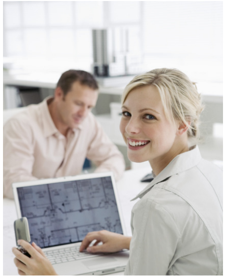
INDEX
ANNUAL FINANCIAL REPORT

01

02

03

04



INDEX
ANNUAL FINANCIAL REPORT

01

ANNUAL FINANCIAL REPORT

ANALYSIS OF FINANCIAL INFORMATION

Riding the storm

Growth of the world economy levelled off over the year as a result of the slowdown in Europe (with negative Q4 growth) and the emerging economies. This brought a downturn in European household consumption in the last four months of the year, which could have a particularly significant impact on earnings in 2012. The greatest risk in the USA is that the situation in Europe could produce knock-on effects in the US economy, which is not yet quite back on its feet.

Grain prices, especially wheat, hiked at the end of the previous year and continued rising during 2011, peaking in June and July then sliding gradually over the final four months of the year, as it became clear that the final stocks were still at reasonable levels, easing the pressure on alternative crops such as corn, which is used to produce biofuel in the United States.

Rice prices remained fairly stable throughout the year, following the upward pressure at the end of 2010. One of the significant events during the year was the lifting of export barriers in India, which put a large quantity of product on the market. In contrast, the new government emerging from the elections in Thailand guaranteed growers a higher-than-market price, thus excluding from the market what had, up to this year, been the largest rice exporter in the world, while placing in bonded warehouses quantities said to be of the order of 5.5 million tonnes of paddy rice.

Despite the backdrop of extremely volatile commodity prices, our **Net Profit in Continuing Operations** grew by 17.6%. The evolution of the CAGR over the past three years (+21.5%) bears witness to a healthy profit and loss account, with growth across the board.

The group's turnover was 6.8% up on 2010 thanks to the price rises made during the year to offset the soaring commodity prices. This price increase was often accompanied by promotions to stimulate consumption, which have softened the blow on turnover.

The generation of resources, **EBITDA**, grew by 2.1% year on year, with a CAGR of 6.5% for the period 2009-2011. The year-on-year growth would have been 5% stripping out the exchange rate effect.

The most significant financial highlights are set out below:

CONSOLIDATED FIGURES

(Thousands of Euros)	2009	2010	2010-2009	2011	2011-2010	*CAGR 2011-2009*
Net sales	1,746,586	1,688,957	*(3.3%)*	1,804,111	*6.8%*	*1.6%*
EBITDA	240,898	267,479	*11.0%*	273,106	*2.1%*	*6.5%*
% of net sales	*13.8%*	*15.8%*		*15.1%*		
EBIT	190,348	211,573	*11.2%*	224,022	*5.9%*	*8.5%*
% of net sales	*10.9%*	*12.5%*		*12.4%*		
Profit before tax	137,455	192,504	*40.0%*	222,393	*15.5%*	*27.2%*
% of net sales	*7.9%*	*11.4%*		*12.3%*		
Taxes	(34,762)	(63,532)	(82.8%)	(70,750)	*(11.4%)*	*(242.7%)*
% of net sales	*(2.0%)*	*(3.8%)*		*(3.9%)*		
Consolidated earnings (continuing operations)	102,693	128,972	*25.6%*	151,643	*17,6%*	*21.5%*
% of net sales	*5.9%*	*7.6%*		*8.4%*		
Net profit discontinued operations	70,116	259,970	*270.8%*		*(100.0%)*	*(100.0%)*
% of net sales	*4.0%*	*15.4%*				
Net profit	176,539	388,797	*120.2%*	151,542	*(61.0%)*	*(7.3%)*
% of net sales	*10.1%*	*23.0%*		*8.4%*		
Average current assets **(*)**	323,230	237,222	*26.6%*	252,916	*(6.6%)*	
Capital employed **(*)**	1,176,282	995,309	*15.4%*	1,007,686	*(1.2%)*	
ROCE **(1) (*)**	20.4	21.3		22.2		
Capex **(*)**	87,414	69,617	(20.4%)	66,596	*(4.3%)*	
Average headcount	4,489	4,850	8.0%	4,920	*1.4%*	
	12-31-09	**12-31-10**	**2010-2009**	**12-31-11**	**2011-2010**	
Equity	1,280,322	1,592,743	*24.4%*	1,587,298	*(0.3%)*	
Net debt **(*)**	556,800	17,600	*(96.8%)*	390,073	*2,116.3%*	
Average net debt **(*)**	716,725	378,336	*(47.2%)*	139,157	*(63.2%)*	
Leverage **(2)**	0.56	0.24		0.09		
Total assets	2,684,465	2,885,030		2,710,608		

(*) *In order for these parameters to remain consistent, the calculation includes the profit from discontinued operations and the associated assets and liabilities*
(1) *ROCE = (Profit (Loss) from operations AAR over last twelve months/(Intangible assets - Property, plant and equipment - Working capital)*
(2) *Ratio of average net financial debt and borrowing costs divided by equity (excluding non-controlling interests)*

The Group's profitability, measured by the EBITDA-Sales ratio, is over 15% despite the increase in turnover deriving from passing onto consumers the pressure on cereal prices and ROCE has risen to 22.2%. The return on capital employed is especially significant, as it has been produced in a situation of inflation of current assets due to the higher stock prices.

Our income from continuing operations improved thanks to the increased funds generated in operations and lower financial expenses, due to the smaller debt following the sale of non-core businesses in previous years.

Income from discontinued operations includes the net proceeds from the sale of businesses and the revenue from their operations up to the effective date of sale. The lion's share of this income corresponded to the sale of the dairy business in 2010 and the sale of the sugar business in 2009.

Major investments during the period

In September of this year we concluded the acquisition of the Deoleo (formerly SOS) rice division. This entailed purchasing the Deoleo rice businesses in Spain, USA, Saudi Arabia and the Netherlands, and the SOS brand worldwide. This deal complemented an earlier agreement signed in March for purchase of the Saludaes brand in Portugal. All these acquisitions were made for an overall price of €203.5 million.

In December, we signed an agreement with the US company Strom Products Ltd. to purchase its pasta business in the United States and Canada for 50 million US$. The agreement includes purchase of the brands No Yolks and Wacky Mac, which operate mainly in the healthy pastas segment. No Yolks is leader of the yolk-free noodles and high-fibre dry pasta segment in the United States and Canada.

The like-for-like CAPEX (stripping out investments in discontinued operations) for the last three years is as follows:

YEAR	Amount (Thousand of euros)
2009	78,658
2010	64,691
2011	66,596

The impact of the new rice plant in Memphis can be seen especially in the figure for 2009, although the investments in part of the machinery were completed during 2011. The largest investments made in 2011 were in the pasta Renovation Plan and the ready-to-serve rice plant annexed to the Memphis factory.

Financial strength

The Group's debt position at the end of the year is especially satisfactory.

NET DEBT (Thousands of Euros)	Consolidated 2009	2010	2010-2009	2011	2011-2010
Equity	1,280,322	1,592,743	*24.4%*	1,587,298	*(0.3%)*
Net debt	556,800	17,600	*(96.8%)*	390,073	*2116.3%*
Average net debt	716,725	378,336	*(47.2%)*	139,157	(63.2%)
Leverage	43.5%	1.1%	*(97.5%)*	24.6%	*2123.9%*
Leverage, average debt **(1)**	56.0%	23.,8%	*(57.6%)*	8.8%	*(63.1%)*
EBITDA	240,898	267,479	11.0%	273,106	*2.1%*
Hedge	2.31	0.07		1.43	

(1) *Ratio of average net financial debt and borrowing costs divided by equity (excluding non-controlling interests)*

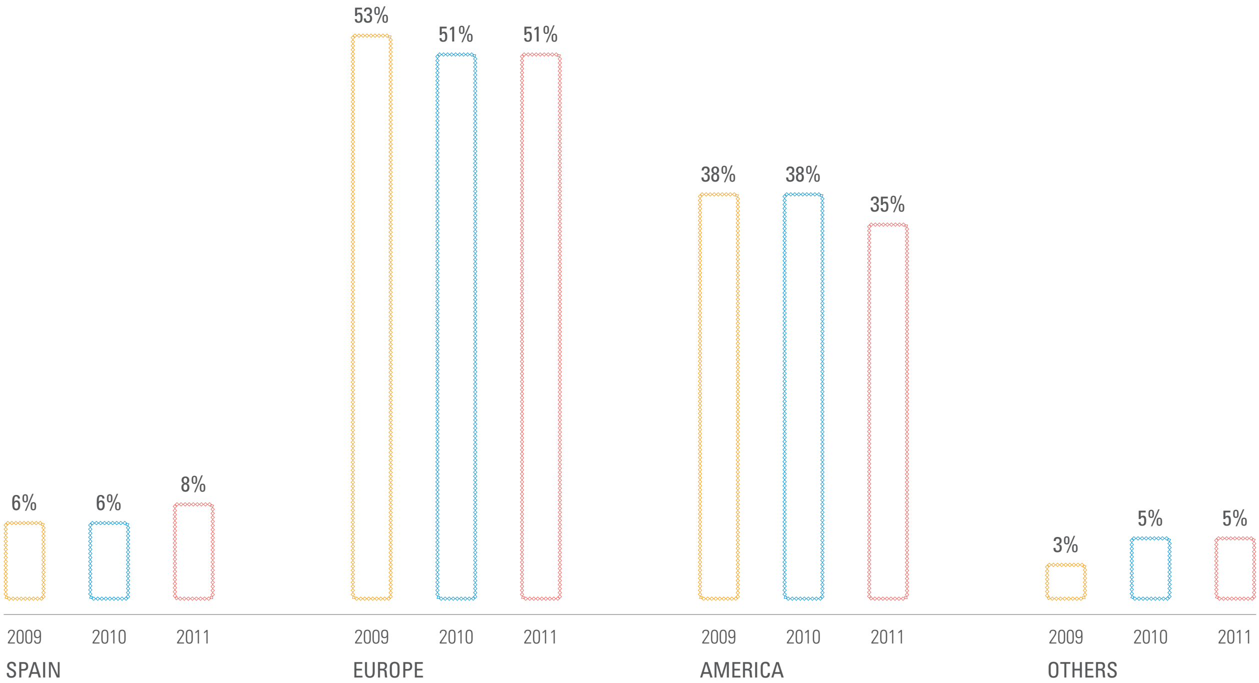
Even after making acquisitions for €240 million and paying our shareholders an extraordinary dividend, we still have a comfortable financial position enabling us to maintain a high rate of internal investment and continue scanning the market in search of opportunities that might complement the Group's strategy.

Fulfilment of the strategy

Our strategy is geared towards achieving leadership in the segments in which we operate. This commitment was behind the acquisitions we described in the preceding section. Moreover, we uphold the following key principles in our business operations:

- **Low risk exposure.** The structure of the Group gives us a geographically balanced source of income among developed countries that our management teams know well and where it is possible to share resources and develop synergies. Our growth strategy focuses on these aspects and a low financial leverage, which enables us to grow without exposure to financial storms. The breakdown of sales by geographical areas is shown below:

Geographical areas



The latest acquisitions made broaden the distribution area of our products, giving us a significant presence on the Netherlands and Middle East markets. We have achieved constant growth of recurring income in recent years, in spite of the instability on the basic commodity markets. Diversification of sources of supply was essential to achieve this, leading the Group to set up business in production areas and work constantly on adapting varieties and sources of grain to our customers' needs.

Differentiation and innovation. We believe in investing in the product from two points of view: strong innovation and development (R+D+I) together with commitment to leading brands in the respective business segment.

During the year we expanded the distribution of frozen rice products in the USA (Minute Steamers), introduced new ready-to-serve rice varieties, extended the range of frying pan rice dishes, launched a range of sauces for children, pasta in portions and a new range of pasta side dishes.

We do not only strive constantly to maintain innovation, but also endeavour to make this one of the most important activities in Ebro Foods. As a result, sales of ready-to-serve rice varieties now account for 21% of total sales of the Minute brand in the USA and maintain a steady growth rate of over 15% p.a., while growth in fresh products is based essentially on novelty products, such as gnocchi for preparation in the frying pan.

- **Growth and consolidation of synergies.** Ebro Foods is a Group specialising in food and strongly established in North America and Europe. We make incorporations according to selective criteria in areas where a strong integration of synergies is possible.

Through the acquisitions made this year we have achieved leadership on the Netherlands rice market and the Spanish medium grain market, while taking a foothold in the Middle East, a market with enormous potential, through the brand Abu Bint.

Internally, we have set about integrating our subsidiaries in Germany by concentrating the services at the Hamburg offices and shedding businesses with a low yield.

The like-for-like CAPEX (stripping out investments in discontinued operations) for the last three years is as follows:

YEAR	Amount (Thousand of euros)
2009	78,658
2010	64,691
2011	66,596

The impact of the new rice plant in Memphis can be seen especially in the figure for 2009, although the investments in part of the machinery were completed during 2011. The largest investments made in 2011 were in the pasta Renovation Plan and the ready-to-serve rice plant annexed to the Memphis factory.

Rice

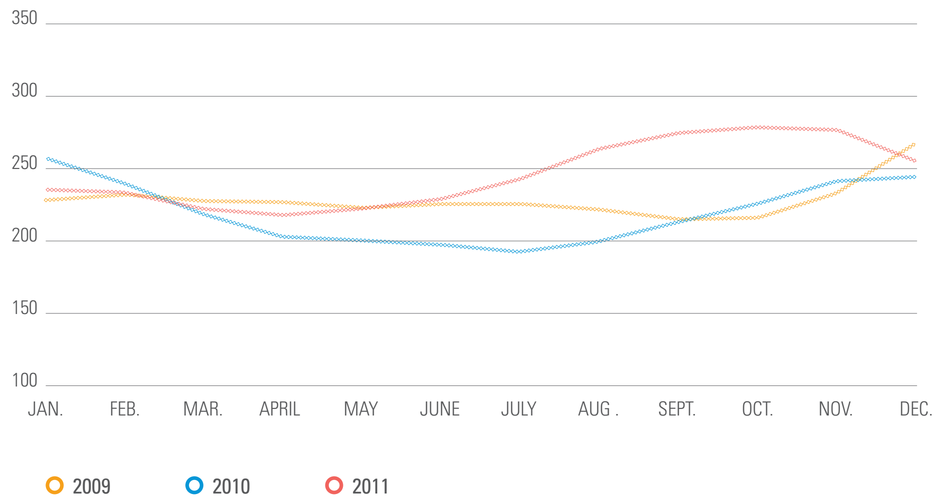
RICE BUSINESS

(Thousands of Euros)	2009	2010	2010-2009	2011	2011-2010	*CAGR 2011-2009*
Net sales	836,147	811,558	*(2.9%)*	920,752	*13.5%*	*4.9%*
EBITDA	118,561	123,263	*4.0%*	135,953	*10.3%*	*7.1%*
% of net sales	*14.2%*	*15.2%*		*14.8%*		
EBIT	97,575	99,019	*1.5%*	113,698	*14.8%*	*7.9%*
% of net sales	*11.7%*	*12.2%*		*12.3%*		
Average current assets	185,446	181,782	*2.0%*	231,686	*(27.5%)*	
Capital employed	495,768	506,347	*(2.1%)*	582,158	*(15.0%)*	
ROCE	19.7	19.6		18.8		
Capex	55,138	37,855	*(31.3%)*	26,950	*(28.8%)*	

As mentioned in the reflection on the general scenario, prices are rather stable on the whole during the year, this stability being interrupted only by the possibility of export constraints in Thailand, as the prices guaranteed by the government were way above current market prices. This caused some uncertainty for a few months, which spread to the neighbouring Vietnam and, finally, to the other exporting countries. But it did not last long, since as soon as the news came out that India was lifting its export restrictions (although exports were limited to Basmati varieties until after the summer by government order) and that they would not be subject to quotas, together with the generally good harvests in East Asian countries and the fact that the Thai authorities needed to place on the market the enormous quantities of rice they were storing, prices started to come down.

The 2010/11 campaign was somewhat shorter than the previous year in Europe and the United States, but sufficient to meet existing needs. In the USA, the output was smaller than in the previous crop year in long-grain varieties, but of a better quality, while the stock of medium-grain rice (Calrose and other varieties) was recovered by lowering its price.

Index of World Rice Prices (IPO)



INFORMATION ON THE CORE BUSINESSES

The turnover of this division increased with the contributions made by new businesses (€87 million) and the application of new contracts with adjusted prices, following the price rises at source at the end of the preceding year. In the United States (Riviana) we raised our prices selectively at the beginning of the year, although the impact on the year-on-year comparison of the division is insignificant owing to the exchange rate effect.

The market trend of recent years continued, with growth in ready-to-serve rice (with the odd exception in countries hard hit by the crisis, such as Portugal), brown and aromatic rice (the varieties change according to local preferences). Our sales follow outlines with sharp peaks in some special rice varieties and ground rice, produced by the La Rinconada R+D plant.

The division EBITDA was up 10% year on year. Stripping out the contribution by the new SOS businesses, growth was of the order of 6%, despite the adverse effect of the dollar exchange rate, estimated at €4 million. The largest contribution to growth of the previously existing business was produced in the European operations (Herba), since Riviana, whose contribution rose by $2 million, was dragged down by a smaller yield than expected in its instant rice production line and the delays in mechanisation of the packaging and palletizing lines at the Memphis plant, calculated at $10 million. In the final four months of the year, with a new, higher quality harvest and after passing the experience curve, the plant's productivity is now at the desired levels.

The increases in working capital following the price rises at the end of 2010, the need to cover a larger market due to the new acquisitions and the desire to avoid any friction in the incorporation of the new businesses into our structure (the ARI systems and teams were fully integrated at the beginning of 2012) caused an increase in our current assets and dented the division ROCE, which fell to 18.8% after two years at record levels.

The main investments undertaken in this division correspond to the latest equipment installed at the Memphis plant ($8 million) and the adjacent ready-to-serve rice plant ($10 million), which was started up in December 2011.

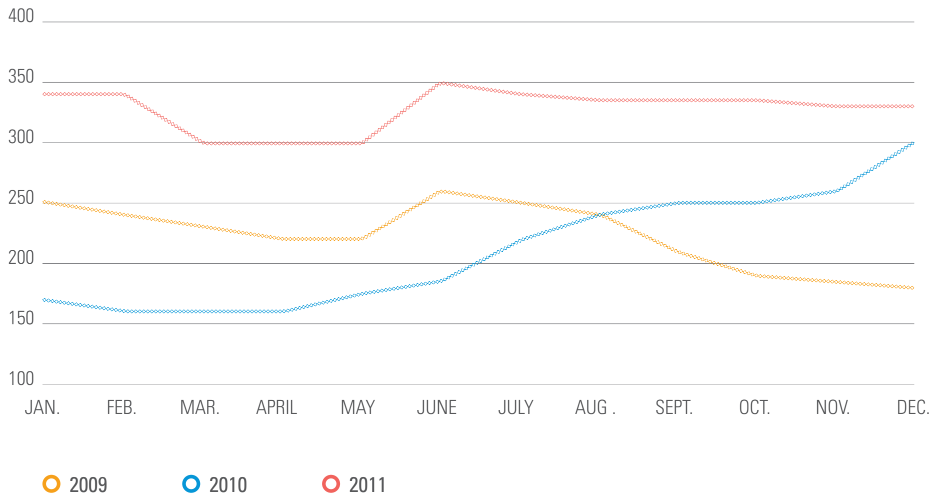
Pasta

PASTA BUSINESS

(Miles de euros)	2009	2010	2010-2009	2011	2011-2010	CAGR 2011-2009
Net sales	928,077	916,101	*(1.3%)*	928,297	*1.3%*	*0.0%*
EBITDA	137,057	160,484	*17.1%*	144,457	*(10.0%)*	*2.7%*
% of net sales	*14.8%*	*17.5%*		*15.6%*		
EBIT	108,831	133,741	*22.9%*	119,064	*(11.0%)*	*4.6%*
% of net sales	*11.7%*	*14.6%*		*12.8%*		
Average current assets	91,292	60,427	*33.8%*	69,173	*(14.5%)*	
Capital employed	469,915	442,061	*5.9%*	456,917	*(3.4%)*	
ROCE	23.2	30.3		26.1		
Capex	18,359	32,652	*77.9%*	38,095	*16.7%*	

The past year has been particularly unsettled. The wheat price hikes at the end of 2010 were consolidated and even exceeded in mid-2011 as news reached the markets of excessive rainfall, flooding and reduced sowing area. Moreover, an unusual situation occurred when wheat prices started to slide in the wake of other grains; the durum wheat market being very tight, the spread between the price of this variety and those of other types of wheat widened to 177 €/thousand tonnes, something which had not happened since early 2008, at the height of the commodity crisis.

Durum Wheat Prices EUR/TON



Our reaction was to announce price rises, which were made over the year. We raised our prices three times in the USA totalling 22 $c on a one pound packet of pasta and 16 €c/kg in Europe. These price rises naturally required enormous efforts negotiating with distributors, with a positive outcome on the whole, but forced us to make numerous promotions to stimulate consumption, already weakened by the general economic situation.

There was a slight upturn in turnover, despite the price rise, achieved by pulling out of certain unprofitable operations in the United States (private label) and Germany (where a thorough restructuring was carried out) and as a result of the adverse effect of the exchange rate on sales in dollars.

The contribution to earnings by this division fell in 2011 owing to market circumstances. The impact was uneven, since Panzani improved its earnings, volume of sales and turnover with record levels in dry and fresh pastas, while in the USA, NWP had to withstand a very aggressive strategy by rivals, cutting deeply into its margins, which it fought with extra promotions and letting volume go in less strategic products and channels.

Finally, the greatest difficulties were encountered in Germany, with a highly competitive price scenario in which the main rivals increased their promotions by 50%. As a result, the pasta market receded 2.8% in value from October 2010 to October 2011, in spite of the higher raw material prices. This situation, with the consequent difficulty of passing on any price rises and the squeeze on margins, forced us to entirely streamline our business, focusing on the most profitable brands (Birkel and 3 Gloken).

The division EBITDA fell 10% to €144.5 million, €147 million stripping out the exchange rate effect. The ROCE slid to 26.1%.

The CAPEX grew as a result of the three-year investment plan in the division. The greatest investments were in a new short pasta line installed at the Saint Louis plant at a cost of $7 million, an investment of €4 million to renovate the dry pasta installations, €3.5 million in the start-up of a new ERP and €2.5 million in the extension of the fresh product storage facilities.

02

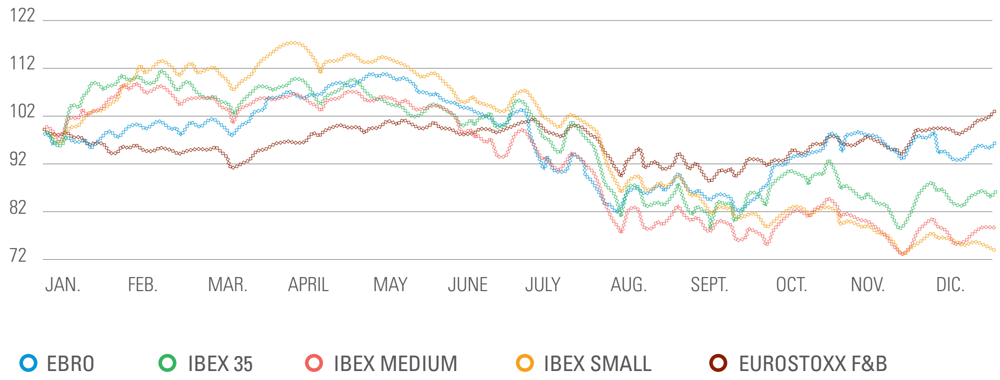
ANNUAL FINANCIAL REPORT

STOCK MARKET INFORMATION

Stock Market Information 2011

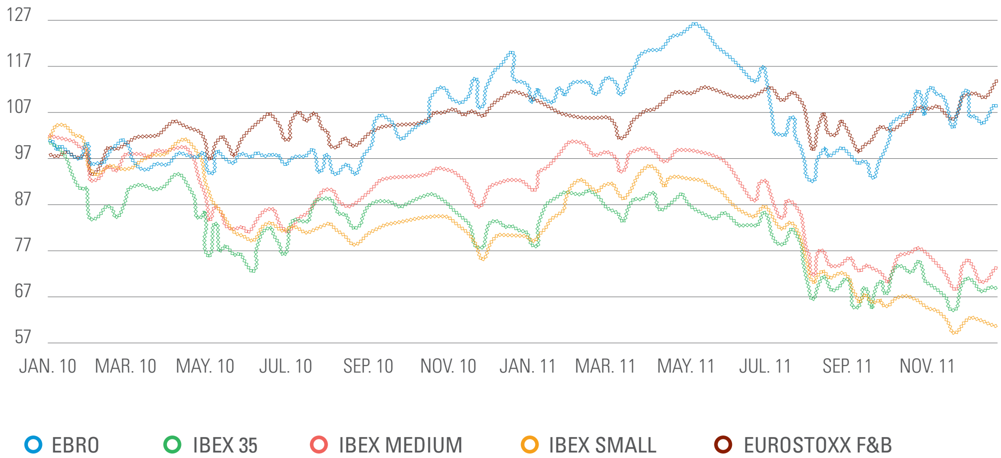
During 2011, the value of the Ebro Foods share (EBRO) fell 2.7%. In the same period, Ibex 35 dropped 13.46%, Ibex Med 21.3%, Ibex Small 25.9% and Eurostoxx Food and Beverage, benchmark for European food sector shares, rose 3.9%. We could say, therefore, that Ebro had a very stable stock market performance in comparison with its benchmark indexes.

EBRO vs Indexes in 2011



Analysing the performance over the past two years, Ibex 35 fell 29.46%, Ibex Med by 26.71% and Ibex Small dropped 39.70%, while the European food sector index Eurostoxx Food and Beverage rose by 15.8% and EBRO by 10%.

EBRO vs Indexes 2009-2011



The average price of the share in 2011 was 14.28 euro and the market capitalisation at 30 December 2011 was €2,161 million, having closed that day at 14.20 euro per share.

During 2011 the EBRO share turnover was 1.05 times the total number of shares in the company. The average daily volume of trading during the year was 633,807 shares.

According to the information filed with the National Securities Market Commission (CNMV), 52% of the shares are free float and the remainder are held by shareholders who are represented on the Board.

Activity of the Investor Relations Department

During 2011 the Group's Investor Relations Department held one-on-one meetings with 565 agents, visiting 22 cities on 50 trips. This is 7% less than in 2010, but 12% more than in 2009. 19% were Spanish agents and 81% foreign. Among the foreign agents, 24% of the meetings were with agents in the UK, 15% with French agents and 12% with Americans. We have also received 43 agents at our offices, 19% of the meetings being attended by management.

We participated in 33 road shows during the year and 13 seminars/conferences, 22% of which were attended by the Group management.

CITIES	Trips	Days
Barcelona	2	2
Bilbao	1	1
Boston	2	2
Brussels	1	1
Chicago	2	2
Copenhagen	1	2
Dublin	1	1
Edinburgh	2	3
Frankfurt	3	3
Geneva	2	2
Lisbon	3	3
London	11	12
Milan	4	4
Montreal	1	1
New York	3	5
Paris	4	5
Stockholm	1	1
Toronto	1	1
Vancouver	1	1
Vienna	1	1
Zaragoza	1	1
Zurich	2	2
Total	50	56

The Investor Relations team was also present at the conferences organised by: SCH Iberian Conference Madrid, CAGE Annual Conference London, Cheuvreux Pan European Forum London, UBS Pan European Small & Midcap Conference London, ESN European Mid & Small Cap Conference London, Foro Medcap Madrid, European Midcap Forum New York, Merrill Pan European Small & Mid Cap Conference London, BBVA Iberian Day London, BPI Iberian Conference Cascais, Banesto Small Mid Caps Madrid, Exane Midcap Forum London and ESN European Conference London.

EBRO Coverage

Once again, analysts rated our company highly: at 31 December 2011, 70% of the recommendations issued on EBRO were "buy" and 30% "hold".

At present EBRO is covered by the following analysts:

Ahorro Corporación	Caja Madrid
Banesto Bolsa	Cheuvreux
Banco Sabadell	Exane BNP Paribas
Banco Espirito Santo	Fidentiis
BBVA	Intermoney
BPI	JB Capital Markets, S. V.
Kepler Capital Markets	Nmás1
La Caixa	Santander Investment
Link Securities	UBS
Mirabaud	

At year-end 2011, the average valuation by analysts gave EBRO a target price of 16.8 €/share, 16.9% higher than our market price on that date.

EBRO Dividend

An ordinary dividend of €64 million (0.416 euro per share) was distributed in 2011 against the 2010 profits, in four quarterly payments made in April, July, October and December.

After the sale of the dairy business, the last two extraordinary dividend payments announced in 2010 were made, in a sum of €46.15 million (0.30 euro per share), in April and July.

Moreover, in view of the company's healthy cash situation, Ebro announced the payment of an interim dividend of €23.08 million (0.15 euro per share), payable in October and December.

In total, Ebro paid out €133.2 million in dividends in 2011, equivalent to a 6.16% total shareholder return.

For this year, the Ebro Foods board unanimously resolved on 21 December 2011 to propose at the forthcoming Annual General Meeting a dividend of 0.45 dividend per share against the 2011 earnings, to be distributed over January, May and September in payments of 0.15 euro per share. This will be an 8% increase in the ordinary dividend for 2011.

The board has also passed a motion, in 2012, to propose at the forthcoming AGM an extraordinary scrip dividend payable on 11 December 2012. This extraordinary scrip dividend will consist of the delivery of shares from the treasury stock representing up to 1% of the capital, equivalent to 1,538,653 shares, at a rate of 1 share for every 99 held, and an associated dividend for payment on account for shareholders subject to withholding under current tax laws, or the equivalent in cash in other cases. The payment of this dividend will mean an additional return for our shareholders of around €27 million.

03

ANNUAL FINANCIAL REPORT

AUDITORS' REPORT ON SEPARATE ANNUAL ACCOUNTS

Deloitte.

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
España

Tel.: +34 915 14 50 00
Fax: +34 915 14 51 80
www.deloitte.es

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of:
Ebro Foods, S.A.

We have audited the financial statements of Ebro Foods, S.A., which comprise the balance sheet at 31 December 2011 and the related income statement, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended. The directors are responsible for the preparation of the Company's financial statements in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2 to the accompanying financial statements) and, in particular, with the accounting principles and rules contained therein. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

In our opinion, the accompanying financial statements for 2011 present fairly, in all material respects, the equity and financial position of Ebro Foods, S.A. at 31 December 2011, and the results of its operations and its cash flows for the year then ended, in conformity with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

Without qualifying our audit opinion, it should be noted that, as required by Spanish corporate law, the Company's directors prepared separately the consolidated financial statements for the year ended 31 December 2011 of the Group of companies of which Ebro Foods, S.A. is the parent, in accordance with International Financial Reporting Standards as adopted by the European Union. On this same date we have issued our auditors' report on the aforementioned consolidated financial statements, in which we expressed an unqualified opinion. The Group's main consolidated aggregates are disclosed in Note 1 to the accompanying financial statements.

The accompanying directors' report for 2011 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2011. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Company's accounting records.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Miguel Fiandor Román
2 April 2012

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

04

ANNUAL FINANCIAL REPORT

INDIVIDUAL ANNUAL ACCOUNTS

INDIVIDUAL DIRECTORS' REPORT

ANNUAL CORPORATE GOVERNANCE REPORT

Ebro Foods, S.A. (formerly Ebro Puleva, S.A.)
Financial statements and directors' report
for the year ended 31 december 2011
prepared in accordance with International Financial
Reporting Standards as adopted by the European Union.

INDIVIDUAL ANNUAL ACCOUNTS

EBRO FOODS, S.A.

Balance sheets at 31 december 2011 and 2010

ASSETS (Thousands of euros)	Notes	12-31-2011	12-31-2010
a) Non-current assets		**1,501,049**	**1,296,565**
I. Intangible assets	5	**12,899**	**1,694**
3. Patents, licences, trademarks and similar items		11,456	25
5. Computer software		1,443	1,669
II. Property, plant and equipment	6	**2,727**	**3,214**
1. Land and buildings		549	549
2. Plant and other items of property, plant and equipment		2,178	2,665
III. Investment property	7	**11,973**	**12,031**
1. Land		7,276	7,276
2. Buildings		4,697	4,755
IV. Non-current investments in Group companies and associates	8	**1,410,380**	**1,157,595**
1. Equity instruments		1,275,373	1,150,248
2. Loans to companies	8, 9 & 17	135,007	7,347
V. Non-current financial assets	9	**48,125**	**106,402**
1. Equity instruments		45,428	99,331
2. Loans to third parties		2,550	6,924
5. Other financial assets		147	147
VI. Deferred tax assets	15	**14,945**	**15,629**
b) Current assets		**67,412**	**459,364**
I. Non-current assets classified as held for sale	8	**0**	**0**
III. Trade and other receivables	9 & 10	**14,664**	**7,906**
1. Trade receivables for sales and services		926	439
2. Receivable from Group companies and associates	17	8,238	6,397
3. Sundry accounts receivable		0	1
4. Employee receivables		127	79
5. Current tax assets	15	2,303	177
6. Other accounts receivable from public authorities	15	3,070	813
IV. Current investments in Group companies and associates		**15,036**	**0**
2. Loans to companiess	9 & 17	15,036	0
V. Current financial assets	9	**2,400**	**13,729**
2. Loans to third parties		2,400	13,729
VI. Current prepayments and accrued income		**47**	**27**
VII. Cash and cash equivalents	11	**35,265**	**437,702**
1. Cash		12,214	120,318
Cash equivalents		23,051	317,384
Total assets		**1,568,461**	**1,755,929**

The accompanying Notes 1 to 21 are an integral part of the balance sheet at 31 December 2011.

EBRO FOODS, S.A.
Balance sheets at 31 december 2011 and 2010

EQUITY AND LIABILITIES (Thousands of euros)	Notes	12-31-2011	12-31-2010
a) Equity		**1,063,557**	**1,084,030**
a.1) Shareholders' equity	12	**1,070,411**	**1,047,928**
I. Share capital		**92,319**	**92,319**
1. Registered share capital		92,319	92,319
II. Share premium		**5**	**5**
III. Reserves		**893,916**	**591,444**
1. Legal and bylaw reserves		18,464	18,464
2. Other reserves		875,452	572,980
IV. Treasury shares		**(46,303)**	**0**
VII. Profit for the year		**153,554**	**364,160**
VIII. Interim dividend		**(23,080)**	**0**
a.2) Valuation adjustments		**(6,854)**	**36,102**
a.3) Grants, donations and legacies received		**0**	**0**
b) Non-current liabilities		**433,683**	**561,231**
I. Long-term provisions	14	**38,621**	**74,915**
1. Provisions for long-term employee benefit obligations		1,252	854
4. Other provisions		37,369	74,061
II. Non-current payables	9	**231,984**	**279,545**
2. Bank borrowings	13	231,957	279,518
5. Other financial liabilities		27	27
III. Non-current payables to Group companies and associates	17	**130,938**	**157,585**
IV. Deferred tax liabilities	15	**32,140**	**49,186**
c) CURRENT LIABILITIES		**71,221**	**110,668**
I. Liabilities associated with non-current assets classified as held for sale	8	**0**	**0**
III. Current payables:	9	**59,398**	**86,510**
2. Bank borrowings	13	58,022	39,674
5. Other financial liabilities		1,376	46,836
IV. Current payables to Group companies and associates	17	**312**	**10,428**
V. Trade and other payables:	9	**11,511**	**13,730**
1. Payable to suppliers		771	3,394
2. Payable to suppliers - Group companies and associates	17	177	654
4. Remuneration payable		5,242	2,718
5. Current tax liabilities	15	0	903
6. Other accounts payable to public authorities	15	5,321	6,061
Total equity and liabilities		**1,568,461**	**1,755,929**

The accompanying Notes 1 to 21 are an integral part of the balance sheet at 31 December 2011.

EBRO FOODS, S.A.

Income statements for the years ended 31 december 2011 and 2010

(Thousands of euros)	Notes	12-31-2011	12-31-2010
Continuing operations			
Revenue		**156,728**	**16,777**
Services		4,631	4,497
Dividends from Group companies	8 & 17	150,275	11,962
Finance income from Group companies	17	1,822	318
Other operating income		**5,606**	**2,991**
Non-core and other current operating income		5,606	2,991
Staff costs		**(12,769)**	**(11,628)**
Wages, salaries and similar expenses		(9,013)	(9,989)
Employee benefit costs		(1,045)	(933)
Termination benefits		(2,273)	0
Provisions		(438)	(706)
Other operating expenses		**(9,330)**	**(12,751)**
Outside services		(8,503)	(9,369)
Taxes other than income tax		(827)	(1,027)
Other current operating expenses		0	(2,355)
Depreciation and amortisation charge	5, 6 & 7	**(1,182)**	**(709)**
Impairment and gains or losses on disposals of non-current assets		**284**	**171,882**
Impairment and other losses		0	(3,824)
Gains or losses on disposals and other	5 & 7	284	175,706
Profit from operations		**139,337**	**166,562**
Finance income		**8,454**	**5,642**
From marketable securities and other financial instruments:			
Third parties		8,454	5,642
Finance costs		**(7,805)**	**(9,659)**
On debts to Group companies and associates	17	(2,139)	(1,321)
On debts to third parties		(4,125)	(6,747)
Interest cost relating to provisions	14	(1,541)	(1,591)
Exchange differences	9	**848**	**(2,778)**
Impairment and gains or losses on disposals of financial instruments		**2,798**	**309,128**
Impairment and other losses	8	(14,348)	(15,893)
Gains or losses on disposals and other	8	17,146	325,021
Financial profit		**4,295**	**302,333**
Profit before tax		**143,632**	**468,895**
Income tax	15	9,922	(104,735)
Profit for the year from continuing operations		**153,554**	**364,160**
Discontinued operations			
Profit/Loss for the year from discontinued operations net of tax		0	0
Profit for the year		**153,554**	**364,160**

The accompanying Notes 1 to 21 are an integral part of the income statement for the year ended 31 December 2011.

EBRO FOODS, S.A.

Statements of recognised income and expense for the years ended 31 december 2011 and 2010

(Thousands of euros)	Notes	12-31-2011	12-31-2010
a) Profit per income statement		153,554	364,160
Income and expense recognised directly in equity			
I. Arising from revaluation of financial instruments.			
1. Available-for-sale financial assets.	9	(61,366)	51,574
2. Other income/expenses.			
II. Arising from cash flow hedges.			
III. Grants, donations and legacies received.			
IV. Arising from actuarial gains and losses and other adjustments.			
V. Tax effect.		18,410	(15,472)
b) Total income and expense recognised directly in equity		(42,956)	36,102
Transfers to profit or loss			
VI. Arising from revaluation of financial instruments.			
1. Available-for-sale financial assets.			
2. Other income/expenses.			
VII. Arising from cash flow hedges.			
VIII. Grants, donations and legacies received.			
IX. Tax effect.			
c) Total transfers to profit and loss		0	0
Total recognised income and expense (a + b + c)		110,598	400,262

The accompanying Notes 1 to 21 are an integral part of this statement of recognised income and expense for the year ended 31 December 2011.

EBRO FOODS, S.A.
Statements of changes in total equity for the years ended 31 december 2011 and 2010

(Thousands of euros)

	Share capital	Share premium	Reserves	Treasury shares	Prior years' profits/ losses	Profit (Loss) for the year	Interim dividend	Other equity instruments	Valuation adjustments	Grants, donations and legacies received	Total
Beginning balance at 12-31-09	92,319	5	578,832	(7,727)	0	164,145	0	0	0	0	827,574
I. Adjustments due to changes in policies											0
II. Adjustments due to errors											0
Adjusted balance at 01-01-10	92,319	5	578,832	(7,727)	0	164,145	0	0	0	0	827,574
I. Total recognised income and expense.						364,160			36,102		400,262
II. Transactions with shareholders or owners:	0	0	12,612	7,727	0	(164,145)		0	0	0	(143,806)
Dividends paid.			10,411			(164,145)					(153,734)
Treasury share transactions (net).			2,201	7,727							9,928
Other transactions with shareholders.											0
III. Other changes in equity.											0
Ending balance at 12-31-10	92,319	5	591,444	0	0	364,160	0	0	36,102	0	1,084,030
I. Adjustments due to changes in policies											0
II. Adjustments due to errors											0
Adjusted balance at 01-01-11	92,319	5	591,444	0	0	364,160	0	0	36,102	0	1,084,030
I. Total recognised income and expense.						153,554			(42,956)		110,598
II. Transactions with shareholders or owners:	0	0	302,472	(46,303)	0	(364,160)	(23,080)	0	0	0	(131,071)
Dividends paid.			301,705			(364,160)	(23,080)				(85,535)
Treasury share transactions (net).			767	(46,303)							(45,536)
Other transactions with shareholders.											0
III. Other changes in equity.											0
ENDING BALANCE AT 12-31-11	92,319	5	893,916	(46,303)	0	153,554	(23,080)	0	(6,854)	0	1,063,557

The accompanying Notes 1 to 21 are an integral part of this statement of changes in total equity for the year ended 31 December 2011.

EBRO FOODS, S.A.

Statements of cash flows for the years ended 31 december 2011 and 2010

(Thousands of euros)	Notas	12-31-2011	12-31-2010
Cash flows from operating activities		**51,117**	**(83,624)**
1. Profit for the year before tax		**143,632**	**468,895**
2. Adjustments for:		**(157,589)**	**(485,284)**
a) Depreciation and amortisation charge	5,6 & 7	1,182	709
b) Impairment losses (+/–)	8	14,348	19,717
c) Changes in provisions (+/–) (+)	14	438	502
e) Losses on derecognition and disposal of non–current assets (+/–)	7	(284)	(175,706)
f) Losses on derecognition and disposal of financial instruments (+/–)	8	(17,146)	(325,021)
g) Finance income (–)		(10,276)	(5,960)
h) Finance costs (+)		7,805	9,659
i) Exchange differences (+/–)	9,1	(848)	2,778
k) Other income and expenses (–/+)		(152,808)	(11,962)
3. Changes in working capital		**(3,906)**	**(3,449)**
b) Trade and other receivables (+/–)		(4,739)	179
d) Trade and other payables (+/–)		435	(330)
f) Other non-current assets and liabilities (+/–)		398	(3,298)
4. Other cash flows from operating activities		**68,980**	**(63,786)**
a) Interest paid (–)		(3,317)	(6,989)
b) Dividends received (+)		50,274	11,241
c) Interest received (+)		11,934	4,598
d) Income tax recovered (paid) (+/–)		10,089	(72,636)
Cash flows from investing activities		**(147,399)**	**663,466**
6. Payments due to investment (–)		**(154,313)**	**(50,637)**
a) Group companies and associates		(141,391)	(2)
b) Intangible assets		(12,782)	(1,288)
c) Property, plant and equipment	6	(140)	(941)
d) Investment property	7	0	(650)
e) Other financial assets		0	(47,756)
7. Proceeds from disposal (+)		**6,914**	**714,103**
a) Group companies and associates		4,363	529,275
b) Intangible assets		0	181,111
c) Property, plant and equipment		2,551	1,089
d) Investment property		0	2,628
Cash flows from financing activities		**(306,155)**	**(169,196)**
9. Proceeds and payments relating to equity instruments		**(45,537)**	**9,928**
c) Purchase of treasury shares (–)		(55,928)	0
d) Disposal of treasury shares (+)		10,391	9,928
10. Proceeds and payments relating to financial liability instruments		**(128,923)**	**(73,814)**
a) Issue of		**8,289**	**137,558**
2. Bank borrowings (+)		0	12,037
3. Borrowings from Group companies and associates (+)		8,289	125,521
b) Repayment of		**(137,212)**	**(211,372)**
2. Bank borrowings (–)		(28,464)	(215,799)
3. Borrowings from Group companies and associates (–)		(108,748)	4,427
11. Dividends and returns on other equity instruments paid		**(131,695)**	**(105,310)**
a) Dividends (–)		(131,695)	(105,310)
Effect of foreign exchange rate changes		**0**	**(69)**
Net increase/decrease in cash and cash equivalents		**(402,437)**	**410,577**
Cash and cash equivalents at beginning of year		**437,702**	**27,125**
Cash and cash equivalents at end of year		**35,265**	**437,702**

The accompanying Notes 1 to 21 are an integral part of the statement of cash flows for the year ended 31 December 2011.

