousand was reverted to profit and loss in first-half 2012, corresponding to €4,324 thousand gross expense (included in finance costs) less the tax effect of €1,297 thousand.

Loans and receivables to third parties

The smaller balance of “Loans and receivables to third parties” at 30 June 2012 in respect of 31 December 2011 is due to the amounts received according to the repayment schedule. The balance receivable corresponds mainly to the deferred part of the sale of land in Alagón in June 2009 and small loans to third parties.

There have been no significant variations in other financial assets since 31 December 2011.

13. INVESTMENTS IN ASSOCIATES

There have been no significant variations in this item since 31 December 2011.

14. GOODWILL AND IMPAIRMENT OF INTANGIBLE ASSETS

The only significant variations in respect of year-end at 31 December 2011 are due mainly to the increase caused by exchange differences in US group companies in a sum of €9,179 thousand and the reclassification (increase) of goodwill generated on the acquisition of the Strom Products, Ltd. (No Yolks) business (acquired as of 30 December 2011 –see consolidated annual accounts 2011–) in a sum of €10,668 thousand (see Note 5).

As regards testing intangible assets for possible impairment, the Ebro Foods Group assesses the recoverability of goodwill and other intangible assets with an indefinite useful life once a year or whenever there are signs that any of those assets may have suffered impairment or a loss of value.

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The Ebro Foods Group considers that there are no signs of impairment of its intangible assets for the 6-month period ending 30 June 2012 and that there have been no significant changes in the hypotheses or estimates used in the impairment tests made for the full-year 2011 consolidated annual accounts.

15. INVENTORIES

There were no significant changes in the provisions for impairment of inventories in the period ended 30 June 2012.

16. EARNINGS PER SHARE AND DIVIDENDS

16.1 Earnings per share

The following table shows the profits and disclosure of the actions used to calculate the basic and diluted earnings per share:

	30/06/2012	30/06/2011
Net profit attributable to the ordinary shareholders of the parent for continuing operations	67,274	56,464
Profit attributable to the ordinary shareholders of the parent for discontinued operations	0	0
Net profit attributable to ordinary shareholders of the parent	67,274	56,464
Interest on non-cumulative convertible redeemable preference shares	0	0
Net profit attributable to ordinary shareholders of the parent adjusted for the effect of non-cumulative convertible redeemable preference shares	67,274	56,464

	30/06/2012	30/06/2011
	Thousand	Thousand
Weighted average number of ordinary shares for basic earnings per share (*)	150,912	153,851
Effect of dilution:		
Stock options	0	0
Redeemable preference shares	0	0
Weighted average number of ordinary shares adjusted for the dilution effect	150,912	153,851

(*) Considering the average number of treasury shares during the year.

16.2 Dividends

Distribution of dividends approved at the Annual General Meeting held on 29 May 2012: it was resolved to deliver a dividend payable in cash against unappropriated earnings of 0.60 €/share, in a total sum of €92,309 thousand, of which interim dividend payments of 0.15 €/share had already been made in 2011 and another two payments of 0.15 €/share in January and May 2012, so the remainder, of 0.15 €/share will be paid on 11 September 2012.

In addition, an extraordinary scrip dividend was approved in accordance with Article 34 of the Articles of Association, consisting of delivering treasury shares representing up to 1% of the capital against the reserves recognised under liabilities on the balance sheet

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as at 31 December 2011. The shares will be delivered (the "Delivery Date") on 11 December 2012 at a rate of one (1) share for every ninety-nine (99) held by each shareholder. A further dividend associated with the scrip dividend was also approved, as payment on account for shareholders subject to withholding under the tax laws in place at the delivery date, or the equivalent in cash for other shareholders.

17. TREASURY SHARES

In the first half of 2012, the company traded in own equity instruments according to the authorisations granted at the annual general meetings held on 15 June 2011 and 29 May 2012, having notified the National Securities Market Commission in accordance with prevailing legislation. In the first half of 2012 some 289,972 shares were bought and 1,228,383 shares were sold. At 30 June 2012 the company had 2,445,683 treasury shares, corresponding to 1.589% of its capital. At the end of the first-half 2012, except as indicated in Note 16 on the scrip dividend with treasury shares resolved at the Annual General Meeting on 29 May 2012, no specific application has been established for the remaining treasury shares.