1. Company activities

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

The Company's current registered office is in Madrid (28046), at Paseo de la Castellana, 20. The Company's object is to perform the following business activities in Spanish and foreign markets:

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

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

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

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

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

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

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

Ebro Foods, S.A. is the head of the consolidated Group consisting of it, as the parent, and the subsidiaries and associates with which it presented separately consolidated financial statements for 2011, authorised for issue by the directors of Ebro Foods, S.A. on 28 March 2012. The consolidated financial statements for 2010 were approved by the shareholders at the Annual General Meeting of Ebro Foods, S.A. on 15 June 2011 and were filed at the Madrid Mercantile Registry.

This should be taken into consideration when assessing the purely circumstantial working capital position at the end of each year in the separate financial statements of Ebro Foods, S.A., which, as the head of the Group, has other financing options available to it, through the application of the dividend policy, for example.

The main aggregates in the consolidated financial statements for 2011 and 2010, prepared in accordance with Final Provision Eleven of Law 62/2003, of 30 December, applying International Financial Reporting Standards as approved by the Regulations of the European Commission, are as follows:

(Thousands of euros)	AT 12-31-2010		AT 12-31-2011	
Total assets		**2,885,030**		**2,710,608**
Equity:		**1,607,446**		**1,588,460**
Of the Parent	1,592,743		1,587,298	
Of non-controlling interests	14,703		1,162	
Income		**1,702,023**		**1,804,111**
Profit for the year:		**388,942**		**151,643**
Of the Parent	388,797		151,542	
Of non-controlling interests	145		101	

2. Basis of presentation of the financial statements

The figures included in the financial statements are expressed in thousands of euros, unless otherwise indicated.

Regulatory financial reporting framework applicable to the Company

These financial statements were formally prepared by the directors in accordance with the regulatory financial reporting framework applicable to the Company, which consists of:

a) The Spanish Commercial Code and all other Spanish corporate law.
b) The Spanish National Chart of Accounts approved by Royal Decree 1514/2007 and its industry adaptations.
c) The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish National Chart of Accounts and the relevant secondary legislation.
d) All other applicable Spanish accounting legislation.

Fair presentation

The accompanying financial statements, which were obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows for 2011.

These financial statements, which were formally prepared by the Company's directors, will be submitted for approval by the shareholders at the Annual General Meeting, and it is considered that they will be approved without any changes. The financial statements for 2010 were approved by the shareholders at the Annual General Meeting held on 15 June 2011.

Comparative information

The information relating to 2010 included in these notes to the financial statements is presented for comparison purposes with that relating to 2011.

Key issues in relation to the measurement and estimation of uncertainty

In preparing the Company's financial statements, the directors made estimates based on historical experience and other factors that they considered reasonable in view of current circumstances, which constitute the basis for establishing the carrying amount of assets and liabilities that cannot be easily identified using other sources. The Company reviews its estimates on an on-going basis. However, in view of the uncertainty of these sources, there is a significant risk that material adjustments might have to be made in the future to the carrying amount of the assets and liabilities affected if there is a significant change in the assumptions, events or circumstances upon which they are based.

The key assumptions regarding the future and other relevant data relating to the estimation of uncertainty at the end of the reporting period that entail a significant risk because they represent significant changes in the value of the assets and liabilities in the coming year are as follows:

- **Taxation**

  Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations period has expired from the date the corresponding tax returns have been filed. The directors consider that there are no contingencies that might result in additional material liabilities for the Company as a result of the completion of the tax audit currently in progress (see Note 15).

- **Impairment of non-financial assets**

  The Company analyses once a year whether there are indications of impairment of non-financial assets. Intangible assets with an indefinite useful life are tested for impairment at least once a year. The other non-financial assets are tested for impairment whenever there are indications of impairment (see Notes 5, 6 and 7), and they are depreciated/amortised based on their estimated useful life.

- **Deferred tax assets**

  Deferred tax assets are recognised on the basis of the future estimates made by the Company in relation to the probability that it will have taxable profits in the future (see Note 15).

Provisions

The Company recognises provisions for contingencies in accordance with the accounting policy indicated in Note 4-n to these financial statements. The Company made judgments and estimates as to the probability that these contingencies will become liabilities and the amount thereof, recognising a provision whenever the risk was considered probable, estimating the cost that gave rise to the related obligation (see Note 14). Although these estimates were made on the basis of the best information available at 2011 year-end, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

Corporate transactions performed in 2011 affecting the basis of presentation

In 2011 no corporate transactions took place that affected presentation comparability with prior years. However, the detail of prior years' corporate transactions for which information must be included in the financial statements of subsequent years is as follows:

a) Merger by absorption of Productos La Fallera, S.A.:
See financial statements for 2003

b) Dissolution of Azucarera Ebro Agrícolas Gestión de Patrimonio, S.L. (GDP) with the transfer of all its assets and liabilities to Ebro Foods, S.A.:
See financial statements for 2003

3. Distribution of profit

(Thousands of euros)	Amount
Basis of distribution	
Unrestricted reserves	872,283
Profit for the year	153,554
2011 interim dividend paid in 2011	(23,080)
	1,002,757

The profit distribution proposal prepared by the directors of Ebro Foods, S.A. at the Board of Directors Meeting of 28 March 2012, which has not yet been approved by the shareholders at the Annual General Meeting, is as follows:

The consolidated profit of the Ebro Foods Group for 2011 makes it possible to propose, as in prior years, the distribution of an ordinary dividend payable in cash with a charge to unrestricted reserves of EUR 0.60 per share for a total amount of EUR 92,309 thousand, of which EUR 0.15 per share was paid in an interim dividend in 2011 and EUR 0.15 per share in January 2012. Accordingly, the remaining amount of EUR 0.30 per share will be settled in two payments of EUR 0.15 each on 11 May 2010 and 11 September 2012.

Interim dividend

On 15 June 2011, the Board of Directors approved the payment of an interim dividend out of 2012 profit, of EUR 0.15 per share and for a total amount of EUR 23,080 thousand.

This dividend was approved on the basis of the provisional financial statements at 30 April 2011, which were available at 15 June 2011, and after verifying that the requisite appropriations to the legal and bylaw reserves had been made. The liquidity statement prepared by the Company's directors, verifying the existence of sufficient liquidity, is as follows:

(Thousands of euros)	30-04-2011
Liquidity	
Current assets	406,952
Current liabilities	(97,712)
Net working capital	**309,240**
Per financial statements	
Share capital	92,319
Net profit: 1 January to 30 April 2011	37,435
Shareholders' equity	**1,085,363**

The interim dividend distributed did not exceed the profit obtained since the end of the previous year, net of prior years' losses, the amounts that must be appropriated to legal and bylaw reserves and the estimated income tax payable on such profit, as shown in the accounting position, per the liquidity statement at 30 April 2011.

Limitations on the distribution of dividends

The Company must transfer 10% of net profit for each year to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. Otherwise, until the legal reserve exceeds 20% of share capital, it cannot be distributed to shareholders (see Note 12-c).

Once the appropriations provided for by law or by the bylaws have been covered, dividends may only be distributed out of the profit for the year or unrestricted reserves if the value of the equity is not already, or as a result of the distribution, lower than that of the share capital. For this purpose, the profit recognised directly in equity may not be directly or indirectly distributed. If prior years' losses existed that reduced the value of the Company's equity to below that of the share capital, the profit would have to be used to offset those losses.

4. Accounting polices

a) Intangible assets

Intangible assets are initially recognised at acquisition or production cost. The cost of intangible assets acquired through business combinations is its fair value at the date of acquisition.

Following initial recognition, intangible assets are measured at cost, less any accumulated amortisation and, where applicable, any accumulated impairment losses recognised.

Each intangible asset is analysed to determine whether the useful life is finite or indefinite.

Intangible assets with a finite useful life are amortised systematically based on the estimated useful life of the assets and their residual value. The amortisation methods and periods are reviewed at the end of each year and, where appropriate, they are adjusted prospectively. Intangible assets are assessed for indications of impairment at least at the end of each reporting period and, if there are indications of impairment, the recoverable amount is estimated and the appropriate impairment losses are recognised. Patents, licences, trademarks and similar items are amortised on a straight-line basis over their years of useful life, which, in general, is estimated to be four years, as in the case of computer software.

Intangible assets with an indefinite useful life are not amortised and they are analysed for possible impairment at least once a year. This indefinite useful life assessment is reviewed at each reporting date.

b) Property, plant and equipment

Property, plant and equipment are initially recognised at acquisition or production cost. The cost of property, plant and equipment acquired through business combinations is fair value at the acquisition date. Following initial recognition, property, plant and equipment are measured at cost, less any accumulated depreciation and any accumulated impairment losses recognised.

The cost of certain assets acquired or produced on or after 1 January 2008 that require more than twelve months to get ready for their intended use includes such borrowing costs as might have been incurred before the non-current assets that meet the requirements for capitalisation are ready for their intended use.

In addition, the value of the property, plant and equipment includes the initial estimate of the present value of the obligations assumed as a result of dismantling or disposal, and other obligations associated with the asset, such as refurbishment costs, whenever these obligations lead to the recognition of provisions.

Repair costs that do not lead to a lengthening of the useful lives of the assets and maintenance costs are charged to the income statement for the year in which they are incurred. The costs of expansion or improvements leading to increased productivity or capacity or to a lengthening of the useful lives of the assets are capitalised.

The depreciation charge is recognised in the income statement. Property, plant and equipment are depreciated from the moment they become ready for use. Depreciation of property, plant and equipment is calculated using the straight-line method over the estimated useful life of the respective assets, based on the actual decline in value caused by their use and by wear and tear, the detail being as follows:

	Depreciation rate
Buildings	2.0 a 3.0%
Machinery, plant and tools	2.0 a 8.0%
Furniture and fittings	10.0 a 25.0%
Transport equipment	5.5 a 16.0%

At the end of each reporting period the Company reviews and adjusts, where appropriate, the residual values, useful lives and the depreciation method relating to property, plant and equipment, and the appropriate adjustments are made prospectively.

c) Investment property

"Investment Property" comprises land and buildings leased to third parties or out of use. Buildings are depreciated using the straight-line method over an estimated useful life of 50 years.

The accounting policies for property, plant and equipment fully apply to investment property. Assets are transferred to investment property when, and only when, there is a change in use.

d) Asset exchanges

In the case of assets received in an exchange transaction, the Company analyses each transaction in order to establish whether or not the exchange has commercial substance.

The asset received in an exchange with commercial substance is recognised at the fair value of the asset given up plus, where appropriate, any monetary consideration paid, except in the case of transactions in which there is clearer evidence of the fair value of the asset received, in which case it will be recognised at the latter amount. The valuation differences arising on derecognition of the asset given up in the exchange are recognised in the income statement.

Whenever the asset exchange lacks commercial substance or it is not possible to obtain a reliable estimate of the fair value of the assets involved in the transaction, the asset received in the exchange is recognised at the carrying amount of the asset given up plus, where appropriate, any monetary consideration paid.

e) Impairment of non-financial non-current assets

The Company tests non-financial non-current assets or, where applicable cash-generating units, for indications of impairment at least once a year. At the end of each reporting period (for goodwill and intangible assets with indefinite useful lives) or whenever there are indications of impairment (for other assets) the Company estimates the recoverable amount of the assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. Whenever the carrying amount exceeds the recoverable amount, an impairment loss is recognised. Value in use is the present value of the estimated future cash flows, using risk-free market interest rates, adjusted for the specific risks associated with the asset. Where the asset itself does not generate cash flows that are largely independent from those generated by other assets or groups of assets, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment losses and reversals thereof are recognised in the income statement. Impairment losses are reversed when the circumstances giving rise to them cease to exist, expect for those relating to goodwill. Impairment losses may be reversed up to the limit of the carrying amount that would have been determined had no impairment loss been recognised in prior years.

f) Leases

Leases are classified as finance leases whenever the economic terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

If the company acts as lessee

Assets held under a finance lease are recognised on the basis of their nature at the lower of the fair value of the asset and the present value, at inception of the lease, of the agreed minimum lease payments and a financial liability is also recognised for the same amount. Lease payments are recognised as finance costs and as a reduction in the liability. The same criteria concerning depreciation, impairment and derecognition as are applied to assets that are owned are also used for leased assets.

Operating lease payments are recognised as an expense in the income statement on an accrual basis.

If the Company acts as lessor

Lease income from operating leases is recognised in income on an accrual basis. The costs directly attributable to the lease are capitalised to the leased asset and are recognised as an expense over the lease term, applying the same method as that used to recognise lease income.

g) Financial assets

1. Classification and measurement

1.1. *Loans and receivables*

"Loans And Receivables" includes trade and non-trade receivables, including the financial assets that have fixed or determinable payments and are not traded in an active market, for which the Company expects to recover the full amount paid except, where applicable, for reasons attributable to the solvency of the debtor.

Upon initial recognition, loans and receivables are measured at fair value, which, in the absence of evidence to the contrary, is the transaction price, which is the fair value of the consideration given plus the directly attributable transaction costs. These financial assets are subsequently measured at amortised cost.

However, trade receivables maturing within one year, with no contractual interest rate, and advances and loans to employees, dividends receivable and capital calls, expected to be received at short term are initially recognised and subsequently measured at their nominal value, whenever the effect of not discounting the cash flows is not material.

1.2. *Held-to-maturity investments*

"Held-to-Maturity Investments" includes the debt securities with fixed maturity and fixed or determinable payments that are traded in an active market and which the Company has the positive intention and financial capacity to hold until maturity.

Upon initial recognition, held-to-maturity investments are measured at fair value, which, in the absence of evidence to the contrary, is the transaction price, which is the fair value of the consideration given plus the directly attributable transaction costs.

These financial assets are subsequently measured at amortised cost.

1.3. *Investments in Group companies, jointly controlled entities and associates*

"Investments in Group Companies, Jointly Controlled Entities and Associates" includes equity investments in companies over which control, joint control by way of a bylaw or contractual agreement, or significant influence is exercised. Upon initial recognition, these investments are measured at fair value, which, unless there is evidence to the contrary, is the transaction price, which is the fair value of the consideration given plus the directly attributable transaction costs, except in the case of non-monetary contributions to a Group company in which the object is a business, when the investment is recognised at the carrying amount of the assets composing the business. The amount initially recognised includes the amount of the pre-emptive subscription and similar rights acquired.

These financial assets are subsequently measured at cost less any accumulated impairment losses.

When an investment is classified as an investment in a Group company, jointly controlled entity or associate, the cost is considered to be the amount at which it had been carried previously, and any valuation adjustments previously recognised in equity are retained in equity until the investment is disposed of or becomes impaired.

If the pre-emptive subscription and similar rights are sold or are segregated for exercise, the carrying amount of the respective assets will be reduced by the cost of the rights.

In the case of equity investments in Group companies affording control over the subsidiary, since 1 January 2010 the fees paid to legal advisers and other professionals relating to the acquisition of the investment have been recognised directly in profit or loss.

1.4. *Held-for-trading financial assets*

"Held-for-Trading Financial Assets" includes the financial assets originated or acquired with the intention of obtaining a short-term gain. Derivative instruments that have not been designated as hedging instruments also form part of "Held-for-Trading Financial Assets".

Held-for-trading financial assets are initially recognised at fair value in the balance sheet, which, unless there is evidence to the contrary, is the transaction price. Any directly attributable transaction costs are recognised in the income statement.

The initial value of equity instruments includes the amount of the pre-emption and similar rights acquired.

Held-for-trading financial assets are subsequently measured at fair value including any transaction costs that might be incurred on disposal. Any changes in fair value are recognised in profit or loss.

1.5. *Available-for-sale financial assets*

"Available-For-Sale Financial Assets" includes debt securities and equity instruments that are not included in any of the aforementioned categories.

Upon initial recognition, available-for-sale financial assets are measured at fair value, which, in the absence of evidence to the contrary, is the transaction price, which is the fair value of the consideration given plus the directly attributable transaction costs. The initial value of equity instruments includes the amount of the pre-emption and similar rights acquired.

These financial assets are subsequently measured at fair value including any transaction costs that might be incurred on disposal. Any changes in the fair value are recognised directly in equity until the financial asset is derecognised or becomes impaired, at which time the amount recognised in equity will be transferred to profit or loss. However, any exchange gains or losses on monetary financial assets denominated in foreign currency are recognised in the income statement.

Equity instruments, the fair value of which cannot be estimated reliably, are measured at cost, less, where applicable, any accumulated impairment losses.

If the pre-emptive subscription and similar rights are sold or are segregated for exercise, the carrying amount of the respective assets will be reduced by the cost of the rights.

1.6. *Derivative hedging instruments*

Hedging derivatives include financial derivatives classified as hedging instruments.

Financial instruments designated as hedging instruments or hedged items are accounted for as described in Note 4-j.

2. Derecognition

Financial assets are derecognised from the Company's balance sheet when the contractual rights on the cash flows of the financial asset have expired or have been transferred, provided that substantially all the risks and rewards incidental to ownership are transferred.

If the Company has neither substantially transferred nor retained all the risks and rewards of ownership of the financial asset, it is derecognised once control is relinquished. If the Company still exercises control over the asset, it continues to recognise it at the amount for which it is exposed to changes in the value of the asset transferred, i.e., to the extent of its continuing involvement, and the associated liability is recognised.

The difference between the consideration received, net of the attributable transaction costs, including any new asset obtained less any new liability assumed, and the carrying amount of the financial asset transferred, plus any accumulated amount recognised directly in equity, will be the gain or loss on derecognition of the financial asset and will be recognised in profit or loss.

The Company does not derecognise financial assets in transfers in which substantially all the risks and rewards of ownership are retained, such as in the case of note and bill discounting, factoring transactions, sales of financial assets subject to an agreement to buy them back at a fixed price or at the selling price plus a lender's return and the securitisation of financial assets in which the Company retains a subordinated interest or any other kind of guarantee that absorbs substantially all the expected losses. In these cases, the Company recognises a financial liability for an amount equal to the consideration received.

3. Interest and dividends received from financial assets

Interest and dividends from financial assets earned after the date of acquisition are recognised as income in profit or loss and both dividends and finance income from Group companies are recognised as revenue. Interest must be recognised using the effective interest method and dividend revenue must be recognised when the shareholder's right to receive payment is established.

For this purpose, financial assets are initially recognised separately, based on their maturity, from the amount of the unmatured explicit interest earned at that date, and the amount of the dividends declared by the competent body up to the acquisition date. Explicit interest is understood to be the interest obtained from applying the contractual interest rate of the financial instrument.

In addition, when the dividends are clearly paid out of the profit obtained prior to the acquisition date because amounts were paid in excess of the profit earned by the investee since its acquisition, they are not recognised as revenue and are deducted from the carrying amount of the investment.

h) Impairment of financial assets

The carrying amount of the financial assets is adjusted by the Company with a charge to the income statement when objective evidence of an impairment loss exists.

The Company calculates impairment losses on financial assets by assessing the possible impairment losses on individual assets and groups of assets with similar risk characteristics.

Debt instruments

There is objective evidence of impairment on debt instruments, taken to be accounts receivable, loans and debt securities, when an event occurs after the initial recognition of the asset that has an adverse impact on the estimated future cash flows of the asset.

The Company treats as impaired assets (doubtful assets) debt instruments for which there is objective evidence of impairment, due mainly to the existence of delinquency, default, re-financing and the existence of observable data indicating the possibility that all the future flows agreed upon might not be recovered or that there might be a delay in their collection.

In the case of a financial asset measured at amortised cost, the amount of impairment losses is equal to the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate. Financial assets tied to floating interest rates are discounted using the effective interest rate prevailing at the end of the reporting period.

The Company considers trade and other receivables to be doubtful assets when they are more than six months past-due and when there is no guarantee of collection, together with balances relating to companies that have filed for insolvency.

The Company takes the market price of quoted instruments as a substitute for the present value of the future cash flows, provided that it is sufficiently reliable.

A reversal of an impairment loss is recognised as income in the income statement up to the limit of the carrying amount that would have been recognised at the date of reversal had no impairment loss been recognised.

Equity instruments

There is objective evidence that equity instruments have become impaired when an event or a combination of events occurs after initial recognition that indicates that it will not be possible to recover the carrying amount due to a prolonged or significant decline in its fair value. In this regard, the Company considers that an instrument has become impaired if the market value has fallen by 40% over a period of 18 months without the value having recovered.

In the case of equity instruments measured at fair value included in "Available-for-Sale Financial Assets", the impairment loss is calculated as the difference between its acquisition cost and fair value less any previously recognised impairment losses. The unrealised losses recognised under "Equity - Valuation Adjustments" are recognised immediately in the income statement when the decline in fair value is deemed to be a result of impairment. If all or a portion of the impairment loss subsequently reverses, these amounts are recognised under "Equity - Valuation Adjustments".

In the case of equity instruments measured at cost included under "Available-for-Sale Financial Assets" and equity investments in Group companies, jointly controlled entities and associates, impairment losses are calculated as the difference between the carrying amount and the recoverable amount, which is the higher of fair value less costs to sell and the present value of the future cash flows arising from the investment. Unless there is better evidence, the estimated impairment loss is based on the equity of the investee, adjusted for any unrealised gains existing at the date of measurement. These losses are recognised in the income statement as a direct reduction in the value of the equity instrument.

In the case of equity investments in Group companies, jointly controlled entities and associates that would have been determined for the investment at the date of reversal had no impairment loss been recognised, a reversal of an impairment loss is recognised as income up to the limit of the carrying amount. In the case of available-for-sale financial assets measured at cost, impairment losses recognised in prior years must not be reversed in a subsequent period.

i) Financial liabilities

1. Classification and measurement

1.1. *Accounts payable*

Accounts payable include the financial liabilities arising from the purchase of goods or services in the normal course of the Company's business and non-trade payables that are not derivative instruments.

They are initially recognised in the balance sheet at their fair value which, unless there is evidence to the contrary, is the transaction price, which is equal to the fair value of the consideration received, adjusted by the directly attributable transaction costs.

Subsequent to initial recognition, these financial liabilities are measured at amortised cost. The interest incurred is recognised in the income statement applying the effective interest method.

However, trade payables maturing within one year which do not have a contractual interest rate, and capital payments called by third parties which are expected to be paid at short term are measured at the related nominal value whenever the effect of not discounting the cash flows is not significant.

1.2. *Held-for-trading financial liabilities:*

"Held-for-Trading Financial Liabilities" includes financial liabilities issued in order to repurchase them at short term and derivative instruments not designated as hedges. These financial liabilities are recognised and measured using the same criteria as those applied to held-for-trading financial assets.

1.3. *Derivative hedging instruments*

Hedging derivatives include financial derivatives classified as hedging instruments. Financial instruments designated as hedging instruments or hedged items are accounted for as described in Note 4-j.

2. Derecognition

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist.

An exchange of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability is accounted for in the same way.

The difference between the carrying amount of a financial liability or part of a financial liability derecognised, and the consideration paid, including the attributable transaction costs and any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

In an exchange of debt instruments with terms that are not substantially different, the original financial liability is not derecognised and the amount of fees paid is recognised as an adjustment to its carrying amount. The new amortised cost of the financial liability is determined by applying the effective interest rate, which is the rate that exactly discounts estimated cash payments to the carrying amount of the liability under the new terms.

j) Hedge accounting

The Company usually arranges fair value hedges to hedge the accounts receivable in foreign currency, cash flow hedges to hedge the loans received at floating interest rates and hedges of net investments in foreign operations in the US.

Hedges are only designated as such when they effectively eliminate the risk associated with the asset or the hedged position over the entire estimated term of the hedge, which means that at the date of arrangement the hedge is expected to be highly effective (prospectively) and that there must be sufficient evidence to indicate that the hedge has been effective during the term of the hedged item or position (retrospective effectiveness).

The hedges are documented adequately, including the way in which the Company expects to be able to achieve and assess hedge effectiveness, in accordance with the Company's risk management policy.

The Company assesses the effectiveness of the hedges by performing tests to check that the differences in the changes in value of the cash flows of the hedged item and the related hedge are within a range of 80% to 125% over the life of the transactions, thereby fulfilling the forecasts at the inception of the hedge.

If at any time this relationship is not achieved, the hedges no longer qualify for hedge accounting and are reclassified as trading derivatives.

For measurement purposes, the Company classifies the hedges in the following categories:

- **Fair value hedges:** these cover the risk of the exposure to changes in the fair value of receivables arising from exchange rate fluctuations. Changes due to exchange differences, in the value of both the hedging instrument and the hedged item, are recognised in the income statement.
- **Cash flow hedges:** cash flow hedges hedge exposure to the risk of changes in the cash flows attributable to changes in the interest rates on the loans received. Interest rate swaps are arranged to exchange floating rates for fixed rates. The portion of the gain or loss on the hedging instrument that has been determined to be an effective hedge is recognised temporarily in equity and is transferred to profit or loss in the year or years in which the hedge affects profit or loss.
- **Hedges of a net investment in foreign operations:** This hedge the foreign currency risk associated with the net investment in the US subsidiaries. The hedge is achieved through the USD loans that financed the acquisition of these investments. Any changes in value arising from the effects of changes in the exchange rate on hedging instruments and the effects of the investments in subsidiaries are recognised in the income statement.

k) Treasury shares

Treasury shares are deducted from equity for the amount of the consideration paid at the acquisition date, and gains or losses arising from their sale or retirement are not recognised in the income statement. The costs relating to treasury share transactions are recognised directly in equity as a reduction of reserves.

l) Cash and cash equivalents

"Cash and Cash Equivalents" includes cash on hand and in bank accounts and the short-term deposits and reverse repos that meet the following requirements:

- They are convertible into cash.
- They matured within three months from the acquisition date.
- They are not subject to a significant risk of changes in value.
- They form part of the Company's standard cash management policy.

For the purpose of the statement of cash flows, the circumstantial overdrafts that form part of the Company's cash management are deducted from the balances of cash and cash equivalents.

m) Grants

Grants are classified as non-refundable when the conditions established for their award have been met, at which time they are recognised directly in equity net of the related tax effect.

Refundable grants are recognised as liabilities until they become non-refundable. No income is recognised until that time.

Grants received to finance specific expenses are allocated to income in the year in which the related expenses are incurred. The grants received to acquire property, plant and equipment are recognised as income for the year in proportion to the depreciation taken on the assets for which the grants were received.

n) Provisions and contingencies

Provisions are recognised in the balance sheet when the Company has a present obligation (legal, contractual, constructive or implied) arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the amount of which can be quantified.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer an obligation to a third party. When discounting is used, adjustments made to provisions are recognised as interest cost on an accrual basis. In the case of provisions maturing within or at one year, discounting is not used if the effect thereof is not material. Provisions are reviewed at the end of each reporting period and are adjusted in order to reflect the best current estimate of the related liability at any given time.

o) Long-term employee benefit obligations

In accordance with the current collective and its non-statutory agreements, the Company is obliged to make annual supplementary payments of various kinds and other bonuses for long service and retirement to its permanent employees who retire at the legally stipulated age or who take early retirement. At present, the Company only has these possible obligations to certain of its current employees.

The provision recognised for long-service bonuses represents the present value, calculated by an independent actuary, of the possible future payment obligations of the Company to these employees.

The provision for possible retirement and similar obligations was externalised pursuant to current legislation. As a result of this externalisation, the Company is obliged to make annual contributions to an external pension fund for the group of employees concerned, for an estimated annual amount that is not material.

In addition, the Company grants its employees certain voluntary retirement bonuses of undetermined amount. These bonuses, which are scantly material, are recognised as an expense when they are paid.

p) Income tax

The current income tax expense is calculated by aggregating the current tax arising from the application of the tax rate to the taxable profit (tax loss) for the year, after deduction of the tax relief and credits, plus the changes in deferred tax assets and liabilities recognised in the year. The current income tax expense is recognised in the income statement, except when it corresponds to transactions recognised directly in equity, in which case the related tax is also recognised in equity, and to business combinations, in which case it is charged or credited to goodwill.

Deferred taxes are recognised for temporary differences existing at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts. The tax base of an asset or liability is taken to be the amount attributed to that asset or liability for tax purposes.

The tax effect of temporary differences is recognised under "Deferred Tax Assets" and "Deferred Tax Liabilities" in the balance sheet.

The Company recognises deferred tax liabilities for all taxable temporary differences, with the exceptions provided for in current legislation.

The Company recognises deferred tax assets for all deductible temporary differences, unused tax assets and tax loss carryforwards to the extent that it is considered probable that the Company will have taxable profits in the future against which the deferred tax assets can be utilised, with the exceptions provided for in current legislation.

At the end of each reporting period, the Company assesses the deferred tax assets recognised and those that were previously unrecognised. On the basis of this assessment, the Company derecognises a previously recognised asset if its recovery is no longer probable and recognises a previously unrecognised deferred tax asset whenever it is probable that the Company will have taxable profits in the future against which the deferred tax assets can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, pursuant to the approved legislation in force, and based on the way in which the deferred tax asset is reasonably expected to be recovered or the deferred tax liability is reasonably expected to be settled.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets and liabilities.

q) Non-current assets and disposal groups classified as held for sale

The Company classifies assets under "Non-Current Assets Classified as Held for Sale" if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and the following requirements are met:

- They are available for immediate sale in their present condition, subject to the usual terms and conditions of sale.
- Their sale is highly probable.

Non-current assets classified as held for sale are carried at the lower of carrying amount and fair value less costs to sell, except for deferred tax assets, assets arising from employee benefits and financial assets that do not relate to investments in Group companies, jointly controlled entities and associates, all of which are accounted for in accordance with the standards applicable to them. These assets are not depreciated but rather, whenever necessary, the appropriate valuation adjustments are made to ensure that the carrying amount is not higher than fair value less costs to sell.

The disposal groups classified as held for sale are measured in accordance with the same rules indicated in the previous paragraph. Once this measurement has been made, the disposal group as a whole is measured at the lower of carrying amount and fair value less costs to sell.

The associated liabilities are classified under "Liabilities Associated with Non-Current Assets Classified as Held for Sale".

r) Current/Non-current classification

Assets and liabilities are classified in the balance sheet as current and non-current items. For this purpose, assets and liabilities are classified as current when they relate to the Company's normal operating cycle and are expected to be sold, consumed, realised or settled during its normal operating cycle. Current assets and liabilities also include items expected to mature or be disposed of or realised within a maximum of twelve months, items held for trading and cash or cash equivalents the use of which is unrestricted for a period exceeding one year.

s) Revenue and expense recognition

Revenue and expenses are recognised on an accrual basis, regardless of the related collection or payment date.

Revenue from sales and services rendered

Revenue is recognised when it is probable that the economic benefits or returns associated with the transaction will flow to the Company and these benefits and the costs incurred or to be incurred can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any discounts, price rebates and any other similar items that the Company might grant, and any interest included in the nominal amount of the receivables. Indirect taxes on the transactions chargeable to third parties do not form part of revenue.

Revenue is accounted for in accordance with the economic substance of the transaction and is recognised when all of the following conditions have been met:

a. The Company has transferred to the buyer the significant risks and rewards of ownership of the goods, irrespective of their date of transfer for legal purposes;
b. The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
c. The amount of revenue can be measured reliably;
d. It is probable that the economic benefits associated with the transaction will flow to the Company; and
e. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

t) Discontinued operations

Income and expenses from discontinued operations are included in a single line item, net of the related tax effect, under "Profit/Loss for the Year from Discontinued Operations Net of Tax". Also included in this heading is the gain or loss after tax resulting from the measurement at fair value less costs to sell of the assets or disposal groups constituting the discontinued operation.

u) Foreign currency transactions

The Company's functional and reporting currency is the euro.

Foreign currency transactions are translated on initial recognition at the spot exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated to euros at the spot exchange rates prevailing at year-end. Any resulting gains or losses or those arising when the assets are realised or the liabilities are settled are recognised directly in the income statement in the year in which they arise.

Non-monetary assets and liabilities carried at historical cost are translated to euros at the exchange rates prevailing at the transaction date. As an exception, as indicated in Note 4-j, changes in value arising from the effect of exchange rates on the investments in US subsidiaries are recognised by adjusting the value of these investments with a charge or credit to income.

Non-monetary items carried at fair value are translated to euros at the exchange rates prevailing at the date on which the fair value was determined. The resulting gains or losses are recognised directly in equity if the non-monetary item is recognised in equity and in the income statement if the non-monetary item is recognised in profit or loss for the year.

v) Environmental assets and liabilities

Expenses relating to the decontamination and restoration of polluted sites, waste disposal and other expenses arising from compliance with environmental legislation are recognised as an expense in the year in which they are incurred, unless they relate to the cost of acquiring assets to be used on a lasting basis whose main purpose is to minimise environmental impact and to protect and improve the environment, in which case they are recognised in the corresponding line items under "Property, Plant and Equipment" and are depreciated using the same criteria.

x) Termination benefits

Under current legislation, the Company is required to pay termination benefits to employees terminated under certain conditions. Therefore, termination benefits that can be reasonably quantified are recognised as an expense in the year in which the decision to terminate the employment relationship is taken.

y) Related party transactions

The Company performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Company's directors consider that there are no material risks in this connection that might give rise to liabilities in the future.

5. Intangible assets

The detail of "Intangible Assets" and of the changes therein in 2011 and 2010 is as follows:

NET AMOUNTS

	Trademarks and patents	Computer software	Total
Balance at 31 December 2009	5,515	0	5,515
Balance at 31 December 2010	25	1,669	1,694
Balance at 31 December 2011	11,456	1,443	12,899

GROSS AMOUNTS

	Trademarks and patents	Computer software	Total
Balance at 31 December 2009	12,015	94	12,109
Business combinations			0
Increases in 2010		1,862	1,862
Decreases in 2010	(9,298)		(9,298)
Translation differences			0
Transfers			0
Balance at 31 December 2010	2,717	1,956	4,673
Business combinations			0
Increases in 2011	11,431	260	11,691
Decreases in 2011			0
Translation differences			0
Transfers			0
Balance at 31 December 2011	14,148	2,216	16,364

ACCUMULATED AMORTISATION

	Trademarks and patents	Computer software	Total
Balance at 31 December 2009	(6,500)	(94)	(6,594)
Business combinations			0
Increases in 2010		(193)	(193)
Decreases in 2010	3,808		3,808
Translation differences			0
Transfers			0
Balance at 31 December 2010	(2,692)	(287)	(2,979)
Business combinations			0
Increases in 2011		(486)	(486)
Decreases in 2011			0
Translation differences			0
Transfers			0
Balance at 31 December 2011	(2,692)	(773)	(3,465)

At 31 December 2011, the Company had fully amortised patents and trademarks amounting to EUR 2,600 thousand (31 December 2010: EUR 2,600 thousand).

None of the intangible assets are located outside Spain, except for the Portuguese trademark "Saludaes", acquired in 2011. At the end of 2011 there were no firm intangible asset purchase commitments.

In 2011 the "Saludaes" and "Lassie" trademarks of the rice business products marketed in Portugal and the Netherlands, respectively, were acquired for EUR 8,000 thousand and EUR 3,431 thousand, respectively.

The remaining additions in 2011 relate to new investments in computer software to renew and extend the systems.

In 2010, as part of the sale of the dairy product business, the trademarks and trade names related to the aforementioned business were sold, giving rise to a gain of EUR 175,565 thousand, which was recognised under "Impairment and Gains or Losses on Disposals of Non-Current Assets" in the 2010 income statement.

In relation to the increases in 2010, in January the Company acquired all the equipment and some of the employees of the systems department of Puleva Food, S.L. (wholly-owned subsidiary of Ebro Foods, S.A. until it was sold in August 2010). In particular, software applications amounting to EUR 324 thousand and computer hardware amounting to EUR 313 thousand were acquired from Puleva Food, S.L. In addition, Ebro Foods, S.A. was subrogated to Puleva Food, S.L. in the support agreements with third parties (creditors) and in the agreements for the provision of services to other Ebro Foods Group companies (debtors), while eleven employees from the systems department of Puleva Food, S.L. joined Ebro Foods, S.A.

Lastly, as indicated in Note 8-e, in September 2011 the Spanish National Competition Commission approved the acquisition of the SOS rice business in Spain, subject to the obligation that Ebro Foods, S.A. licence or transfer the Nomen, as well as the La Parrilla, La Cazuela, Pavo Real and Nobleza trademarks. This obligation is currently being performed and documented.

6. Property, plant and equipment

The detail of "Property, Plant and Equipment" and of the changes therein in 2011 and 2010 is as follows:

NET AMOUNTS

	Land	Buildings	Plant and other items of property, plant and equipment	Property, plant and equipment in the course of construction and advances	Total
Balance at 31 December 2009	6,711	713	1,725	0	9,149
Balance at 31 December 2010	307	242	2,665	0	3,214
Balance at 31 December 2011	307	242	2,178	0	2,727

GROSS AMOUNTS

	Land	Buildings	Plant and other items of property, plant and equipment	Property, plant and equipment in the course of construction and advances	Total
Balance at 31 December 2009	6,711	2,233	2,906	0	11,850
Increases in 2010			1,460		1,460
Decreases in 2010	(4,424)	(1,083)	(93)		(5,600)
Transfers	(1,980)				(1,980)
Balance at 31 December 2010	307	1,150	4,273	0	5,730
Increases in 2011			151		151
Decreases in 2011					0
Transfers					0
Balance at 31 December 2011	307	1,150	4,424	0	5,881

ACCUMULATED DEPRECIATION

	Land	Buildings	Plant and other items of property, plant and equipment	Property, plant and equipment in the course of construction and advances	Total
Balance at 31 December 2009	0	(1,520)	(1,181)	0	(2,701)
Increases in 2010		(18)	(440)		(458)
Decreases in 2010		630	13		643
Transfers					0
Balance at 31 December 2010	0	(908)	(1,608)	0	(2,516)
Increases in 2011			(638)		(638)
Decreases in 2011					0
Transfers					0
Balance at 31 December 2011	0	(908)	(2,246)	0	(3,154)

In 2011 there were no significant changes in property, plant and equipment.

In 2010 the most significant changes were as follows:

- Increase due to the computer hardware acquired in 2010 (see Note 5).
- Decrease due to the sale of non-current assets to Puleva Food, S.L. (land and buildings relating to a property adjacent to the Company's factory in Granada) prior to the sale of the dairy product business to third parties, for which a EUR 3,824 thousand loss was recognised.
- Transfer to investment property of a property that ceased to be used in operations in 2010.

Based on the estimates and projections available to the Company's directors, these items of property, plant and equipment pose no impairment problems.

The Company has taken out insurance policies that cover the carrying amount of the property, plant and equipment.

The detail of the fully depreciated assets included in property, plant and equipment at 31 December 2011 and 2010 is as follows:

	2011	2010
Other plant, tools and furniture	211	211
Other items of property, plant and equipment	670	481

At year-end there were no significant firm purchase commitments relating to new items of property, plant and equipment. There are no items of property, plant and equipment outside Spain.

Operating leases

The Company has leased its central offices in Madrid until 6 April 2015 and the Barcelona office (which opened in 2009) until 1 December 2013, as well as the systems work centre office in Granada. These leases will subsequently be automatically renewed if none of the parties object. In 2011 the expenses relating to these leases amounted to EUR 1,370 thousand (2010: EUR 1,256 thousand). The non-cancellable future minimum lease payments at 31 December 2011 were as follows:

	12-31-2011
Within one year	1,370
Between one and five years	5,480
After five years	0
	6,850

7. Investment property

The detail of "Investment Property" and of the changes therein in 2011 and 2010 is as follows:

NET AMOUNTS

	Land	Buildings	Total
Balance at 31 December 2009	4,879	4,725	9,604
Balance at 31 December 2010	7,276	4,755	12,031
Balance at 31 December 2011	7,276	4,697	11,973

GROSS AMOUNTS

	Land	Buildings	Total
Balance at 31 December 2009	4,879	5,756	10,635
Increases in 2010	500	150	650
Decreases in 2010	(145)		(145)
Transfers of property, plant and equipment (Note 6)	2,042	(74)	1,968
Balance at 31 December 2010	7,276	5,832	13,108
Increases in 2011			0
Decreases in 2011			0
Transfers of property, plant and equipment			0
Balance at 31 December 2011	7,276	5,832	13,108

ACCUMULATED DEPRECIATION

	Land	Buildings	Total
Balance at 31 December 2009	0	(1,031)	(1,031)
Increases in 2010		(58)	(58)
Decreases in 2010			0
Transfers of property, plant and equipment (Note 6)		12	12
Balance at 31 December 2010	0	(1,077)	(1,077)
Increases in 2011		(58)	(58)
Decreases in 2011			0
Transfers of property, plant and equipment			0
Balance at 31 December 2011	0	(1,135)	(1,135)

In 2011 there were no significant changes in "Investment Property". In 2010 items of investment property were sold for a carrying amount of EUR 145 thousand, giving rise to a gain on these transactions of EUR 95 thousand.

There are no items of investment property outside Spain.

At 31 December 2011 the fully depreciated assets amounted to EUR 81 thousand (2010: EUR 81 thousand).

The expenses associated with investment property correspond to those relating to their annual depreciation and maintenance costs. In 2011 the latter amounted to EUR 344 thousand (2010: EUR 332 thousand). All the expenses are recognised in the income statement on an accrual basis. There are no contractual obligations relating to the acquisition, construction or development of investment property or repairs, maintenance or improvements.

The detail of the non-cancellable future minimum operating lease payments is as follows:

	12-31-2011
Within one year	42
Between one and five years	168
After five years	0
	210

There are no restrictions on the realisation of the investment property, on the collection of the income therefrom or on the funds obtained from its sale or disposal by other means.

8. Non-current investments in group companies and associates

The detail of the investments in Group companies and of the changes therein in 2011 and 2010 were as follows:

CONCEPT	Balance at 12-31-2010	Increases	Decreases	Transfers	Balance at 12-31-2011
Equity instruments of Group companies	1,182,278	158,115	(11,963)	(8,402)	1,320,028
Valuation adjustments	(32,030)	(16,348)	3,723	0	(44,655)
	1,150,248	141,767	(8,240)	(8,402)	1,275,373
Loans to Group companies	7,347	137,186	(9,526)	0	135,007
Loans to associates	0	0	0	0	0
	7,347	137,186	(9,526)	0	135,007
Total investments in group companies and associates	1,157,595	278,953	(17,766)	(8,402)	1,410,380

CONCEPT	Balance at 31-12-2009	Increases	Decreases	Transfers	Balance at 12-31-2010
Equity instruments of Group companies	1,324,394	51,368	(193,484)	0	1,182,278
Valuation adjustments	(18,137)	(13,893)	0	0	(32,030)
	1,306,257	37,475	(193,484)	0	1,150,248
Loans to Group companies	32,545	348	(25,546)	0	7,347
Loans to associates	0	0	0	0	0
	32,545	348	(25,546)	0	7,347
Total investments in group companies and associates	1,338,802	37,823	(219,030)	0	1,157,595

a) Equity instruments of Group companies:

The increases and decreases in 2011 and 2010 relate mainly to:

2011

1. Increase of EUR 3,967 thousand: the historical acquisition cost of the investment in Riviana Foods Inc. is EUR 240,753 thousand. However, an effective hedge was assigned to this financial asset that hedges its full value with the liability that finances it and, accordingly, any changes in value between the original currency, the US dollar, and its equivalent euro value gives rise to an adjustment that changes the aforementioned historical cost. In 2011 the adjustment led to an increase of EUR 3,967 thousand in its value credited to the income statement for the year. The total negative net accumulated adjustment at 31 December 2011 amounted to EUR 7,489 thousand.

2. Increase of EUR 3,392 thousand: the historical acquisition cost of the investment in New World Pasta Co. is EUR 285,884 thousand. However, an effective hedge was assigned to this financial asset that hedges its full value with the liability that finances it and, accordingly, any changes in value between the original currency, the US dollar, and its equivalent euro value gives rise to an adjustment that changes the aforementioned historical cost. In 2011 the adjustment led to an increase of EUR 3,392 thousand in its value credited to the income statement for the year. The total negative net accumulated adjustment at 31 December 2011 amounted to EUR 6,403 thousand.

3. Decrease of EUR 11,963 thousand as a result of the sale of a portion of the ownership interest in Biosearch, S.A. and the transfer of the remainder of the ownership interest, totalling EUR 8,402 thousand, to available-for-sale financial assets (see Note 9.1).

4. Increase of EUR 84,373 thousand in the investment in Herba Ricemills, S.L. as a result of a capital increase to finance the acquisition of the rice business in Spain of Deoleo and of the SOS trademark (see Note 8-e).

5. Increase of EUR 9,019 thousand in the investment in Herba Foods, S.L. arising from a capital increase to finance the acquisition of Deolo's rice business in the Netherlands (see Note 8-e).

6. Increase of EUR 9,076 thousand arising from the contribution to equity of the subsidiary Beira (Portugal), through the capitalisation of the loan it had granted to that company.

7. Increase of EUR 48,285 thousand arising from the capital increase in the subsidiary Birkel Teigwaren (Germany). This capital increase resulted from the restructuring in Germany of the three (directly and indirectly) wholly-owned subsidiaries of the Ebro Foods, S.A. Group that operate there. As a consequence of this restructuring, Birkel is now the parent of the German subgroup, and Ebro Foods, S.A. owns all the shares of this company, of which 68.9% are held directly and 31.1% indirectly.

2010

1. Increase of EUR 18,941 thousand: the historical acquisition cost of the investment in Riviana Foods Inc. is EUR 240,753 thousand. However, an effective hedge was assigned to this financial asset that hedges its full value with the liability that finances it and, accordingly, any changes in value between the original currency, the US dollar, and its equivalent euro value gives rise to an adjustment that changes the aforementioned historical cost. In 2010 the adjustment led to an increase of EUR 18,941 thousand in its value credited to the income statement for the year. The total negative net accumulated adjustment at 31 December 2010 amounted to EUR 11,456 thousand.

2. Increase of EUR 13,999 thousand: the historical acquisition cost of the investment in New World Pasta Co. is EUR 285,884 thousand. However, an effective hedge was assigned to this financial asset that hedges its full value with the liability that finances it and, accordingly, any changes in value between the original currency, the US dollar, and its equivalent euro value gives rise to an adjustment that changes the aforementioned historical cost.

In 2010 the adjustment led to an increase of EUR 13,999 thousand in its value credited to the income statement for the year. The total negative net accumulated adjustment at 31 December 2010 amounted to EUR 9,795 thousand.

3. Decrease of EUR 2,581 thousand arising from the liquidation of the subsidiary Lince Insurance Ltd.

4. Increase of EUR 18,428 thousand arising from the contribution to equity of the subsidiary Birkel Teigwaren Gmbh, through the capitalisation of the loan it had granted to that company.

5. Increase of EUR 2 thousand arising from the acquisition of all the share capital of Networks Meal Solutions, S.A. This company, a wholly-owned subsidiary, was acquired from Puleva Food, S.L., prior to its sale on 2 September 2010.

6. Decrease of EUR 190,903 thousand as a result of the sale of all the shares in Puleva Food, S.L. and Lactimilk, S.A.

b) Long-term loans to Group companies:

The most significant items under loans to Group companies in 2011 and at 31 December 2011 (see Note 17), relate to the following:

- The loan granted in 2001 to Beira Terrace Soc. de Construçoes, Ltda., a wholly-owned Portuguese subsidiary, for the purchase of properties in Portugal, which was capitalised to the investment (see point a) above).
- And the account receivable resulting mainly from the dividend declared and accrued in 2011 by Panzani, SAS, a wholly-owned French subsidiary, which had an outstanding balance payable of EUR 135 million at 31 December 2011.

None of these loans have a specific maturity and they earn interest at 3-month Euribor plus 0.9%.

c) Valuation adjustments:

The increases in 2011 and 2010 correspond to the additional impairment losses recognised on the investments in Beira Terrace Soc. de Construçoes, Ltda., Birkel Teigwaren, Gmbh. and Dosbio, S.L., and, in 2010 they also related to the impairment loss recognised on the investment in Biosearch, S.A., which was allocated to profit or loss in 2011.

d) Sale of the ownership interest in Puleva Food, S.L. and Lactimilk, S.A. in 2010

On, 30 March 2010, Ebro Foods, S.A., which wholly-owned its dairy product business (shares of Puleva Food, S.L., shares of Lactimilk, S.A., and their trademarks) and Grupo Lactalis Iberia, S.A. (GLI), entered into an agreement for the sale and purchase of the companies composing the dairy product business. The sale transaction was completed in August 2010, and it was formally executed on 2 September 2010.

The terms and conditions of the transaction stipulated that GLI would purchase the dairy product business for an amount clear of debt of EUR 630 million, which, at the execution date, involved a total price of EUR 644 million, collected in full in 2010.

The accounting effects of this sale recognised in 2010 are summarised as follows, less the transaction costs:

	Cash flow realised	Cash flow not yet realised	Profit before tax
Distribution of the share premium prior to its sale (recognised as a reduction in the value of the investment)	105,395		–
Sale of trademarks relating to the dairy product business	181,055		175,565
Sale of all the shares of Puleva Food, S.L. and Lactimilk, S.A.	458,977		373,468
Provisions for litigation guaranteed by Ebro Foods (Note 14)	–	(28,231)	(28,231)
	745,427	(28,231)	520,802

e) Investment commitments

- On 25 November 2010, the Board of Directors of Ebro Foods, S.A. reached an agreement with the Board of Directors of the Deolo Group to acquire its rice division. Thus, on 31 March 2011, Ebro Foods, S.A. (Ebro) and SOS Corporación Alimentaria, S.A. (Deoleo) entered into a framework agreement for the acquisition by the Ebro Group of the rice businesses of Deoleo in Spain, the US, Saudi Arabia and the Netherlands and the SOS trademark all over the world. This agreement was entered into after that entered into on 30 March 2011 for the acquisition of the "Saludaes" trademark in Portugal. All of these acquisitions were made for a total of EUR 203.5 million.

  Once the approval of the US and Spanish competition authorities was obtained in June 2011, the acquisition of these businesses was formally executed in the third quarter of 2011. Ebro Foods, S.A. acquired the "Saludaes" trademark in Portugal and the "Lassie" trademark in the Netherlands, and the rest of Deolo's rice businesses were acquired by various subsidiaries wholly owned by Ebro Foods, S.A.

  The Spanish National Competition Commission approved the acquisition of the rice business of SOS in Spain, subject to a commitment by Ebro to license or transfer the Nomen trademark and to sell the La Parrilla, La Cazuela, Pavo Real and Nobleza trademarks. This undertaking is currently in the process of being formally executed.

- In relation to the bid launched on 20 October 2010 for the acquisition of the Australian group Sunrice, at the Annual General Meeting of Ricegrowers Limited SunRice held on 31 May 2011 the shareholders decided not to accept the takeover bid made by Ebro Foods, S.A. In total, 67% of the class A shareholders and 76% of the class B shareholders voted in favour of accepting Ebro Foods, S.A.'s bid to purchase. Therefore the 75% qualified majority necessary in both classes for the acquisition to go ahead was not obtained.

The results of the Group companies indicated in the table at the end of this Note correspond in full to continuing operations.

None of the Group companies is officially listed, except for Biosearch, S.A. which in 2011 ceased to be a Group company.

The Company made the corresponding notifications to the investees provided for in the Spanish Limited Liability Companies Law.

The direct ownership interests of Ebro Foods, S.A. in Group companies and associates at 31 December 2011 are presented in the following table:

SUBSIDIARIES

	Investment	Impairment loss (b)	Percentage of ownership	Registered office	Line of business	(a) Share Capital and reserves	(a) 2011 profit (loss)	Dividend paid in 2011	Total shareholders' propios	Profit (Loss) from operations
Dosbio 2010, S.L.	21,519	(8,362)	100.00%	Madrid (Spain)	Farming	14,252	(1,095)	–	13,157	(1,835)
Fincas e Inversiones Ebro, S.A.	4,926	–	100.00%	Madrid (Spain)	Real estate	7,526	196	–	7,722	281
Azucarera Energías, S.A.	1,848	–	60.00%	Madrid (Spain)	Combined heat and power generation	1,761	159	–	1,920	160
Arotz Foods, S.A.	22,864	–	100.00%	Madrid (Spain)	Preservation of vegetables	29,866	415	–	30,281	(17)
Herba Foods S.L.	59,695	–	100.00%	Madrid (Spain)	Investment management	92,809	(332)	–	92,477	505
Herba Ricemills S.L.	153,451	–	100.00%	Madrid (Spain)	Production and sale of rice	177,330	14,940	–	192,270	24,943
Herba Nutrición S.L.	526	–	100.00%	Madrid (Spain)	Production and sale of rice	13,972	7,125	(9,896)	11,201	7,212
Jiloca Industrial, SS.A.	1,500	–	100.00%	Teruel (Spain)	Production of organic fertilizer	1,683	411	(378)	1,716	632
Networks Meal Solutions, S.A.	2	–	100.00%	Madrid (Spain)	Inactive	1	(1)	–	0	(1)
Fundación Ebro	0	–	100.00%	Madrid (Spain)	Foundation	0	0	–	0	0
Beira Terrace Soc,de Const., Ltda,	12,436	(8,096)	100.00%	Oporto (Portugal)	Real estate	9,521	(185)	–	9,336	(47)
Riceland, Ltda. (*)	597	–	20.00%	Budapest (Hungary)	Production and sale of rice	1,029	1	–	1,030	80
Riviana Foods Inc (Group) (**)	233,264	–	75.00%	Houston (Texas-US)	Production and sale of rice	385,804	35,993	–	421,797	50,364
Panzani, SAS (Group)	440,838	–	100.00%	Lyon (France)	Production and sale of pasta and sauces	593,653	36,958	(140,001)	490,610	62,745
New World Pasta Comp. (Group)	279,481	–	100.00%	Harrisburg (US)	Production and sale of pasta and sauces	407,982	36,364	–	444,346	55,908
Birkel Teigwaren Gmbh (Group) (***)	87,078	(28,197)	68.90%	Germany	Production and sale of pasta and sauces	106,687	(10,023)	–	96,664	(10,855)
Ebro Foods Alimentación, S.A.	3	–	100.00%	Mexico	Sale of rice	3	0	–	3	0
Total	**1,320,028**	**(44,655)**						**(150,275)**		

a) *Whenever "Group" appears after the name of the subsidiary, the figures relating to share capital, reserves and results correspond to the consolidated figures of the aforementioned company and its subsidiaries and associates before the dividend for 2011 was paid. To unify the information presented on the various groups or companies, the figures relating to share capital, reserves and results are those obtained by applying the International Financial Reporting Standards adopted by the European Union.*

(*) *The company is a wholly-owned investee of Ebro Foods, S.A., which holds 20% directly and 80% indirectly through Herba Foods, S.L.*

(**) *Ebro Foods, S.A. owns all the shares of this company, of which 75% are held directly and 25% indirectly through Rivana's wholly-owned subsidiaries.*

(***) *The company is a wholly-owned investee of Ebro Foods, S.A., which holds 68.9% directly and 31.1% indirectly through its subsidiaries.*

The direct ownership interests of Ebro Foods, S.A. in Group companies and associates at 31 December 2010 are presented in the following table:

SUBSIDIARIES

	Investment	Impairment loss (b)	Percentage of ownership	Registered office	Line of business	(a) Share Capital and reserves	(a) 2011 profit (loss)	Dividend paid in 2011	Total shareholders' propios	Profit (Loss) from operations
Dosbio 2010, S.L.	21,519	(7,104)	100.00%	Madrid (Spain)	Manufacture of flour	14,712	(459)	–	14,253	(985)
Fincas e Inversiones Ebro, S.A.	4,926	–	100.00%	Madrid (Spain)	Farming	8,157	90	(721)	7,526	110
Azucarera Energías, S.A.	1,848		60.00%	Madrid (Spain)	Combined heat and power generation	1,981	(220)	–	1,761	(231)
Arotz Foods, S.A.	22,864	–	100.00%	Madrid (Spain)	Preservation of vegetables	29,459	341	–	29,800	(109)
Herba Foods S.L.	50,676	–	100.00%	Madrid (Spain)	Investment management	84,513	(721)	–	83,792	(144)
Herba Ricemills S.L.	69,078	–	100.00%	Madrid (Spain)	Production and sale of rice	76,524	16,444	–	92,968	20,798
Herba Nutrición S.L.	526	–	100.00%	Madrid (Spain)	Production and sale of rice	16,100	6,784	(10,912)	11,972	9,688
Biosearch, S.A. (Puleva Biotech, S.A.)	20,365	(3,723)	50.90%	Granada (Spain)	Development and marketing of new products	27,328	432	–	27,760	1,014
Jiloca Industrial, S.A.	1,500	–	100.00%	Teruel (Spain)	Production of organic fertilizer	1,634	377	(329)	1,682	533
Networks Meal Solutions, S.A.	2	–	100.00%	Madrid (Spain)	Inactive	2	0	–	2	0
Fundación Ebro	0	–	100.00%	Madrid (Spain)	Foundation	0	0	–	0	0
Beira Terrace Soc,de Const., Ltda,	3,360	(2,911)	100.00%	Oporto (Portugal)	Real estate	619	(174)	–	445	(63)
Riceland, Ltda. (*)	597	–	20.00%	Budapest (Hungary)	Production and sale of rice	938	227	–	1,165	288
Riviana Foods Inc (Group) (**)	229,297	–	75.00%	Houston (Texas–US)	Production and sale of rice	339,517	34,259	–	373,776	41,980
Panzani, SAS (Group)	440,838	–	100.00%	Lyon (France)	Production and sale of pasta and sauces	556,119	37,473	–	593,592	62,490
New World Pasta Comp. (Group)	276,089	–	100.00%	Harrisburg (US)	Production and sale of pasta and sauces	353,866	47,746	–	401,612	66,010
Birkel Teigwaren Gmbh (Group) (***)	38,793	(18,292)	100.00%	Germany	Production and sale of pasta and sauces	35,863	(14,251)	–	21,612	(5,649)
Total	**1,182,278**	**(32,030)**						**(11,962)**		

a) *Whenever "Group" appears after the name of the subsidiary, the figures relating to share capital, reserves and results correspond to the consolidated figures of the aforementioned company and its subsidiaries and associates before the dividend for 2011 was paid. To unify the information presented on the various groups or companies, the figures relating to share capital, reserves and results are those obtained by applying the International Financial Reporting Standards adopted by the European Union.*

(*) *The company is a wholly-owned investee of Ebro Foods, S.A., which holds 20% directly and 80% indirectly through Herba Foods, S.L.*

(**) *Ebro Foods, S.A. owns all the shares of this company, of which 75% are held directly and 25% indirectly through Rivana's wholly-owned subsidiaries.*

(***) *The company is a wholly-owned investee of Ebro Foods, S.A., which holds 68.9% directly and 31.1% indirectly through its subsidiaries.*

9. Financial instrument

9.1 Financial assets

The detail of financial assets, except for the equity investments in Group companies, jointly controlled entities and associates (see Note 8) at 31 December 2011 and 2010 is as follows:

NON-CURRENT FINANCIAL INSTRUMENTS (ASSETS)

	Equity instruments		Debt securities		Loans and receivables and derivatives		Total	
Categories	**12-31-11**	**12-31-10**	**12-31-11**	**12-31-10**	**12-31-11**	**12-31-10**	**12-31-11**	**12-31-10**
Assets at fair value through profit or loss:								
a) Held for trading							0	0
b) Other							0	0
Held-to-maturity investments							0	0
Loans and receivables					137,704	14,418	137,704	14,418
Available-for-sale financial assets:								
a) At fair value	45,428	99,331					45,428	99,331
b) At cost							0	0
Hedging derivatives							0	0
Total	45,428	99,331	0	0	137,704	14,418	183,132	113,749

CURRENT FINANCIAL INSTRUMENTS (ASSETS)

	Equity instruments		Debt securities		Loans and receivables and derivatives		Total	
Categories	**12-31-11**	**12-31-10**	**12-31-11**	**12-31-10**	**12-31-11**	**12-31-10**	**12-31-11**	**12-31-10**
Assets at fair value through profit or loss:								
a) Held for trading							0	0
b) Other							0	0
Held-to-maturity investments							0	0
Loans and receivables					32,100	21,635	32,100	21,635
Available-for-sale financial assets:								
a) At fair value							0	0
b) At cost							0	0
Hedging derivatives							0	0
Total	0	0	0	0	32,100	21,635	32,100	21,635

Available-for-sale financial assets

1. Investment in Deoleo Corporación, S.A. (formerly SOS)

"Available-For-Sale-Financial Assets" relates to the investment in SOS Corporación, S.A. in December 2010 through the subscription of 95,510,218 shares of the capital increase performed by the aforementioned company at a cost of EUR 0.5 per share, representing 9.3% of the share capital of SOS Corporación, S.A. This financial asset is recognised at fair value through equity, until it is derecognised or becomes impaired, at which time the amount thus recognised is allocated to the income statement.

At 31 December 2011, the fair value per the market price of this investment was EUR 41,069 thousand (31 December 2010: fair value of EUR 99,331 thousand), equivalent to EUR 0.43 per share, and, therefore, a net loss of EUR 40,784 thousand was recognised directly in equity (a gross loss of EUR 58,262 thousand less EUR 17,478 thousand of its tax effect).

2. Investment in Biosearch, S.A.

On 13 January 2011, the Board of Directors of Ebro Foods, S.A. resolved to sell to Grupo Lactalis Iberia, S.A. 17,252,157 shares representing 29.9% of the share capital of Biosearch, S.A. for a total price of EUR 8,281 thousand. Given that the shares were not sold at their underlying carrying amount (EUR 0.48 per share), this sale did not give rise to any gains or losses in the 2011 financial statements of Ebro Foods, S.A. Following this sale, Ebro Foods, S.A. no longer participates in the managing bodies of Biosearch S.A. This company has ceased to be a Group company investment and has been recognised as an available-for-sale financial asset. Following the sale in January 2011 of 29.9% of Biosearch, S.A., Ebro Foods, S.A. held 12,117,806 shares, of which 1,355,557 shares had been sold at 31 December 2011, leaving at that date 10,762,249 remaining shares representing 18.65% of the share capital of Biosearch, S.A.

This financial asset is recognised at fair value through equity, until it is derecognised or becomes impaired, at which time the previously recognised gains or losses are recognised in net profit or loss for the year. At 31 December 2011, the fair value per the market price of this investment was EUR 4,359 thousand, equal to EUR 0.405 per share, and, therefore, a net expense of EUR 2,172 thousand was recognised in equity (a gross expense of EUR 3,104 thousand less EUR 932 thousand of its tax effect).

Loans and receivables	12-31-11	12-31-10
Non-current financial instruments		
Loans to Group companies (Notes 8 and 17)	135,007	7,347
Loans to third parties	2,550	6,924
Long-term deposits	147	147
	137,704	14,418
Current financial instruments		
Loans to Group companies (Notes 8 and 17)	15,036	0
Trade and other receivables (Note 10)	14,664	7,906
Loans to third parties	2,400	13,729
	32,100	21,635
Total	**169,804**	**36,053**

The balance of "Loans to Third Parties" in 2011 (and 2010) relates mainly to:

- The deferred amount of the Alagón land sale, in accordance with the payment agreements reached in 2009, amounting to EUR 2,263 thousand (2010: EUR 4,663 thousand) at long term and EUR 2,400 thousand (2010: EUR 2,229 thousand) at short term. This loan earns implicit interest of 2.5% and matures in equal amounts in June 2012 and 2013.
- Also, in 2010 it related to the deferred collection due to the sale of the sugar business amounting to EUR 2,261 thousand at long term and EUR 11,500 thousand at short term. These loans were repaid in 2011.

Exchange differences recognised in profit or loss

The detail, by class of financial instrument, of the exchange differences recognised in profit or loss in 2011 and 2010 is as follows:

EXCHANGE DIFFERENCES RECOGNISED IN PROFIT OR LOSS AS (EXPENSE)/INCOME

	Loans and receivables		Equity instruments of Group companies		Loans and payables		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Due to transactions settled in the year	(905)	(75)	0	0	0	0	(905)	(75)
Due to transactions yet to be settled at the end of the year	(645)	(2)	0	0	2,398	(2,701)	1,753	(2,703)
Due to foreign currency hedges	0	0	7,359	32,940	(7,359)	(32,940)	0	0
Total expense/(income) recognised in the income statement for the year	**(1,550)**	**(77)**	**7,359**	**32,940**	**(4,961)**	**(35,641)**	**848**	**(2,778)**

9.2 Financial liabilities

The detail of "Financial Liabilities" at 31 December 2011 and 2010 is as follows:

NON-CURRENT FINANCIAL INSTRUMENTS (LIABILITIES)

	Bank borrowings		Debt instruments and other marketable securities		Derivatives and other accounts payable		Total	
Categories	12-31-11	12-31-10	12-31-11	12-31-10	12-31-11	12-31-10	12-31-11	12-31-10
Accounts payable	231,957	279,518			27	27	231,984	279,545
Liabilities at fair value through profit or loss:								
a) Held-for-trading							0	0
b) Other							0	0
Hedging derivatives							0	0
Total	**231,957**	**279,518**	**0**	**0**	**27**	**27**	**231,984**	**279,545**

CURRENT FINANCIAL INSTRUMENTS (LIABILITIES)

	Bank borrowings		Debt instruments and other marketable securities		Derivatives and other accounts payable		Total	
Categories	12-31-11	12-31-10	12-31-11	12-31-10	12-31-11	12-31-10	12-31-11	12-31-10
Accounts payable	58,022	39,674			12,887	60,566	70,909	100,240
Liabilities at fair value through profit or loss:								
a) Held-for-trading							0	0
b) Other							0	0
Hedging derivatives					0		0	0
Total	**58,022**	**39,674**	**0**	**0**	**12,887**	**60,566**	**70,909**	**100,240**

a) Bank borrowings: see Note 13

b) Derivatives and other payables:

The detail of the financial liabilities classified under "Derivatives and Other Payables" is as follows:

(Thousands of euros)	2011	2010
Non-current		
Derivatives	0	0
Guarantees	27	27
	27	**27**
Current		
Derivatives	0	0
Trade and other payable	11,511	13,730
Outstanding dividends payable	0	46,160
Other financial liabilities	1,376	676
	12,887	**60,566**

The interim dividend payable at 31 December 2010 related to the amount payable of the extraordinary dividend approved by the shareholders at the Annual General Meeting of 1 June 2010. It corresponded to the third and fourth instalment of the aforementioned dividend paid on 4 April and 4 July 2011.

c) Information on the nature and level of risk of financial instruments

The main objective of the capital management policy is to guarantee a financial structure based on compliance with prevailing legislation in the countries where the Group operates. In addition, the Group's capital management policy seeks to guarantee the maintenance of stable credit ratings and to maximise value for shareholders.

As a result of the business activities and operations performed, the Company has financial risks such as foreign currency and interest rate risks.

Interest rate risk: the Company is exposed to the risk of changes in market interest rates, mainly due to long-term payment obligations bearing floating interest. The policy consists of managing borrowing costs using, whenever necessary, a combination of fixed and floating interest rates. The policy is to reduce as far as possible the Company's exposure to this risk and, accordingly, it monitors intensively the changes in interest rates with the support required from external experts.

Whenever it is considered necessary, interest rate derivatives are arranged in which it is agreed to exchange, in certain periods, the difference between the amounts of fixed and floating interest calculated on the basis of the notional amount of the principal agreed upon between the parties. These derivative or structured instruments are designed to hedge the underlying payment obligations.

Foreign currency risk: as a result of the significant investments in the US, the Company's balance sheet could be significantly affected by fluctuations in the USD/EUR exchange rate. The Company attempts to mitigate the effect of its exposure to structural foreign currency risk by obtaining loans in USD. Accordingly, 67.7% of the investment in the US is hedged in this way.

At 31 December 2011, "Non-Current Payables - Bank Borrowings" included two loans totalling USD 374 million (2010: USD 411 million) (see Note 13) and "Non-Current Payables to Group Companies and Associates" included a loan of USD 62 million (2010: EUR 146 million) (see Note 17), which were designated as a hedge of the net investments in US subsidiaries, and are used to hedge the Company's exposure to the foreign currency risk on these investments. The gains or losses on the translation of these loans to euros are recognised in the income statement and the gains or losses recognised in the translation of the net investments in subsidiaries are offset for the same amount (see Notes 8-a and 9.1).

Liquidity risk: the Company manages the risk of a short-term lack of cash through a liquidity planning tool. This tool takes into account the maturity of the financial investments and the financial assets, as well as the cash flow projections relating to the transactions.

Ebro Foods, S.A. is the head of the consolidated Group consisting of it, as the parent, and the subsidiaries and associates with which it presents separately consolidated financial statements. This fact should be taken into consideration when assessing the purely circumstantial working capital position at the end of each year in the separate financial statements of Ebro Foods, S.A., which, as the head of the Group, has other financing options available to it, through the application of the dividend policy, for example.

10. Trade and other receivables

The detail of the trade receivables in 2011 and 2010 is as follows:

(Thousands of euros)	12-31-11	12-31-10
Trade receivables for sales and services	926	439
Receivable from Group companies and associates (Note 17)	8,238	6,397
Sundry accounts receivable	0	1
Employee receivables	127	79
Current tax assets (Note 15)	2,303	177
Other accounts receivable from public authorities (Note 15)	3,070	813
	14,664	7,906

Valuation adjustments: "Trade Receivables for Sales and Services" is presented net of write-downs. In 2011 (and 2010) there were no changes, and the impairment losses at 31 December 2011 amounted to EUR 15 thousand (2010: EUR 15 thousand).

The balance of "Trade Receivables for Sales and Services" is denominated in full in euros.

11. Cash and cash equivalents

Cash equivalents normally relate to bank deposits which mature within three months from the acquisition date, and bank deposits maturing at over three months, immediately available without any type of penalty.

There are no restrictions on the availability of cash.

12. Shareholders' equity

a) **Registered share capital:** at 31 December 2011 and 2010, the share capital was represented by 153,865,392 fully subscribed and paid bearer shares of EUR 0.60 par value each traded on the Spanish Stock Exchanges. All the shares are of the same class and confer the same rights.

At 31 December 2011 and 2010, the direct and indirect ownership interests in the share capital of Ebro Foods, S.A. held by shareholders owning more than 3% of the capital, is as follows, according to the information furnished to the Spanish National Securities Market Commission (CNMV) and to Ebro Foods, S.A.:

- Instituto Hispánico del Arroz, S.A.: direct holder of 13,588,347 (2010: 13,588,347) shares representing 8.831% (2010: 8.831%) and indirect holder, through Hispafoods Invest, S.L., of 10,600,210 (2010: 10,600,210) shares representing 6.889% (2010: 6.889%). In total, holder of 24,188,557 (2010: 24,188,557) shares representing 15.721% (2010: 15.721%).
- Sociedad Anónima Damm: indirect holder, through Corporación Económica Damm, S.A., of 14,850,000 (2010: 14,350,000) shares representing 9.651% (2010: 9.326%).
- Sociedad Estatal de Participaciones Industriales: indirect holder, through Alimentos y Aceites, S.A., of 15,721,882 (2010: 13,315,016) shares representing 10.218% (2010: 8.654%).
- Corporación Financiera Alba, S.A.: indirect holder, through Alba Participaciones, S.A., of 12,498,830 (2010: 8,777,719) shares representing 8.123% (2010: 5.705%). It became a significant shareholder on 9 September 2010.
- Lolland, S.A.: indirect holder, through Casa Grande Cartagena, S.L., of 5,193,290 (2010: 9,707,778) shares representing 3.375% (2010: 6.309%).

b) **Share premium:** the Consolidated Spanish Limited Liability Companies Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use.

c) **Legal reserve:** Spanish companies that report a profit for the year must transfer 10% of that net profit to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed except in the event of dissolution but it can be used to offset losses, provided that sufficient other reserves are not available for this purpose, and to increase capital, provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. At 31 December 2011 and 2010, the Parent's legal reserve had reached the legally required minimum.

d) **Voluntary reserve:** this is an unrestricted reserve with the limitations imposed by Spanish corporate law in relation to unamortised research and development expenditure.

e) **Revaluation reserve Law 7/1996, of 7 June:** as a result of revaluations made in the past by Sociedad General Azucarera de España, S.A. and Puleva S.A. pursuant to Royal Decree-Law 7/1996, of 7 June, revaluation reserves of EUR 21,767 thousand were recognised. Following the spin-off of the sugar line of business in 2001 and the dissolution of A.E. Gestion de Patrimonio, S.L. in 2003, EUR 3,169 thousand of these reserves remained in the Company's balance sheet (included in "Other Reserves").

This balance can be used, free of tax, to offset accounting losses (both prior years' accumulated losses and current year losses) or losses which might arise in the future, and to increase share capital. From 1 April 2007, the balance of this account can be taken to unrestricted reserves, provided that the monetary surplus has been realised.

The surplus will be deemed to have been realised in respect of the portion on which depreciation has been taken for accounting purposes or when the revalued assets have been transferred or derecognised. If the balance of this account were used in a manner other than that provided for in Royal Decree-Law 7/1996, it would be subject to tax.

f) **Treasury shares:** in 2010 the Parent was authorised by the shareholders at the Annual General Meetings held on 28 April 2009 and 2 June 2010 to purchase and sell treasury shares, and, in accordance with current legislation, the Spanish National Securities Market Commission (CNMV) was notified accordingly. No shares were acquired in 2010 and 666,469 treasury shares were sold. At 31 December 2010, the Company held no treasury shares.

In 2011, the Parent made treasury share purchases and sales pursuant to authorisations granted by the shareholders at the Annual General Meetings held on 2 June 2010 and 15 June 2011, and, in accordance with current legislation, the Spanish National Securities Market Commission (CNMV) was notified accordingly. In 2011 4,087,972 treasury shares were acquired and 703,878 were sold. At 2011 year-end the Parent held 3,384,094 treasury shares representing 2.199% of its share capital. At 2011 year-end no decision had been taken regarding the specific use to which these treasury shares would be put.

g) **Dividends paid in 2011:**

Distribution of dividends approved by the shareholders at the Annual General Meeting on 15 June 2011: on the basis of the Ebro Foods Group's consolidated profit for 2010, it was resolved to distribute an ordinary dividend payable in cash out of unrestricted reserves of EUR 0.416 per share in four quarterly payments of EUR 0.104 each, on 4 April, 4 July, 3 October and 22 December 2011, for a total of EUR 64,008 thousand.

Also, on a separate basis, in 2011 the third and fourth payments of EUR 0.15 per share were made (on 4 April and 4 July 2011) as part of the extraordinary dividend approved by the shareholders at the Annual General Meeting on 2 June 2010 as a result of the sale of the diary product business in the same year.

Lastly, on 15 June 2011, the Board of Directors resolved to distribute an interim dividend of EUR 0.15 per share, totalling EUR 23,080 thousand, corresponding to 2011 (see Note 3). The interim dividend payments were made on 3 October and 22 December 2011 and amounted to EUR 0.075 per share.

h) **Valuation adjustments**

See comments in Note 9.1

13. Bank borrowings

The detail of "Non-Current Payables - Bank Borrowings" and "Current Payables - Bank Borrowings" at 31 December 2011 and 2010 is as follows (in thousands of euros):

	2011 Non-current	2011 Current	2010 Non-current	2010 Current
Non-current bank borrowings drawn down in euros	–	–	–	–
Non-current bank borrowings drawn down in US dollars	231,957	57,009	279,518	27,602
Current credit facilities in euros	–	308	–	12,037
Unmatured accrued interest	–	705	–	35
Total	**231,957**	**58,022**	**279,518**	**39,674**

The long-term bank loans financed the investments in Riviana Inc (2004), Panzani SAS (2005) and New Word Pasta Company (2006), are guaranteed by the subsidiaries Herba Food, S.L., Herba Ricemills, S.L., Panzani SAS and Riviana Foods Inc., and correspond to:

- A syndicated loan agreement entered into in November 2004, novated in May 2005 and again in November 2006 and April 2009, amounting to EUR 287.9 million, which was repaid in full in 2010 in accordance with the repayment schedule.
- A syndicated loan agreement entered into in May 2005, novated in November 2006, April 2009 and August 2010, amounting, at 31 December 2011, to USD 184.2 million (an initial USD 440 million less USD 44 million repaid early in the April 2009 novation and less USD 175 million repaid early in the August 2010 novation), the principal of which will be repaid in six half-yearly instalments of USD 36.8 million from October 2011 onwards. This US dollar loan bears annual interest at 1-, 3-, 6- or 12-month LIBOR plus a market spread.
- Bilateral loan agreement entered into in November 2006 and novated in April 2009 and July 2010, amounting to USD 190 million, the principal of which will be repaid in four half-yearly instalments of USD 47.5 million from May 2015 onwards. This US dollar loan bears annual interest at 1-, 3-, 6- or 12-month LIBOR plus a market spread.

The Company must achieve at all times certain ratios over the term of the aforementioned loans based on the consolidated financial statements of the Group of which the Company is the parent. The failure to achieve these ratios would increase borrowing costs and, depending on the cases, lead to a situation that could trigger the early repayment of the loans. At 31 December 2011 and 2010, all the ratios were being achieved.

In addition, at 31 December 2011, the Company had credit facilities at banks with a limit of EUR 49 million (2010: EUR 57 million) arranged as unsecured credit facilities, against which a total of EUR 308 thousand had been drawn down (2010: EUR 12,037 thousand). The average annual interest rate on these borrowings, excluding the long-term loans, is 3-month EURIBOR plus an average market spread of 1.3% (2010: 1%).

Also, the guarantees and other bank guarantees granted to third parties totalled EUR 18,701 thousand at 31 December 2011 (31 December 2010: 39,253 thousand) (see Note 16).

The repayment schedule of the bank borrowings is as follows:

Maturing in 2012	USD 73,666 thousand (EUR 57,009 thousand at 12/31/11)
Maturing in 2013	USD 73,666 thousand (EUR 57,009 thousand at 12/31/11)
Maturing in 2014	USD 36,833 thousand (EUR 28,504 thousand at 12/31/11)
Maturing in 2015	USD 95,000 thousand (EUR 73,222 thousand at 12/31/11)
Maturing in 2016	USD 95,000 thousand (EUR 73,222 thousand at 12/31/11)

14. Long-term provisions

The detail of the provisions and of the changes therein in 2011 and 2010 is as follows:

LONG-TERM PROVISIONS (Thousands of euros)

	Employee benefit obligations			Other provisions for contingencies				
	Long-service bonuses	Long-term remuneration	Total	Guarantees for sugar business sale	Guarantees for dairy product business sale	Other	Total	Total
Beginning balance: 31 December 2009	351	3,800	4,151	59,077	0	2,189	61,266	65,417
Charge for the year	54	449	503	13,064	28,231	0	41,295	41,798
Amounts used	0	(3,800)	(3,800)	(27,902)	0	(2,189)	(30,091)	(33,891)
Adjustments due to the effect of the discount rate	0	0	0	1,416	175	0	1,591	1,591
Ending balance: 31 December 2010	405	449	854	45,655	28,406	0	74,061	74,915
Charge for the year (reversal of provision)	18	420	438	(19,362)	0	0	(19,362)	(18,924)
Amounts used	(40)	0	(40)	(18,865)	0	0	(18,865)	(18,905)
Adjustments due to the effect of the discount rate	0	0	0	1,116	419	0	1,535	1,535
Ending balance: 31 December 2011	383	869	1,252	8,544	28,825	0	37,369	38,621

Provision for contingencies - Guarantees arising from the sale of the sugar business
At 31 December 2011, this heading included a provision of EUR 8,544 thousand (2010: EUR 45,655 thousand) to cover the buyer in the sale in 2009 of the sugar business from the litigation in progress relating to Azucarera Ebro, S.L.

The provision for the outcome of litigation relating to the sale of the sugar business relates to the guarantees provided to the buyer of the business which, in the event of an unfavourable outcome of the litigation, would lead to a reduction in the selling price of the sugar business. The provisions or reversals recognised constitute an adjustment to the selling price and, consequently are recognised as a decrease or increase in the gains of the year in which they are recognised or reversed.

Developments in 2011: In relation to these lawsuits, in 2011 a total of EUR 18,865 thousand were paid out of the guarantees provided in the sale of the sugar business, most of which, EUR 16,575 thousand, was paid to the buyer of this business as interest payments arising from the unfavourable judgment of the Criminal Chamber of the Supreme Court (on 20 July 2010, this Chamber handed down an unfavourable judgment whereby Ebro Foods, S.A. was required to pay EUR 27.6 million on 21 July 2010, although the related interest remained outstanding until its payment in March 2011). Also, the portion of this provision (EUR 19,362 thousand) reversed in 2011 related mainly to another of the lawsuits in process on which the Supreme Court handed down a favourable judgment on 24 January 2012, giving rise to the reversal of the provision covering this litigation.

With respect to the remaining guarantees for which provisions were recognised at 31 December 2011, there were no material changes in their position compared to the previous year.

Provision for contingencies - Guarantees arising from the sale of the dairy product business
At 31 December 2011, the balance of this provision, amounting to EUR 28,825 thousand (2010: EUR 28,406 thousand), covered the buyer in the sale in 2010 of the dairy product business in connection with the resolution of the litigation in progress relating to Puleva Food, S.L.

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

With respect to these guarantees for which provisions were recognised, there were no material changes in their position compared to the previous year.

Provision for long-service bonuses

Certain employees of Ebro Foods, S.A. are beneficiaries of long-service bonuses for 25 and 40 years of service covered by an in-house provision at the Company. The provision of EUR 383 thousand (2010: EUR 405 thousand) recognised for these long-service bonuses at 31 December 2011 represents the present value, calculated by an independent actuary, of the possible future payment obligations of the Company to its employees. The basic assumptions used in the latest actuarial study at 31 December 2011 (2010), were as follows:

a) Applied annual discount rate of 4.93% (2010: 4.08%).
b) Increase in salaries: a cumulative annual increase of 3% was assumed (2010: 3%).
c) Mortality and life expectancy tables: PERM/F 2000P tables.

Provision for long-term remuneration of executives

In 2010 settlement of the Multi-Year Incentive Plan associated with the Ebro Group's 2007-2009 Strategic Plan was made. The provisions for 2011 and 2010 relate to the new 2010-2012 Plan (see Note 18).

15. Tax matters

The detail of the tax receivables and payables at 31 December 2011 and 2010 is as follows:

(Thousands of euros)	12-31-11	12-31-10
Current		
Current tax assets	2,303	177
Other accounts receivable from public authorities	3,070	813
Current tax liabilities	0	(903)
Other accounts payable to public authorities	(5,321)	(6,061)
	52	(5,974)
Non-current		
Deferred tax assets	14,945	15,629
Deferred tax liabilities	(32,140)	(49,186)
	(17,195)	(33,557)

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the statute-of-limitations period has expired.

In May 2011, the Company was notified of the commencement of a tax audit for 2004 to 2007, inclusive. The tax audit concluded with the related tax assessments being signed on an uncontested basis in March 2012, giving rise to an amount payable of approximately EUR 2,500 thousand. This amount was provisioned in full in the 2011 financial statements. Additionally, the Company has all years since 2008 open for review for all taxes applicable to it. The Company's directors do not consider it necessary to recognise provisions for any possible further contingencies that could arise from the various interpretations of the tax legislation.

The taxable profit, calculated pursuant to tax legislation, is taxed at 30%.

15.1 The consolidated tax group comprises:

Ebro Foods, S.A. (head of the tax group), Network Meal Solutions, S.L., Fincas e Inversiones Ebro, S.A., Dosbio 2010, S.L., Arotz Foods, S.A., Herba Foods, S.L., Herba Ricemills, S.L. and subsidiaries, Herba Nutrición, S.L., Fallera Nutrición, S. L. and Jiloca, S.A.

15.2 The reconciliation of the net income and expense for the year to the taxable profit (tax loss) for 2011 and 2010 is as follows:

INCOME TAX (Thousands of euros)

	2011		2010	
	Accrued	Tax	Accrued	Tax
Profit before tax from continuing operations	143,632	143,632	468,895	468,895
Permanent differences	(139,626)	(139,626)	2,396	2,396
Permanent differences due to tax consolidation adjustments	(10,273)	(10,273)	(11,962)	(11,962)
Adjusted accounting profit	(6,267)	(6,267)	459,329	459,329
Temporary differences arising during the year		4,589		12,067
Temporary differences arising in other years		(6,856)		(14,341)
Temporary differences due to tax consolidation adjustments		1,258		0
Taxable profit of the Company	(6,267)	(7,276)	459,329	457,055
Tax charge at 30%	(1,880)	(2,183)	137,799	137,117
Tax credits	(8,747)	(8,747)	(38,477)	(38,557)
Prior year's tax adjustment	705	0	5,413	0
Total income tax: expense (income)	(9,922)	(10,930)	104,735	98,560

The reconciliation of the net income tax payable of Ebro Foods, S.A. to the net income tax payable arising from the consolidation of all the tax payables of the tax group companies is as follows:

	2011	2010
Net tax payable by Ebro Foods, S.A.	(10,930)	98,560
Prepayments made during the year	0	(105,453)
Withholdings	(2,080)	(477)
Net tax payable from prior years	(179)	0
Net tax payable by the rest of the companies in the tax group	10,886	8,273
Tax payable by (refundable to) the Tax Group	(2,303)	903

15.3 The reconciliation of the income tax expense and the result of multiplying the tax rates applicable to the total recognised income and expense, detailing the balance in the income statement, is as follows:

INCOME STATEMENT (Thousands of euros)

	2011	2010
Profit before tax from continuing operations	143,632	468,895
Applicable tax rate	30%	30%
Theoretical tax charge	43,090	140,669
Effect of:		
Non-deductible expenses	140	752
Dividends within the tax group	(3,082)	(3,589)
Dividends within the business group	(42,000)	0
Tax credits and other	(8,070)	(33,097)
	(9,922)	104,735
Tax expense (detail):		
Current	(10,930)	98,560
Deferred	303	762
Adjustment	705	5,413
Effective tax expense (income)	(9,922)	104,735

15.4 The detail of the temporary differences in 2011 and 2010 at Ebro Foods, S.A. is as follows:

TEMPORARY DIFFERENCES

	2011	2010
Increases		
Charge to long-term provision for remuneration	420	503
Impairment loss on group companies	3,940	15,723
Amortisation of trademarks for tax purposes	0	1,830
Deferral of tax credit for foreign investment	0	7,500
Charge to provision for remuneration and termination benefits	2,287	0
Total increases	**6,647**	**25,556**
Decreases		
Tax expense relating to amortisation of merger goodwill	2,007	2,007
Provision used for long-term remuneration	0	3,800
Temporary difference relating to the amortisation of goodwill for tax purposes	3,746	18,731
Amortisation of trademarks for tax purposes	1,903	1,103
Other non-deductible provisions	0	2,189
Total decreases	**7,656**	**27,830**
Total net temporary differences	**(1,009)**	**(2,274)**

15.5 The detail of the permanent differences in 2011 and 2010 at Ebro Foods, S.A., is as follows:

PERMANENT DIFFERENCES

	2011	2010
Increases		
Donations	448	299
Impairment loss on Group and other companies	0	2,189
Other non-deductible expenses	19	17
Total increases	**467**	**2,505**
Decreases		
Adjustments for dividends of tax group subsidiaries	10,273	11,962
Adjustments for dividends of foreign subsidiaries	140,001	0
Amortisation of goodwill for tax purposes	92	109
Other non-computable income		0
Total decreases	**150,366**	**12,071**
Total net permanent differences	**(149,899)**	**(9,566)**

15.6 The tax credits obtained by Ebro Foods, S.A. in 2011 and 2010 relate mainly to donations, the reinvestment of gains from asset sales and, in 2010, to the double taxation of dividends (due mainly to the tax credit arising on the sale of Puleva Food, S.L. and Lactimilk, S.A. in 2010).