18. PROVISIONS FOR PENSIONS (RETIREMENT BENEFITS) AND SIMILAR OBLIGATIONS

There were no significant changes during the period in these commitments in respect of the situation at 31 December 2011, in the type of commitment or the quantities set aside.

19. OTHER PROVISIONS

These provisions are summarised in the following table (in thousand euro):

Summary by items of Other provisions	30-06-12	31-12-11
Hedging of outcome of litigations in sale of the sugar business	8,645	8,544
Hedging of outcome of litigations in sale of the dairy business	0	28,825
Other litigations and contentious proceedings	5,003	6,569
Modernisation and Restructuring Plan	2,928	4,044
CO2 emission allowances	108	88
Other sundry contingencies in negligible amounts	1,017	997
	17,701	49,067

The provisions for hedging of the outcome of litigations in sale of the sugar business and the sale of the dairy business correspond to the guarantees granted to the buyers of those businesses, whereby the selling price of those businesses will be lowered if an unfavourable judgment is passed in those litigations. The funding (or reversal) of those provisions entail an adjustment of the selling price and, consequently, are recognised as a smaller (or greater) profit for the year in which they are funded (or reversed).

No significant variations have been produced in first-half 2012 in the situation of the sugar business litigations in respect of 31 December 2011. However, the payment

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obligations deriving from the final judgment in the most significant litigations regarding the dairy business (with no further significant litigations pending settlement) have been recognised. As a result of the negotiated settlement of these litigations, the company will have to pay a sum of €8,059 thousand in amounts corresponding to quotas, penalties and costs of the proceedings. Consequently, the remaining provision recognised, in a sum of €20,766 thousand, has been reversed and recognised as other operating income on the first-half 2012 income statement (see Note 8.1).

No significant variations have been produced in provisions made for other guarantees in respect of the situation reflected in the consolidated annual accounts 2011.

20. INCOME TAX

The income tax expense for the period ended 30 June 2012 is calculated on the basis of the best estimate of the weighted average tax rate (effective rate) expected for the annual accounting period. The consolidated average effective rate used was 33.2% for the 6-month period ending 30 June 2012, compared to 34.4% applied for the same period of 2011.

21. LOANS AND RECEIVABLES FROM BANKS

In first-half 2012 there were no significant changes in long-term bank borrowings from 31 December 2011.

The most significant changes in short-term borrowings in first-half 2012 were:

- Some short-term credit facilities have been renewed in amounts that are not material overall in respect of the total of these debts.
- In general, the borrowing conditions are tougher than at year-end 2011, as well as requirements regarding guarantees and borrowing capacity. The margins applied in interest rates have been increased by approximately 0.9 points on average in comparison with the preceding period.
- Short-term financial liabilities include €23,906 thousand in ordinary dividends payable.

22. RELATED PARTY TRANSACTIONS

Significant related party transactions are summarised below:

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Units: Thousand euro RELATED PARTY TRANSACTIONS	CURRENT PERIOD (30/06/2012)				
	Significant shareholders	Directors & Executives	Persons or companies in the group	Other related parties	Total
EXPENSES AND INCOME:					
1) Finance costs					0
2) Management or collaboration agreements					0
3) R+D transfers and licence agreements			336		336
4) Leases					0
5) Receipt of services		26			26
6) Purchase of goods (finished or in progress)		8,289			8,289
7) Value adjustments for bad debts or doubtful debts					0
8) Losses on disposal or retirement of assets					0
9) Other expenses		1			1
EXPENSES (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9)	0	8,316	336	0	8,652
10) Finance income					0
11) Management or collaboration agreements					0
12) R+D transfers and licence agreements					0
13) Dividends received					0
14) Leases					0
15) Rendering of services		1			1
16) Sale of goods (finished or in progress)	2,033	1,177			3,210
17) Gains on disposal or retirement of assets					0
18) Other income					0
INCOME (10 + 11 + 12 + 13 + 14 + 15 + 16 + 17+18)	2,033	1,178	0	0	3,211
	CURRENT PERIOD (30/06/2012)				
OTHER TRANSACTIONS:	Significant shareholders	Directors & Executives	Persons or companies in the group	Other related parties	Total
Purchase of tangibles, intangibles or other assets					0
Financing agreements: loans and contributions of capital (lender)					0
Finance lease agreements (lessor)					0
Repayment or cancellation of loans and lease agreements (lessor)					0
Sale of tangibles, intangibles or other assets					0
Financing agreements: loans and contributions of capital (borrower)					0
Finance lease agreements (lessee)					0
Repayment or cancellation of loans and lease agreements (lessee)					0
Guarantees furnished					0
Guarantees received					0
Commitments acquired					0
Commitments/guarantees cancelled					0
Dividends and other distributed profits	11,385	9,582			20,967
Other transactions					0