The reinvestments made by the Spanish tax group that entitled it to take tax credits for reinvestment amounted to EUR 115.3 million in 2011 (2010: EUR 57.3 million) (EUR 1.5 million, EUR 16.2 million, EUR 11.2 million and EUR 76.3 million, in the period from 2009 to 2006, respectively. These amounts were reinvested by the tax group in each of the aforementioned years). Also, the other requirements to be able to take these tax credits for tax purposes were met.

In addition, at 31 December 2011, there were unused reinvestment tax credits amounting to EUR 38.3 million, which are conditional upon reinvestment by the Spanish tax group of EUR 692 million (within a time frame that ends mainly in August 2013).

15.7 The changes in 2011 and 2010 in the deferred tax assets and liabilities of Ebro Foods, S.A. were as follows:

(Thousands of euros)

	12-31-09	Additions	Reductions	Adjustments	12-31-10	Additions	Reductions	Adjustments	12-31-11
Deferred tax assets									
Merger goodwill	6,019		(602)		5,417		(602)		4,815
Intangible assets: Trademarks	3,308		(331)		2,977		(331)		2,646
Property, land and equpment: Land	129				129				129
Long-term provisions for remuneration	1,140	135	(1,140)		135	126			261
Provisions for long-service bonuses	107	16			123	5			128
Provisions for contingencies	656		(656)		0				0
Impairment loss on companies in the tax group	2,131	4,717			6,848	2,899	(1,717)	(1,745)	6,285
Termination benefits	0				0	681			681
Tax credit carryforwards	8,577		(80)	(8,497)	0				0
	22,067	**4,868**	**(2,809)**	**(8,497)**	**15,629**	**3,711**	**(2,650)**	**(1,745)**	**14,945**
Deferred tax liabilities									
Amortisation of goodwill for tax purposes	(27,696)	(5,620)			(33,316)	(1,124)			(34,440)
Amortisation of trademarks for tax purposes	(549)		549		0	(240)			(240)
Deferral of tax credit for foreign investment	(2,250)		2,250		0				0
Deferral of gains relating to the tax group	(398)				(398)				(398)
Fair value of financial assets	0	(15,472)			(15,472)		18,410		2,938
	(30,893)	**(21,092)**	**2,799**	**0**	**(49,186)**	**(1,364)**	**18,410**	**0**	**(32,140)**

16. Guarantee commitments

At 31 December 2011 and 2010, the following bank guarantees had been provided:

	2011	2010
Guarantees from banks		
To courts and agencies for economic-administrative claims and tax deferral	17,931	38,483
To third parties to secure the fulfilment of ordinary trading obligations	770	770
Guarantees provided by Ebro Foods, S.A.		
Guarantees provided to banks to secure other companies	0	0

In 2009 guarantees (counter guarantees) amounting to EUR 64,427 thousand were provided to courts and agencies in relation to claims, of which EUR 17,931 thousand remained outstanding at 31 December 2011 (2010: EUR 38,483 thousand), in order to cover the guarantees provided to the buyers of the sugar business (sold in 2009) and of the dairy product business (sold in 2010), in connection with the lawsuits in which these businesses are involved. Based on the contractual agreements entered into, Ebro Foods, S.A. has guaranteed that it will cover any liability that might arise from the outcome of the unresolved litigation (see Note 14).

17. Accounts with group companies and associates

Note 8 includes a list of subsidiaries and associates of Ebro Foods, S.A. In 2011 and 2010 transactions with associates did not represent a material amount.

In 2011 and 2010 the main transactions performed by the Company with Group companies and associates were as follows:

	2011		2010	
	Group companies	Associates	Group companies	Associates
Outside services	(446)		(3,843)	
Staff costs	0		0	
Finance costs	(2,139)		(1,321)	
Total purchases and costs	**(2,585)**	**0**	**(5,164)**	**0**
Provision of services and other income	6,579		6,932	
Finance income	1,822		318	
Income from dividends received	150,275		11,962	
Total sales and income	**158,676**	**0**	**19,212**	**0**

The balances of Ebro Foods, S.A. with Group companies and associates at 31 December 2011 and 2010 were as follows:

AT 31 DECEMBER 2011

Balances with group companies and associates	Long-term loans	Receivable from companies	Short-term loans	Balances payable		Payable to suppliers
				Non-current	Current	
Panzani SAS	135,000	597				
Herba Foods, S.L.		183		(31,764)		
Arotz Foods, S.A.		337		(27,914)	(11)	(1)
New World Pasta, Inc		362		(49,108)		
Ebro de Costa Rica, S.A.				(13,903)		
Ebro Riviana de Guatemala, S.A.				(8,249)		
Dosbio 2010, S.L.		(488)				
Herba Ricemills, S.L.		6,066	15,000			(9)
Riviana Foods, Inc		340				(164)
Herba Nutrición, S.L.		121				(1)
Grupo Lassie (Holanda)		131				
Jiloca, S.A.		179				
Fundación Ebro Foods					(301)	
Other companies (minor balances)	7	410	36	0	0	(2)
	135,007	**8,238**	**15,036**	**(130,938)**	**(312)**	**(177)**

AT 31 DECEMBER 2010

Balances with group companies and associates	Long-term loans	Receivable from companies	Balances payables Non-current	Balances payables Current	Payable to Suppliers
Panzani SAS		901			(447)
Beira Terrace Soc. de Construçoes, Ltda.	6.897				
Azucarera Energías, S.A.	450	2			
Herba Foods, S.L.		146			(3)
Dosbio 2010, S.L.					(201)
Herba Ricemills, S.L.		3.110		(10.045)	
Herba Nutrición, S. L.		5			
Mundi Riz					
Euryza, Gmbh		173			
Fincas e inversiones Ebro, S.A.		39			
Arotz Foods, S.A.		240	(27.038)	(83)	(1)
Biosearch, S.A. (antes Puleva Biotech)		14			
Networks Meal Solutions, S.A.		1			(2)
Arrozeiras Mundiarroz		3			
Grupo Riviana		641	(21.282)		
New World Pasta Company, Inc (Group)		900	(109.265)		
Birkel Teigwaren, Gmbh (Group)		57			
Jiloca, S.A.		156			
Fundación Ebro Foods				(300)	
Boost Distribution CV		9			
	7.347	6.397	(157.585)	(10.428)	(654)

All of the balances are denominated in euros except for the amounts payable to New World Pasta, Inc., Ebro de Costa Rica, S.A. and Ebro Riviana de Guatemala, S.A., which are denominated in US dollars.

Non-current payables have no fixed maturity and, therefore, the Company classified them as non-current since they are not expected to be repaid in the short term. The amount payable to New World Pasta, Inc. has a nominal amount of USD 62 million, hedges the investments in assets in US dollars (see Note 9.2-c) and bears interest at 3-month LIBOR + 0.90 points.

The Company has entered into an agreement relating to a corporate current account with most of its Spanish and foreign subsidiaries, guaranteeing coverage of all their financing requirements and, where applicable, interest earned on their cash surpluses, all, as a general rule, at market interest rates.

18. Related party transactions

The sales to and purchases from related parties were performed on an arm's length basis. At year-end the balances relating to commercial transactions are not secured, are not interest bearing and are settled in cash. No other guarantees were provided or received in relation to the accounts receivable from or payable to related parties.

During the years ended 31 December 2011 and 2010, the Company did not recognise any allowances for doubtful debts from related parties. The need for allowances is assessed each year on the basis of an examination of the financial position of the related party and of the market in which it operates.

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

Note 12 lists the companies that have a significant ownership interest in the share capital of Ebro Foods, S.A.

Neither in 2011 nor in 2010 did Ebro Foods, S.A. perform any transactions, excluding dividends, with these significant shareholders (unless they are directors, in which case they are reflected in Note 18.2).

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

In 2011 Ebro Foods, S.A. did not perform any transactions with its directors and executives, except for the dividends and remunerations included in Notes 18.3 and 18.6.

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

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

- Dividends in 2011:
  – Dividends to significant shareholders: 35,120 (2010: 28,400)
  – Dividends to directors and executives: 26,340 (2010: 21,419)

18.4 Other matters of interest

Ebro Foods, S.A. has an ownership interest of less than 20% in Biosearch, S.A. (18.652% at 31 December 2011). This ownership interest is solely of a financial nature and, as such, is recognised in the financial statements of the Ebro Group.

Ebro Foods, S.A. does not participate in the administration or the management of Biosearch, S.A. Neither does it have any influence over the financial and operating decisions made by Biosearch, S.A.

Therefore, Ebro Foods considers that the transactions performed with Biosearch in 2011 do not qualify as related-party transactions, although the transaction performed between Biosearch, S.A. and Ebro Foods in 2011, consisting of the provision of services and amounting to EUR 58 thousand, is hereby disclosed.

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

Pursuant to Articles 229, 230 and 231 of the Spanish Limited Liability Companies Law, this section of the notes to the financial statements discloses information that the directors, in compliance with their duty of loyalty, have notified to the Company on the equity interests and positions held at companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Ebro Foods, S.A., whether or not these companies form part of the Ebro Foods Group.

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

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

  It is hereby stated that Instituto Hispánico del Arroz, S.A. is a company engaging in an activity that is similar to the activity that constitutes the company object of Ebro Foods, S.A. and that it holds an ownership interest of 15.721% therein (direct ownership interest of 8.832% and indirect ownership interest of 6.889% through Hispafoods Invest, S.L., in which it has a 100% direct ownership interest and holds the position of director).

- Antonio Hernández Callejas:
  – Direct ownership interest of 16.666% in Instituto Hispánico del Arroz, S.A. No position is held.
  – Direct ownership interest of 0.001% in Deoleo. He holds the position of director.

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

- Demetrio Carceller Arce:
  – Direct ownership interest of 0.001% in Deoleo. He holds the position of director.

- Dr. Rudolf-August Oetker:
  – Direct ownership interest of 15% in Dr. August Oetker KG. He holds the position of Chairman of the Advisory Board.
  – He is a member of the Advisory board of the following companies belonging to the Dr. August Oetker KG Group: Dr. Oetker GmbH, Dr. August Oetker Nahrungsmittel KG, Dr. Oetker International Beteiligungs GmbH, Dr. August Oetker Nahrungsmittel Beteiligungs GmbH and Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft KG.

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

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

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

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

In 2011 and 2010 no transactions were performed by the directors of Ebro Foods, S.A. with Ebro Foods Group companies that did not form part of the ordinary course of business of these companies or were not performed under arm's length conditions.

18.6 Remuneration of the directors and executives

Directors' remuneration. In 2011 the remuneration earned by the members of the Board of Directors of Ebro Foods, S.A. amounted to EUR 4,193 thousand (2010: EUR 5,835 thousand), the detail being as follows (in thousands of euros):

DIRECTORS' REMUNERATION AND OTHER BENEFITS	2011	2010
Items of remuneration		
Attendance fees	297	347
Bylaw-stipulated profit sharing	2,565	2,565
Total non-executive directors	**2,862**	**2,912**
Wages, salaries and professional fees	1,331	2,923
Termination benefits and other		
Total executive directors	**1,331**	**2,923**
Total remuneration	**4,193**	**5,835**
Other benefits		
Life insurance and retirement benefits	0	0

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

At its meeting held on 29 February 2012 and at the proposal of the Recruitment and Remuneration Committee, the Board of Directors resolved to freeze the bylaw-stipulated profit-sharing for 2011 at EUR 2,565,454, without any change in relation to 2010. This will entail proposing to the shareholders at the Annual General Meeting that 1.68% of the consolidated net profit attributable to the Company in 2011 be used.

The Board of Directors also resolved to maintain attendance fees at EUR 1,600 for attending Board meetings and EUR 800 for attending the various committee meetings.

The individualised breakdown of the remuneration in 2011 is as follows (in thousands of euros):

DIRECTOR

	Bylaw-stipulated profit sharing	Attendance fees	Fixed remuneration for executive functions	Variable remuneration for executive functions	Total
Antonio Hernández Callejas	351.6	23.2	680.9	650	1,705.7
Instituto Hispánico del Arroz, S.A.	131.8	17.6	0	0	149.4
José Nieto de la Cierva	131.8	17.6	0	0	149.4
Leopoldo del Pino y Calvo Sotelo	241.7	23.2	0	0	264.9
Alimentos y Aceites, S.A.	219.7	23.2	0	0	242.9
Blanca Hernández Rodríguez	170.3	25.6	0	0	195.8
Demetrio Carceller Arce	268.6	25.6	0	0	294.2
Rudolf-August Oetker	109.9	17.6	0	0	127.4
José Ignacio Comenge Sánchez-Real	143.3	23.2	0	0	166.5
Fernando Castelló Clemente	173.6	25.6	0	0	199.1
José Barreiro Seoane	301.6	25.6	0	0	327.1
Sol Daurella Comadrán	177.9	25.6	0	0	203.5
Eugenio Ruiz-Gálvez Priego	143.4	23.2	0	0	166.5
Total	**2,565**	**297**	**681**	**650**	**4,193**

In addition to the total remuneration received in 2011 by the only director who discharges executive duties of EUR 1,331 thousand (2010: EUR 1,320 thousand), a EUR 271 thousand (2010: EUR 343 thousand) provision was recognised as a provisional estimate of the Deferred Annual Remuneration System for that year. This amount will accrue and be paid in 2013 and in 2012 in respect of remuneration relating to 2010.

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

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

Executives' remuneration. In 2011 Ebro Foods, S.A. had twelve executives (2010: 10), whose total aggregate remuneration in 2011 for wages and salaries was EUR 2,562 thousand (2010: EUR 2,103 thousand).

In relation to the executives (excluding executive directors) of the Ebro Foods Group, included in the Deferred Annual Remuneration System associated with the Group's 2010-2012 Strategic Plan described in this Note above, the total amount for which a provision was recognised in 2011 was EUR 7 thousand (2010: EUR 106 thousand). This amount will accrue and be paid in 2013 and in 2012 in respect of remuneration relating to 2010.

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

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

It is to be noted that the remuneration of all the executives of Ebro Foods was taken into consideration, although they are not all senior executives.

Lastly, the Parent took out and has in force a third-party liability insurance policy covering the directors and executives of Ebro Foods, S.A. with coverage for all its subsidiaries and an indemnity limit per annum of EUR 45 million, at an annual cost of EUR 67,500 and in force until 30 April 2012. The aforementioned policy is currently in the process of being renewed.

19. Other disclosures

a) Foreign currency transactions

The Company normally performs its transactions in euros, except for the financing transactions in US dollars mentioned in Note 13.

b) Employees

2011

	2011 year-end		Total
	Men	Women	average
Executives	12	3	15
Middle management	17	7	24
Clerical staff	8	14	22
	37	24	61

2010

	2010 year-end		Total
	Men	Women	average
Executives	11	3	14
Middle management	16	8	24
Clerical staff	9	10	19
	36	21	57

c) Fees paid to auditors

In 2011 (2010), the fees for the financial audit services and other services provided by the Company's auditor, Deloitte, S.L., or by a firm related to the auditor resulting from control, common ownership or management were as follows (in thousands of euros):

- The fees for audit services in 2011 amounted to EUR 242 thousand (2010: EUR 215 thousand) and those for other attest services amounted to EUR 35 thousand (2010: EUR 91 thousand).
- The fees for tax advisory and/or other services amounted to EUR 0 (2010: EUR 105 thousand).

d) Information on the environment

The activities carried on by the various companies of the Ebro Foods Group require the necessary investments to manage and control environmental risks. Accordingly, investments leading to increased productivity of the plant and machinery are capitalised and depreciated on a straight-line basis in accordance with their estimated useful life. As a holding company, Ebro Foods, S.A. does not have to make these investments and, therefore, such environmental investments and expenses are made and incurred by each Group company. The work performed in the last few years has been very extensive, especially to ensure the proper control of wastewater discharge, the emission of combustion gases and dust, and solid inert, organic and other waste.

The Company's directors do not expect any material contingencies to arise in relation to environmental protection and enhancement and do not consider it necessary to recognise any provision in this connection.

e) Disclosures on the payment periods to suppliers. «Disclosure obligation" provided for in Law 15/2010, of 5 July.» (Thousands of euros)

AMOUNTS PAID AND PAYABLE AT THE END OF THE REPORTING PERIOD

	12-31-11		12-31-10	
	Amount	%*	Amount	
Within the maximum payment period (**)	6,770	98.90%		
Remainder.	75	1.10%		
Total payments made in the year	6,845	100.00%		
Weighted average period of late payment (in days).	29			
Payments at year-end not made in the maximum payment period.	0		19	

* *Percentage of total.*

** *The maximum payment period in each case will be that applicable based on the nature of the good or service received by the Company pursuant to the provisions of Law 3/2004, of 29 December, on establishing measures for combating late payment in commercial transactions.*

20. Events after the reporting period

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

21. Explanation added for translation into english

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company (see Note 2.1). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

INDIVIDUAL DIRECTORS' REPORT

1. Operating review

Ebro Foods, S.A. is the Parent of the Ebro Foods Group, the leading Spanish food group. Through its subsidiaries, it is present in the rice, pasta and biotechnology markets of Europe and North America and has a growing presence in other countries.

2011 represented an enormous challenge in terms of managing the prices of the raw materials used in the products marketed by the Ebro Foods Group, which rose sharply after the last quarter of 2010. The Company's earnings continued their upward trend, allowing it to continue investing in productivity and maintain its product differentiation and innovation strategy.

The directors' report on the consolidated financial statements includes detailed information on the business performance and activities carried on in 2011 by the different divisions or businesses composing the Ebro Foods Group.

2. 2011 Analysis of Ebro Foods, S.A.

Distribution of dividends

On the basis of the Ebro Foods Group's consolidated profit for 2010, the shareholders at the Annual General Meeting held on 15 June 2011 resolved to distribute an ordinary dividend of EUR 0.416 per share payable in cash out of unrestricted reserves in four quarterly payments of EUR 0.104 each, on 4 April, 4 July, 3 October and 22 December 2011, for a total of EUR 64,008 thousand.

Also, and on a separate basis, the third and fourth payments of the extraordinary dividend of EUR 0.15 per share approved by the shareholders at the Annual General Meeting held on 2 June 2010 following the sale of the dairy product business in the same year were made on 4 April and 4 July 2011, respectively.

Lastly, on 15 June 2011, the Board of Directors approved the payment of an interim dividend of EUR 0.15 per share for a total maximum amount of EUR 23,080 thousand for 2011 (see Note 3). The payment of this interim dividend was made on 3 October and 22 December 2011 at EUR 0.075 per share.

Acquisition of SOS

On 25 November 2010, the Board of Directors of Ebro Foods, S.A. reached an agreement with the Board of Directors of the Deoleo Group to acquire its rice division. Accordingly, on 31 March 2011, Ebro Foods, S.A. (Ebro) and SOS Corporación Alimentaria, S.A. (Deoleo) entered into a framework agreement for the acquisition by the Ebro Group of Deoleo's rice business in Spain, the US, Saudi Arabia and the Netherlands, and the SOS trademark worldwide.

This agreement was entered into after that concluded on 30 March 2011 for the acquisition of the Saludaes trademark in Portugal. These acquisitions were made for a total final price of EUR 203.5 million.

Having received the approval of the US and Spanish competition authorities in June 2011, the acquisition of these businesses was formalised in the third quarter of 2011. Ebro Foods, S.A. acquired the "Saludaes" trademark in Portugal and the "Lassie" trademark in the Netherlands, while Deoleo's remaining rice businesses were acquired by various wholly owned subsidiaries of Ebro Foods, S.A.

The Spanish National Competition Commission approved the acquisition of SOS's rice business in Spain, subject to Ebro's commitment to licence or transfer the Nomen trademark and to sell its La Parrilla, La Cazuela, Pavo Real and Nobleza trademarks. This commitment is currently being performed and executed.

Bid for the SunRice Group

At their Annual General Meeting held on 31 May 2011, the shareholders of Ricegrowers Limited SunRice decided not to accept the takeover bid submitted by Ebro Foods, S.A. on 20 October 2010 for the acquisition of the Australian Group SunRice. In total, 67% of class A shareholders and 76% of class B shareholders voted for Ebro Foods, S.A.'s bid, so the qualified majority of 75% required in both series for the acquisition to go ahead was not reached.

Business performance

Ebro Foods, S.A.'s revenue is generated mainly through the dividends of its subsidiaries and transactions with its real estate assets. The costs correspond mainly to the borrowing costs on its debts as the head of the Ebro Foods Group. Also, impairment losses are recognised and reversed on the basis of changes in the equity of the subsidiaries.

Profit from operations amounted to EUR 139,337 thousand in 2011, as compared with EUR 166,562 thousand in 2010. This decrease was attributable to the fact that the profit from the sale of the Ebro Foods, S.A.'s dairy trademarks was recognised in 2010 and was partially offset by a substantial increase in income arising from the dividends of its subsidiaries.

Financial profit totalled EUR 4,295 thousand in 2011, as compared with a profit of EUR 302,333 thousand in 2010. As mentioned in the preceding paragraph, the change was attributable to the fact that the profit arising from the sale of shares in Puleva S.L. and Lactimilk S.L. was recognised in the previous year. The remaining items reflect a reduction in the net finance charge due to the Company's improved financial position.

Profit after tax amounted to EUR 153,554 thousand in 2011, as compared with a profit of EUR 364,160 thousand in 2010.

3. Outlook for the company

The earnings obtained by Ebro Foods in future years will be determined by the dividends it receives from the subsidiaries, the gains on properties not considered to be strategic and the borrowing costs relating to the debt financing its assets.

The Company's directors consider that the dividends established by the subsidiaries will be sufficient for Ebro Foods to obtain the profit that will enable it to implement an appropriate shareholder remuneration policy.

4. Research and development activities

Research and development is performed by the subsidiaries (as disclosed in the consolidated directors' report).

5. Treasury share transactions

In 2011, the Company made treasury share purchases and sales pursuant to authorisations granted by the shareholders at the Annual General Meetings held on 2 June 2010 and 15 June 2011, notifying the Securities Market Commission accordingly pursuant to current legislation. In 2011, 4,087,972 treasury shares were acquired and 703,878 treasury shares were sold. At 2011 year-end the Company held 3,384,094 treasury shares, representing 2.199% of its share capital. At 2011 year-end no specific use had been designated for these treasury shares.

6. Employees

The main information is included in Notes 18 and 19 to the accompanying financial statements.

7. Risk management objectives and policies relating to the business activities

Ebro Foods, as the head of its corporate Group, is indirectly exposed to the risks associated with its subsidiaries through changes in the value of its investment portfolio and the dividends received from them. The activity of the subsidiaries composing the Ebro Foods Group is carried on in an environment in which external factors can influence their transactions and earnings.

The main risks are business, financial, credit, employment, environmental and technology risks. These risks and the policies applied in their recognition and management are described in the consolidated directors' report.

A Corporate Risk Map has been drawn up and the instruments for reducing the aforementioned risks and the main processes and controls associated therewith are currently being analysed.

8. Financial risk management and financial instruments

The principal financial instruments employed include bank loans, bank overdraft facilities, cash and short-term deposits. The main purpose of these financial instruments is to increase the financial resources for the Group's operations.

Derivative products were arranged in prior years to manage interest rate and foreign currency risk. The Company's policy is not to arrange financial instruments for speculative purposes.

The main risks from the financial instruments used are credit risk, cash flow interest rate risk, liquidity risk and foreign currency risk.

The Board of Directors reviews and establishes policies for managing each of these risks and the Financial Department identifies and manages them in order to minimise or limit the possible impact on the Group's earnings.

Credit risk

Ebro Foods does not have a significant concentration of credit risk. In addition, cash is placed and financial instruments are arranged with institutions of acknowledged solvency and with a high credit rating.

Cash flow interest rate risk

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

The Company uses, where necessary, a combination of floating and fixed interest rates. The aim is to achieve a balance in the debt structure, thereby minimising its cost with reduced volatility. To this end it closely monitors the changes in interest rates with the support of external experts. When it is deemed necessary, Ebro Foods arranges derivative financial instruments to hedge interest rate risk.

Foreign currency risk

As a result of the investments made in the US, the Company's balance sheet could be significantly affected by changes in the USD/EUR exchange rate. In order to mitigate this structural foreign currency risk, loans were obtained in USD. Accordingly, a substantial part of its investment in the US is hedged in this way.

The transactions performed by operating subsidiaries in currencies that are not the functional currency are also exposed to foreign currency risk. In these cases, following the Group's policies.

Liquidity risk

The objective of Ebro Foods is to maintain a balance between continuity of the financing and flexibility through the use of revolving credit facilities, bank loans and current financial assets.

9. Environment

In view of the very specific nature of the Company's business activities, they do not have any effect on the environment. See Note 19-d to the financial statements.

10. Events after the reporting period

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

11. Annual corporate governance report

Pursuant to the legislation currently in force, this section of the Directors' Report includes the Annual Corporate Governance Report of Ebro Foods, S.A. for 2011, required by the Spanish National Securities Market Commission.

CORPORATE GOVERNANCE REPORT

ANNUAL CORPORATE GOVERNANCE REPORT

LISTED COMPANIES

DETAILS OF ISSUER

YEAR ENDED: 31/12/2011

TAX REGISTRATION NUMBER: A47412333

Name: EBRO FOODS, S.A.

ANNUAL CORPORATE GOVERNANCE REPORT
LISTED COMPANIES

Read the instructions at the end of this report to correctly understand and complete the form.

A. OWNERSHIP STRUCTURE

A.1. Complete the following table on the capital of the company:

Date latest modification	Capital (€)	Number of shares	Number of voting rights
11/06/2002	92,319,235.20	153,865,392	153,865,392

Indicate whether there are different classes of shares with different associated rights:

NO

A.2. Give details on the direct and indirect holders of significant interests in your company at year-end, excluding directors:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	Interest / total voting rights (%)
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	0	15,721,882	10.218
CORPORACIÓN ECONÓMICA DAMM, S.A.	14,850,000	0	9.651
SOCIEDAD ANÓNIMA DAMM	0	14,850,000	9.651
ALBA PARTICIPACIONES, S.A.	12,498,830	0	8.123
CORPORACIÓN FINANCIERA ALBA, S.A.	0	12,498,830	8.123
HISPAFOODS INVEST S.L.	10,600,210	0	6.889

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	Interest / total voting rights (%)
CASA GRANDE DE CARTAGENA, S.L.	5,193,290	0	3.375
LOLLAND, S.A.	0	5,193,290	3.375

Name of indirect holder of the interest	Through: Name of direct holder of the interest	Number of direct voting rights	Interest / total voting rights (%)
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	ALIMENTOS Y ACEITES, S.A.	15,721,882	10.218
SOCIEDAD ANÓNIMA DAMM	CORPORACIÓN ECONÓMICA DAMM, S.A.	14,850,000	9.651
CORPORACIÓN FINANCIERA ALBA, S.A.	ALBA PARTICIPACIONES, S.A.	12,498,830	8.123
LOLLAND, S.A.	CASA GRANDE DE CARTAGENA, S.L.	5,193,290	3.375

Indicate the principal movements in the shareholding structure during the year:

Name of shareholder	Date of transaction	Description of the transaction
LOLLAND, S.A.	08/12/2011	Interest lowered to below 5% of the capital
CASA GRANDE DE CARTAGENA, S.L.	08/12/2011	Interest lowered to below 5% of the capital
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	26/09/2011	Interest raised to over 10% of the capital

A.3. Complete the following tables on directors' voting rights corresponding to shares in the company:

Name of director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights held

Name of director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights held
ANTONIO HERNÁNDEZ CALLEJAS	30	0	0.000
JOSE BARREIRO SEOANE	3,083	0	0.002
ALIMENTOS Y ACEITES, S.A.	15,721,882	0	10.218
EUGENIO RUIZ-GÁLVEZ PRIEGO	153	0	0.000
FERNANDO CASTELLÓ CLEMENTE	2,284,750	0	1.485
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	13,588,347	10,600,210	15.721
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	300,000	1,707,007	1.304
JOSÉ NIETO DE LA CIERVA	8,880	0	0.006
LEOPOLDO DEL PINO Y CALVO-SOTELO	0	246,000	0.355
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	10	0	0.000
SOL DAURELLA COMADRÁN	0	1,307,367	0.850

Name of indirect holder of the interest	Through: Name of direct holder of the interest	Number of direct voting rights	% of total voting rights
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HISPAFOODS INVEST, S.L.	10,600,210	6.889
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	1,307,007	0.849
SOL DAURELLA COMADRÁN	BEGINDAU, S.L.	1,227,617	0.798
LEOPOLDO DEL PINO Y CALVO-SOTELO	SWIFT INVERSIONES SICAV, S.A.	254,000	0.355
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	MENDIBEA 2002, S.L.	400,000	0.260
SOL DAURELLA COMADRÁN	SURFUP SICAV, S.A.	79,350	0.052

Total % of voting rights held by board members	29.940

Complete the following tables on directors with stock options in the company:

A.4. Indicate family, commercial, contractual or corporate relationships among significant shareholders known to the company, if any, except any that are insignificant and those deriving from ordinary commercial business:

Type of relationship:
Corporate
Brief description:
LOLLAND, S.A. HOLDS AN INDIRECT INTEREST OF 100% IN CASA GRANDE DE CARTAGENA, S.L.

Name of related parties
LOLLAND, S.A.

Type of relationship:
Corporate
Brief description:
INSTITUTO HISPÁNICO DEL ARROZ, S.A. HOLDS 100% OF HISPAFOODS INVEST, S.L.: DIRECT INTEREST OF 51.62% AND INDIRECT INTEREST OF 48.38%

Name of related parties
INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Type of relationship:
Corporate
Brief description:
CORPORACIÓN FINANCIERA ALBA, S.A. HOLDS A DIRECT INTEREST OF 100% IN ALBA PARTICIPACIONES, S.A.

Name of related parties
CORPORACIÓN FINANCIERA ALBA, S.A.

Type of relationship:
Corporate
Brief description:
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES HOLDS A DIRECT INTEREST OF 91.963% IN ALIMENTOS Y ACEITES, S.A.

Name of related parties
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES

Type of relationship:
Corporate
Brief description:
SOCIEDAD ANÓNIMA DAMM HOLDS A DIRECT INTEREST OF 99.93% IN CORPORACIÓN ECONÓMICA DAMM, S.A.

Name of related parties
CORPORACIÓN ECONÓMICA DAMM, S.A.

A.5. Indicate commercial, contractual or corporate relationships between significant shareholders and the company and/or its group, if any, except any that are insignificant and those deriving from ordinary commercial business:

A.6. State whether the company has been notified of any shareholders' agreements that may affect it pursuant to the Securities Market Act s. 112. If any, describe them briefly and list the shareholders bound by the agreement:

NO

Indicate and describe any concerted actions among company shareholders of which the company is aware:

NO

Expressly indicate any change or break-up of those agreements or concerted actions, if any, that has taken place during the year.

A.7. Indicate any individuals or entities that exercise or may exercise control over the company in pursuance of section 4 of the Securities Market Act:

NO

A.8. Complete the following tables on the company's treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	Treasury stock/capital (%)
3,384,094	0	2.199

(*) Through:

Total	0

Give details on any significant variations during the year, according to the provisions of Royal Decree 1362/2007:

Date of communication	Total direct shares acquired	Total indirect shares acquired	% of capital
17/08/2011	3,279,065	0	2.131

Gain/(loss) obtained during the year on trading in own shares (thousand euro)	768

A.9. Indicate the term and conditions of the authorisation granted by the General Meeting to the Board to buy or sell own shares

The Annual General Meeting of Shareholders held on second call on 15 June 2011 resolved, under item five on the agenda, to authorise the Board of Directors to buy back own shares and reduce the company's capital and to authorise subsidiaries to acquire shares in the parent company, by purchase or on any other payment basis, subject to the limits and other requisites stipulated in law.

a. Conditions of the authorisation

Authorisation to the Board of Directors to buy back own shares and authorisation of subsidiaries to acquire shares in the parent company, by purchase or on any other payment basis, on one or several occasions, subject to the limits and other requisites stipulated in sections 146, 509 and other applicable provisions of the Corporate Enterprises Act:

- The par value of the shares acquired directly or indirectly, when added to the par value of any shares already held by the company and its subsidiaries, may not at any time exceed 10% of the capital.

- The acquisition, including any shares that the company, or any person acting in his own name but on behalf of the company, has acquired earlier and holds as treasury stock, does not reduce the equity to below the amount of capital plus legal or statutory undistributable reserves. For this purpose, equity shall be the amount calculated as such according to the criteria for drawing up the annual accounts, less any profits attributed directly thereto and plus any uncalled subscribed capital and the par value and share premiums of any subscribed capital that is accounted for as liabilities.

- The shares acquired must be fully paid up.

- The minimum and maximum price of the acquisition must be equivalent to the par value of the own shares bought back and their market price on an official secondary market, respectively, at the time of purchase.

b. Contents of the authorisation

- Authorisation of the Board to buy back own shares, by virtue of a direct decision or through delegation to the Executive Committee or such person or persons as the Board may authorise for this purpose, to hold those shares as treasury stock, dispose of them or, as the case may be, propose their redemption to the General Meeting, subject to the limits stipulated in law and the conditions established in this resolution. The authorisation is extended to the possibility of buying back own shares for delivery directly to employees or directors of the company or its group, on one or several occasions, or upon exercise of any stock options that they may hold, pursuant to s. 146.1.a), paragraph 3, of the Corporate Enterprises Act.

- Authorisation of the Board to reduce the capital in order to redeem shares bought back by the company or acquired by any of the companies in its group, against the capital (for their par value) and unappropriated reserves (for the amount of their acquisition in excess of that par value), in such amounts as may be deemed fit from time to time, up to the maximum of the own shares held from time to time.

- Delegation to the Board to execute the resolution to reduce the capital, so that it may do so on one or several occasions or decline to do so, within a period not exceeding 5 years from the date of this General Meeting, taking whatsoever actions may be necessary for this purpose or required by prevailing legislation.

c. Term of the authorisation

- The authorisation is granted for a maximum of five years from the date of the General Meeting.

This authorisation rendered null and void the authorisation granted to the Board at the General Meeting held on 1 June 2010.

A.10. Indicate constraints stipulated in law or the company's articles on the exercise of voting rights and legal restrictions on the acquisition and disposal of shares in the capital. State whether there are any legal restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights that one shareholder may exercise by legal restriction	0

State whether the articles of association establish any restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights that one shareholder may exercise by restriction in the articles of association	0

State whether there are any legal restrictions on the acquisition or disposal of shares in the capital:

NO

A.11. Indicate whether the General Meeting has resolved to apply the breakthrough rule against a takeover bid, under Act 6/2007:

NO

If so, explain the measures approved and the terms on which the restrictions will become ineffective:

B. MANAGEMENT STRUCTURE OF THE COMPANY

B.1. Board of Directors

B.1.1. State the maximum and minimum numbers of directors stipulated in the articles of association:

Maximum number of directors	15
Minimum number of directors	7

B.1.2. Give details of the board members:

Name of director	Representative	Position on Board	Date first appointment	Date latest appointment	Election procedure
ANTONIO HERNÁNDEZ CALLEJAS	–	CHAIRMAN	01/01/2002	01/06/2010	VOTE AT AGM
JOSÉ BARREIRO SEOANE	–	VICE-CHAIRMAN	31/05/2005	01/06/2010	VOTE AT AGM

Name of director	Representative	Position on Board	Date first appointment	Date latest appointment	Election procedure
ALIMENTOS Y ACEITES, S.A.	FRANCISCO BALLESTEROS PINTO	DIRECTOR	23/07/2004	01/06/2010	VOTE AT AGM
DEMETRIO CARCELLER ARCE	—	DIRECTOR	01/06/2010	01/06/2010	VOTE AT AGM
EUGENIO RUIZ-GÁLVEZ PRIEGO	—	DIRECTOR	25/07/2000	01/06/2010	VOTE AT AGM
FERNANDO CASTELLÓ CLEMENTE	—	DIRECTOR	13/12/2000	01/06/2010	VOTE AT AGM
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	FÉLIX HERNÁNDEZ CALLEJAS	DIRECTOR	01/06/2010	01/06/2010	VOTE AT AGM
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	—	DIRECTOR	13/12/2000	01/06/2010	VOTE AT AGM
JOSÉ NIETO DE LA CIERVA	--	DIRECTOR	29/09/2010	15/06/2011	VOTE AT AGM
LEOPOLDO DEL PINO Y CALVO-SOTELO	—	DIRECTOR	01/06/2010	01/06/2010	VOTE AT AGM
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	—	DIRECTOR	23/02/2006	01/06/2010	VOTE AT AGM
RUDOLF-AUGUST OETKER	—	DIRECTOR	01/06/2010	01/06/2010	VOTE AT AGM
SOL DAURELLA COMADRÁN	—	DIRECTOR	01/06/2010	01/06/2010	VOTE AT AGM

Total number of directors	13

Indicate any retirements from the board during the year:

B.1.3. Complete the following tables on the types of board members:

EXECUTIVE DIRECTORS

Name of Director	Committee proposing appointment	Position in company's organisation
ANTONIO HERNÁNDEZ CALLEJAS	NOMINATION AND REMUNERATION COMMITTEE	CHAIRMAN

Total number of executive directors	1
% of board	7.692

NON-EXECUTIVE PROPRIETARY DIRECTORS

Name of Director	Committee proposing appointment	Name of significant shareholder represented or that proposed appointment
ALIMENTOS Y ACEITES, S.A.	NOMINATION AND REMUNERATION COMMITTEE	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES
DEMETRIO CARCELLER ARCE	NOMINATION AND REMUNERATION COMMITTEE	SOCIEDAD ANÓNIMA DAMM
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	NOMINATION AND REMUNERATION COMMITTEE	INSTITUTO HISPÁNICO DEL ARROZ, S.A.
JOSÉ NIETO DE LA CIERVA	NOMINATION AND REMUNERATION COMMITTEE	CORPORACIÓN FINANCIERA ALBA, S.A.
LEOPOLDO DEL PINO Y CALVO-SOTELO	NOMINATION AND REMUNERATION COMMITTEE	LOLLAND, S.A.
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	NOMINATION AND REMUNERATION COMMITTEE	INSTITUTO HISPÁNICO DEL ARROZ, S.A.
RUDOLF-AUGUST OETKER	NOMINATION AND REMUNERATION COMMITTEE	SOCIEDAD ANÓNIMA DAMM

Total number of proprietary directors	7
% of board	53.846

NON-EXECUTIVE INDEPENDENT DIRECTORS

Name of Director

JOSÉ BARREIRO SEOANE

Profile

Born in El Ferrol (La Coruña). Agricultural Engineer with B.A. in Commercial Management and Marketing (ESIC). Former Councillor for Agriculture in the Spain Mission to the World Trade Organisation and Secretary General of the Ministry of Agriculture, Food and Fisheries. Has held other important positions in different national and international organisations related with agriculture, food and fisheries.

Name of Director

FERNANDO CASTELLÓ CLEMENTE

Profile

Born in Mollerusa (Lleida). Industrial Engineer and MBA (IESE). Lecturer in the School of Engineers and Architects of Fribourg (Switzerland). Has held several important executive and management positions in companies operating in the dairy sector and has extensive experience in the sector. Currently Vice-Chairman of Merchpensión, S.A. and on the board of other consultancy and financial services companies.

Name of Director

JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL

Profile

Born in San Sebastián. Economist and graduate in International Banking. Extensive experience in the financial sector, director and executive positions in several financial institutions and insurance companies, such as Banco Hispano Americano, Mutua Madrileña and Axa Winterthur, among others. Chairman of Rexam Ibérica and Arbitraje & Inversiones S.L.

Name of Director

SOL DAURELLA COMADRÁN

Profile

Born in Barcelona. BA in Business Studies and MBA (ESADE). Her professional career is closely linked with management of the family business of Coca Cola concessions on the Iberian peninsula and in Africa. Currently Vice-Chairman and CEO of Cobega, S.A. and Director of Casbega, S.A., Norbega, S.A., Refrige, S.A., Banco de Sabadell and Acciona, S.A.

Total number of independent directors	4
% of board	30.769

OTHER NON-EXECUTIVE DIRECTORS

Name of Director	Committee proposing appointment
EUGENIO RUIZ-GÁLVEZ PRIEGO	NOMINATION AND REMUNERATION COMMITTEE

Total number of independent directors	1
% of board	7.692

State why they cannot be considered proprietary or independent directors and their relationships, with the company or its executives or with the shareholders.

Name of Director

EUGENIO RUIZ-GÁLVEZ PRIEGO

Company, executive or shareholder with which he is related

AZUCARERA EBRO, S.L.U.

Profile

Up to 30 April 2009, Eugenio Ruiz-Gálvez Priego was an 'Executive Director' because up to that date he was CEO of Azucarera Ebro, S.L.U., a company then wholly-owned by Ebro Foods, S.A. On 30 April 2009, Ebro Foods (then Ebro Puleva) sold all its shares in Azucarera, so Mr Ruiz Gálvez ceased to be an Executive Director and was classified as an "Other Non-Executive Director", since he cannot be considered independent.

Indicate any variations during the year in the type of each director:

B.1.4. Explain, if appropriate, why proprietary directors have been appointed at the request of shareholders holding less than 5% of the capital.

State whether formal requests for presence on the board have been rejected from shareholders holding interests equal to or greater than others at whose request proprietary directors have been appointed. If appropriate, explain why such requests were not met.

NO

B.1.5. State whether any director has retired before the end of his/her term of office, whether said director explained the reasons for such decision to the Board and through what means, and if the explanations were sent in writing to the entire Board, explain below at least the reasons given by the director.

NO

B.1.6. Indicate the powers delegated to the Managing Director(s), if any:

B.1.7. Name Board members, if any, who are also directors or executives of other companies in the same group as the listed company:

Name of director	Name of Group company	Position
ANTONIO HERNÁNDEZ CALLEJAS	A W MELLISH LIMITED	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	AMERICAN RICE, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	ANGLO AUSTRALIAN RICE LIMITED	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	ARROZEIRAS MUNDIARROZ. S.A.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	BERTOLINI IMPORT UND EXPORT, GMBH	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	BIRKEL TEIGWAREN, GMBH	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	BLUE RIBBON MILLS, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	BOOST NUTRITION, C.V.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	BOSTO PANZANI BELGIUM	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	DANRICE, A/S	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	EBRO AMERICA, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	FUNDACIÓN EBRO FOODS	TRUSTED
ANTONIO HERNÁNDEZ CALLEJAS	HEAP COMET LIMITED	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP & SONS LIMITED	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP PROPERTY LIMITED	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	NC BOOST, N.V.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	NEW WORLD PASTA COMPANY	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	PANZANI, S.A.S.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	RIVIANA FOODS, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	SB HERBA FOODS LIMITED	DIRECTOR

Name of director	Name of Group company	Position
ANTONIO HERNÁNDEZ CALLEJAS	SOS CUETARA USA, INC	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	T.A.G. NAHRUNGSMITTEL, GMBH	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	VOGAN LIMITED	DIRECTOR
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	FUNDACIÓN EBRO FOODS	CHAIRMAN OF BOARD OF TRUSTEES

B.1.8. Name the company directors, if any, who are on the Boards of non-group companies listed on Spanish stock exchanges, insofar as the company has been notified:

Name of Director	Listed Company	Position
ANTONIO HERNÁNDEZ CALLEJAS	DEOLEO, S.A.	DIRECTOR
DEMETRIO CARCELLER ARCE	DEOLEO, S.A.	DIRECTOR
DEMETRIO CARCELLER ARCE	GAS NATURAL SDG, S.A.	DIRECTOR
DEMETRIO CARCELLER ARCE	SOCIEDAD ANÓNIMA DAMM	CHAIRMAN
DEMETRIO CARCELLER ARCE	SACYR VALLEHERMOSO, S.A.	VICE-CHAIRMAN 2
EUGENIO RUIZ-GÁLVEZ PRIEGO	CORPORACIÓN FINANCIERA ALBA, S.A.	DIRECTOR
EUGENIO RUIZ-GÁLVEZ PRIEGO	PROSEGUR, COMPAÑÍA DE SEGURIDAD, S.A.	DIRECTOR
JOSÉ NIETO DE LA CIERVA	CORPORACIÓN FINANCIERA ALBA, S.A.	DIRECTOR
LEOPOLDO DEL PINO Y CALVO-SOTELO	FERROVIAL, S.A.	DIRECTOR
SOL DAURELLA COMADRÁN	BANCO DE SABADELL, S.A.	DIRECTOR
SOL DAURELLA COMADRÁN	ACCIONA, S.A.	DIRECTOR

B.1.9. Indicate and, where appropriate, explain whether the company has established rules on the number of directorships its directors may hold:

YES

Explain the rules
Article 25 of the Regulations of the Board ("General Duties of Directors") provides in section 1 that Directors shall dedicate to the company such attention and time as may be necessary to guarantee the effective and adequate fulfilment of each and all of the duties corresponding to their position. Consequently, the maximum number of other directorships they may hold will be such as to ensure that they are able at all times to meet each and all of their obligations to the company.

B.1.10. In connection with recommendation number 8 of the Unified Code, indicate the company policies and general strategies that must be approved by the full Board:

Investment and financing policy	YES
Definition of the structure of the group of companies	YES
Corporate governance policy	YES
Corporate social responsibility policy	YES
Strategic or business plan and the annual management objectives and budget	YES
Pay policy and performance rating of senior executives	YES
Risk management and control policy and regular monitoring of internal reporting and control systems	YES
Dividend policy, treasury stock policy and, in particular, the limits established	YES

B.1.11. Complete the following tables on the aggregate directors' emoluments accrued during the year:

a) In the Company issuing this report:

Emoluments	Thousand euro
Fixed remuneration	681
Variable remuneration	650
Attendance fees	297
Emoluments stipulated in articles of association	2,.565
Stock options, over shares and/or other financial instruments	0
Others	0

Total	4,193

Other Benefits	Thousand euro
Advances	0
Loans granted	0
Pension Funds and Schemes: Contributions	0
Pension Funds and Schemes: Obligations contracted	0
Life assurance premiums	0
Guarantees furnished by the company for directors	0

b) For company directors who are on other Boards and/or in the top management of group companies:

Emoluments	Thousand euro
Fixed remuneration	0
Variable remuneration	0
Attendance fees	51
Emoluments stipulated in articles of association	0
Stock options and/or other financial instruments	0
Others	0

Total	51

Other Benefits	Thousand euro
Advances	0
Loans granted	0
Pension Funds and Schemes: Contributions	0
Pension Funds and Schemes: Obligations contracted	0

Other Benefits	Thousand euro
Life assurance premiums	0
Guarantees furnished by the company for directors	0

c) Total emoluments by type of director:

Types of Directors	Company	Group companies
Executive	1,331	0
Non-executive proprietary	1,799	51
Non-executive independent	896	0
Other non-executive	167	0
Total	4,193	51

d) Directors' share in the profit of the parent company:

Total directors' emoluments (thousand euro)	4,244
Total directors' emoluments / profit attributed to parent company (%)	2.8

B.1.12. Name the members of top management who are not executive directors and indicate the aggregate remuneration accrued in their favour during the year:

Name	Position
NICOLÁS BAUTISTA VALERO DE BERNABÉ	DEPUTY TO THE CHAIRMAN
ANA MARÍA ANTEQUERA PARDO	MANAGER COMMUNICATIONS
LEONARDO ÁLVAREZ ARIAS	MANAGER I.T.
FRANCISCO JAVIER LOZANO VALLEJO	FINANCE MANAGER
ALFONSO FUERTES BARRÓ	MANAGER ECONOMY

GABRIEL SOLÍS PABLOS	TAX MANAGER
MIGUEL ANGEL PÉREZ ÁLVAREZ	SECRETARY
YOLANDA DE LA MORENA CEREZO	VICE-SECRETARY
GLORIA RODRÍGUEZ PATA	MANAGER CORPORATE ASSETS
JESÚS DE ZABALA BAZÁN	MANAGER AUDIT & COMPLIANCE
PABLO ALBENDEA SOLÍS	MANAGER COORDINATION
MANUEL GONZÁLEZ DE LUNA	MANAGER INVESTOR RELATIONS

Total remuneration top management (thousand euro)	2,562

B.1.13. Indicate globally whether any golden handshake clauses have been established for the top management, including Executive Directors, of the company or its group in the event of dismissal or change of ownership. State whether these contracts have to be notified to and/or approved by the governing bodies of the company/group companies:

Number of beneficiaries	2

	Board of Directors	General Meeting
Body authorising the clauses	YES	NO

Is the General Meeting informed on the clauses?	YES

B.1.14. Explain the process for establishing the remuneration of the Board members and the relevant articles of the articles of association

Process for establishing directors' emoluments and the relevant articles of the articles of association
The remuneration of Board members is regulated in Article 22 of the company's Articles of Association which establishes the following process: When approving the company's accounts for the previous year, the general meeting shall set aside for the directors a share of 2.5% (two and a half per cent) of the consolidated profits attributable to the company, although this sum may only be taken from the company's net profit for the year and after meeting the legal reserve requirements, setting aside for the shareholders the minimum dividend established in prevailing legislation and meeting all and any other priority assignments required by law. The directors may waive this

Process for establishing directors' emoluments and the relevant articles of the articles of association

remuneration, in full or in part, when drawing up the accounts.
 	
The board shall distribute the aforesaid sum among its members, annually and at its discretion, according to the duties assumed by each director on the board.
The directors shall also be entitled to a fee for attending meetings of the corporate bodies, the amount of which shall be established every year by the general meeting.
 	
Regardless of the nature of their legal relationship with the company, directors with executive duties will be entitled to remuneration for the performance of such duties, the amount of which shall be decided each year at the Annual General Meeting. This remuneration may contemplate welfare payments to cover any public/private pension schemes and insurance considered necessary or for retirement from office.
 	
In addition and independently of the emoluments contemplated in the preceding paragraphs, directors may receive remuneration in the form of shares, stock options or any other system of remuneration indexed to the price of the shares of the company or any other companies in its group. The general meeting shall decide if and when any of these remuneration systems are to be used, pursuant to the form, terms and conditions stipulated in law.
 	
If executive directors waive their share in the profits, as contemplated in the first paragraph of this article, the sums that would correspond to them as a share in the profits of the company will not be distributed among the remaining directors.
 	
On 29 February 2012, as proposed by the Nomination and Remuneration Committee, the Board resolved to set the share corresponding to the Chairman and executive directors in the 2011 profits at 2,565,454 euro and, consequently, to put to shareholders at the Annual General Meeting a proposal to apply 0.68% of the consolidated net profit attributed to the company in 2011 to such remuneration.
 	
As regards the distribution of the share in profits among the different members of the Board according to the duties assumed by each of the directors on the board and its different committees, the scale applicable for 2011, after the latest review by the Board upon recommendation by the Nomination and Remuneration Committee, is as follows:
 	
– Member of the Board of Directors: 1 point
– Chairman of the Board: 1 point
– Vice-Chairman of the Board: 0.5 points
– Member of the Executive Committee: 1 point
– Committees other than the Executive Committee:
  – Member of the Committee: 0.2 points
  – Chairman of the Committee: 0.05 points per meeting
  – Committee members: 0.03 points per meeting
 	
Finally, attendance fees for board meetings were maintained at 1,600 euro and the attendance fees for the different committees at 800 euro.

State whether the full Board has reserved approval of the following decisions:

At the proposal of the CEO, the appointment and possible removal of senior officers and their compensation clauses	YES
Directors' emoluments and, for executive directors, the additional remuneration for their executives duties and other conditions to be respected in their contracts	YES

B.1.15. Indicate whether the Board approves a detailed remuneration policy and what issues it defines:

YES

Amount of fixed components, with breakdown, if appropriate, of attendance fees for board and committee meetings and an estimate of the resulting annual fixed remuneration	YES
Variable remuneration items	YES
Main features of the welfare system, estimating the amount or equivalent annual cost	YES
Conditions to be respected in the contracts of those exercising top management duties as executive directors	YES

B.1.16. State whether the Board puts a report on the directors' remuneration policy to the vote at the General Meeting, as a separate item on the agenda and with advisory status. If so, explain the aspects of the report on the remuneration policy approved by the Board for future years, the most significant changes of those policies in respect of the policy applied during this period and an overall summary of how the remuneration policy was applied during the year. Describe the role of the Remuneration Committee and, if outside counselling has been used, name the external advisers who provided it:

YES

Issues contemplated in the remuneration policy
1. Background 2. Internal regulations applicable 3. Remuneration policy for 2011 3.1 Share stipulated in articles of association 3.2 Attendance fees for meetings of corporate bodies 3.3 Executive directors 3.4 Supplementary life or retirement insurance 3.5 Summary chart 3.6 Details of individual remuneration earned by each of the directors (thousand euro) 4. Remuneration policy for future years 5. Other information

Role of the Remuneration Committee
Examined and issued a favourable report on the Report on the Directors' Remuneration Policy for 2011, to be submitted to the Board.

Was any external counselling used?	YES

Identity of the external advisers
Garrigues Human Capital Services

B.1.17. Name any Board members who are also directors, executives or employees of companies holding significant interests in the listed company and/or companies in its group:

Name of director	Name of significant shareholder	Position
DEMETRIO CARCELLER ARCE	CORPORACIÓN ECONÓMICA DAMM, S.A.	CHAIRMAN
DEMETRIO CARCELLER ARCE	SOCIEDAD ANÓNIMA DAMM	CHAIRMAN
EUGENIO RUIZ-GÁLVEZ PRIEGO	CORPORACIÓN FINANCIERA ALBA, S.A.	DIRECTOR
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HISPAFOODS INVEST, S.L.	DIRECTOR
JOSÉ NIETO DE LA CIERVA	CORPORACIÓN FINANCIERA ALBA, S.A.	DIRECTOR
LEOPOLDO DEL PINO Y CALVO-SOTELO	CASA GRANDE DE CARTAGENA, S.L.	DIRECTOR
LEOPOLDO DEL PINO Y CALVO-SOTELO	LOLLAND, S.A.	DIRECTOR
RUDOLF-AUGUST OETKER	SOCIEDAD ANÓNIMA DAMM	DIRECTOR

Describe any significant relationships other than those contemplated in the previous section between board members and significant shareholders and/or companies in their group:

Name of director
ANTONIO HERNÁNDEZ CALLEJAS
Name of significant shareholder
HISPAFOODS INVEST S.L.
Description of relationship
ANTONIO HERNÁNDEZ CALLEJAS HAS AN INDIRECT HOLDING OF 16.666% IN HISPAFOODS INVEST S.L.

Name of director

ANTONIO HERNÁNDEZ CALLEJAS

Name of significant shareholder

INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Description of relationship

ANTONIO HERNÁNDEZ CALLEJAS HAS A DIRECT HOLDING OF 16.666% IN INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Name of director

ALIMENTOS Y ACEITES, S.A.

Name of significant shareholder

SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES

Description of relationship

SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES HAS A DIRECT HOLDING OF 91.963% IN ALIMENTOS Y ACEITES, S.A.

Name of director

DEMETRIO CARCELLER ARCE

Name of significant shareholder

SOCIEDAD ANÓNIMA DAMM

Description of relationship

DEMETRIO CARCELLER ARCE HAS AN INDIRECT HOLDING OF 0.424% IN SOCIEDAD ANÓNIMA DAMM

Name of director

INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Name of significant shareholder

HISPAFOODS INVEST S.L.

Description of relationship

INSTITUTO HISPÁNICO DEL ARROZ, S.A. HAS A TOTAL INTEREST OF 100% IN HISPAFOODS INVEST S.L.: 51.62% DIRECT AND 48.38% INDIRECT

Name of director

LEOPOLDO DEL PINO Y CALVO-SOTELO

Name of significant shareholder

CASA GRANDE DE CARTAGENA, S.L.

Description of relationship

LEOPOLDO DEL PINO Y CALVO-SOTELO HAS AN INDIRECT HOLDING OF 17.096% IN CASA GRANDE DE CARTAGENA, S.L.

Name of director

LEOPOLDO DEL PINO Y CALVO-SOTELO

Name of significant shareholder

LOLLAND, S.A.

Description of relationship

LEOPOLDO DEL PINO Y CALVO-SOTELO HAS AN INDIRECT HOLDING OF 17.096% IN LOLLAND, S.A.

Name of director

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ

Name of significant shareholder

HISPAFOODS INVEST S.L.

Description of relationship

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ HAS AN INDIRECT HOLDING OF 16.666% IN HISPAFOODS INVEST S.L.

Name of director

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ

Name of significant shareholder

INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Description of relationship

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ HAS A DIRECT HOLDING OF 16.666% IN INSTITUTO HISPÁNICO DEL ARROZ, S.A.

B.1.18. State whether any modifications have been made during the year to the Regulations of the Board:

NO

B.1.19. Describe the procedures for appointment, re-election, assessment and removal of directors. Indicate the competent bodies, the formalities and the criteria to be followed in each of these procedures.

The procedures for appointment, re-election and removal of the directors are regulated in Articles 19 and 20 of the Articles of Association, and Articles 5, 21, 22, 23 and 24 of the Regulations of the Board.

The General Meeting is responsible for deciding on the number of directors the company is to have, within the minimum (7) and maximum (15) established in the Articles of Association, and for appointing or re-electing directors as proposed by the Board, subject to a favourable report by the Nomination and Remuneration Committee.

The Board may appoint directors by cooptation, upon recommendation by the Chairman and subject to a report by the Nomination and Remuneration Committee. The initiative of the Board regarding the incorporation of members by no means detracts from the sovereign power of the General Meeting to appoint and remove directors, or from any potential exercise by shareholders of their right to proportional representation.

The persons nominated by the Board for appointment or re-appointment as directors must be persons of recognised standing, with adequate experience and expertise to be able to perform their duties.

As regards the role of the Nomination and Remuneration Committee in the appointment of directors, see the duties of this Committee in section B.2.3 of this Report.

Directors are appointed for a term of four years, after which they are eligible for re-election on one or several occasions for terms of an equal duration. This term of four years is counted from the date of the General Meeting at which they are appointed, or ratified when previously appointed by cooptation by the Board.

If vacancies arise during the term for which they were appointed, the Board may appoint shareholders to fill those vacancies up to the next general meeting. Directors' appointments shall end at the first general meeting held after expiry of their term or lapse of the time stipulated in law for holding the general meeting that is to approve the accounts of the previous year.

The Board regularly rates the Directors on their efficiency and fulfilment of their obligations, requesting the corresponding reports from its Committees, and if considered necessary it may propose any modifications that may be appropriate to improve their performance.

Directors retire upon expiry of the term for which they were appointed and in all other events stipulated in law, the Articles of Association or the Regulations of the Board. They must tender their resignations to the Board and step down in the events established in Article 24 of the Regulations of the Board.

B.1.20. Indicate the events in which directors are obliged to retire.

The retirement and resignation of directors are regulated in Article 24 of the Regulations of the Board:

- Directors must step down at the end of the term for which they were appointed and in all other events stipulated in law, the Articles of Association and the Regulations of the Board.

- Directors must also tender their resignations and step down in the following cases:

a) When they are affected by one of the causes of incompatibility or disqualification established in law, the articles of association or the regulations.

b) When they step down from the executive post to which their appointment as director was linked, when the shareholder they represent on the Board disposes of its shares in the company or reduces its interest to an extent requiring a reduction in the number of proprietary directors and, in general, whenever the reasons for their appointment disappear.

c) When the Board, following a report by the Nomination and Remuneration Committee, considers that the Director has seriously defaulted his obligations or for reasons of corporate interest.

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

B.1.21. Explain whether the Chairman of the Board is the highest executive of the company. If so, state what measures have been adopted to limit the risks of any single person having unfettered powers:

YES

Measures for limiting risks
With a view to establishing corrective measures in the articles of association to prevent excessive concentration of power in the Chairman when he is also the most senior executive of the company, Article 25 of the Articles of Association creates the figure of a Vice-Chairman appointed from among the non-executive directors to boost the management supervision and control duties. In accordance with this provision, the current Vice-Chairman of the Board, José Barreiro Seoane, is an independent director and performs the aforesaid duties.

Indicate and if appropriate explain whether rules have been established authorising one of the independent directors to request the calling of a board meeting or the inclusion of new items on the agenda, to coordinate and echo the concerns of non-executive directors and to direct the assessment by the board.

YES

Explanation of the rules
The Regulations of the Board specify the events in which directors may request the calling of a board meeting or inclusion of items on the agenda; this power is not limited to independent directors. Article 9.2 of the Regulations establishes that one-third of the board members may, no less than six days prior to the scheduled date of the Board meeting, request the inclusion of any items they believe ought to be transacted. Article 9.5 of the Regulations states that the board may discuss and resolve on issues included on the agenda and any others that all the directors present and represented agree to transact. Article 25.2.b) stipulates that Directors shall also request meetings of the corporate bodies to which they belong whenever they consider this necessary in the interests of the Company, proposing whatever items they think should be included on the agenda. Finally, Article 33.1 provides that if the Chairman of the Board is also the chief executive of the company, a Vice-Chairman must be appointed from among the non-executive directors with the power to request the calling of a board meeting or the inclusion of new items on the agenda, who may organise meetings to coordinate non-executive directors and will direct the Chairman performance rating.

B.1.22. Are special majorities differing from those stipulated in law required for any type of decision?

NO

Explain how resolutions are adopted on the Board, indicating at least the quorum and the majorities required for adopting resolutions:

Description of the resolution:
Ordinary resolutions.

Quorum	%
Quorum for attendance: one-half plus one of the Board members	51.00

Majority	%
These resolutions are adopted by absolute majority of the directors present or represented at each meeting.	51.00

Description of the resolution:
Resolutions delegating powers to the Executive Committee and Managing Director, or CEO, and appointing directors to those positions.

Quorum	%
Quorum for attendance: two-thirds of the Board members	66.66

Majority	%
These resolutions are adopted by a majority of two-thirds of the Board members	66.66

B.1.23. Are there any specific requirements, other than those established for directors, to be appointed Chairman?

NO

B.1.24. Does the Chairman have a casting vote?

YES

Matters on which there is a casting vote
All.

B.1.25. Do the Articles of Association or Regulations of the Board establish an age limit for directors?

NO

Age limit Chairman	Age limit Managing Director	Age limit Director
0	0	0

B.1.26. Do the Articles of Association or Regulations of the Board establish a limited term of office for independent directors?

NO

Maximum number of years in office	0

B.1.27. If the number of female directors is small or non-existent, explain why and the initiative taken to remedy that situation.

Explanation of reasons and initiatives
Board members are appointed regardless of candidates' sex so there is no positive or negative discrimination of any nature in the election of directors. María Blanca Hernández Rodríguez was appointed director in 2006 and Sol Daurella Comadrán was appointed director in 2010.

In particular, indicate whether the Nomination and Remuneration Committee has established procedures to ensure that the selection procedures are not implicitly biased against the selection of female directors and deliberately search for candidates with the required profile:

NO

B.1.28. Are there any formal procedures for the delegation of votes at Board meetings? If so, include a brief description.

Both the Articles of Association (Article 24) and the Regulations of the Board (Article 10) contemplate the possibility of directors attending Board meetings through a duly authorised proxy.

The proxy must be made in writing especially for each board meeting, in favour of another director.

The represented director may issue specific instructions on how to vote on any or all of the items on the agenda.

B.1.29. State the number of meetings held by the Board of Directors during the year, indicating, if appropriate, how many times the Board has met without the Chairman:

Number of board meetings	12
Number of board meetings held without the chairman	0

Number of meetings held by the different Committees of the Board:

Number of meetings of the Executive Committee	7
Number of meetings of the Audit Committee	7
Number of meetings of the Nomination and Remuneration Committee	3
Number of meetings of the Nomination Committee	0
Number of meetings of the Remuneration Committee	0

B.1.30. Number of meetings held by the Board during the period without the attendance of all its members. Proxies made without specific instructions will be considered absences:

Number of absences of directors during the year	0
% absences to total votes during the year	0.000

B.1.31. Are the separate and consolidated annual accounts submitted to the Board for approval previously certified?

NO

If so, name the person(s) who certify the separate or consolidated annual accounts of the company before they are approved by the Board:

B.1.32. Explain the mechanisms, if any, established by the Board to avoid a qualified auditors' report on the separate and consolidated accounts laid before the General Meeting.

Relations with the auditors are expressly regulated in Article 19 of the Regulations of the Board, which stipulates in section 2 that the Board shall endeavour to draw up the Annual Accounts in such a way as to avoid a qualified Auditors' report.

Within the specific duties attributed to the board in certain areas, Article 7.1 of the Regulations establishes that the Board shall see that the separate and consolidated Annual Accounts and Directors' Reports give a true and fair view of the equity, financial position and results of the company, as stipulated in law, and each and all of the Directors shall have all the necessary information before signing the Annual Accounts.

Article 13.3 of the Regulations of the Board gives the Audit and Compliance Committee certain powers to ensure that the Annual Accounts are filed without a qualified auditors' report (see section B.2.3).

B.1.33. Is the Secretary of the Board a Director?

NO

B.1.34. Explain the procedure for appointment and removal of the Secretary of the Board, indicating whether the Nomination Committee has issued a report for such appointment and removal and whether they were approved by the full board.

Appointment and removal procedure

Appointment and removal procedure
The Secretary of the Board may or may not be a director, is appointed by the Board upon recommendation by the Nomination and Remuneration Committee, after ensuring that his/her professional profile is adequate to guarantee the best performance of the duties corresponding to this position by law, the Articles of Association and Regulations of the Board. The company has not established any procedure for removal of the Secretary of the Board other than that stipulated in law, although Article 24.3 of the Regulations of the Board submits the Secretary, regardless of whether or not he/she is also a director, to the same obligations as the directors of explaining to all the Board members the reasons for retirement or resignation prior to the end of his/her term of office.

Does the Nomination Committee issue a report on the appointment?	YES
Does the Nomination Committee issue a report on the removal?	YES
Does the full Board approve the appointment?	YES
Does the full Board approve the removal?	YES

Is the Secretary of the Board responsible especially for overseeing compliance with the recommendations on good governance?

YES

Comments
Article 36.2 of the Regulations of the Board provides that in addition to the duties assigned by law and the Articles of Association, the Secretary of the Board shall, in particular: a) Ensure that the Board's actions: - Conform to the text and spirit of the laws and statutory instruments, including those approved by the watchdogs. - Conform to the company Articles of Association and the Regulations of the General Meeting, the Board and any other regulations the company may have. - Take account of the recommendations on good governance accepted by the company. b) Keep all company documents, duly record the proceedings of meetings in the corresponding minute books and certify the resolutions of those corporate bodies of which he/she is Secretary. c) Channel, generally, the Company's relations with Directors in all matters concerning the functioning of the Board and the Committees he/she is on, following the instructions of the respective Chairman. d) Implement and facilitate exercise by the Directors of their right to information on the terms stipulated in these Regulations.

B.1.35. Describe any mechanisms established by the company to preserve the independence of the auditor, financial analysts, investment banks and rating agencies.

Both the Articles of Association and the Regulations of the Board vest in the Audit and Compliance Committee the power, among others, to contact the auditors and receive information on any issues that may jeopardise their independence, as well as any other issues relating to the auditing of accounts, and receive information from and exchange communications with the auditors in accordance with prevailing auditing standards and legislation.

Article 19 of the Regulations of the Board addresses relations with the auditors, obliging the Board to establish an objective, professional, continuous relationship with the External Auditors of the Company appointed by the General Meeting, guaranteeing their independence and putting at their disposal all the information they may require to perform their duties. It further establishes that the aforesaid relationship with the External Auditors of the Company and the relationship with the Internal Audit Manager shall be conducted through the Audit and Compliance Committee.

Finally, Article 28.2 of the Articles of Association and Article 13.3 of the Regulations of the Board establish the following powers of the Audit and Compliance Committee in this respect:

- Ensure that the systems used for preparing the separate and consolidated Annual Accounts and Directors' Report submitted to the Board to be drawn up in accordance with current legislation give a true and fair view of the equity, financial position and results of the Company, ensuring also that interim accounts are drawn up according to the same accounting principles as the annual accounts, considering the possibility, if appropriate, of requiring the external auditors to make a limited audit thereof.

- Have contacts with the Auditors to receive information on any issues that may jeopardise their independence and any other issues relating to the auditing of accounts, receiving information from and exchanging communications with the Auditors in accordance with prevailing auditing standards and legislation.

B.1.36. Indicate whether the external auditors have changed during the year. If so, name the incoming and outgoing auditors:

NO

Outgoing auditor	Incoming auditor

Explain any disagreements with the outgoing auditor:

NONE

B.1.37. State whether the firm of auditors does any work for the company and/or its group other than standard audit work and if so, declare the amount of the fees received for such work and the percentage it represents of the total fees invoiced to the company and/or its group.

YES

	Company	Group	Total
Cost of work other than auditing (thousand euro)	35	353	388
Cost of work other than auditing / Total amount invoiced by the auditors (%)	14.460	25.070	23.510

B.1.38. Indicate whether the auditors' report on the annual accounts of the previous year was qualified. If so, state the reasons given by the Chairman of the Audit Committee to explain the content and scope of the qualifications.

NO

B.1.39. State the number of years in succession that the current firm of auditors has been auditing the annual accounts of the company and/or its group. Indicate the ratio of the number of years audited by the current auditors to the total number of years that the annual accounts have been audited:

	Company	**Group**
Number of years in succession	3	3

	Company	**Group**
Number of years audited by current auditors / Number of years that the company has been audited (%)	13.0	13.0

B.1.40. Indicate the stakes held by Board members in the capital of undertakings engaged in activities identical, similar or complementary to those comprising the objects of the Company and its Group, as far as the company has been notified. Indicate also the positions held or duties performed in those undertakings:

Name of director	Name of company	% interest	Position or duties
ANTONIO HERNÁNDEZ CALLEJAS	DEOLEO, S.A.	0.001	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	INSTITUTO HISPANICO DEL ARROZ, S.A.	16.666	NO POSITION HELD
ALIMENTOS Y ACEITES, S.A.	BIOSEARCH, S.A.	1.738	NO POSITION HELD
DEMETRIO CARCELLER ARCE	DEOLEO, S.A.	0.001	DIRECTOR

Name of director	Name of company	% interest	Position or duties
INSTITUTO HISPANICO DEL ARROZ, S.A.	ISLASUR, S.A.	100.000	DIRECTOR
INSTITUTO HISPANICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	100.000	DIRECTOR
INSTITUTO HISPANICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	100.000	DIRECTOR
INSTITUTO HISPANICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	100.000	DIRECTOR
INSTITUTO HISPANICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	100.000	DIRECTOR
INSTITUTO HISPANICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	100.000	DIRECTOR
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	16.666	NO POSITION HELD
RUDOLF-AUGUST OETKER	DR. AUGUST OETKER KG	12.500	CHAIRMAN

B.1.41. Indicate, giving details if appropriate, whether a procedure has been established for directors to receive external counselling:

YES

Details of procedure
The directors' right to counselling and information is regulated in Article 30 of the Regulations of the Board, which provides in 30.2 that: a. Any Director may, in the course of any specific duties commissioned to him on an individual level or within the framework of any of the Committees of the Board, request the Chairman to contract, at the Company's expense, such legal advisers, accountants, technical, financial or commercial experts or others as he may consider necessary, in order to assist him in the performance of his duties, provided such counselling is justified to resolve specific problems that are particularly complex and important. b. Considering the circumstances of the specific case, the Chairman may (i) deny or authorise the proposal in a communication sent through the Secretary of the Board, who shall, provided the proposal is authorised, contract the expert in question; and (ii) put the proposal to the Board, which may refuse to finance the counselling if it considers it unnecessary for discharging the duties commissioned, or out of proportion with the importance of the matter, or if it considers that the technical assistance requested could be adequately provided by Company employees.

B.1.42. Indicate, with details if appropriate, whether there is an established procedure for directors to obtain sufficiently in advance any information they may need to prepare the meetings of the governing bodies:

YES

Details of procedure
Article 25.2 a) of the Regulations of the Board establishes the duty of directors to request the necessary information to adequately prepare Board and Committee meetings. Articles 9.1 and 9.3 of the Regulations of the Board in turn establish that (i) directors shall receive information at Board meetings on the most important aspects of corporate management, any foreseeable risk situations for the company and its subsidiaries and the actions proposed by the senior management in respect thereof; and (ii) whenever possible, any necessary information relating to the items on the agenda shall be sent to the Directors together with the notice of call. The procedure for informing directors is regulated in Article 30.1 of the Regulations of the Board, which provides that whenever so required in the performance of their duties, directors shall have the fullest powers to obtain information on any corporate affairs, obtaining such documents, records, background information or other elements as they may require in this respect. This right to information is extended to subsidiaries. All requests for information shall be addressed to the Chairman and met by the Secretary of the Board, who shall supply the information directly or indicate who is to be contacted within the Company and, in general, establish the necessary measures to fully meet the director's right to information.

B.1.43. Indicate, with details if appropriate, whether the company has established any rules obliging Directors to report and, if necessary, retire in any situations that could be detrimental to the prestige and reputation of the company:

YES

Explanation
Article 22 of the Regulations of the Board, which regulates the incompatibilities of directors and establishes their obligations in respect of no competition, conflicts of interest and related-party transactions, also expressly stipulates that if a director is sued or tried for any of the offences contemplated in the Corporate Enterprises Act s. 213, the Board shall examine the case as soon as possible and decide, in consideration of the specific circumstances, whether or not the Director in question should remain in office, including a reasoned account in the Annual Corporate Governance Report.

B.1.44. Has any member of the Board informed the company that he/she has been sued or brought to trial for any of the offences contemplated in section 124 of the Corporations Act?

NO

Has the Board studied the case? If so, indicate and explain the decision made as to whether or not the director should remain in office.

NO

Decision adopted	Reasoned explanation

B.2. Committees of the Board

B.2.1. Give details of the different committees and their members:

EXECUTIVE COMMITTEE

Name	Position	Type
ANTONIO HERNÁNDEZ CALLEJAS	CHAIRMAN	EXECUTIVE
ALIMENTOS Y ACEITES, S.A.	MEMBER	PROPRIETARY
DEMETRIO CARCELLER ARCE	MEMBER	PROPRIETARY
JOSÉ BARREIRO SEOANE	MEMBER	INDEPENDENT
LEOPOLDO DEL PINO Y CALVO-SOTELO	MEMBER	PROPRIETARY

AUDIT COMMITTEE

Name	Position	Type
SOL DAURELLA COMADRÁN	CHAIRMAN	INDEPENDENT
EUGENIO RUIZ-GÁLVEZ PRIEGO	MEMBER	OTHER NON-EXECUTIVE
FERNANDO CASTELLÓ CLEMENTE	MEMBER	INDEPENDENT
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	MEMBER	INDEPENDENT
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	MEMBER	PROPRIETARY

NOMINATION AND REMUNERATION COMMITTEE

Name	Position	Type
FERNANDO CASTELLÓ CLEMENTE	CHAIRMAN	INDEPENDENT
DEMETRIO CARCELLER ARCE	MEMBER	PROPRIETARY
JOSÉ BARREIRO SEOANE	MEMBER	INDEPENDENT
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	MEMBER	PROPRIETARY
SOL DAURELLA COMADRÁN	MEMBER	INDEPENDENT

STRATEGY AND INVESTMENT COMMITTEE

Name	Position	Type
DEMETRIO CARCELLER ARCE	CHAIRMAN	PROPRIETARY
ANTONIO HERNÁNDEZ CALLEJAS	MEMBER	EXECUTIVE
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MEMBER	PROPRIETARY
JOSÉ NIETO DE LA CIERVA	MEMBER	PROPRIETARY
LEOPOLDO DEL PINO Y CALVO-SOTELO	MEMBER	PROPRIETARY

B.2.2. State whether the Audit Committee has the following duties:

Oversee the preparation and integrity of the company's, and where appropriate the group's, financial reporting, checking compliance with the legal requirements, adequate definition of the consolidated group and correct application of accounting principles	YES
Regularly check the internal control and risk management systems, ensuring that the principal risks are adequately identified, managed and reported	YES
Ensure the independence and efficacy of the internal audit duties; propose the nomination, appointment, re-appointment and removal of the chief audit officer; propose the budget for this department; receive regular information on its activities; and check that the top management heeds the conclusions and recommendations set out in its reports	YES
Establish and supervise a "whistle-blowing" procedure so employees can confidentially or, where appropriate, even anonymously report any irregularities they observe in the company's conduct, particularly in financial and accounting aspects.	YES
Submit to the Board proposals for nomination, appointment, re-appointment and replacement of external auditor, and terms of engagement	YES
Receive regularly from the external auditor information on the audit plan and the outcome of its fulfilment and see that top management heeds its recommendations	YES
Guarantee the independence of the external auditor	YES
In the case of groups, encourage the group auditor to audit the different companies in the group	YES

B.2.3. Describe the rules of organisation and procedure and the responsibilities attributed to each Committee

Name of committee

STRATEGY AND INVESTMENT COMMITTEE

Brief description

The Strategy and Investment Committee has a minimum of three and a maximum of five Directors, including a Chairman, appointed by the Board of Directors in accordance with the company's Articles of Association. The Committee meets whenever called by its Chairman or at the request of two of its members and whenever the Board requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties. Notices of call are issued by the Secretary by order of the Chairman. Whenever the Committee so requests its Chairman, its meetings may be attended by any member of the management team of the Company, who may speak but not vote. At the following Board meeting, the Chairman of the Strategy and Investment Committee reports on all resolutions, reports or proposals made by the Committee since the previous Board meeting. Directors have access to the minutes of Committee meetings, through the Secretary of the Board. The Strategy and Investment Committee studies, issues reports and submits proposals for the Board on the following matters: a) Setting of targets for growth, yield and market share of the company. b) Development plans, new investments and strategic restructuring processes. c) Coordination with subsidiaries in the matters contemplated a) and b), for the common interest and benefit of the Company and its subsidiaries. In the performance of its duties, it may, where necessary, obtain information and collaboration from the members of the Company management, through the Chairman of the Committee.

Name of committee

NOMINATION AND REMUNERATION COMMITTEE

Brief description

The Nomination and Remuneration Committee has a minimum of three and a maximum of five non-executive Directors, appointed by the Board of Directors in accordance with the company articles of association. This notwithstanding, the Company Secretary acts as Secretary of the Committee, with voice but no vote, issuing minutes of all resolutions adopted. The Committee appoints one of its members who is an independent director to be Chairman. The Committee meets whenever called by its Chairman or at the request of two of its members and at least once every three months. It also meets whenever the Board requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties. Meetings are called by the Secretary of the Committee by order of the Chairman. Whenever the Committee so requests its Chairman, its meetings may be attended by any member of the company management, who may speak but not vote.

At the following Board meeting, the Chairman of the Nomination and Remuneration Committee reports on all resolutions, reports or proposals made by the Committee since the previous Board meeting. Directors have access to the minutes of Committee meetings, through the Secretary of the Board.

The Committee studies, issues reports and submits proposals for the Board on the following matters: a) Definition and revision, where necessary, of the criteria to be followed for the composition and structure of the Board and for selection of candidates to sit on the Board. It informs in advance on the appointment of a director by cooptation or the submission of any proposals to the general meeting regarding the appointment or removal of directors. b) Appointment of the Chairman, Vice-Chairman, Managing Director if any, General Manager and Company Secretary, and assignment of the directors to the Executive Committee, the Audit and Compliance Committee and the Strategy and Investment Committee, and appointment of the members of the Management Committee and such other advisory committees as the Board may create, as well as the appointment and possible removal of senior officers and their contractual clauses regarding severance pay. c) Position of the company on the appointment and removal of members of the governing bodies of its subsidiaries. d) Proposal of directors' emoluments, in accordance with the rules on remuneration established in the Articles of Association and the relations of executive directors with the company. The Committee must also inform in advance on any resolution or proposal of the Board on the remuneration of directors and executives indexed to the share price of the company or its subsidiaries, or consisting of the delivery of shares in the company or its subsidiaries or stock options. e) Preparation, if appropriate, of a proposal on the Statute of Senior Officers. f) Supervision of the Senior Management remuneration and incentives policy, being informed and informing also on the criteria followed by the company's subsidiaries. g) Assessment of the principles of the policy regarding the training, promotion and selection of management personnel in the parent company and its subsidiaries, where appropriate. h) Examination and organisation, howsoever may be considered appropriate, of the succession of the Chairman and CEO and, where appropriate, submission of proposals to the Board to ensure that the succession is made in an orderly, well-planned fashion. i) Proposal for the appointment of senior executives of the Company and determination of their terms of contract and remuneration, considering this to include any executives with a rank equal to or higher than Department Manager, being informed and informing also on the appointments and terms of contract of the senior executives of the company's subsidiaries.

Name of committee

EXECUTIVE COMMITTEE

Brief description

In addition to the Chairman and the Vice-Chairman, other Directors may sit on the Executive Committee, up to a maximum of seven members, with the composition stipulated in the Articles of Association. All the members of this Committee are appointed by the Board, which also specifies what powers are delegated to it, in accordance with the Articles of Association and the Regulations of the Board, requiring votes in favour of at least two-thirds of the Board members to carry the relevant resolutions. Save otherwise resolved by the Board, all the powers of the Board that may be delegated according to law, the Articles of Association and the Regulations are deemed delegated to this Committee on its creation, subject to the limits established from time to time in the recommendations on good corporate governance. The Chairman and Secretary of the Board hold the corresponding positions on the Executive Committee. The Executive Committee generally meets once a month. Its meetings may be attended by such members of management, employees and advisers of the company as the Committee may deem fit. Without prejudice to the autonomy of decision of the Executive Committee in respect of the delegated powers, its resolutions being fully valid and effective without ratification by the Board, whenever circumstances so require, in the opinion of the Chairman or three members of the Committee, the resolutions adopted by the Executive Committee are submitted to the Board for ratification. This is also the case in matters which the Board has delegated the Committee to study, while reserving for itself the ultimate decision, in which case the Executive Committee merely submits the corresponding proposal to the Board. At the request of any of its members, the Directors will be informed at the first Board meeting following any meeting of the Executive Committee of all resolutions adopted by the latter since the previous Board meeting. Directors are granted access to the minutes of Executive Committee meetings whenever they so request of the Secretary of the Board. The Executive Committee has the following powers: a) Adopt resolutions corresponding to the powers delegated to it by the Board of Directors. b) Monitor and supervise the overall and day-to-day management of the Company, ensuring adequate coordination with the subsidiaries in the common interests of the latter and the company. c) Study and propose the guidelines defining the business strategy, supervising its implementation. d) Discuss and report to the Board on any matters related with the following business, regardless of whether or not they have been delegated by the Board: - Individual and consolidated annual budget of the company, specifying the amounts budgeted for each core business. - Monthly monitoring of the economic management, deviations from the budget and proposals for remedial measures, if necessary. - Significant material or financial investments and their corresponding economic justification. - Alliances and agreements with companies considered important for the company, by virtue of their amount or nature. - Financial transactions of economic importance for the company. - Programme of medium-term activities. - Assessment of the achievement of objectives by the different operating units of the company. - Monitoring and assessment of the aspects contemplated in d) in the subsidiaries. e) Adopt resolutions corresponding to the acquisition and disposal of treasury stock by the Company, in accordance with the authorisation granted by the General Meeting. A particular director may be appointed to execute and process decisions to buy or sell own shares, overseeing and, where necessary, authorising, provided it is lawful, any agreements that may be made by subsidiaries for the acquisition and disposal of own shares or shares in the company.

Name of committee

AUDIT COMMITTEE

Brief description

The Audit and Compliance Committee has a minimum of three and a maximum of five non-executive Directors appointed by the Board in accordance with the company Articles of Association. The Board appoints one of the Committee members who are independent directors Chairman of this Committee, to be replaced every four years and becoming eligible for re-election one year after his retirement as such. The Chairman of the Board may attend the meetings of this Committee, with voice but no vote. In the absence of the Chairman, he is provisionally substituted by the Committee member so appointed by the Board, or otherwise by the oldest member of the Committee. The Company Secretary is Secretary of this Committee, with voice but no vote, issuing minutes of the resolutions adopted. The Committee meets as and when called by its Chairman, or at the request of two of its members and at least once every three months. It also meets whenever the Board requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties. The notice of call is issued by the Secretary of the Committee by order of the Chairman. Apart from the members, any company executive may be called to attend a committee meeting. Committee meetings are held at the registered office of the company, or wherever else the Chairman may indicate, specifying the venue in the notice of call, and are quorate when attended, in person or by proxy, by the majority of its members. Resolutions are adopted with the favourable votes of the majority of the members attending the meeting in question. In the event of a tie, the chairman or acting chairman has the casting vote. At the following Board meeting, the Chairman of the Audit and Compliance Committee reports on all resolutions, reports or proposals made by the Committee since the previous Board meeting. Directors have access to the minutes of Committee meetings, through the Secretary of the Board. The Audit and Compliance Committee has the following powers: a) Be informed of the procedures and systems used for drawing up the financial information of the Company, supervising the services of the Internal Audit Department. b) Receive the information sent regularly to the Stock Exchange Councils, issue prospectuses and any public financial information offered by the Company and, in general, all information prepared for distribution among shareholders, ensuring the existence of internal control systems that guarantee the transparency and truth of the information. c) Ensure that the systems used for preparing the separate and consolidated Annual Accounts and Directors' Report submitted to the Board to be drawn up in accordance with current legislation give a true and fair view of the equity, financial position and results of the Company, making sure that interim accounts are drawn up according to the same accounting principles as the annual accounts, considering the possibility of requesting the external auditors to make a limited audit thereof. In this respect, it also sees that the internal control systems are adequate and effective in respect of the accounting practices and principles used for drawing up the annual accounts of the company, supervising the policies and procedures established for ensuring due compliance with applicable legal provisions and internal regulations. The Committee shall, through its Chairman, obtain information and collaboration from both the Internal Audit Manager and the External Auditors to perform these duties. Furthermore, whenever the Committee so requests its Chairman, its meetings may be attended by any member of the company management, who may speak but not vote. d) Have contacts with the Auditors to receive information on any issues that may jeopardise their independence, and any other issues relating to the auditing of accounts, receiving information from and exchanging communications with the External Auditors in accordance with prevailing auditing standards and legislation. e) Be informed of the decisions adopted by the senior management according to recommendations made by the External Auditors in connection with the audit. f) Inform the Board before the latter body adopts any decision regarding related-party transactions submitted for authorisation. g) Establish an internal "whistle-blowing" procedure so employees can confidentially report any potentially important irregularities. h) Supervise compliance with the internal codes of conduct and the rules on good corporate governance.

Name of committee

MANAGEMENT COMMITTEE

Brief description

The Board appoints a Management Committee, consisting of the persons responsible for the principal management units and business areas of the Company and its subsidiaries and the executive directors proposed by the Nomination and Remuneration Committee, chaired by the Chairman of the Board or the Managing Director, as the case may be. The Company Secretary is Secretary of this Committee. The Management Committee prepares and follows up decisions within the management of the Company, regarding strategy, budget, finance and personnel, draws up business plans and controls their implementation, defining the Company's position in respect of its subsidiaries on these matters. The Committee meets whenever called by its Chairman and in any case whenever the Board or Committees of the Board request the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties. Committee meetings are called by the Secretary, by order of the Chairman.