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2012 (H1 2012) (EXPRESSED IN THOUSAND EURO)

Units: Thousand euro

RELATED PARTY TRANSACTIONS

EXPENSES AND INCOME:

	PREVIOUS PERIOD (30/06/2011)				
	Significant shareholders	Directors & Executives	Persons or companies in the group	Other related parties	Total
1) Finance costs					0
2) Management or collaboration agreements					0
3) R+D transfers and licence agreements			272		272
4) Leases					0
5) Receipt of services		34			34
6) Purchase of goods (finished or in progress)		6,369		5,198	11,567
7) Value adjustments for bad debts or doubtful debts					0
8) Losses on disposal or retirement of assets					0
9) Other expenses			1		1
EXPENSES (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9)	0	6,403	273	5,198	11,874
10) Finance income					0
11) Management or collaboration agreements					0
12) R+D transfers and licence agreements					0
13) Dividends received					0
14) Leases					0
15) Rendering of services					0
16) Sale of goods (finished or in progress)	1,881	1,243		6,082	9,206
17) Gains on disposal or retirement of assets					0
18) Other income					0
INCOME (10 + 11 + 12 + 13 + 14 + 15 + 16 + 17+18)	1,881	1,243	0	6,082	9,206

	PREVIOUS PERIOD (30/06/2011)				
	Significant shareholders	Directors & Executives	Persons or companies in the group	Other related parties	Total
OTHER TRANSACTIONS:					
Purchase of tangibles, intangibles or other assets				8,000	8,000
Financing agreements: loans and contributions of capital (lender)					0
Finance lease agreements (lessor)					0
Repayment or cancellation of loans and lease agreements (lessor)					0
Sale of tangibles, intangibles or other assets		1			1
Financing agreements: loans and contributions of capital (borrower)					0
Finance lease agreements (lessee)					0
Repayment or cancellation of loans and lease agreements (lessee)					0
Guarantees furnished					0
Guarantees received					0
Commitments acquired				197,000	197,000
Commitments/guarantees cancelled					0
Dividends and other distributed profits	10,238	7,445			17,683
Other transactions					0

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Other information of interest

Ebro Foods, S.A. has a shareholding interest of less than 20% (17.704% at 30 June 2012) in Biosearch, S.A. This interest is recorded in the Ebro Group accounts as an "Available-for-sale financial investment".

Biosearch, S.A. is a listed company engaged in similar activities to those comprising the objects of Ebro Foods, S.A. and was part of the Ebro Group until January 2011. The non-member Secretary of the Board of Ebro Foods, Miguel Ángel Pérez Álvarez, is proprietary director of Biosearch, nominated by Ebro in its capacity as significant shareholder.

The transactions made from 1 January to 30 June 2012 between Biosearch, S.A. and different companies of the Ebro Foods Group are shown below, in thousand euro:

Name of related party	Ebro Foods investee with which the transaction was made	Type of transaction	H1 2012
EBRO FOODS, S.A. (Herba Ricemills, S.L.U.)	BIOSEARCH, S.A.	Leases (income)	13
EBRO FOODS, S.A.	BIOSEARCH, S.A.	Rendering of services	38
EBRO FOODS, S.A. (Herba Ricemills, S.L.U.)	BIOSEARCH, S.A.	Receipt of services	77
EBRO FOODS, S.A. (Herba Ricemills, S.L.U.)	BIOSEARCH, S.A.	Purchase of goods (finished or in progress)	68
EBRO FOODS, S.A. (Dosbio 2012, S.L.U.)	BIOSEARCH, S.A.	Leases (expense)	14

Ebro Foods also has a significant interest of 9.333% in Deoleo, S.A., recognised in the Ebro Group accounts as "Available-for-sale financial investment".

Antonio Hernández Callejas, Chairman of the Board of Ebro Foods, S.A., is also a proprietary director of Deoleo, nominated by Ebro in its capacity as significant shareholder.