B.2.4. Indicate, where appropriate, the advisory or counselling powers and delegations, if any, of each committee:

Name of committee

STRATEGY AND INVESTMENT COMMITTEE

Brief description

THOSE CONTEMPLATED IN ARTICLE 15 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

Name of committee

NOMINATION AND REMUNERATION COMMITTEE

Brief description

THOSE CONTEMPLATED IN ARTICLE 14 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

Name of committee

EXECUTIVE COMMITTEE

Brief description

THOSE CONTEMPLATED IN ARTICLE 12 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

Name of committee

AUDIT COMMITTEE

Brief description

THOSE CONTEMPLATED IN ARTICLE 13 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

B.2.5. Indicate the existence, if appropriate, of regulations of the board committees, where they are available for consultation and any modifications made during the year. State whether an annual report has been issued voluntarily on the activities of each committee.

Name of committee

STRATEGY AND INVESTMENT COMMITTEE

Brief description

There is no separate text regulating the Strategy and Investment Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 15).

The Regulations of the Board are available for consultation on the company's website (www.ebrofoods.es) and on the website of the National Securities Market Commission (www.cnmv.es).

Name of committee

NOMINATION AND REMUNERATION COMMITTEE

Brief description

There is no separate text regulating the Nomination and Remuneration Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 14).

Name of committee

EXECUTIVE COMMITTEE

Brief description

There is no separate text regulating the Executive Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 12).

Name of committee

AUDIT COMMITTEE

Brief description

There is no separate text regulating the Audit Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 13).

Name of committee

MANAGEMENT COMMITTEE

Brief description

There is no separate text regulating the Management Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 16).

B.2.6. Does the composition of the Executive Committee reflect the participation on the Board of the different types of Director?

YES

C. RELATED-PARTY TRANSACTIONS

C.1. Does the full Board reserve the right to approve, subject to a favourable report by the Audit and Compliance Committee or such other committee it may have commissioned, any transactions between the company and its directors, significant or represented shareholders or parties related thereto?

YES

C.2. List any significant transactions involving a transfer of resources or obligations between the company and/or companies in its group and controlling shareholders of the company:

Name of significant shareholder	Name of company or group company	Relationship	Type of transaction	Amount (thousand euro)
SOCIEDAD ANÓNIMA DAMM	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	4,449

C.3. List any significant transactions involving a transfer of resources or obligations between the company and/or companies in its group and the directors or executives of the company:

Name of director or executive	Name of company or group company	Nature of the transaction	Type of transaction	Amount (thousand euro)
ANTONIO HERNÁNDEZ CALLEJAS	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Purchase of tangibles, intangibles or other assets	1
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	BOOST NUTRITION, C.V.	CONTRACTUAL	Sale of goods (finished or otherwise)	86
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	BOOST NUTRITION, C.V.	CONTRACTUAL	Purchase of goods (finished or otherwise)	86
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EURIZA GMBH	CONTRACTUAL	Sale of goods (finished or otherwise)	75
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EURIZA GMBH	CONTRACTUAL	Purchase of goods (finished or otherwise)	75
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA FOODS, S.L.U.	CONTRACTUAL	Receipt of services	50
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA FOODS, S.L.U.	CONTRACTUAL	Rendering of services	7
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	2,220
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Purchase of goods (finished or otherwise)	5,893

Name of director or executive	Name of company or group company	Nature of the transaction	Type of transaction	Amount (thousand euro)
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Leases	150
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	SB HERBA FOODS LIMITED	CONTRACTUAL	Purchase of goods (finished or otherwise)	1,045
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	SB HERBA FOODS LIMITED	CONTRACTUAL	Sale of goods (finished or otherwise)	642
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	TBA SUNTRA UK, LTD	CONTRACTUAL	Purchase of goods (finished or otherwise)	1,020
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	TBA SUNTRA, BV	CONTRACTUAL	Purchase of goods (finished or otherwise)	65
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	TBA SUNTRA, BV	CONTRACTUAL	Sale of goods (finished or otherwise)	65

C.4. List any significant transactions with other companies in the group that are not eliminated in the consolidated financial statements and which do not, by virtue of their object or terms, correspond to the normal business of the Company:

C.5. State whether any of the board members have entered into any conflicts of interest pursuant to s. 127 ter of the Corporations Act during the period.

YES

Name of director

ALIMENTOS Y ACEITES, S.A.

Description of the conflict of interest

Indirect interest of 1.738% in Biosearch, S.A., a company engaged in a business similar to the objects of Ebro Foods, S.A.

Name of director

ANTONIO HERNÁNDEZ CALLEJAS

Description of the conflict of interest

Interest of 0.001% and proprietary director in Deoleo, S.A., a listed company in which Ebro Foods, S.A. holds 9.333% of the capital, engaged in a business similar to the objects of Ebro.

Direct interest of 16.666% in Instituto Hispánico del Arroz, S.A., which is director and majority shareholder of Ebro Foods, with a holding of 15.721%, and is also engaged in a business similar to the objects of Ebro.

Finally, see section C.3 of this report concerning the related-party transaction made with a company in the Ebro Foods Group.

Name of director

DEMETRIO CARCELLER ARCE

Description of the conflict of interest

Interest of 0.001% and proprietary director in Deoleo, S.A., a listed company in which Ebro Foods, S.A. holds 9.333% of the capital, engaged in a business similar to the objects of Ebro.

Name of director

INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Description of the conflict of interest

Instituto Hispánico del Arroz, S.A. is engaged in a business similar to the objects of Ebro Foods, S.A. It has a holding of 15.721% in Ebro Foods S.A. (8.831% direct and 6.889% indirect, through Hispafoods Invest, S.L., which is wholly-owned by Instituto Hispánico del Arroz, S.A.).

It also wholly-owns and is director of the companies indicated in section B.1.40, all of which are engaged in a business similar to the objects of Ebro Foods.

Finally, see section C.3 of this report concerning the related party transactions made with companies in the Ebro Foods Group.

Name of director

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ

Description of the conflict of interest

Direct interest of 16.666% in Instituto Hispánico del Arroz, S.A. which, as mentioned above, apart from being director and majority shareholder of Ebro Foods, with a holding of 15.721%, is also engaged in a business similar to the objects of Ebro.

Name of director

RUDOLF-AUGUST OETKER

Description of the conflict of interest

Interest of 12.5% in Dr. August Oetker KG, a company domiciled in Germany engaged in similar activities to Ebro Foods. He is Chairman of that company and on the board of other companies in the Oetker Group.

C.6. Explain the mechanisms established to detect, define and resolve possible conflicts of interest between the company and/or its group, and its directors, executives or controlling shareholders.

The Audit and Compliance Committee ensures that the internal audit procedures and internal control systems are adequate and informs the Board on the related-party transactions submitted for its consideration and control of any possible conflicts of interest.

Under Article 28 of the Articles of Association, the Audit Committee has, among others, the power to ensure that transactions between the company and its subsidiaries or between these companies and directors and controlling shareholders are made on arm’s length terms and respecting the principle of equal treatment, thus controlling any conflicts of interest that may arise in these related-party transactions.

Under Article 6 of the Regulations of the Board, the Board is competent, once a favourable report has been issued by the Audit and Compliance Committee, to authorise any related-party transactions between the company or group companies and directors, controlling shareholders or shareholders represented on the board. This authorisation is not necessary when the transactions meet all of the following three conditions:

- If the transactions are made under contracts with standard terms and conditions applied globally to many clients.

- If the transactions are made at prices or rates established generally by the supplier of the good or service in question.

- If the amount of the transaction is no more than 1% of the annual income of the company.

Article 22 of the Regulations of the Board establishes the following prohibitions and disqualifications, among others, for directors:

- Holding positions or duties of representation, management, counselling or rendering of services in rival companies or the holding or performance of such positions, duties or services in companies having a controlling stake in rival companies.

- Attendance and participation in the discussions of any of the corporate bodies concerning business in which the director personally, or a member of his/her family has an interest or a company in which the director has an executive position or a significant shareholding.

- Direct or indirect participation in related-party transactions with the company or other group companies without previously informing the Board and seeking its approval, except in the cases contemplated in Article 6.5 of these Regulations.

The article also bars from the board anyone who, personally or through an intermediary, holds office in or is a representative of or is otherwise related to companies that are habitual clients or suppliers of goods and services of the company, whenever this condition may give rise to a conflict or clash of interest with the Company or its subsidiaries; in such cases the Chairman shall be informed of the situation and request a report from the Audit and Compliance Committee. Financial institutions providing financial services for the company are excluded from the foregoing. Nor may anyone related through family, professional or commercial ties to executive directors or other senior officers of the Company be members of the Board unless, after informing the Chairman of this situation, a report is issued by the Audit and Compliance Committee excluding the specific case from this prohibition.

C.7. Is more than one company of the Group listed in Spain?

NO

Name the listed subsidiaries:

D. RISK CONTROL

D.1. General description of the risk policy of the company and/or its group, including details and assessment of the risks covered by the system, together with proof that those systems adapt to the profile of each type of risk.

Article 9.1 of the Regulations of the Board establish that the Board shall receive information on the most important aspects of business management and any foreseeable risk situations for the Company and its subsidiaries, together with the actions proposed by the senior management in respect thereof. And Article 6.3, which addresses the board's scope of action, establishes in respect of the transparency and truth of the company's reporting, that the Board shall, as such and through its different Committees:

a. Ensure the independence and professional suitability of the External Auditor.
b. Supervise the services of the Internal Audit Department, overseeing the financial reporting process and internal control systems.
c. Control the financial information disclosed to the shareholders or the markets in general.

In particular, the Audit and Compliance Committee is responsible for ensuring that the internal audit procedures, the internal control systems in general, including the risk management control system and, in particular, the financial reporting internal control system are adequate; that the external auditors and internal audit manager are selected on the basis of professional, objective criteria, guaranteeing their independence in the performance of their duties; informing the board on any related party transactions submitted for its consideration; controlling possible conflicts of interest; and making sure, in general, that the company's reporting, particularly financial reporting, comply with the principle of truth and maximum transparency for shareholders and markets.

Guided by the conceptual framework of the "Committee of Sponsoring Organizations of the Treadway Commission" (COSO) report on internal control, the Ebro Foods Group has established systems for risk identification, assessment, management and information.

During 2011, a Group-wide risk map was drawn up using appropriate software. The map establishes a matrix of risks for the entire group and for each individual company, establishing the probabilities of occurrence, impact and protocols for action to mitigate those risks.

The ultimate purpose of these risk control systems is to defend the interests of our shareholders, customers, employees and social environment. At the same time, they provide a sustained guarantee of the corporate reputation and financial strength of the Ebro Foods Group.

These risk control systems cover all the activities performed by the Group, consisting essentially of the agro-industrial rice and pasta businesses. The risks covered by these systems affect food quality, environmental, supply, business, credit (or counterparty), regulatory, social and political, financial (exposure to exchange rate fluctuations), occupational and technological issues.

SUPPLY RISKS:

The Ebro Foods business depends on the supplies of commodities such as rice and durum wheat. There is a risk of not obtaining sufficient raw materials of an adequate quality to match the company's standards and at an adequate price.

The company acts in two ways to reduce this risk: diversifying our sources of supply, taking positions on the principal producing markets (Thailand, India, Egypt, Italy and Uruguay in rice, and USA and France in durum wheat) if we consider that this will give us a competitive edge; and reaching long-term supply agreements or collaboration agreements with the producers we consider important for our business.

The Group is a pioneer within its sector in the development and furtherance of R+D, environmental and food quality, and internal audit.

The Group has environmental and food quality, commercial or counterparty risk, occupational hazard prevention and research & development committees, which are responsible for preventing and mitigating the risks.

R+D AND FOOD QUALITY:

The Group's policy is based on the principle of compliance with the laws and regulations in place from time to time, for which it has defined, developed and implemented a quality, environment and food safety management system that complies with the requirements of the standards UNE-EN-ISO 9001:2000/8, UNE-EN-ISO

14001:2004 and ISO 22000:2005, certified in most of the Group's production centres in Europe, USA and Canada.

The food safety programmes are based on following protocols that seek to identify and control certain Hazard Analysis and Critical Control Points (HACCP) to minimise the residual risk.

The principal control points are grouped into:

- Physical: controls to detect materials alien to the product or the presence of metals.

- Chemical: detection of chemical elements or presence of allergens.

- Biological: presence of elements such as salmonella or other types of pathogen.

Most of our handling processes have obtained IFS (International Food Security) certification and the pasta plants in the United States have obtained compliance certification from the Global Food Safety Initiative (GFSI).

The Group has also implemented several initiatives to reduce greenhouse gas emissions and atmospheric waste, improve the quality of water and reduce effluent, enhance energy and hydrological efficiency and has physical waste recycling programmes for paper, aluminium and other materials.

The company provides its employees with continuous, adequate training in food safety and the rules of safety and hygiene in the workplace.

The Group has taken out several insurance policies covering risks related with food safety.

All investment projects incorporate a risk analysis, to enable their economic and strategic assessment prior to decision-making. Decisions are adopted by the corresponding body according to the limits established, the largest projects requiring approval by the Board.

Finally, the Group is also exposed to another two types of risk: regulatory risk, subject to the guidelines established in the Common Agricultural Policy (CAP) and country or market risk.

These risks have been reduced over recent years, through a firm policy of business and geographical diversification, increasing our presence in Europe, America (United States and Canada), Asia (Thailand and India) and Africa (Egypt and Morocco).

D.2. Have any of the different types of risk (operating, technological, financial, legal, reputational, tax…) affecting the company and/or its group materialised during the year?

YES

If so, indicate the underlying circumstances and whether the control systems worked.

Risk materialised during the year
Narrowing of margins in some of our products
Underlying circumstances
Volatility on the commodities market (durum wheat and rice)
Functioning of the control systems
The prevention and control systems of those risks worked properly.

D.3. Is there a Committee or other governing body responsible for establishing and supervising the control systems?

YES

If so, describe its duties:

Name of committee or body

Audit and Compliance Committee

Description of duties

Analyse and assess the principal risks to which the Group may be exposed and the systems established for their management and control.

D.4. Identification and description of processes for compliance with the different regulations affecting the company and/or its group.

The Group has a set of internal rules and procedures for its different activities, which are fully in keeping with the applicable legal provisions.

During 2011 the Group designed a risk map. This risk map is based on a software tool through which information is input by the risk managers of each unit in each of the subsidiaries. In the process of pinpointing, assessment and management of risks, risks are ranked from greater to lesser impact for the Group and according to the probability of occurrence. The process assesses both the inherent risk and the residual risk after application of the internal controls and action protocols established to mitigate them. This model is both qualitative and quantitative and can be measured in the Group's results.

The Group has critical variables management systems in the area of food and environmental quality, which are in a constant process of continuous assessment and audit. The audit covers all production centres and the risk managers in each subsidiaries and the Audit and Compliance Committee are informed on the results.

The reports of the Group's Internal Audit Department are prepared by experts independent from the business management and the department sends its conclusions and recommendations to the management bodies of the Group subsidiaries and the Audit and Compliance Committee of the parent company, Ebro Foods, S.A., so that any remedies required may be taken and any necessary improvements implemented.

The board has also published a code of conduct and a corporate governance policy, by virtue of which we have been ahead of the legal requirements established from time to time.

Finally, we consider it important to mention that at the close of this Report the Group is in the process of setting up a whistle-blowing channel for confidential reports, accessible by all Group employees, and a protocol to prioritize, process, investigate and solve all reports according to their importance and nature, paying special attention to those concerning a possible financial or accounting misrepresentation or possible fraudulent activities.

E. GENERAL MEETING

E.1. Indicate the quorums for General Meetings established in the Articles of Association and the differences, if any, in respect of the minimums stipulated in the Corporations Act.

NO

	% quorum differing from that stipulated in the Corporations Act s. 102 for ordinary resolutions	% quorum differing from that stipulated in the Corporations Act s. 103 for special resolutions
Quorum required on 1st call	0	0
Quorum required on 2nd call	0	0

E.2. Are there any differences in respect of the system stipulated in the Corporations Act for adopting corporate resolutions? If so, explain.

NO

What differences exist in respect of the system stipulated in the Corporations Act?

E.3. Describe any shareholders' rights in respect of General Meetings differing from those established in the Corporations Act.

The Regulations of the General Meeting contain and develop, in the articles indicated below, all the shareholders' rights in respect of general meetings stipulated in law, thus complying with the rules and recommendations for good governance:

- Shareholders' right to information is exhaustively regulated in Articles 5 and 6.

- Shareholders' right to attend and be represented by proxies is regulated in Article 7.

- Shareholders' right to participate is set out in Articles 11 and 12.

- Shareholders' voting right is regulated in Article 14.

- Finally, Article 18 establishes the shareholders' right to be informed of the resolutions adopted by the general meeting by the legal means of publication or through the company's website, where the full text of such resolutions must be published.

Moreover, any shareholder may at any time obtain a certificate of the resolutions adopted and the minutes of the meeting.

E.4. Describe the measures adopted, if any, to encourage the participation of shareholders at General Meetings.

- Detailed, developed regulation of rights to information, attendance, proxy and voting contained in the Regulations of the General Meeting, as indicated above.

- Detailed notice of call to general meetings, clearly stating all the shareholders' rights and how they may be exercised.

- Publication of the corresponding notice in the Official Trade Registry Bulletin, on the company's website and on the website of the National Securities Market Commission, through the appropriate regulatory announcement.

- Holding of general meetings where shareholders can easily attend, in the best and most comfortable conditions possible.

- Assistance for shareholders through the Shareholders' Office, where the team responsible for Investor Relations and other qualified staff are available to provide any assistance required by shareholders.

- Delivery of gifts to shareholders to encourage them to go to general meetings.

E.5. Are General Meetings presided by the Chairman of the Board and what measures, if any, are taken to guarantee the independence and proper functioning of the General Meeting?

YES

Details of measures
The Regulations of the General Meeting regulate a number of measures regarding the organisation and procedure of the general meeting to guarantee its independence and proper functioning. Article 9 of said Regulations establishes the following measures in this regard: - General meetings shall be presided by the Chairman of the Board, or, in his absence, by the Vice-Chairman, or otherwise by a director elected in each case by the shareholders attending the meeting. - The Chairman shall be assisted by a Secretary, who shall be the Secretary of the Board, or the Vice-Secretary, if any, or otherwise such person as may be appointed at the general meeting. - Should the Chairman or Secretary of the general meeting have to leave during the meeting, his/their duties shall be taken over by the corresponding person or persons as above and the meeting shall continue. - The directors attending the general meeting shall form the Presiding Board. Article 10 of the Regulations establishes the procedure for drawing up the attendance list, which may be drawn up in a file or included on any kind of data carrier. Moreover, should the Chairman deem fit, he may appoint two or more shareholders to act as scrutineers, assisting the presiding board in drawing up the attendance list and, if

Details of measures
necessary, in the counting of votes, informing the general meeting thereof once it has been declared quorate. The powers of the Chairman of the General Meeting are described in Article 13 of the Regulations: - Direct the debate, ensuring that it remains within the confines of the agenda, closing the debate when he considers the business sufficiently debated. - Organise the shareholders' contributions as established in Article 12 of the Regulations of the General Meeting. - Decide, where appropriate, on any extension of the time initially granted to shareholders to speak. - Moderate the shareholders' contributions, requesting them if necessary to keep to the agenda and observe the appropriate rules of correct conduct when speaking. - Call the shareholders to order when their contributions are clearly made to filibuster or upset the normal course of the general meeting. - Withdraw the floor at the end of the time assigned for each contribution or when, despite the admonitions made in pursuance of this article, the shareholder persists in his conduct, taking such measures as may be necessary to ensure that the general meeting resumes its normal course. - Announce voting results. - Resolve any issues that may arise during the general meeting regarding the rules established in these Regulations. Finally, as regards the conclusion and minutes of general meetings, Article 15 of the Regulations establishes that after voting on the proposed resolutions, the general meeting shall conclude and the Chairman shall close the session. The minutes of the general meeting may be approved at the end of the meeting or within fifteen days thereafter by the Chairman of the General Meeting and two scrutineers, one representing the majority and the other representing the minority, who shall be appointed at the proposal of the Chairman after declaring the general meeting quorate. If the presence of a notary has been required to issue a certificate of the general meeting, the minutes set out in the certificate shall be notarial and, as such, shall not require approval by those attending or by scrutineers.

E.6. Indicate any modifications made during the year to the Regulations of the General Meeting.

No changes were made to the Regulations of the General Meeting in 2011.

E.7. Give details of attendance of General Meetings held during the year:

Details of Attendance					
Date General Meeting	% in person	% by proxy	% distance voting		Total
			Electronic vote	Others	
15/06/2011	10.630	54.750	0.000	0.000	65.380

E.8. Give a brief account of the resolutions adopted at the general meetings held during the year and percentage of votes with which each resolution was passed.

All the resolutions proposed by the Board at the Annual General Meeting of Shareholders held on 15 June 2011 were approved on the terms and with the results indicated below:

ITEM ONE ON THE AGENDA

- To approve the annual accounts of EBRO FOODS, S.A. and its consolidated group for the year ended 31 December 2010.

- To approve the separate and consolidated directors' report of Ebro Foods, S.A. for the year ended 31 December 2010, including the Annual Corporate Governance Report, as drawn up by the board of directors.

These resolutions were approved by a majority of 99.93% of the voting capital present and represented.

ITEM TWO ON THE AGENDA

- To approve the management and all other actions by the Ebro Foods board during the year ended 31 December 2010.

This resolution was approved by a majority of 99.89% of the voting capital present and represented.

ITEM THREE ON THE AGENDA

- To approve the proposed application of the profit recorded by Ebro Foods, S.A. in the year ended 31 December 2010, as shown below and set out in the company's annual report:

Base of application: 937,140
Unappropriated Reserves: 572,980
Balance of profit and loss account (profit): 364,160

- To approve the distribution of an ordinary dividend payable in cash against unappropriated reserves in a sum of 0.416 euro per share, payable in four quarterly payments of 0.104 euro each, on 4 April, 4 July, 3 October and 22 December 2011. Accordingly, to ratify the first of these four payments, made on 4 April. This dividend includes the proportional allocation that would correspond to the shares held as treasury stock.

These resolutions were approved by a majority of 99.93% of the voting capital present and represented.

ITEM FOUR ON THE AGENDA

- To vote for the directors' emoluments for the year ended 31 December 2010.

- To vote for the Annual Directors' Remuneration Report prepared by the board.

These resolutions were approved by a majority of 96.61% of the voting capital present and represented.

ITEM FIVE ON THE AGENDA

- To authorise the board to buy back the company's own shares and authorise subsidiaries to acquire shares in the parent company, by purchase or on any other payment basis, on one or several occasions, subject to the conditions established in sections 146, 509 and other applicable provisions of the Corporate Enterprises Act.

• The par value of the shares acquired directly or indirectly, when added to those already held by the company or its subsidiaries, shall not exceed 10% of the subscribed capital.

• As a result of the acquisition, including any shares which the company, or the person acting in his own name but for the company's account, has purchased earlier and holds as treasury stock, the equity shall not fall below the amount of the capital plus legal reserves or any undistributable reserves established in the company's articles. For this purpose, equity shall be the amount recorded as such according to the principles applied when drawing up the annual accounts, less the amount of profit attributed directly to equity, plus the amount of uncalled subscribed capital and the par value and share premiums of subscribed capital recorded under liabilities.

• The shares acquired shall be fully paid up.

• The cap and floor for the acquisition shall be, respectively, equivalent to the par value of the own shares purchased and to their price on an official secondary market at the time of purchase.

By virtue of this authorisation, the board may, by direct resolution or by delegation to the executive committee or to such person or persons as the board may authorise for this purpose, buy back own shares to hold them as treasury stock, dispose of them or, as the case may be, propose their redemption to the general meeting, within the limits established in law and subject to the conditions stipulated in this resolution. This authorisation is also extended to the possibility of acquiring own shares to be delivered directly to employees or executives of the company or its group, on one or several occasions, or upon exercise of any stock options they may hold, pursuant to section 146.1 a) paragraph 3 of the Corporate Enterprises Act.

The authorisation contemplated in this resolution is granted for no more than five years from the date of this Annual General Meeting and covers all treasury stock transactions made on the terms stipulated herein, without having to be reiterated for each purchase or acquisition, and all transfers to or earmarking of reserves made in pursuance of the Corporate Enterprises Act.

When any acquisition is made by virtue of this authorisation, the directors will especially ensure that the conditions established at this general meeting and the requirements stipulated in the Corporate Enterprises Act are met.

- To reduce the capital to redeem the company shares acquired by Ebro Foods or other companies in its Group, against the capital (for the par value) and unappropriated reserves (for the amount of the acquisition in excess of such par value), by such amounts as may be deemed fit from time to time, up to the maximum number of own shares held at any time.

- To delegate to the board the power to execute this resolution to reduce the capital, on one or several occasions, or to render it null and void, within a period not exceeding 5 years from the date of this AGM, doing whatsoever may be required by law for this purpose.

The board is especially authorised, within the times and limits established in this resolution, to: (i) reduce the capital or otherwise, establishing the specific date or dates of the operations, as the case may be, taking account of any internal and external factors affecting the decision; (ii) state in each case the amount of the reduction of capital; (iii) specify the application of the amount of the reduction of capital; (iv) adapt Articles 6 and 7 of the Articles of Association in each case to reflect the new amount of capital and the new number of shares; (v) apply in each case for delisting of the redeemed shares; and (vi) in general, adopt such resolutions as may be considered necessary to redeem the shares and reduce the capital accordingly, appointing individuals to do whatsoever may be necessary.

The resolutions concerning treasury stock, reduction of capital and delegation to the board contemplated in this item on the agenda render null and void those adopted in this respect at the Annual General Meeting held on 1 June 2010.

These resolutions were approved by a majority of 98.46% of the voting capital present and represented.

ITEM SIX ON THE AGENDA

- To authorise the board of directors of Ebro Foods, S.A. to increase the capital on one or several occasions, as and when it may decide, up to the maximum limit permitted by law, within a period not exceeding five years, without previously consulting the general meeting.

These capital increases may not exceed overall the sum of 46,159,617 euro, i.e. half the present capital, and must be made by monetary contributions and the issuance of ordinary shares, with or without a share premium.

The par value of the shares to be issued, plus the amount of the share premium, if any, must correspond to the fair value deriving from the auditors' report. These reports will be made available to shareholders, who will be informed thereon at the first general meeting held after the resolution to increase the capital.

- To authorise the board also to exclude the preferential subscription right for any such issues of shares and/or convertible debentures should this be in the company's interests.

- To delegate the board to execute the preceding resolution to increase the capital such that it may do so on one or several occasions, or to render it null and void, within a period not exceeding 5 years from the date of this AGM, doing whatsoever may be necessary or required by law for this purpose.

The board is especially authorised, within the times and limits established in this resolution, to: (i) increase the capital or otherwise, establishing the specific date or dates of the operations, as the case may be, taking account of any internal and external factors affecting the decision; (ii) state in each case the amount of the capital increase and the par value of the new shares; (iii) resolve the exclusion of the preferential subscription right for issues of shares and/or convertible obligations if this is in the company's interests; (iv) adapt Articles 6 and 7 of the Articles of Association in each case to reflect the new amount of capital and the new number of shares; (v) apply in each case for listing of the new shares issued; and (vi) in general, adopt such resolutions as may be considered necessary to issue shares and increase the capital accordingly, appointing individuals to do whatsoever may be necessary.

This delegation shall subsist on its own terms until the end of the five-year period established or until rendered void by the general meeting, even though the directors may change and without prejudice to the possible decision by the general meeting, subsequent to this delegation, to make one or several capital increases.

These resolutions were approved by a majority of 96.31% of the voting capital present and represented

ITEM SEVEN ON THE AGENDA

- To expressly authorise the Board, with the fullest powers necessary, to make one or several financial contributions to Fundación Ebro Puleva over forthcoming years, up to and not exceeding the sum of five hundred thousand euro (500,000 €), without prejudice to similar authorisations granted by the General Meeting in previous years for the Board to donate funds to Fundación Ebro Puleva.

This resolution was approved by a majority of 99.86% of the voting capital present and represented.

ITEM EIGHT ON THE AGENDA

The resolutions corresponding to this item were voted separately.

- To ratify the appointment of José Nieto de la Cierva as proprietary director of the company for a period of 4 years. Mr Nieto was appointed by cooptation at the board meeting of 29 September 2010.

This resolution was approved by a majority of 91.80% of the voting capital present and represented.

- To set the number of board members at (13), pursuant to section 211 of the Corporate Enterprises Act and article 19 of the company's articles of association.

This resolution was approved by a majority of 97.34% of the voting capital present and represented.

ITEM NINE ON THE AGENDA

- To expressly authorise the Chairman, Secretary and Vice-Secretary of the Board, as extensively as may be required by law, so that any one of them, acting individually and with his/her sole signature, may execute, put on record and give notice of each and all of the resolutions adopted at this General Meeting, supplement, develop and remedy those resolutions, deliver them and secure their full or partial entry in the Trade Register or in any other registers kept by the corresponding public or private institutions, execute and rectify any public or private documents of whatsoever nature and take such other action or actions as may be necessary.

This resolution was approved by a majority of 92.26% of the voting capital present and represented.

E.9. State the number of shares required to attend General Meetings, indicating whether any restrictions are established in the articles of association.

YES

Number of shares required to attend general meeting	100

E.10. Describe and justify the company's policies on proxy votes at General Meetings.

Proxy votes are regulated in Article 7 of the Regulations of the General Meeting.

Any shareholder entitled to attend may be represented at general meetings by another person. The proxy shall be made in writing especially for each general meeting or, as the case may be, through distance communication means in accordance with the appropriate provisions of these Regulations and especially for each general meeting. This right to representation is without prejudice to the legal provisions established for family representation and the granting of general powers of attorney.

In any case, whether the proxy is voluntary or required by law, no shareholder may have more than one representative at any general meeting.

Proxies may be revoked at any time. Personal attendance at the general meeting by the represented shareholder shall have the effect of revoking the proxy.

In cases of public requests for representation, the document establishing the power of attorney shall contain or annex the agenda, together with the request for instructions to exercise the voting right and indications of how the representative will vote if no specific instructions are issued. Such public request shall be deemed to exist whenever any one person represents more than three shareholders.

The proxy may also include any points which, although not included on the agenda in the notice of call, are likely to be dispatched at the meeting, being so permitted by law.

If there are no voting instructions because the General Meeting is going to resolve on issues which, by law, do not need to be included on the agenda, the proxy shall cast the vote howsoever he may consider his principal's interests best favoured.

If the represented shareholder has issued instructions, the proxy may only vote otherwise in circumstances of which the shareholder was unaware at the time of issuing the instructions and when the represented shareholder's interests are in jeopardy.

In the last two cases, the proxy shall inform the represented shareholder forthwith, in writing, explaining the reasons for his vote.

E.11. Is the company is aware of the policies of institutional investors regarding their participation or otherwise in company decisions?

NO

E.12. Address and access to the corporate governance contents on the company's website.

Ebro Foods's corporate website http://www.ebrofoods.es is set up as a vehicle of continuous, up-to-date information for shareholders, investors and the financial market in general.

In this respect, the home page includes a specific section, called "Information for shareholders and investors", which contains all the information required under the applicable legal provisions.

This section includes, pursuant to current legislation, the chapter on Corporate Governance. The specific address of this chapter is:

http://www.ebrofoods.es/informacion-para-accionistas-e-inversores/gobierno-corporativo/reglamento-de-la-junta-general/ or:
http://www.ebrofoods.es/information-for-shareholders-and-investors/corporate-governance/regulations-of-the-general-meeting/

The Corporate Governance chapter is structured in the following sub-sections:

- Regulations of the General Meeting
- General Meeting of Shareholders
- Shareholders' Agreements
- Board of Directors
- Corporate Governance Report
- Code of Conduct

The contents of this chapter are structured and hierarchical, with a concise, explanatory title, to permit rapid, direct access to each section, in accordance with legal recommendations, at less than three clicks from the home page.

All these sections have been designed and prepared according to the principle of accessibility, aiming to enable fast location and downloading of the required information.

F. EXTENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of compliance by the company with existing corporate governance recommendations. In the event of non-compliance with any recommendations, explain the recommendations, standards, practices or principles applied by the company.

1. The Articles of Association of listed companies should not limit the maximum number of votes that may be cast by an individual shareholder or impose other restrictions hampering takeover of the company via the market acquisition of its shares.
See sections A.9, B.1.22, B.1.23, E.1 and E.2

Complies

2. When both the parent company and a subsidiary are listed, they should both publish a document specifying exactly:

a) The types of activity they are respectively engaged in and any business dealings between them, and between the listed subsidiary and other group companies;

b) The mechanisms in place to solve any conflicts of interest.

See sections C.4 and C.7

Not Applicable

3. Although not expressly required in company law, any operations involving a structural alteration of the company should be submitted to the General Meeting for approval, especially the following:

a) Conversion of listed companies into holdings, through spin-off or "subsidiarisation", i.e. reallocating to subsidiaries of core activities thereunto performed by the company, even though the latter may retain full ownership of its subsidiaries;

b) Acquisition or disposal of key operating assets, if this involves an effective alteration of its objects;

c) Any operations producing effects equivalent to liquidation of the company.

Complies

4. Detailed proposals of the resolutions to be adopted at a General Meeting, including the information contemplated in Recommendation 28, should be published simultaneously with the notice of call to the General Meeting.

Complies

5. Substantially independent items shall be voted separately at General Meetings to enable shareholders to express their preferences separately. This rule is particularly applicable:

a) To the appointment or ratification of directors, which should be voted individually;

b) In the case of Bylaw alterations, to each article or substantially independent group of articles.

See section E.8

Complies

6. Companies should allow split votes, so that financial intermediaries on record as shareholders but acting on behalf of different clients can vote according to the latters' instructions.
See section E.4

Complies

7. The Board should perform its duties with unity in proposal and independent criteria, affording all shareholders the same treatment and guided by corporate interests, which shall mean maximising the value of the company over time.
It shall also ensure that the company complies with the applicable laws and regulations in its relations with stakeholders; fulfils its contracts and obligations in good faith; respects good customs and practice in the sectors and territories in which it operates; and upholds any other social responsibility principles that it may have subscribed to voluntarily.

Complies

8. The Board should undertake, as its principal mission, to approve the company's strategy and the organisation required to put it into practice, and to oversee and ensure that Management meets the targets marked out and respects the objects and corporate interest of the company. For this purpose, the full Board shall approve the following:

a) General policies and strategies of the Company, particularly:

i) The strategic or business plan, management objectives and annual budgets;
ii) Investment and financing policy;
iii) Definition of the structure of the corporate group;
iv) Corporate governance policy;
v) Corporate social responsibility policy;
vi) Policy on the remuneration and performance assessment of senior officers;
vii) Risk management and control policy and the regular monitoring of internal information and control systems;
viii) The dividend policy and treasury stock policy, particularly regarding limits.

See sections B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

i) Upon recommendation by the chief executive, the appointment and possible removal of senior officers, and corresponding severance clauses.

See section B.1.14

ii) Directors' emoluments and, for executive directors, supplementary remuneration for their executive duties and any other terms and conditions to be included in their contracts.

See section B.1.14

iii) The financial information that listed companies are obliged to disclose periodically.
iv) Any investments or transactions considered strategic by virtue of their amount or special characteristics, unless approval corresponds to the General Meeting;
v) Creation or acquisition of shares in special purpose vehicles or companies domiciled in countries or territories considered tax havens, and any transactions or operations of a similar nature which could, by virtue of their complex structure, impair the group's transparency.

c) Transactions between the company and its directors, significant shareholders or shareholders with representatives on the Board, or persons related thereto ("related-party transactions").

This authorisation will not be necessary for related-party transactions that meet all of the following three conditions:
1. Made under contracts with standard terms and conditions applied across the board to large numbers of clients;
2. Made at the general prices or rates established by the person supplying the good or service;
3. Made for a sum not exceeding 1% of the company's annual earnings.

The Board is recommended to make approval of related-party transactions dependent on a favourable report by the Audit Committee, or such other committee as may be assigned this duty. Apart from not exercising or delegating their vote, the affected Directors shall leave the room during the corresponding discussion and voting by the Board.

It is recommended that these competences of the Board be non-delegable, except those contemplated in paragraphs b) and c), which may be adopted by the Executive Committee in an emergency, subject to subsequent ratification by the full Board.

See sections C.1 and C.6

Complies

9. The Board should have an adequate size to secure efficient, participative performance of its duties. The recommended size is between five and fifteen members.

See section B.1.1

Complies

10. Non-executive proprietary and independent directors should have an ample majority on the board, while the number of executive directors should be kept to a minimum, taking account of their equity ownership and the complexity of the corporate group.

See sections A.2, A.3, B.1.3 and B.1.14

Complies

11. If any non-executive director cannot be considered proprietary or independent, the company should explain this circumstance and the director's ties with the company or its executives, or with its shareholders.

See section B.1.3

Complies

12. Among the non-executive directors, the ratio of proprietary to independent directors should reflect the proportion between capital represented and not represented on the Board.

This strictly proportional distribution may be relaxed so that proprietary directors have a greater weight than that corresponding to the total percentage of capital they represent:

1. In companies with a high capitalisation with few or no shareholdings considered significant by law, but in which certain shareholders have interests with a high absolute value.

2. In companies with a plurality of unrelated shareholders represented on the Board.

See sections B.1.3, A.2 and A.3

Complies

13. The total number of Independent Directors should represent at least one-third of the total Directors.
See section B.1.3

Explanation

There are 4 independent directors, representing 30.769% of the total board members.

The company considers that the composition of the board reflects the composition of the shareholding body and that for the time being it is not necessary to appoint another independent director, owing to the very small difference in respect of the recommended percentage.

14. The Board should explain the nature of each Director at the General Meeting at which an appointment is to be made or ratified. The type of director should be confirmed or altered, as the case may be, in the Annual Corporate Governance Report, following verification by the Nomination Committee. The reasons why Proprietary Directors have been appointed at the request of shareholders with an interest of less than 5% in the capital shall be explained in that Report, as well as the reasons, where appropriate, for not meeting formal requests for presence on the Board from shareholders with an interest equal or greater than others at whose request proprietary directors have been appointed.
See sections B.1.3 and B.1.4

Complies

15. When there are few or no female directors, the Board should explain the reasons for this situation and the steps taken to correct it. In particular, when vacancies arise on the Board, the Nomination Committee should ensure that:

a) There is no hidden bias against women candidates in the selection procedures;

b) The company makes a conscious effort to include women with the target profile among the candidates.

See sections B.1.2, B.1.27 and B.2.3

Explanation

Board members are appointed regardless of candidates' sex, so there is no positive or negative discrimination of any nature in the election of directors.

María Blanca Hernández Rodríguez was appointed director in 2006 and Sol Daurella Comadrán in 2010.

16. The Chairman, being responsible for the effective operation of the Board, should make sure that directors receive sufficient information in advance; stimulate debate and active participation by directors at all Board meetings, protecting their free stand and expression of opinion on any issues; and organise and coordinate periodic assessment of the Board, and the Managing Director or CEO, if any, with the chairmen of the principal committees.
See section B.1.42

Complies

17. When the Chairman of the Board is also the chief executive officer of the company, one of the Independent Directors should be authorised to request the calling of a Board meeting or the inclusion of new items on the agenda; coordinate and express the concerns of the Non-Executive Directors; and direct the assessment by the Board of its Chairman.
See section B.1.21

Complies

18. The Secretary of the Board should especially ensure that the Board's actions:

a) Conform to the text and spirit of the laws and regulations, including those adopted by the market watchdogs;

b) Conform to the company's Articles of Association and the Regulations of the General Meeting, the Board and any other internal regulations of the Company;

c) Take account of the good governance recommendations contained in this Unified Code endorsed by the company.

To guarantee the independence, impartiality and professionalism of the Secretary, his/her appointment and removal should require a report by the Nomination Committee and approval by the full Board; and the procedure for appointment and removal should be set down in the Regulations of the Board.

See section B.1.34

Complies

19. The Board should meet as often as may be necessary to secure efficient performance of its duties, following the calendar and business established at the beginning of the year, although any director may propose other items not initially contemplated to be included on the agenda.

See section B.1.29

Complies

20. Non-attendance of Board meetings should be limited to inevitable cases and stated in the Annual Corporate Governance Report. If a director is forced to grant a proxy for any Board meeting, the appropriate instructions shall be issued.

See sections B.1.28 and B.1.30

Complies

21. When the Directors or the Secretary express concern over a proposal, or, in the case of Directors, the company's performance, those concerns should be put on record, at the request of those expressing them.

Complies

22. The full Board should assess once a year:

a) The quality and effectiveness of the Board's actions;

b) Based on the report issued by the Nomination Committee, the performance by the Chairman of the Board and Chief Executive Officer of their respective duties;

c) The performance of its Committees, based on the reports issued by each one.

See section B.1.19

Complies

23. All the Directors should be entitled to obtain such supplementary information as they may consider necessary on business within the competence of the Board. Save otherwise stipulated in the Articles of Association or Board Regulations, their requests should be addressed to the Chairman or Secretary of the Board.

See section B.1.42

Complies

24. All Directors should be entitled to call on the company for specific guidance in the performance of their duties, and the company should provide adequate means for exercising this right, which in special circumstances may include external assistance, at the company's expense.
See section B.1.41

Complies

25. Companies should establish an induction programme to give new Directors a rapid, sufficient insight into the company and its rules on corporate governance. Directors should also be offered refresher courses in the appropriate circumstances.

Complies

26. Companies should require Directors to devote the necessary time and efforts to perform their duties efficiently. Accordingly:

a) Directors should inform the Nomination Committee of any other professional obligations they may have, in case they may interfere with the required dedication;

b) Companies should limit the number of directorships that its Directors may hold.

See sections B.1.8, B.1.9 and B.1.17

Complies

27. Proposals for the appointment or re-appointment of directors submitted by the Board to the General Meeting and the provisional appointment of directors by cooptation should be approved by the Board:

a) At the proposal of the Nomination Committee, in the case of Independent directors.

b) Subject to a report by the Nomination Committee for other directors.

See section B.1.2

Complies

28. Companies should publish on their websites and regularly update the following information on their directors:

a) Professional and biographical profile;

b) Other directorships held, in listed or unlisted companies;

c) Type of director, indicating in the case of proprietary directors the shareholders they represent or are related with.

d) Date of first and subsequent appointments as company director; and

e) Company shares and stock options held.

Partial Compliance

This Recommendation is followed in all sections except b).

29. Independent directors should not remain on the Board as such for more than 12 years in succession.
See section B.1.2

Complies

30. Proprietary directors should resign when the shareholder they represent disposes of its entire shareholding in the company. They should also resign in the corresponding number when the shareholder disposes of part of its shares to an extent requiring a reduction in the number of proprietary directors.
See sections A.2, A.3 and B.1.2

Complies

31. The Board should not propose the removal of any independent director before the end of the period for which he or she was appointed, unless there are just grounds for doing so, as appreciated by the Board subject to a report by the Nomination Committee. Just grounds are deemed to exist when the director has acted in breach of his/her duties or when he or she falls into any of the circumstances described in point III.5, definitions, of this Code.
The removal of independent directors may also be proposed as a result of takeover bids, mergers or similar corporate operations producing a change in the capital structure of the company, whenever those changes in the structure of the Board correspond to the principle of proportionality established in Recommendation 12.
See sections B.1.2, B.1.5 and B.1.26

Complies

32. Companies should establish rules obliging directors to report and, if necessary, resign in any cases that may jeopardise the company's reputation. In particular, directors should be obliged to inform the Board of any criminal proceedings brought against them and the subsequent development of the proceedings.
If a director is tried for any of the offences contemplated in section 124 of the Corporations Act, the Board should study the case as soon as possible and, in view of the specific circumstances, decide whether or not the director should remain in office. A reasoned account should be included in the Annual Corporate Governance Report.
See sections B.1.43 and B.1.44

Complies

33. All the directors should clearly express their opposition whenever they consider that any proposed decision submitted to the Board may go against corporate interests. The independent and other directors not affected by the potential conflict of interest should also do so when the decisions may be detrimental to shareholders not represented on the Board.
And when the Board adopts significant or reiterated decisions regarding which a director has expressed serious reservations, the latter should reach the appropriate conclusions and, if he or she opts to resign, explain the reasons in the letter contemplated in the following recommendation.
This recommendation also affects the Secretary of the Board, even if he or she is not a director.

Complies

34. If a director resigns or retires from office on whatsoever other grounds before the end of his or her term of office, he or she should explain the reasons in a letter sent to all the Board members. Regardless of whether the retirement is announced as a significant event, the reason shall be indicated in the Annual Corporate Governance Report.
See section B.1.5

Not applicable

35. The remuneration policy approved by the Board should regulate at least the following aspects:

a) Amount of fixed items, specifying the amount of attendance fees, if any, for Board and Committee meetings and estimating the fixed remuneration for the year;

b) Variable pay items, including, in particular:

i) Types of director to which they are applicable and an explanation of the relative weight of the variable pay items to the fixed items;

ii) Criteria for assessment of results on which any right to remuneration in shares, stock options or any other variable component is based;

iii) Essential parameters and basis for any system of annual bonus payments or other non-cash benefits; and

iv) An estimate of the aggregate sum of variable remunerations deriving from the proposed remuneration plan, according to the degree of fulfilment of the reference hypotheses or objectives.

c) Principal terms of the welfare schemes (e.g. supplementary pensions, life assurance and similar), estimating the amount or equivalent annual cost.

d) Conditions to be respected in top management and executive director contracts, including:

i) Term;

ii) Notice; and

iii) Any other clauses concerning golden hellos or golden parachutes for early termination of the contractual relationship between the company and the executive director.

See section B.1.15

Complies

36. Remunerations in the form of shares in the company or group companies, stock options or instruments linked to the value of the share and any variable remuneration linked to the company's performance or welfare schemes should be limited to executive directors.

This recommendation shall not be applicable to the delivery of shares when subject to the condition that the directors keep them up to their retirement from the Board.

See sections A.3 and B.1.3

Complies

37. The remuneration of non-executive directors should be sufficient to remunerate their dedication, qualifications and responsibilities, but not so high as to compromise their independence.

Complies

38. Earnings-linked remuneration should take account of any qualifications in the external auditor's report that may reduce such earnings.

Not Applicable

39. In the case of variable remuneration, the pay policies should establish such precautions as may be necessary to ensure that such remuneration is related to the professional performance of its beneficiaries, not merely deriving from general trends on the markets or in the company's sector of business or other similar circumstances.

Complies

40. The Board should submit to an advisory vote at the General Shareholders' Meeting, as a separate item on the agenda, a report on the directors' remuneration policy. This report should be made available to shareholders, as a separate document or in whatsoever other form the company may deem fit.

The report should focus especially on the remuneration policy approved by the Board for the current year and that established, if any, for future years. It shall address all the issues contemplated in Recommendation 35, except those points that could entail disclosure of commercially sensitive information. It shall stress the most significant changes in such policies in respect of that applied during the previous year to which the General Meeting refers. It shall also include a global summary of implementation of the remuneration policy in the previous year.

The Board should also inform on the role played by the Remuneration Committee in defining the remuneration policy and, if external assistance has been used, the identity of the external advisers who provided such assistance.
See section B.1.16

Complies

41. The individual remunerations of directors during the year shall be disclosed in the Annual Report, including the following details:

a) Breakdown of the remuneration of each director, including, where applicable:
- i) Attendance fees and other fixed sums payable to directors;
- ii) Additional compensation for being Chairman or member of one of the Committees of the Board;
- iii) Payments made under profit-sharing or bonus schemes and the reasons for their accrual;
- iv) Contributions on behalf of the director to defined-contribution pension schemes; or increase in the director's vested rights in contributions to defined-benefit schemes;
- v) Any indemnities agreed or paid upon termination of their duties;
- vi) Compensation received as director of other group companies;
- vii) Remuneration received by executive directors as payment for their senior management duties;
- viii) Any sums paid other than those listed above, regardless of the nature or the group company paying them, especially when it may be considered a related-party transaction or omission would distort the true and fair view of the total remuneration received by the director.

b) Breakdown for each director of any deliveries of shares, stock options or whatsoever other instrument linked to the value of the company's share, specifying:
- i) Number of shares or options granted during the year and conditions for exercising the options;
- ii) Number of options exercised during the year, indicating the corresponding number of shares and the exercise price;
- iii) Number of options pending exercise at year end, indicating their price, date and other conditions for exercise;
- iv) Any modification during the year of the conditions for exercising options granted earlier.

c) Information on the ratio during the previous year of remuneration received by the executive directors and the company's profits or any other measure of its earnings.

Complies

42. When there is an Executive Committee, the balance between the different types of director should roughly mirror that of the Board. The Secretary of the Board should be Secretary of the Executive Committee.
See sections B.2.1 and B.2.6

Complies

43. The Board should be informed at all times of the business transacted and decisions made by the Executive Committee and all Board members should receive a copy of the minutes of Executive Committee meetings.

Complies

44. In addition to the Audit Committee which is mandatory under the Securities Market Act, the Board shall set up a Nomination and Remuneration Committee, or two separate Committees.
The rules on composition and procedure of the Audit Committee and the Nomination and Remuneration Committee or Committees should be set out in the Regulations of the Board, including the following:

a) The Board should appoint the members of these Committees, taking account of the directors' knowledge, expertise and experience and the duties corresponding to each Committee and discuss their proposals and reports. The Committees should report to the Board on their actions at the first full Board meeting after each Committee meeting, being accountable for the work done.

b) These Committees should have a minimum of three members, who should be exclusively Non-Executive Directors. This notwithstanding, Executive Directors or senior officers may attend their meetings when expressly so decided by the Committee members.

c) The Committees should be chaired by Independent Directors.

d) They may obtain external assistance whenever this is considered necessary for the performance of their duties.

e) Minutes should be issued of Committee meetings and a copy sent to all members of the Board.

See sections B.2.1 and B.2.3

Complies

45. The Audit Committee, Nomination Committee or, if separate, the Compliance or Corporate Governance Committee(s) should be responsible for overseeing compliance with internal codes of conduct and corporate governance rules and regulations.

Complies

46. All members of the Audit Committee, particularly its Chairman, should be appointed in view of their knowledge of and experience in accounting, auditing or risk management.

Complies

47. Listed companies should have an internal audit department, supervised by the Audit Committee, to guarantee the effectiveness and efficiency of the internal reporting and control systems.

Complies

48. The chief audit officer should submit an annual work programme to the Audit Committee, reporting directly on any irregularities arising during its implementation and submitting an activity report at each year end.

Complies

49. The risk management and control policy should define at least:

a) The different types of risk (operating, technological, financial, legal, reputational…) to which the company is exposed, including under financial or economic risks any contingent liabilities or other off-balance-sheet exposure;

b) The level of risk that the company considers acceptable;

c) The measures envisaged to soften the effects of the risks identified, should they materialise;

d) The internal reporting and control systems to be used to control and manage those risks, including contingent liabilities or off-balance-sheet risks.

See section D

Complies

50. The Audit Committee should:

1. In connection with the internal reporting and control systems:

   a) Supervise the preparation and integrity of the financial information on the company and, where appropriate, the group, checking for compliance with applicable legal provisions, adequate definition of the consolidated group and correct application of accounting standards.

   b) Check internal control and risk management systems on a regular basis to ensure that the principal risks are adequately identified, managed and disclosed.

   c) Oversee the independence and effectiveness of the internal audit department; propose the nomination, appointment, reappointment and removal of the chief audit officer; propose the budget for this department; receive periodical information on its activities; and check that the top management heeds the conclusions and recommendations set out in its reports.

   d) Establish and supervise a "whistle-blowing" procedure so employees can confidentially and, if considered appropriate, anonymously report any potentially important irregularities they may observe in the company's conduct, especially in financial and accounting aspects.

2. In connection with the external auditor:

   a) Submit proposals to the Board on the nomination, appointment, reappointment and replacement of the external auditor and its terms of engagement.

   b) Receive regular information from the external auditor on the audit plan and findings and make sure the senior management acts on its recommendations.

   c) Guarantee the independence of the external auditor, and for this purpose:

      i) The company should inform the CNMV as a significant event whenever the auditor is changed, attaching a declaration on any disagreements that may have arisen with the outgoing auditor and their content, if any.

      ii) The company and the auditor should be ensured to respect all rules and regulations in place regarding the provision of services other than auditing services, limits on concentration of the auditor's services and any other rules established to guarantee the auditors' independence;

      iii) Investigate the circumstances giving rise to resignation of any external auditor.

   d) In groups, encourage the auditor of the group to audit the group companies.

See sections B.1.35, B.2.2, B.2.3 and D.3

Complies

51. The Audit Committee may call any employee or executive of the company into its meetings, even ordering their appearance without the presence of any other senior officer.

Complies

52. The Audit Committee should report to the Board on the following matters from Recommendation 8 before the latter adopts the corresponding decisions:

a) The financial information that listed companies are obliged to disclose periodically. The Committee shall ensure that interim financial statements are drawn up under the same accounting principles as the annual statements, requesting a limited external audit if necessary.

b) Creation or acquisition of shares in special purpose vehicles or companies domiciled in countries or territories which are considered tax havens, and any transactions or operations of a similar nature which could, by virtue of their complex structure, impair the group's transparency.

c) Related-party transactions, unless this prior reporting duty has been assigned to another supervision and control committee.

See sections B.2.2 and B.2.3

Complies

53. The Board should endeavour to avoid a qualified auditor's report on the accounts laid before the General Meeting, and in exceptional circumstances when such qualifications exist, both the Chairman of the Audit Committee and the auditors shall clearly explain to the shareholders their content and scope.

See section B.1.38

Complies

54. The majority of the members of the Nomination Committee – or Nomination and Remuneration Committee if there is just one – should be independent directors.

See section B.2.1

Complies

55. Apart from the duties specified in preceding Recommendations, the Nomination Committee should:

a) Assess the expertise, knowledge and experience of Board members; define the duties and skills required of candidates to fill vacancies; and determine the time and dedication considered necessary for them to adequately perform their duties.

b) Study or organise as appropriate the succession of the Chairman or Chief Executive Officer and, if necessary, make recommendations to the Board to secure an orderly, well-planned handover.

c) Report on any appointments and removals of senior officers proposed by the Chief Executive Officer.

d) Report to the Board on the gender issues contemplated in Recommendation 14.

See section B.2.3

Partial Compliance

All the duties contemplated in this Recommendation correspond to the Nomination and Remuneration Committee except the duty mentioned in d).

The Nomination and Remuneration Committee does not report to the board on the gender issues contemplated in Recommendation 14 of the Code of Good Governance because the company does not make any positive or negative discrimination in the election of directors, who are elected regardless of their sex, as indicated in section B.1.27 and in the explanation to Recommendation 14 of this Report.

56. The Nomination Committee should consult the Chairman and Chief Executive Officer, especially on matters concerning Executive Directors.
Any director may request the Nomination Committee to consider potential candidates they consider suitable to fill vacancies on the Board.

Complies

57. Apart from the duties indicated in the preceding Recommendations, the Remuneration Committee should:
- a) Submit proposals to the Board on:
  - i) The remuneration policy for directors and senior officers;
  - ii) The individual remuneration of executive directors and other terms of contract.
  - iii) The basic conditions of senior executive contracts.
- b) Ensure compliance with the remuneration policy established by the company.

See sections B.1.14 and B.2.3

Complies

58. The Remuneration Committee should consult the Chairman and Chief Executive Officer, especially on matters concerning executive directors and senior officers.

Complies

G. OTHER INFORMATION OF INTEREST

If you consider there to be an important principle or aspect regarding the corporate governance practices applied by your company that have not been mentioned in this report, indicate them below and explain the contents.

EXPLANATORY NOTE ONE, CONCERNING SECTION A.5.

For relations between the Ebro Foods companies and their significant shareholders, see section C.2 of this report.

EXPLANATORY NOTE TWO, CONCERNING SECTION B.1.4.

Leopoldo del Pino y Calvo Sotelo was appointed proprietary director at the AGM held on 1 June 2010, at the request of the majority shareholder Casa Grande de Cartagena, S.L. (wholly-owned subsidiary of Lolland, S.A.). At the time of Mr del Pino y Calvo Sotelo's appointment as director, Casa Grande de Cartagena held an interest of over 5%, although at 31 December 2011 that interest has been reduced to 3.375%.

EXPLANATORY NOTE THREE, CONCERNING SECTION B.1.8.

Leopoldo del Pino y Calvo Sotelo is not, strictly speaking, director of the listed company Ferrovial, S.A., but represents the corporate director Portman Baela, S.L.

EXPLANATORY NOTE FOUR, CONCERNING SECTION B.1.11.

- Explanations concerning paragraphs a) and b) of this section:

1. A provision of €271 thousand was recognised in 2011 for the Deferred Annual Remuneration of the only director with executive duties, linked to the Group's Strategic Plan 2010-2012, which will not accrue and be payable until 2013.

2. The Deferred Annual Remuneration Scheme is not linked to the value of the Ebro Foods share nor implies receipt by the beneficiaries of shares or any other rights thereover.

- Explanations concerning the following pay items and other benefits reflected in section B.1.11:

1. Provisions stipulated in the Articles: share in profits stipulated in Article 22 of the Articles of Association. See section B.1.14 of this Report.

2. Pension Funds and Schemes. Contributions: no Board members are beneficiaries of supplementary life and retirement insurance. The company has not granted any loans or advances to Board members or contracted any obligations on their behalf under guarantees or bonds.

EXPLANATORY NOTE FIVE, CONCERNING SECTION B.1.12.

Of the total remuneration of executives (excluding the executive director) of the Ebro Foods Group included in the Deferred Annual Remuneration Scheme under the Group's Strategic Plan 2010-2012, a total provision of €7 thousand was made in 2011, which will be payable in 2013.

In the end, the remuneration of all the executives of Ebro Foods was taken into consideration, even though not all of them are included in the senior management.

EXPLANATORY NOTE SIX, CONCERNING SECTIONS B.1.11 AND B.1.12.

Ebro Foods, S.A. has taken out and maintains a civil liability insurance policy for its directors and executives, covering all its subsidiaries, with a limit on compensation of €45 million/year, with an annual cost of €67,500, valid up to 30 April 2012. This policy is currently in the process of renewal.

EXPLANATORY NOTE SEVEN, CONCERNING SECTION B.1.13.

The contracts of two executives contemplate guarantee clauses in the event of dismissal or takeover in excess of the compensation established in the Workers' Statute.

The clauses initially established for other executives are now below the compensation established in the Workers' Statute, owing to their accumulated seniority.

EXPLANATORY NOTE EIGHT, CONCERNING SECTION B.1.17.

- Instituto Hispánico del Arroz, S.A. has a 15.720% stake in Ebro Foods, S.A., held in part directly and in part through Hispafoods Invest, S.L.

- Antonio Hernández Callejas has an indirect interest in Ebro Foods, S.A. through the 15.720% interest held in the company by Instituto Hispánico del Arroz, S.A.

- María Blanca Hernández Rodríguez has an indirect interest in Ebro Foods, S.A. through the 15.720% interest held in the company by Instituto Hispánico del Arroz, S.A.

- Demetrio Carceller Arce has an indirect interest in Ebro Foods, S.A. through the 9.651% indirect interest held in the company by Sociedad Anónima Damm.

- Leopoldo del Pino y Calvo Sotelo has an indirect interest in Ebro Foods, S.A. through the 3.375% direct interest held in the company by Casa Grande de Cartagena, S.L.

EXPLANATORY NOTE NINE, CONCERNING SECTION B.2.1.

The Audit Committee of Ebro Foods, S.A. is called the Audit and Compliance Committee.

The Nomination Committee of Ebro Foods S.A. is the Nomination and Remuneration Committee.

EXPLANATORY NOTE ELEVEN, CONCERNING OTHER MATTERS OF INTEREST

1. Ebro Foods, S.A. has an interest of less than 20% (18.652% at 31 December 2011) in Biosearch, S.A. This interest is merely financial and is recognised as such in the Ebro Group accounts.

Biosearch, S.A. is a listed company with activities similar to the objects of Ebro Foods, S.A., which formed part of the Ebro Group until January 2011.

At present, Ebro Foods, S.A. does not participate in the administration or management of Biosearch.

Therefore, Ebro Foods considers that the transactions made with Biosearch during 2011 were not related party transactions, although the transactions made between Biosearch, S.A. and companies in the Ebro Foods Group during 2011 are listed below:

- With Herba Ricemills, S.L.U.: purchase of goods (finished or otherwise) for €146 thousand.

- With Dosbio 2010, S.L.U.: leases for €28 thousand.

- With Ebro Foods, S.A.: rendering of services for €58 thousand.

2. Ebro Foods has a significant interest of 9.333% in Deoleo, S.A., a company with activities similar to the objects of Ebro.

The Ebro Foods directors Antonio Hernández Callejas and Demetrio Carceller Arce are also proprietary directors of Deoleo, proposed by Ebro in its capacity as majority shareholder.

The transactions made during 2011 between Deoleo and companies in the Ebro Foods Group are listed below:

- With Riviana Foods, Inc.: sale of goods (finished or otherwise) for €4 thousand; and purchase of goods (finished or otherwise) for €5,360 thousand.

- With Herba Ricemills, S.L.U.: sale of goods (finished or otherwise) for €9,791 thousand; and purchase of goods (finished or otherwise) for €29 thousand; other income for €172 thousand; and other expenses for €126 thousand.

- With SB Herba Foods, Ltd.: purchase of goods (finished or otherwise) for €463 thousand.

- With Ebro Foods, S.A.: purchase of tangible, intangible and other assets for €203,493 thousand.

- With Lassie Nederland, B.V.: receipt of services for €46 thousand.

- With Lustucru Riz, S.A.: commitments acquired for €653 thousand.

This section may be used to include any other information, clarification or qualification relating to the previous sections of the report, provided it is relevant and not repetitive.

In particular, state whether the company is subject to any laws other than the laws of Spain on corporate governance and, if this is the case, include whatever information the company may be obliged to supply that differs from the information included in this report.

Binding definition of independent director:

State whether any of the independent directors have or have had any relationship with the company, its significant shareholders or its executives which, if sufficiently large or significant, would have disqualified the director from being considered independent pursuant to the definition set out in section 5 of the Unified Code of Good Governance.

NO

Date and signature:

This annual corporate governance report was approved by the Board of Directors of the company on

28/03/2012.

State whether any directors voted against approval of this Report or abstained in the corresponding vote.

NO

ANNEX TO THE

ANNUAL CORPORATE GOVERNANCE REPORT 2011

OF EBRO FOODS, S.A.

Under section 61 bis of the Spanish Securities Market Act, as amended in the Sustainable Economy Act 2/2011 of 12 April, listed companies are obliged to publish an annual report on corporate governance.

In a letter dated 28 December, the National Securities Market Commission (CNMV) ruled that until the legislative processes for developing the new model of report have been completed, the corporate governance report for 2011 may be drawn up according to the contents and structure of the model established in Circular 4/2007, without prejudice to the obligation to include the contents stipulated in section 61 bis of the Securities Market Act not specifically included under any of the sections of the model and forms currently used.

For this reason, on drawing-up its annual accounts 2011 the board of directors of Ebro Foods, S.A. (hereinafter, the company) has issued this document supplementing the annual corporate governance report, describing the situation at the time of drawing up the annual accounts and issuing the corporate governance report for 2011, after approval by the board of the new Regulations of the Board and the new Code of Conduct of the Ebro Group.

1. Information on the securities that are not traded on an EC regulated market, indicating the different classes of shares, if any, and for each class of shares the rights and obligations conferred and the percentage of capital represented by the treasury stock and any significant variations thereof (Securities Market Act s. 61bis.4(a)(3)).

The company has not issued any shares that are traded on a non-EC market.

2. Any restriction on the transferability of shares and any restriction on voting rights (Securities Market Act s. 61bis.4(b)).

There are no restrictions on the transferability of shares other than those generally established in law.

3. Information on the rules applicable to alteration of the company's articles of association (Securities Market Act s. 61bis.4(c)(4)).

There are no requirements for altering the articles of association other than those stipulated in the Corporate Enterprises Act.

4. Information on significant agreements entered into by the company and which become effective, are modified or terminated in the event of a change of control of the company following a takeover bid, and the effects thereof, except when disclosure may be seriously detrimental to the company. This exception will not be applicable when the company is obliged by law to disclose this information (Securities Market Act s. 61bis.4(c)(4)).

Ebro Foods has not entered into any agreements of this nature.

5. Information on agreements between the company and its directors, executives or employees establishing indemnities upon resignation or unfair dismissal, or if their employment is terminated following a takeover bid (Securities Market Act s. 61bis.4(c)(5)).

In 2006 the Chairman, Antonio Hernández Callejas, announced to the board his full, irrevocable waiver of the golden parachute clause originally included in his contract, consisting of a net indemnity equivalent to two years' gross total annual remuneration.

The contracts of two other Ebro Foods executives include guarantee clauses or events of dismissal or takeover, varying between one and two years' remuneration.

In the contracts of other executives, the compensations initially contemplated are now below the indemnity established in the Workers Statute, owing to their length of service.

Finally, when we mention "executives", we refer to all employees holding management positions in Ebro Foods, although they are not all included in the Senior Management.

6. Information on the powers of board members, particularly concerning the authority to issue or buy back shares (Securities Market Act s. 61bis.4(c)(3)).

6.1. Information on the powers of board members

Antonio Hernández Callejas, Chairman-CEO, is the only director authorised (as a class A attorney) to exercise the following powers, as indicated below:

One: Represent the company and use its authorised signature, representing the company in all kinds of transactions, businesses, contracts and agreements included within its objects. Make with the European Union, state, regional (autonomous community), provincial, island or local authorities and, in general, with any public or private person or entity, and enter into works, services or supplies contracts awarded by tender, auction, direct agreement or by any other form of awarding contracts permitted by law, submitting and signing the corresponding bids, accepting any awards made in favour of the company, performing such actions and signing such public or private documents as may be necessary or convenient for the execution, fulfilment and settlement of the contract in question.

These powers shall be exercised jointly and severally by any of the class A attorneys whenever the amount of each transaction, business or contract is equal to or less than 50,000 € and jointly by any two of them for amounts over 50,000 €.

Two: Plan, organise, direct and control the development of the company and all its activities, work places and facilities, reporting to the Chairman of the Board and proposing such changes as the attorney may consider necessary in the corporate organisation.

These powers shall be exercised jointly and severally by any class A attorney.

Three: Sell, buy, swap, replace, assign, encumber and dispose of, under whatsoever title, all kinds of assets, including real estate, stocks and shares, and furnish guarantees to subsidiaries and third parties. Participate in the founding and organisation of all kinds of companies and entities, accepting and making appointments therein.

These powers shall be exercised jointly by two class A attorneys.

Four: Stipulate, make, accept, alter, withdraw and cancel appropriations, deposits and bonds, provisional or final, at any public or private entity, including the government depositary (*Caja General de Depósitos*) and the Bank of Spain.

These powers shall be exercised jointly and severally by any class A attorney or jointly by two class B attorneys.

Five:

a) Open, use, settle and cancel current, savings or credit accounts at any bank, including the Bank of Spain, or other credit institutions and savings banks, signing such documents as may be necessary or convenient for this purpose, and draw down and withdraw funds from them using cheques, drafts, receipts and transfer orders.

b) Arrange, make and enter into loan transactions and sign such public and private documents as may be necessary, reporting to the board at the first meeting held thereafter of any use made of these powers.

All these powers shall be exercised jointly by two class A attorneys.

The powers of opening and withdrawing from accounts contemplated in paragraph a) may be exercised jointly by two class B attorneys, provided the amount of the transaction does not exceed 50,000 €.

Six: Draw, accept, collect, pay, endorse, protest, discount, guarantee and negotiate bills of exchange, trade or finance bills, promissory notes, cheques and other draft and exchange instruments. Make endorsements and discounts of receipts, commercial paper of whatsoever nature, setting the terms and conditions thereof, and payment orders against the Treasury, banks, deposit entities and any other institutions or entities at which the company may hold securities, bills, cash or any other kinds of assets.

These powers shall be exercised jointly by two class A attorneys.

Seven: Claim, collect and receive any sums due or payable to the company, in cash, bills, notes or whatsoever other form, by individuals, banks, other such institutions, the European Union, state, regional, provincial, island or local authorities and, in general, by any public or private entity. Issue and request receipts, establish and settle balances and accounts. Establish the terms of payment of any sums due to the company, grant extensions, set instalments and the amounts thereof.

Accept from debtors all kinds of personal and real sureties and guarantees, including chattel and real-estate mortgage guarantees, possessory or non-possessory pledges, with such terms, conditions and clauses as the attorney may deem fit, and cancel them on receipt of the secured amounts or receivables.

These powers shall be exercised jointly and severally by any class A attorney.

The powers of claiming, collecting and receiving any amounts due or payable to the company in cash, bills, notes or whatsoever form by individuals, banks, other institutions or entities, the European Union, state, regional, provincial, island or local authorities and, in general, by any public or private entity may also be exercised jointly by any two class B attorneys.

Eight: Make all kinds of payments, doing whatsoever may be necessary to secure due fulfilment of all the company's obligations and request the appropriate receipts.

These powers shall be exercised jointly and severally by any of the class A attorneys whenever the amount of each transaction, business or contract is equal to or less than 50,000 € and jointly by any two of them for amounts over 50,000 €.

Nine: Represent the company before third parties and in, on or before all kinds of councils, chambers, commissions and committees of whatsoever nature, associations, mutual societies, registries, delegations, offices and departments of the European Union, state, regional, provincial, island or local authorities or any other administrative, governmental or other centres, institutions or bodies, at all levels and instances, both Spanish and foreign, or appoint a person who is to exercise such representation on behalf of the company. Exercise all rights and interests corresponding to the company. Make requests and applications. Institute such enquiries as may be appropriate, requesting any data, copies or documents in the company's interests and making claims, including any claims requiring prior settlement, and lodge appeals of any nature in administrative channels. Withdraw from enquiries, claims and appeals at any stage of the proceedings and execute or enforce final decisions. Answer or request notary and other instruments, certificates and requests. Requests such certificates, transcripts and certified copies as may be in the company's interests.

These powers shall be exercised jointly and severally by any class A attorney or jointly by two class B attorneys.

Ten: Appear and represent the company before courts, tribunals, prosecution services, juries or other contentious-administrative or labour bodies, authorities or centres, in all jurisdictions and at all instances and levels, both Spanish and from any other country or international organisation, entering into such legal relationships as they may deem fit, especially complying with the requirement established in section 45.2(d) of Act 29/1998 of 13 July by merely signing the brief filing a contentious-administrative appeal (appeal for judicial review).

Grant and revoke powers of attorney to lawyers, solicitors, barristers and attorneys-at-law.

Exercise all kinds of claims and actions, file all kinds of pleas and defence in any proceedings, formalities or appeals, as claimant/plaintiff, defendant or in whatsoever other status. Lodge and file all kinds of ordinary and extraordinary judicial claims and appeals, including appeals for review and to the Supreme Court. Abandon and withdraw from judicial actions, claims, litigations and appeals at any stage of the proceedings. Answer interrogatories and questioning in court as legal representative of the company and, whenever so required, make express, personal ratification. Compromise on and submit to arbitration any business in which the company may have an interest. Execute or enforce final court judgments.

Represent the company and participate on behalf of the company in all kinds of receivership, stoppage of payments, bankruptcy or insolvency proceedings, compositions or arrangements with creditors or winding up under supervision of the court, proving the company's claims, endeavouring to protect them and accepting awards in payment, granting or denying reductions and extensions. Appoint, accept and reject trustees, administrators, experts and receivers and propose and challenge proposals made in the respective arrangements. Compromise, agree on instalments, reductions and extensions contemplated in the arrangement, sign arrangements and follow the proceedings through all stages and formalities up to the fulfilment and execution of the final awards and decisions.

Choose addresses and submit tacitly or expressly to jurisdictions.

These powers shall be exercised jointly and severally by any class A attorney.

Eleven: Execute the resolutions adopted by the board of directors or executive committee regarding the executive personnel, after hearing the opinion of the nomination and remuneration committee; and in respect of other employees, recruit, move, penalise, suspend and dismiss employees; establish remunerations, salaries and other emoluments of any employee; grant termination benefits and, in general, solve all and any issues concerning company employees. Appoint and revoke representatives and agents.

These powers shall be exercised jointly and severally by any class A attorney.

Twelve: Execute and fulfil the resolutions adopted by the general meeting of shareholders and the board of directors, as well as the executive committee and the managing director, if any, executing, where necessary, such deeds and other public or private documents as may be required by the legal nature of the actions taken and transactions made.

These powers shall be exercised jointly and severally by any class A attorney.

Thirteen: Grant powers of attorney to third parties delegating all or part of the powers vested in him herein, and revoke powers of attorney, in full or in part, including any granted prior to this power of attorney, executing such public or private documents as may be necessary for this purpose and reporting to the board at the next meeting held of any use made of this power.

These powers shall be exercised jointly by three class A attorneys.

Fourteen: Attend and represent the company at the general meetings of shareholders and/or partners of all the companies in the Ebro Group and adopt such resolutions as may be deemed necessary, without limitation.

These powers are granted exclusively to the following attorneys and shall be exercised jointly and severally by any of them: Antonio Hernández Callejas, Pablo Albendea Solís, Miguel Ángel Pérez Álvarez and Yolanda de la Morena Cerezo.

6.2 Information on the powers of board members regarding the power to issue or buy back shares

No member of the board is authorised to issue or buy back shares.

It is mentioned here that at the AGM held on second call on 15 June 2011, the shareholders resolved, under item six on the agenda, to authorise the board to increase the capital on one or several occasions, by such amount as it may decide and up to the maximum limit established by law, over a period not exceeding five years, and to resolve to exclude the preferential subscription right in the event of issuing shares and/or convertible debentures if so required in the interests of the company. The resolution adopted in this regard is transcribed in section E.8 of the annual corporate governance report.

7. Description of the main characteristics of the internal risk management and control systems in the financial reporting process (Securities Market Act s. 61bis.4(h)).

7.1 Control of the company

7.1.1. Bodies and/or persons responsible for: (i) the existence and maintenance of an adequate and effective FRICS; (ii) its implementation; and (iii) its supervision

As established in its Regulations, the board formally assumes the ultimate responsibility for the existence and correct application of the financial reporting internal control systems (FRICS). The board is responsible through the Audit and Compliance Committee for the existence and maintenance of procedures to ensure that the financial reporting is correct.

The Management Committee is responsible for the design, implementation and functioning of the FRICS, through the group’s economic-financial department, as well as the financial departments of the different business units. The different general managements are responsible for effective implementation of these systems within their respective areas of activity.

The Audit and Compliance Committee supervises the Group financial reporting, assisted by the internal audit department, the auditors and executives of the organisation (finance area or other areas) as and when this may be necessary.

According to the Regulations of the Board, the Audit and Compliance Committee is responsible for:

a) Supervising the preparation, integrity and presentation to the market of the regulatory financial reporting, checking compliance with regulatory requirements, adequate definition of the scope of consolidation and correct application of accounting principles.

b) Regularly checking the internal control and risk management systems to ensure that the main risks are identified, managed and adequately disclosed.

7.1.2. Whether the following exist, particularly in connection with the preparation of financial reporting:

Departments and/or mechanisms responsible for: (i) the design and review of the organisational structure; (ii) clearly defining the lines of responsibility and authority, with an adequate distribution of tasks and duties; and (iii) the existence of sufficient procedures for their correct publicising within the company

The financial department has an organisational structure defined on a group level and in each subsidiary. The corresponding human resources departments keep job profiles and descriptions of the responsibilities of each position. The different positions in the economic and financial area are included in organisation charts available for each subsidiary and on a corporate (group) level. The finance managers of all the subsidiaries are informed of the structure of the corporate financial department and advised of all new members of the department. All members of the different financial departments, both corporate and of the subsidiaries, have a clearly defined line of responsibility.

The finance managers of the subsidiaries are answerable to their respective general managers and the corporate financial department.

The executive directors and management of Ebro Foods participate actively in the management committees of the group's subsidiaries, thereby guaranteeing direct communication through the lines of responsibility and authority.

Within each group company, the organisational structure of the units participating in the preparation of financial reporting depends on several factors, such as the volume of operations or type of business, but in all cases it corresponds to the need to cover the main duties of recording, preparing, checking and reporting the operations performed and the economic and financial position of the company.

On a corporate level, global instructions are issued by the Group's financial department, although the implementation of those instructions is developed differently in each subsidiary. However, regardless of the level of detail of the performance of duties in the economic and financial area, all units complete the financial information for the group according to the indications and deadlines required for the consolidated reporting.

Code of conduct, body responsible for approval, degree of disclosure and instruction, principles and values included (stating whether there are specific mentions to the recording of transactions and preparation of financial information), body responsible for analysing default and providing corrective measures and penalties

The Ebro Group has a new Code of Conduct, approved by the board on 28 March 2012, advising all levels of the organisation.

This Code of Conduct is an update of the Code of Ethics of 2003 and Code of Conduct of 2008 of the Ebro Foods Group and provides guidance on how to act in the Group's internal and external relationships, strengthening the values that distinguish us and establishing a basic reference to be followed by the Group.

The Code aims to:

- Be a formal, institutional reference for personal and professional conduct.
- Guarantee the responsible, ethical behaviour of all the Group's professionals in their work.
- Reduce the element of subjectivity in personal interpretations of moral and ethical principles.
- Create a standardization tool to guarantee progressive implementation throughout the Group of the ten principles of the United Nations Global Compact.
- Grow responsibly and committed to all our stakeholders.

The Code of Conduct will be signed for by all employees when they join the workforce of any Group company. All group employees will be notified of any updates to the Code of Conduct. The Code of Conduct is also published in the Intranet, where it can be consulted by any employee.

The Code of Conduct establishes that the Group assumes a principle of conduct based on informative transparency, consisting of an undertaking to report reliable information to the markets, whether financial, accounting or of whatsoever other nature. Accordingly, the company's internal and external financial reporting will give a true and fair view of its real economic, financial and equity situation according to generally accepted accounting principles.

The Audit and Compliance Committee, by delegation of the Ebro Foods Board of Directors, is responsible for monitoring and controlling application of the Code. The Audit and Compliance Committee reports regularly to the Group's Board of Directors on any queries raised in respect of the interpretation and application of the Code of Conduct, how they have been solved and, where appropriate, the interpretation criteria followed.

Whistle-blowing channel, through which the Audit Committee can be informed on any financial and accounting irregularities, as well as any breaches of the code of conduct or irregular activities in organisation, indicating whether that channel is confidential

A whistle-blowing or reporting channel has been established through the Code of Conduct through which any irregular conduct in financial, accounting or other areas and any breach of the code of conduct can be reported confidentially.

The Audit and Compliance Committee will provide employees with two e-mail addresses for this purpose, one for queries and suggestions and the other for reports, through which consultations may be submitted to settle queries regarding interpretation of the code of conduct or to report breaches.

The Audit and Compliance Committee guarantees the confidentiality of the reports handled, according to a confidentiality commitment signed by all those involved in handling the reports and other precautions included in their protocol for action.

The Audit and Compliance Committee analyses all the reports received and replies to the reporter on the processing or dismissal of his/her report, stating reasons.

The reporting channel is expected to be fully operative in all its modalities and in all countries in 2012.

Training programmes and regular updates for employees involved in the preparation and checking of financial information and evaluation by the FRICS, covering at least accounting and auditing standards, internal control and risk management

The Ebro employees involved in the preparation and checking of the financial information and FRICS evaluation receive the necessary training and updates of the rules, standards and good practices to guarantee the reliability of the financial information generated.

The Group has a policy of recruiting personnel for the financial departments with sufficient training and experience in accounting and, in particular, in other matters related with the evaluation of accounting impacts. The Group also encourages and provides means and resources for its employees to keep their accounting knowledge up to date through the attendance of seminars, information on line and other means. Moreover, regular meetings are held with the external auditors to assess in advance the standards in place and those being drafted by the IASB prior to entry into force in the European Union.

7.2 Measurement of risks in financial reporting

7.2.1. What are the main features of the risk identification process, including risks of error or fraud, in respect of:

Whether the process exists and is documented

The risk management process is established by the risks department and supervised by the board through the Audit and Compliance Committee, using a risks management system based on the Corporate Risk Management Policy.

The quality and reliability of its internal financial information and that provided to the market are among the priorities of the Ebro Group. The corporate financial department sends out requests for the information to be supplied by the different business units for the consolidated financial reporting, paying special attention to the processes of closing, consolidation, measurement of intangibles and aspects subject to judgement and estimates.

During 2011, the Group implemented an improvement process to bolster documentation and enhance the generation of financial information and its supervision, making it more efficient and effective. Based on the COSO internal control model, the significant processes involved in the generation of the Group's financial information were documented. The main processes documented were: Closing of Financial Statements and Reporting, Consolidation, Sales and Receivables, Purchases and Payables, Fixed Assets, Inventories, Payroll and Cash. The documentation outline may be extended to other processes progressively, according to the materiality and the general criteria established in the Group's financial reporting internal control system.

Process documentation includes details of the flows and transactions and the financial reporting objectives and controls established to ensure they are met. It also contemplates the risks of error and/or fraud that might affect the financial reporting objectives.

Whether the process covers all the financial reporting objectives (existence and occurrence; integrity; measurement; presentation, breakdown and comparison; and rights and obligations); whether it is updated and how often

This is a continuous process to improve the design and effectiveness of the controls and minimise the risks related with financial reporting. The financial reporting risk identification process was analysed during 2011 and updated according to the changes in the scope of consolidation of the Group, the development of its business and its reflection in the financial statements, making a comparative analysis of the changes in material processes and sub-processes.

Identification of the risks affecting the reliability of financial reporting is based on and begins with a definition of the scope according to quantitative criteria of materiality in respect of the consolidated amounts and other qualitative criteria (error, fraud, uncommon transactions, etc.).

The first step to define the work to be done is to include within the scope the companies in the business areas or divisions that meet any of the criteria mentioned. Once the companies have been defined, the material accounting items of each one are established on a company level and the processes and sub-processes they affect are defined by means of a relationship matrix.

For each of the sub-processes identified in each of the material companies, the inherent risks arising in each phase of the process/sub-process are identified and the checks made by the different persons responsible to mitigate those risks are defined, setting this information down in a Risks-Controls Matrix, analysing to what extent the financial reporting objectives (existence and occurrence; integrity; measurement; presentation, breakdown and comparison; and rights and obligations) are covered for each risk.

The existence of a process for defining the scope of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures, base companies or special purpose vehicles

The Ebro Group has a documented process based on internal regulations that guarantees the correct identification of the scope of consolidation through an adequate separation of duties in the requesting, authorising, reporting and recording of any operation entailing the incorporation, merger, division, acquisition or sale of companies and any other corporate operation, directly involving the legal department, management committee and the board.

This process considers the possible existence of complex corporate structures, base companies or special purpose vehicles, among other means by establishing an adequate structure to separate the duties of requesting, authorising and reporting for any corporate operation within the Group. However, transactions or complex corporate structures that might entail off-balance sheet transactions which should be recorded within it are not identified at present.

Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they affect the financial statements

The Risks Management System is designed to identify potential events that might affect the organisation, manage its risks by establishing internal processing and control systems with which the probability and impact of those events can be kept within the established tolerance levels and provide reasonable certainty that the strategic business objectives will be met.

The identification and measurement of risks is established in each line of business coordinated by a corporate team, which manages and establishes the permitted tolerance to the risk and coordinates the actions to ensure that the treatment is in line with the Group's global risks policy. It is thus possible to know the Group's overall exposure to the risk at any time.

The Risks Management System includes four types of risks: Operating, Compliance, Strategic and Financial risks, and the conclusions are taken into account insofar as the risks may affect financial reporting.

Which governing body of the company supervises the process

According to the regulations of the board, the Audit and Compliance Committee is responsible for regularly checking the internal risk management and control systems ensuring that the principal risks are adequately identified, managed and disclosed. The financial information to be published and, therefore, the FRICS are supervised by the Audit and Compliance Committee, backed by the internal audit department, external auditors and other executives within the organisation and/or external experts, whenever this is considered necessary.

7.3 Control activities

7.3.1. Procedures for checking and authorising financial information to be published on the stock markets and description of the FRICS, indicating who is responsible for these tasks and documentation describing the flows of activities and controls (including those checking for the risk of fraud) in the different types of transactions that may have a material effect on the financial statements, including the procedure for closing of accounts and the specific review of judgements, estimates, valuations and significant projections

The Ebro Group has procedures for checking and authorising financial information and description of the FRICS, responsibility for which corresponds to the financial department, the management committee, the Audit and Compliance Committee and the board.

The Audit and Compliance Committee checks and analyses the financial statements and any other important financial information, as well as the principal judgements, estimates and projections included and discusses them with the corporate financial department and the internal and external auditors to confirm that the information is complete and the principles applied are consistent with those of the previous full-year accounts.

The procedure for checking and authorising the financial information corresponds to the Group financial department, based on the information checked and validated by the different units. The Audit and Compliance Committee supervises this information to be published on the market.

The flows of activities and controls, including those checking for the risk of fraud, of the different types of transactions that may have a material effect on the financial statements, including the procedure for closing of accounts and the specific review of judgements, estimates, valuations and significant projections, are duly documented. These flows of activities and controls include identification of the main processes and sub-processes that may have a material effect on the reliability of the financial information, considering both quantitative and qualitative criteria:

The documentation of flows of activities and controls that may have a material effect on the financial statements, including the accounts closing procedure, includes the preparation of narratives on the processes, flow diagrams and risk and control matrices. The controls identified are both preventive and detective, manual and automatic, describing also their frequency and associated information systems. The main processes documented were: Closing of Financial Statements and Reporting, Consolidation, Sales and Receivables, Purchases and Payables, Fixed Assets, Inventories, Payroll and Cash.

Process documentation may be extended to other processes progressively, according to the materiality and the general criteria established in the Group's financial reporting internal control system.

7.3.2. Internal control procedures and policies for the IT systems (including access security, track changes, operation, operating continuity and separation of duties) used for the significant processes of the company in the preparation and publication of financial information.

The Group has rules of action for managing information security. Those rules are applicable to the systems used to generate financial information and refer to the use of computer resources, access to systems and user management, protection of networks, systems, data bases and applications and the management of back-up copies.

The IT Department is responsible for defining and proposing the security policies.

7.3.3. Internal control procedures and policies to oversee the management of outsourced activities and any aspects of valuation, calculation or measurement commissioned to independent experts, which may have a material impact on the financial statements

In general, the Ebro Group manages all activities that may have a material impact on the financial statements directly using internal resources to avoid outsourcing. There are very few outsourced activities and the procedures and controls of those activities are regulated in the contracts signed with the service providers in question.

The valuation, calculation or measurement activities commissioned by the Ebro Group to independent experts are mainly concerned with the appraisal of properties, actuarial studies of commitments to employees and impairment testing of intangibles.

Only service providers of internationally recognised standing are used for these valuation reports, making sure that they are not affected by any fact or event that could compromise their independence.

The reports obtained from these firms are submitted to internal review to check that the most significant assumptions and hypotheses used are correct and that they comply with the International Valuation Standards (IVS) and International Financial Reporting Standards (IFRS).

7.4 Information and communication

7.4.1. A specific department responsible for defining the accounting policies and keeping them up to date (accounting policy department or division) and solving queries or conflicts deriving from their interpretation, maintaining fluent communication with those responsible for operations in the organisation, as well as an updated accounting policy manual distributed among the units through which the company operates

The Ebro Group has adequate procedures and mechanisms to put the applicable criteria across to the employees involved in the preparation of financial information and the IT systems used in that preparation. This is done through the Management Control Unit and the Corporate Financial Department, whose powers include the following, among others:

- Define, administer, update and report on the Group's accounting policies, in compliance with the applicable accounting standards and rules of consolidation for the preparation and presentation of financial information to be disclosed.

- Prepare, update and report on the Accounting Policy Manual to be applied by all financial units in the Group. That manual is updated on an annual basis.