The transactions made from 1 January to 30 June 2012 between Deoleo and different companies of the Ebro Foods Group are shown below, in thousand euro:

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Name of related party	Ebro Foods investee with which the transaction was made	Type of transaction	H1 2012
EBRO FOODS, S.A. (Herba Ricemills, S.L.U.)	DEOLEO, S.A.	Receipt of services	16
EBRO FOODS, S.A. (Lassie Netherland BV)	DEOLEO, S.A.	Receipt of services	78
EBRO FOODS, S.A. (Herba Ricemills, S.L.U.)	DEOLEO, S.A.	Rendering of services	19
EBRO FOODS, S.A. (Herba Ricemills, S.L.U.)	DEOLEO, S.A.	Rendering of services	4
EBRO FOODS, S.A. (Herba Ricemills, S.L.U.)	DEOLEO, S.A.	Purchase of goods (finished or in progress)	19
EBRO FOODS, S.A.	DEOLEO, S.A.	Rendering of services	53

Finally, the remunerations of directors and senior executives are summarised in the following table:

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DIRECTORS:		Amount (thousand euro)	
		PERIOD 30/06/2012	PERIOD 30/06/2011
Remuneration item:			
Fixed remuneration	2310	341	341
Variable remuneration	2311	457	340
Attendance fees	2312	209	202
Emoluments stipulated in articles of association	2313	1,283	1,283
Stock options and/or options over other financial instruments	2314	0	0
Others	2315	0	0
TOTAL	2320	2,290	2,166

Other benefits:

Advances	2326	-	-
Loans granted	2327	-	-
Pension Funds and Schemes: Contributions	2328	-	-
Pension Funds and Schemes: Obligations contracted	2329	-	-
Life assurance premiums	2330	-	-
Guarantees furnished by the company for directors	2331	-	-

EXECUTIVES:		Amount (thousand euro)	
		PERIOD 30/06/2012	PERIOD 30/06/2011
Total remuneration received by executives	2325	3,471	1,294

Note to item 2312: fees for attending board meetings in subsidiaries and associates are included in both periods.

Note to item 2325: executive remuneration in 2012 includes the termination benefits paid to two people who left the company as of 12/01/2012. Not all the directives of Ebro Foods taken into account are members of the top management.

23. FINANCIAL INSTRUMENTS

The Group is exposed to commodity market risks and passing price alterations on to its customers. It is also exposed to exchange rate fluctuations, especially of the dollar, and interest rate variations. These risks and their potential effect on the main indicators of the company's income statement, balance sheet and strategy are checked regularly. During the first six months of 2012 the dollar appreciated by 2.7% against the euro, which produced an increase in turnover and comparative year-on-year profit and a negative effect on debt. At the closing date of these Interim Financial Statements, the company considers it unlikely that there will be any significant change in the principal business variables affecting the remaining six months of this year.

The Group's principal financial instruments are bank loans, bank overdrafts, forward agreements, cash and short-term deposits. The Group also has other financial assets and liabilities, such as trade accounts receivable and payable.

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Derivatives are also contracted, mainly forward currency purchases and sales and in specific cases options over interest rates. The purpose of these derivatives is to hedge the foreign exchange and interest risks arising from the Group's transactions and its sources of financing. During the current period ended 30 June 2012 no significant variations were produced in respect of the contracting or evolution of the financial instruments recognised at 31 December 2011.

Foreign exchange risk

Other loans include two loans of a total of USD 338 million at 30 June 2012, designated as hedging of the net investments in subsidiaries in the United States and used to hedge the Group's exposure to foreign exchange risks in these investments. The exchange gains or losses produced on the translation of these loans to euro are recognised in equity to offset any gain or loss on the translation of the net investments in the subsidiaries.

Some Spanish companies in the Rice Segment (Herba, S&B Herba (UK), Euryza (Germany), Herba Bangkok and the Panzani sub-group) have futures and options over foreign currency to mitigate the exposure of their commercial transactions. These futures and options are not classified as hedging instruments. At 30 June 2012 had contracts open in the following notional amounts:

Currency (thous)	Notional
US \$	37,877
Euro	20,434
Pounds sterling	180

24. EVENTS AFTER THE REPORTING PERIOD

No significant events have occurred between 30 June 2012 and the date of authorisation of these interim condensed consolidated annual accounts.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Note 2). In the event of a discrepancy, the Spanish-language version prevails.