- Settle any queries or conflicts regarding the interpretation and application of the accounting policies, maintaining fluent communication with those responsible for these operations in the organisation.

- Define and create templates, formats and criteria to be used for preparing and reporting the financial information. All financial information distributed on the markets is prepared by consolidating the reports of the different business units, prepared using mechanisms for data input, preparation and presentation that are homogenous for the entire Group. These mechanisms are designed to enable compliance with the standards applicable to the principal financial statements, including accounting criteria, valuation rules and presentation formats and embrace not only the balance sheet, profit and loss account, statement of changes in equity and statement of cash flows, but also the obtaining of other information that is necessary to prepare the notes to the financial statements.

7.4.2. Mechanisms for collecting and preparing financial information with homogenous formats, applied and used by all business units in the company or group, valid for the main financial statements and notes, and the information given on the FRICS.

The Group's financial information is prepared using a process of aggregating separate financial statement at source for subsequent consolidation according to the applicable accounting and consolidation standards, to obtain the consolidated financial information to be published on the markets.

The process of aggregation and consolidation of the Group's financial statements is based on homogenous, common format templates that include different tables and reports to be completed. They also have automatic internal controls to check the integrity and reasonability of the data input.

These templates are validated by a financial manager in each subsidiary before sending them for checking and consolidation. To complete the automatic checks, those data and the estimation, valuation and calculation principles used to obtain them, as well as the accounts closing procedure, are checked by the financial manager at each level of aggregation and consolidation until the Ebro Group consolidated financial information is obtained, prepared and checked by the corporate financial department.

7.5 Supervision of the functioning of the system

7.5.1. FRICS supervisory activities performed by the Audit Committee and whether the company has an internal audit department responsible, among its duties, for assisting the committee in its supervision of the internal control system, including the financial reporting internal control system (FRICS).
Inform also on the scope of the FRICS appraisal made during the year and the procedure through which the department or body responsible for the appraisal informs on the outcome, whether the company has an action plan defining any possible corrective measures and whether their impact on the financial information has been considered.

The board has ultimate responsibility for the existence, maintenance and supervision of an adequate, effective financial reporting internal control system, which is designed and implemented by the management committee. Among the duties defined in the Regulations of the Board, the Audit and Compliance Committee assists and supports the board in its supervision of the accounting and financial information, the internal and external audit services and corporate governance.

The audit and compliance commission must see that the internal audit procedures, the internal control systems in general, including the risk management control system and in particular the financial reporting internal control system, are adequate; the external auditor and manager of the internal audit department are selected on the basis of objective, professional qualifications, guaranteeing their independence in the performance of their duties; report to the board on any related party transactions submitted for its consideration; control any possible conflicts of interest; and, in general, make sure that all the company's information and reporting, particular financial, complies with the principle of truth and maximum transparency for shareholders and markets.

The internal audit department submits its annual working plan to the Audit and Compliance Committee and reports directly to said committee on any incidents detected in the performance of that work, proposing the corresponding action plan defining any necessary corrective measures; and at the end of each year, it submits an activity report.

The outcome of the checks made by the internal audit department and any incidents detected have been reported to the Audit and Compliance Committee. Moreover, the action plan devised for remedying those incidents has been sent to both the person responsible for remedying them and the Audit and Compliance Committee.

7.5.2. Inform on whether the company has a discussion procedure whereby the auditor (according to the provisions of the auditing standards), the internal audit department and other experts can inform the senior management and audit committee or company directors of an significant weaknesses detected in internal control during the auditing or checking of the annual accounts or any other processes commissioned to them. Indicate also whether the company has an action plan to remedy or mitigate the weaknesses observed.

The Audit and Compliance Committee has a stable, professional relationship with the external auditors and the main companies in its group, strictly respecting their independence. That relationship favours communication and discussion of any internal control weaknesses pinpointed during the auditing of annual accounts or any other audit work commissioned to them.

In this regard, the Audit and Compliance Committee receives information from the external auditor at least every six months on the audit plan and outcome of its performance, and checks that the senior management heeds the auditor's recommendations.

7.6 Other significant information

N/A

7.7 External auditor's report

7.7.1. Inform as to whether the FRICS information sent to the markets was checked by the external auditor, in which case the company should include the corresponding report in an annex. If not, why not.

The internal control system is assessed by the external auditor with the scope that said auditor considers necessary taking into account the impact and reasonability of the financial statements. For this reason, it has not been considered necessary to issue a separate report in addition to the auditor's report on the annual accounts.

--

05

ANNUAL FINANCIAL REPORT

AUDITORS' REPORT ON CONSOLIDATED ANNUAL ACCOUNTS

Deloitte.

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
España

Tel.: +34 915 14 50 00
Fax: +34 915 14 51 80
www.deloitte.es

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

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Ebro Foods, S.A. and Subsidiaries:

We have audited the consolidated financial statements of Ebro Foods, S.A. (the Parent) and Subsidiaries (the Group), which comprise the consolidated balance sheet at 31 December 2011 and the related consolidated income statement, consolidated statement of changes in equity, consolidated statement of comprehensive income, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended. The Parent's directors are responsible for the preparation of the Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

In our opinion, the accompanying consolidated financial statements for 2011 present fairly, in all material respects, the consolidated equity and consolidated financial position of Ebro Foods, S.A. and Subsidiaries at 31 December 2011, and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.

The accompanying consolidated directors' report for 2011 contains the explanations which the Parent's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2011. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Ebro Foods, S.A. and Subsidiaries.

DELOITTE, S.L.

Registered in ROAC under no. S0692

Miguel Fiandor Román

2 April 2012

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

06

ANNUAL FINANCIAL REPORT

CONSOLIDATED ANNUAL ACCOUNTS

CONSOLIDATED DIRECTORS' REPORT

ANNUAL CORPORATE GOVERNANCE REPORT

Ebro Foods, S.A. (formerly Ebro Puleva, S.A.)
Consolidated Financial Statements and Consolidated Directors' Report for the year ended 31 December 2011 prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

CONSOLIDATED
ANNUAL ACCOUNT

EBRO FOODS CONSOLIDATED GROUP

Consolidated balance sheets at 31 december 2011 and 2010

ASSETS (Thousands of euros)	Notes	12-31-2011	12-31-2010
Non-current assets			
Intangible assets	9	392,725	293,461
Property, plant and equipment	10	507,760	449,594
Investment property	11	31,922	31,252
Financial assets	12	51,927	111,924
Investements in associates	13	2,740	3,097
Deferred tax assets	25	55,582	64,154
Goodwill	14	818,205	767,211
Other non-current assets		0	0
		1,860,861	**1,720,693**
Current assets			
Inventories	15	360,627	260,438
Trade and other receivables	16	340,428	282,976
Current income tax	25	10,644	3,222
Tax receivables	25	30,496	33,563
Financial assets	12	4,207	22,858
Derivatives and other financial instruments	28	1,570	129
Other current assets		3,905	5,444
Cash	17	97,870	555,707
		849,747	**1,164,337**
Non-current assets held for sale		0	0
Total assets		**2,710,608**	**2,885,030**

	Notes	12-31-2011	12-31-2010
Equity		**1,588,460**	**1,607,446**
Equity attributable to the shareholders of the Parent			
Share capital	18	92,319	92,319
Share premium	18	4	4
Restricted reserves	18	21,633	21,633
Unrestricted reserves (accumulated profit)	18	1,542,892	1,501,825
Interim dividends paid	18	(23,080)	0
Translation differences	18	(167)	(23,038)
Treasury shares	18	(46,303)	0
		1,587,298	**1,592,743**
Non-controlling interests		**1,162**	**14,703**
Non-current liabilities			
Deferred income	19	4,716	5,866
Provisions for pensions and similar obligations	20	40,948	32,230
Other provisions	21	49,067	87,591
Financial liabilities	22	279,980	354,031
Other non-financial payables	23	38	66
Deferred tax liabilities	25	201,918	193,755
		576,667	**673,539**
Current liabilities			
Financial liabilities	22	209,171	219,441
Derivatives and other financial instruments	28	444	161
Trade and other payables	24	304,847	352,463
Current income tax	25	7,306	8,584
Tax payables	25	14,470	16,251
Other current liabilities		9,243	7,145
		545,481	**604,045**
Non-current liabilities held for sale		0	0
Total liabilities		**2,710,608**	**2,885,030**

The accompanying Notes 1 to 32 are an integral part of the consolidated balance sheet at 31 December 2011.

EBRO FOODS CONSOLIDATED GROUP

Consolidated income statements for the years ended 31 december 2011 and 2010

(Thousands of euros)	Notes	12-31-2011	12-31-2010
Income (revenue)	6	1,804,111	1,688,957
Change in inventories of finished goods and work in progress		23,375	(5,944)
Capitalised in-house work on non-current assets		1,100	959
Other operating income	8	35,011	31,832
Cost of material used and other external expenses	6	(985,611)	(828,338)
Staff costs	8	(234,971)	(238,680)
Depreciation and amortisation charge	9, 10 and 11	(49,084)	(55,906)
Other operating expenses	8	(374,857)	(392,857)
Profit from operations		**219,074**	**200,023**
Finance income	8	26,382	21,657
Finance costs	8	(24,342)	(30,759)
Impairment of goodwill	14	(176)	(177)
Share of results of associates	13	1,455	1,760
Consolidated profit before tax		**222,393**	**192,504**
Income tax	25	(70,750)	(63,532)
Consolidated profit (continuing operations)		**151,643**	**128,972**
Net profit from discontinued operations	7	0	259,970
Consolidated profit for the year		**151,643**	**388,942**
Attributable to:			
Shareholders of the Parent		**151,542**	**388,797**
Non-controlling interests		101	145
		151,643	**388,942**

	Notes	2011	2010
Earnings per share (euros):	18		
From continuing operations			
Basic		0,994	0,840
Diluted		0,994	0,840
Of total profit			
Basic		0,994	2,535
Diluted		0,994	2,535

The accompanying Notes 1 to 32 are an integral part of the consolidated income statement for the year ended 31 December 2011.

EBRO FOODS CONSOLIDATED GROUP

Consolidated statements of comprehensive income for the years ended 31 december 2011 and 2010

(Thousands of euros)	Notes	2011	2010
Gains (losses) on measurement of available-for-sale financial assets	12	(61,352)	51,548
Translation differences		22,872	32,035
Translation differences reversed to profit or loss for the year		0	0
Actuarial gains and losses		(8,924)	(1,141)
Tax effect of items recognised against, or transferred from, equity		21,502	(15,012)
Net profit (loss) recognised in equity		**(25,902)**	**67,430**
Net profit for the year		**151,643**	**388,942**
Total recognised income and expense in the year	18	**125,741**	**456,372**
Attributable to:			
Shareholders of the Parent	18	125,639	456,227
Non-controlling interests	18	102	145
		125,741	**456,372**

The accompanying Notes 1 to 32 are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2011.

EBRO FOODS CONSOLIDATED GROUP

Consolidated statements of changes in equity for the years ended 31 december 2011 and 2010

EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT

	Equity	Non-controlling interests	Total	Share capital	Share premium	Restricted reserves		Unrestricted reserves		Interim dividend paid	Translation differences	Treasury shares
						Revaluation reserve	Legal reserve	Accumulated profits	Profit of Loss			
Balance at 31 December 2009	**1,298,160**	**17,838**	**1,280,322**	**92,319**	**4**	**3,169**	**18,464**	**1,052,627**	**176,539**	**0**	**(55,073)**	**(7,727)**
Distribution of 2009 profit	0	0	0	0	0	0	0	176,539	(176,539)	0	0	0
Dividends paid	(155,631)	(1,897)	(153,734)	0	0	0	0	(153,734)	0	0	0	0
Purchase/sale of treasury shares (net)	7,727	0	7,727	0	0	0	0	0	0	0	0	7,727
Gains and losses on sales of treasury shares	2,201	0	2,201	0	0	0	0	2,201	0	0	0	0
Changes in the scope of consolidation	(1,383)	(1,383)	0	0	0	0	0	0	0	0	0	0
Other changes	0	0	0	0	0	0	0	0	0	0	0	0
Total distribution of proft and transactions with shareholders	**(147,086)**	**(3,280)**	**(143,806)**	**0**	**0**	**0**	**0**	**25,006**	**(176,539)**	**0**	**0**	**7,727**
Net profit for 2010	388,942	145	388,797	0	0	0	0	0	388,797	0	0	0
Change in translation differences	32,035	0	32,035	0	0	0	0	0	0	0	32,035	0
Fair value of financial instruments:			0									
1. Unrealised gains	51,548	0	51,548	0	0	0	0	51,548	0	0	0	0
2. Realised gains/losses	0	0	0	0	0	0	0	0	0	0	0	0
Change due to actuarial gains and losses	(1,141)	0	(1,141)	0	0	0	0	(1,141)	0	0	0	0
Tax effect of gains and losses recognised in equity	(15,012)	0	(15,012)	0	0	0	0	(15,012)	0	0	0	0
Total profit for the year	**456,372**	**145**	**456,227**	**0**	**0**	**0**	**0**	**35,395**	**388,797**	**0**	**32,035**	**0**
Balance at 31 December 2010	**1,607,446**	**14,703**	**1,592,743**	**92,319**	**4**	**3,169**	**18,464**	**1,113,028**	**388,797**	**0**	**(23,038)**	**0**
Distribution of 2010 profit	0	0	0	0	0	0	0	388,797	(388,797)	0	0	0
Dividends paid	(62,455)	0	(62,455)	0	0	0	0	(62,455)	0	0	0	0
Dividends paid out of 2010 profit	(23,080)	0	(23,080)	0	0	0	0	0	0	(23,080)	0	0
Capital increase/reduction expenses	(13)	0	(13)	0	0	0	0	(13)	0	0	0	0
Purchase/sale of treasury shares (net)	(46,303)	0	(46,303)	0	0	0	0	0	0	0	0	(46,303)
Gains and losses on sales of treasury shares	767	0	767	0	0	0	0	767	0	0	0	0
Changes in the scope of consolidation	(13,643)	(13,643)	0	0	0	0	0	0	0	0	0	0
Total distribution of profit and transactions with shareholders	**(144,727)**	**(13,643)**	**(131,084)**	**0**	**0**	**0**	**0**	**327,096**	**(388,797)**	**(23,080)**	**0**	**(46,303)**
Net profit for 2011	151,643	101	151,542	0	0	0	0	0	151,542	0	0	0
Change in translation differences	22,872	1	22,871	0	0	0	0	0	0	0	22,871	0
Fair value of financial instruments:	0	0	0	0	0	0	0	0	0	0		
1. Unrealised gains	(61,352)	0	(61,352)	0	0	0	0	(61,352)	0	0	0	0
2. Realised gains/losses	0	0	0	0	0	0	0	0	0	0	0	0
Change due to actuarial gains and losses	(8,924)	0	(8,924)	0	0	0	0	(8,924)	0	0	0	0
Tax effect of gains and losses recognised in equity	21,502	0	21,502	0	0	0	0	21,502	0	0	0	0
Total profit for the year	**125,741**	**102**	**125,639**	**0**	**0**	**0**	**0**	**(48,774)**	**151,542**	**0**	**22,871**	**0**
Balance at 31 December 2011	**1,588,460**	**1,162**	**1,587,298**	**92,319**	**4**	**3,169**	**18,464**	**1,391,350**	**151,542**	**(23,080)**	**(167)**	**(46,303)**

The accompanying Notes 1 to 32 are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2011.

EBRO FOODS CONSOLIDATED GROUP

Consolidated statements of cash flows for the years ended 31 december 2011 and 2010

(Thousands of euros)	2011	2010
Proceeds from sales and services	1,788,712	2,296,733
Payments to suppliers and employees	(1,696,766)	(1,985,678)
Interest paid	(7,061)	(10,165)
Interest received	11,127	5,820
Dividends received	1,891	1,882
Other amounts received/paid in operating activities	12,304	12,620
Income tax paid	(51,711)	(121,722)
Total net cash flows from operating activities	**58,496**	**199,490**
Investments in non-current assets	(66,596)	(69,617)
Disposals of non-current assets	7,539	17,132
Investments in financial assets	(205,535)	(47,760)
Disposals of financial assets	2,528	627,218
Other proceeds/payments relating to investing activities	8,402	4,153
Total net cash flows from investing activities	**(253,662)**	**531,126**
Treasury share transactions	(45,537)	9,928
Dividends paid to shareholders	(131,695)	(105,328)
Bank borrowing drawdowns	62,314	55,932
Repayment of bank borrowings	(144,849)	(346,710)
Other financial proceeds/payments and grants related to assets	(5,281)	1,837
Total net cash flows from financing activities	**(265,048)**	**(384,341)**
Translation differences on cash flows of foreign companies	(3,607)	(533)
Increase (decrease) in cash and cash equivalents	**(463,821)**	**345,742**
Cash and cash equivalents at beginning of year	555,707	199,930
Effect of year-end exchange rate on beginning balance	5,984	10,035
Cash and cash equivalents at end of year	**97,870**	**555,707**
The consolidated statements of cash flows for 2010 includes the cash flows relating to the discontinued operations of the dairy product business. The main aggregates included are as follows:		
Total net cash flows from operating activities	**0**	**30,352**
Total net cash flows from investing activities	**0**	**(4,681)**
Total net cash flows from financing activities	**0**	**1,491**

The accompanying Notes 1 to 32 are an integral part of the consolidated statement of cash flows for the year ended 31 December 2011.

1. Group activities and general information

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

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

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

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

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

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

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

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

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

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

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

The consolidated financial statements for 2010 were approved by the shareholders at the Annual General Meeting of Ebro Foods, S.A. on 15 June 2011, and were filed at the Madrid Mercantile Registry.

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

Amounts relating only to the separate financial statements of the Parent

DISTRIBUTABLE PROFIT (Thousands of euros)	Amount
Unrestricted reserves	872,283
Income statement (profit)	153,554
2011 interim dividend paid out of profit for 2011	(23,080)
	1,002,757

The consolidated profit of the Ebro Foods Group for 2011 makes it possible to propose, as in prior years, to distribute an ordinary dividend payable in cash with a charge to unrestricted reserves of EUR 0.60 per share for a total of EUR 92,309 thousand, of which EUR 0.15 per share had already been paid in 2011 and EUR 0.15 per share had been paid in January 2012, and therefore, the remainder, amounting to EUR 0.30 per share, will be settled in two payments of EUR 0.15 each, on 11 May and 11 September 2012.

Interim dividend

As indicated in the preceding paragraph, on 15 June 2011, the Board of Directors approved the payment of an interim dividend of EUR 0.15 per share, totalling EUR 23,080 thousand in 2011.

Restrictions on the distribution of dividends

Ebro Foods, S.A. must transfer 10% of net profit for each year to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. This reserve may not be distributed to shareholders until it has reached 20% of share capital.

Once the appropriations provided for by law or by the bylaws have been covered, dividends may only be distributed out of the profit for the year or unrestricted reserves if the value of the equity is not already, or as a result of the distribution, lower than that of the share capital. In this connection, profit taken directly to equity cannot be distributed, directly or indirectly. If prior years' losses reduce the Company's equity to below its share capital, profit will be used to offset these losses.

2. Basis of presentation and comparability of the information included in the consolidated financial statements

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

a) Basis of presentation

1. General accounting principles

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

The consolidated financial statements for the year ended 31 December 2011, which were authorised for issue by the Parent's directors on 28 March 2012, have not yet been approved by the shareholders at the Annual General Meeting, although it is considered that they will be approved without any changes (similarly, at the reporting date the 2011 financial statements of Ebro Foods, S.A. and of its subsidiaries and associates had not yet been approved by the shareholders at the related Annual General Meetings).

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

2. Use of estimates and assumptions

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

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

- The measurement of assets and goodwill to ascertain whether there are any impairment losses thereon (see Notes 3-f, 3-g and 3-h).
- The assumptions used in the actuarial calculation of the retirement benefit and similar liabilities and obligations (see Notes 3-n and 20).
- The useful life of the property, plant and equipment and intangible assets (see Notes 3-e and 3-f).
- The assumptions used in measuring the fair value of the financial instruments (see Note 3-r).
- The probability of occurrence and the amount of liabilities of uncertain amount or of contingent liabilities (see Note 3-o).
- The recoverability of the deferred tax assets (see Note 3-q).

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

b) Comparative information
For comparison purposes the Group presents, in addition to the figures for the year ended 31 December 2011 for each item in the consolidated balance sheet, consolidated income statement, consolidated statement of cash flows, consolidated statement of changes in equity, consolidated statement of comprehensive income and notes to the consolidated financial statements, the figures for the year ended 31 December 2010.

Under accounting standards in force, the sale in January 2011 of 29.9% of the ownership interest in Biosearch, S.A. (see Note 7) meant that the income statement for 2010 had to be changed to disclose continuing operations separately from discontinued operations, thereby presenting uniform comparative figures with the consolidated income statement for 2011.

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

c) Changes in the scope of consolidation
The main changes in the scope of consolidation in 2011 and 2010 and the consolidation or accounting method used in each case are shown in Notes 4 and 5.

3. Accounting policies

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

a) Basis of consolidation

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

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

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

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

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

Associates

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

b) Translation methods

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

In the case of non-controlling interests, these translation differences are recognised under "Equity - Non-Controlling Interests".

The goodwill and/or valuation adjustments made to the net assets arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and, therefore, are also translated at the exchange rates prevailing at the consolidated balance sheet date.

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

c) Foreign currency transactions

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

d) Cash and cash equivalents

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

e) Property, plant and equipment and investment property

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

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

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

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

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

Borrowing costs on the financing obtained for the construction of non-current assets have been capitalised since 1 January 2009 (until then they were recognised in the consolidated income statement) until the date of entry into service of these assets.

The costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised. Upkeep and maintenance costs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

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

DEPRECIATION RATE

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

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

f) Intangible assets (excluding goodwill and CO_2 emission allowances)
Intangible assets are initially recognised at acquisition or production cost and are reviewed periodically and adjusted in the event of any impairment, as described in Note 3-h). Also, the residual value, useful life and amortisation method for intangible assets with finite useful lives are reviewed once a year. The intangible assets are as follows:

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

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

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

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

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

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

g) Goodwill

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

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

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

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

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

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

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

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

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

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

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

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

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

j) Financial assets (investments)

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

Investments

Investments are classified as:

- Held-to-maturity investments: financial assets with fixed or determinable payments and fixed maturity. The Group has the positive intention and ability to hold them from the date of purchase to the date of maturity. This category includes mainly short-term deposits, which are measured at amortised cost.
- Held-for-trading financial assets: assets acquired by the companies with the intention of generating a profit from short-term fluctuations in their prices or from differences between their purchase and sale prices. They are measured at fair value at the date of subsequent measurement where this can be determined reliably. In these cases, the gains and losses arising from changes in fair value are recognised in the income statement for the year.
- Available-for-sale financial assets: these include debt securities and equity instruments of other companies that are not classified in any of the previous categories. The measurement bases are:

  either At fair value when it is possible to determine it reliably, based on either the market price or, in the absence thereof, using the price established in recent transactions or the discounted present value of the future cash flows. The gains and losses from changes in fair value are recognised directly in equity until the asset is disposed of, at which time the cumulative gains or losses previously recognised in equity are recognised in the consolidated income statement for the year. If fair value is lower than acquisition cost and there is objective evidence that the asset has suffered an impairment loss that cannot be considered reversible, the difference is recognised directly in the consolidated income statement.

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

At 31 December 2011, available-for-sale financial assets were measured against listed (and unadjusted) market prices and placed on level one of the fair value measurement hierarchy established in IFRS 7.

In 2011 and 2010 no financial assets among the categories defined in the preceding paragraphs were reclassified.

Other receivables

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

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

k) Trade and other receivables

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

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

l) Inventories

Inventories are measured at weighted average acquisition or production cost.

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

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

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

m) Deferred income - Grants

Grants received are accounted for as follows:

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

n) Retirement benefits and similar obligations

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

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

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

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

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

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

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

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

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

o) Other provisions

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

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

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

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

p) Financial liabilities - Loans and credit facilities

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

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

q) Income tax

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

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

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

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

r) Financial instruments

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

- Cash flow hedges: the gains and losses obtained as a result of changes in fair value, at the balance sheet, date of financial instruments designated as hedges, provided that the hedges are considered to be effective, are recognised, net of the related tax effect, directly in equity until the forecast transaction occurs, at which time they are transferred to consolidated profit or loss. Gains and losses considered ineffective are recognised directly in the consolidated income statement.
- Hedges of a net investment in a foreign operation: the portion of the gains or losses on a hedging instrument determined to be an effective hedge arising from fair value adjustments to these investments are recognised, net of the related tax effect, directly under "Translation Differences" and are transferred to the consolidated income statement when the hedged operation is disposed of. Gains and losses considered ineffective are recognised directly in the consolidated income statement.
- Accounting for financial instruments not designated as hedges or which do not qualify for hedge accounting: the gains and losses from fair value adjustments to such financial instruments are recognised directly in the consolidated income statement.

s) Revenue recognition

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

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

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

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

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

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

t) Information on environmental issues

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

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

u) CO_2 emission allowances

The Group recognises CO_2 emission allowances as intangible assets with indefinite useful lives. The allowances received at zero cost under the related National Allocation Plans are measured at the market price prevailing on the date on which they are received, and an item of deferred income is recognised for the same amount.

In 2008 a new five-year national zero-cost emission allowance allocation plan commenced in Spain, with a total allocation for the period from 2008 to 2012 of 345,815 tonnes (930,225 tonnes before the sale of the dairy product business in 2010).

Without taking into account the allocations and consumption of the dairy product business, which was sold in 2010, in 2011 and 2010 the Group received at zero cost emission allowances equal to 69,163 tonnes each year, under the national allocation plans approved in Spain.

These plans also provide for the allocation at zero cost of emission allowances for 2012 equal to 69,163 tonnes. In 2011 and 2010 the Group consumed 6,210 and 11,185 tonnes of emission allowances, respectively.

These allowances are initially recognised as an intangible asset and an item of deferred income at their market value when they are received, and they are allocated to "Other Operating Income" in the consolidated income statement as the CO_2 emissions that they are intended to cover are made.

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

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

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

At 31 December 2011, the provision recognised in the consolidated balance sheet in relation to the emissions made by the Group in that year amounted to EUR 88 thousand (2010: EUR 149 thousand). This amount will be covered by the emission allowances received under the related national allocation plans.

v) Treasury shares

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

w) New IFRSs and IFRICs

The measurement bases (accounting policies) adopted in preparing the consolidated financial statements for 2011 are consistent with those applied in preparing the consolidated financial statements for 2010, except for the following new IFRSs and IFRICs and changes to existing standards or interpretations that came into force from 1 January 2011:

- Revision of IAS 24, Related Party Disclosures. The revised IAS 24 provides a partial exemption from certain disclosure requirements when the transactions are between government-related entities (or entities related to an equivalent government institution) and revises the scope applicable to the disclosure requirements through the inclusion in the definition of "related party" of certain relationships between joint ventures and associates of the same entity which were not explicit in the previous version of the standard.

  The entry into force of this revision did not result in any change in the related parties currently defined by the Group.

- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments: This interpretation addresses the accounting by a debtor when all or part of a financial liability is extinguished through the issue of equity instruments to the creditor. The interpretation does not apply to transactions in situations where the counterparties in question are shareholders or related parties, acting in their capacity as such, or where extinguishing the financial liability by issuing equity shares is in accordance with the original terms of the financial liability. In all other cases, the equity instruments issued are measured at fair value at the date the liability is extinguished and any difference between this value and the carrying amount of the liability is recognised in profit or loss.

  This interpretation did not give rise to a change in the Group's accounting policies and in any case, this year the Group did not perform any transactions of this type.

- Amendment to IAS 32 - Classification of Rights Issues: This amendment relates to the classification of foreign currency denominated rights issues (rights, options or warrants). Pursuant to this amendment, when these rights are offered to all owners and are to acquire a fixed number of shares in exchange for a fixed amount, they are equity instruments, irrespective of the currency in which that fixed amount is denominated and provided that other specific requirements of the standard are fulfilled.

  This amendment did not have any impact on the Group's consolidated financial statements.

- Improvements to IFRSs (published in May 2010) These consist of a series of amendments to certain standards, the majority of which are obligatory for annual reporting periods beginning on or after 1 January 2011 although some were obligatory for periods beginning on or after 1 July 2010.

  The adoption of these standards, interpretations and amendments had no material impact on the Group's financial position or results.

- Amendments to IFRIC 14 - Prepayments of a Minimum Funding Requirement. The prepayment of minimum funding requirement contributions may give rise to an asset.

  This amendment did not have any impact on the Group's consolidated financial statements.

The Group did not opt for the early application of any standard, interpretation or amendment that had been published but whose application was not obligatory.

At the date of preparation of these consolidated financial statements, the following main standards and interpretations had been issued by the IASB but had not yet become effective, either because their effective date is subsequent to the date of the consolidated financial statements or because they had not yet been adopted by the European Union:

STANDARDS AND AMENDMENTS TO STANDARDS

		Obligatory application in annual reporting periods beginning on or after
Approved for use in the European Union		
Amendment to IFRS 7, Financial Instruments: Disclosures	Extends and reinforces the disclosures on transfers of financial assets.	Annual reporting periods beginning on or after 1 July 2011
Not yet approved for use in the European Union		
IFRS 9, Financial Instruments: Classification and Measurement.	Replaces the IAS 39 classification, measurement and derecognition requirements for financial assets and liabilities.	Annual reporting periods beginning on or after 1 January 2015
Amendments to IAS 12, Income Taxes - Deferred Taxes Arising from Investment Property.	On the measurement of deferred taxes arising from investment property using the fair value model in IAS 40.	Annual reporting periods beginning on or after 1 January 2012
IFRS 10, Consolidated Financial Statements	Supersedes the requirements relating to consolidated financial statements in IAS 27.	Annual reporting periods beginning on or after 1 January 2013
IFRS 11, Joint Arrangements	Supersedes IAS 31 on joint ventures.	Annual reporting periods beginning on or after 1 January 2013
IFRS 12, Disclosure of Interests in Other Entities	Single IFRS presenting the disclosure requirements for interests in subsidiaries, associates, joint arrangements and unconsolidated entities.	Annual reporting periods beginning on or after 1 January 2013
IFRS 13, Fair Value Measurement	Sets out a framework for measuring fair value.	Annual reporting periods beginning on or after 1 January 2013
IAS 27 (Revised), Separate Financial Statements	The IAS is revised, since as a result of the issue of IFRS 10 it applies only to the separate financial statements of an entity.	Annual reporting periods beginning on or after 1 January 2013
IAS 28 (Revised), Investments in Associates and Joint Ventures	Revision in conjunction with the issue of IFRS 11, Joint Arrangements.	Annual reporting periods beginning on or after 1 January 2013
Amendments to IAS 1, Presentation of Items of Other Comprehensive Income	Minor amendments relating to the presentation of items of other comprehensive income.	Annual reporting periods beginning on or after 1 January 2012
Amendments to IAS 19, Employee Benefits	The amendments affect mainly defined benefit plans since one of the major changes is the elimination of the "corridor".	Annual reporting periods beginning on or after 1 January 2013
Amendment to IAS 32, Offsetting Financial Assets and Financial Liabilities	Additional clarifications to the rules for offsetting financial assets and financial liabilities under IAS 32 and introduction of new related disclosures under IFRS 7.	Annual reporting periods beginning on or after 1 January 2014
Amendments to IFRS 7	Offsetting Financial Assets and Financial Liabilities (issued December 2011).	Annual reporting periods beginning on or after 1 January 2013
IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine	This International Financial Reporting Interpretations Committee addresses the accounting treatment of the waste removal costs incurred in surface mining.	Annual reporting periods beginning on or after 1 January 2013

The directors have assessed the potential impact of applying these standards in the future and estimate that their entry into force will not have a material impact on the consolidated financial statements, except in the following cases, the impact or amendment of which could be significant.

- IFRS 9, Financial Instruments: Classification and Measurement

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

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

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

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

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

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

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

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

4. Subsidiaries and associates

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

SUBSIDIARIES AND ASSOCIATES

	% of ownership		Parent		Location	Line of business
	12–31–11	12–31–10	12–31–11	12–31–10		
Dosbio 2010, S.L.	100.0%	100.0%	EF	EF	Madrid (Spain)	Flour production
Fincas e Inversiones Ebro, S.A.	100.0%	100.0%	EF	EF	Madrid (Spain)	Farming
Arotz Foods, S.A.	100.0%	100.0%	EF	EF	Madrid (Spain)	Production and preservation of vegetables
Biosearch, S.A. (b)	–	50.90%	EF	EF	Granada (Spain)	Development and marketing of new products
Jiloca Industrial, S.A.	100.0%	100.0%	EF	EF	Teruel (Spain)	Production of organic fertiliser
Beira Terrace Ltda.	100.0%	100.0%	EF	EF	Oporto (Portugal)	Property
Riviana Foods Inc (Group) (Riviana)	100.0%	100.0%	EF	EF	Houston (Texas–US)	Production and sale of rice
Panzani, SAS (Group) (Panzani)	100.0%	100.0%	EF	EF	Lyon (France)	Production and sale of pasta and sauces
New World Pasta Comp. (Group) (NWP)	100.0%	100.0%	EF	EF	Harrisburg (US)	Production and sale of pasta and sauces
Birkel Teigwaren Gmbh (Birkel)	100.0%	100.0%	EF/Boost	EF	Germany	Production and sale of pasta and sauces
Azucarera Energías, S.L.	60.0%	60.0%	EF	EF	Madrid (Spain)	Combined heat and power generation
Networks Meal Solutions, S.A. (NMS)	100.0%	100.0%	EF	EF	Madrid (Spain)	Dormant
JJ. Software de Medicina, S.A. (a)	26.8%	26.8%	NMS	NMS	Madrid (Spain)	Dormant
Fundación Ebro Foods	100.0%	100.0%	EF	EF	Madrid (Spain)	Foundation
Ebro Financial Corporate Services, S.L.	100.0%	–	EF	–	Madrid (Spain)	Insurance and finance
Herba Foods. S.L. (HF)	100.0%	100.0%	EF	EF	Madrid (Spain)	Investment management
Herba Ricemills, S.L. (HR)	100.0%	100.0%	EF	EF	Madrid (Spain)	Production and sale of rice
Herba Nutrición, S.L. (HN)	100.0%	100.0%	EF	EF	Madrid (Spain)	Production and sale of rice
Fallera Nutrición, S.L.	100.0%	100.0%	HN	HN	Valencia (Spain)	Production and sale of rice
S&B Herba Foods Ltda. (Group)	100.0%	100.0%	HF/R. Int.	HF/R. Int.	London (UK)	Production and sale of rice
Herba Germany, GmbH	100.0%	100.0%	Birkel	HF	Hamburg (Germany)	Ownership of trademarks
Riceland Magyarorszag	100.0%	100.0%	HF/EF	HF/EF	Budapest (Hungary)	Production and sale of rice
Danrice A.S.	100.0%	100.0%	HF	HF	Orbaek (Denmark)	Production and sale of rice
Boost Nutrition C. V. (Boost)	100.0%	100.0%	HF / N.C.	HF / N.C.	Merksem (Belgium)	Production and sale of rice
Euryza	100.0%	100.0%	Birkel	Boost	Stuttgart (Germany)	Production and sale of rice
Mundi Riso S.R.L.	100.0%	100.0%	HF	HF	Vercelli (Italy)	Production and sale of rice
Herba Hellas, S.A.	75.0%	75.0%	HF	HF	Thessalonica (Greece)	In liquidation
Mundi Riz, S.A.	100.0%	100.0%	HF	HF	Larache (Morocco)	Production and sale of rice
Agromeruan	100.0%	100.0%	HF	HF	Larache (Morocco)	Farmland concession operator
Rivera del Arroz, S.A.	100.0%	100.0%	HF	HF	Larache (Morocco)	Rice production
Mundi Vap	100.0%	100.0%	HF	HF	Larache (Morocco)	Production and distribution of rice
Katania Magreb, Ltda.	100.0%	100.0%	HF	HF	Larache (Morocco)	Production and distribution of legumes
Arrozeíras Mundiarroz, S.A.	100.0%	100.0%	HF	HF	Lisbon (Portugal)	Production and sale of rice
Josep Heap Properties, Ltda.	100.0%	100.0%	HF	HF	Liverpool (UK)	Investment management and administration
Risella OY	100.0%	100.0%	HF	HF	Helsinki (Finland)	Sale of rice
Bosto Poland, S.L.	100.0%	100.0%	HF	HF	Warsaw (Poland)	Sale of rice
Herba Bangkok	100.0%	100.0%	HF	HF	Bangkok (Thailand)	Production and sale of rice
Herba Egipto	100.0%	100.0%	HF	HF	Egypt	Production and sale of rice
Herba de Puerto Rico	100.0%	100.0%	HF	HF	Puerto Rico	Sale of rice
Herba Ricemills Rom, SRL	100.0%	100.0%	HF	HF	Romania	Sale of rice
Herba India	100.0%	100.0%	HF	HF	New Delhi (India)	Production and sale of rice
TBA Suntra Beheer, B.V. (Group)	100.0%	–	HF	–	The Netherlands and Belgium	Production and sale of rice
TBA Suntra UK, Ltd.	100.0%	–	HF	–	Goole (UK)	Production and sale of rice
Ebro Foods Netherland, B.V. (EFN)	100.0%	–	HF	–	Amsterdam (The Netherlands)	Investment management
Lassie Netherland, B.V.	100.0%	–	EFN	–	Amsterdam (The Netherlands)	Production and sale of rice
Lassie, B.V.	100.0%	–	EFN	–	Amsterdam (The Netherlands)	Industrial operations

SUBSIDIARIES AND ASSOCIATES

	% of ownership		Parent		Location	Line of business
	12–31–11	12–31–10	12–31–11	12–31–10		
Lassie Property, B.V.	100.0%	–	EFN	–	Amsterdam (The Netherlands)	Industrial operations
Mediterranean Foods Label, B.V.	100.0%	–	EFN	–	Amsterdam (The Netherlands)	Production and sale of rice
Nuratri, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale of rice
Nutramas, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale of rice
Nutrial, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale of rice
Pronatur, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale of rice
Vitasan, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale of rice
Yofres, S.A.	100.0%	100.0%	HR	HR	Seville (Spain)	Sale of rice
Herba Trading, S.A.	100.0%	100.0%	HR	HR	Seville (Spain)	Sale of rice
Formalac, S.L.	100.0%	100.0%	HR	HR	Seville (Spain)	Sale of rice
Eurodairy, S.L.	100.0%	100.0%	HR	HR	Seville (Spain)	Sale of rice
Española de I+D, S.A.	60.0%	60.0%	HR	HR	Valencia (Spain)	Development and marketing of new products
American Rice, Inc. (ARI)	100.0%	–	Riviana	–	Houston (US)	Production and sale of rice
Riviana International Inc. (R. Int.)	100.0%	100.0%	Riviana	Riviana	Houston (US)	Investment management
Ebro Riviana de Guatemala, S. A.	100.0%	100.0%	R. Int.	R. Int.	Guatemala	Investment management
Ebro de Costa Rica, S. A.	100.0%	100.0%	R. Int.	R. Int.	San José (Costa Rica)	Investment management
R&R Partnership (a)	50.0%	50.0%	Riviana	Riviana	Houston (US)	Production and sale of rice
South La Fourche, Inc (a)	50.0%	50.0%	Riviana	Riviana	Houston (US)	Farming
N&C Boost N. V. (N.C. Boost)	100.0%	100.0%	R. Int.	R. Int.	Antwerp (Belgium)	Investment management
Lustucru Riz	99.8%	99.8%	Panzani	Panzani	Lyon (France)	In liquidation
Lustucru Frais	99.8%	99.8%	Panzani	Panzani	Lyon (France)	Production and sale of fresh pasta
Grands Moulins Maurel	99.8%	99.8%	Panzani	Panzani	Lyon (France)	Production and sale of flour and semolina
Silo de la Madrague	100.0%	100.0%	Panzani	Panzani	Lyon (France)	Production and sale of flour and semolina
Rizerie Franco Americaine et Col., S.A.	100.0%	100.0%	Panzani	Panzani	Lyon (France)	Production and sale of rice
Bosto Panzani Benelux, S.A.	100.0%	100.0%	Boost/Pzni	Boost/Pzni	Merksem (Belgium)	Sale of rice and pasta
Ronzoni Pty.	100.0%	100.0%	NWP	NWP	Montreal (Canada)	Production and sale of pasta and sauces
T.A.G. Nahrungsmittel Gmbh.	100.0%	100.0%	Birkel	Birkel	Stuttgart (Germany)	Dormant
Bertolini Import Export Gmbh.	100.0%	100.0%	Birkel	Birkel	Mannheim (Germany)	Dormant
Mowe Teigwaren Gmbh	0.0%	100.0%	Birkel	Birkel	Waren (Germany)	Production and sale of pasta and sauces

(a) *Associates accounted for using the equity method.*

(b) *The percentage of control held at 31 December 2010 by Ebro Foods, S.A. over Biosearch, S.A. (formerly Puleva Biotech, S.A.) of 50.90% was considered to be a controlling interest and, therefore, it was used in the full consolidation of Biosearch, S.A. However, on 13 January 2011, a portion of this company was disposed of (see Notes 5 and 7). As a result of this sale, Ebro Foods, S.A. is no longer a member of the governing bodies or management of Biosearch, S.A., which is now recognised as an available-for-sale financial asset, rather than an investment in a Group company.*

None of the subsidiaries and associates is listed on the stock exchange. The financial statements of all the consolidated companies were at 31 December 2011 and 2010.

5. Most significant corporate transactions (business combinations and/or sales) in 2011 and 2010 and effect on comparability

5.1 Intra-Group transactions in 2010

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

5.2 Intra-Group transactions in 2011

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

5.3 Corporate transactions affecting the scope of consolidation in 2011 and 2010 and effect on comparability. Changes in the scope of consolidation

In 2010, in addition to the matters described in Note 5.1 above, there were other changes in the scope of consolidation, the most significant of which were as follows:

EXCLUSIONS FROM THE SCOPE OF CONSOLIDATION IN 2010

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

The sale of the dairy product business was agreed on 30 March 2010. The completion of the sale was ultimately subject to approval by the European competition authorities, which was granted in August 2010 and the sale was executed on 2 September 2010. Accordingly, the income and expenses of the dairy product business for the first eight months of 2010 were reclassified and presented in the accompanying consolidated income statement for 2010 as net profit or loss from discontinued operations (see Note 7).

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

INCLUSIONS IN THE SCOPE OF CONSOLIDATION IN 2011

Company affected	Subgroup	%	Comments
Rice business of the SOS Group	Rice	100%	Acquisition of all the shares of various companies and businesses
Strom Products, Ltd. (No Yolks)	Pasta	100%	Acquisition of this company's business
Suntra Group	Rice	100%	Acquisition of all the shares
Ebro Financial Corporate Services, S.L.	Other	100%	Incorporation of the company

EXCLUSIONS FROM THE SCOPE OF CONSOLIDATION IN 2011

Company affected	Subgroup	%	Comments
Biosearch, S.A.	Other	50.90%	Partial sale and exclusion from consolidation
Mowe Teigwaren Gmbh	Pasta	100%	Sale of entire ownership interest

- Except for the sale of Biosearch, S.A., the exclusions from the scope of consolidation in 2011 in the foregoing table did not have a significant effect on the comparability of 2011 with 2010.

  Exclusion of Biosearch, S.A. from the scope of consolidation

  On 13 January 2011, the Board of Directors of Ebro Foods, S.A. resolved to sell to Grupo Lactalis Iberia, S.A. 17,252,157 shares representing 29.9% of the share capital of Biosearch, S.A. for a total of EUR 8,281 thousand. Since the shares were sold at their underlying carrying amount (EUR 0.48 per share), this sale did not have any impact on the consolidated financial statements for 2011. As a result of this sale, the Parent is no longer a member of the managing bodies of Biosearch, S.A., which ceased to be considered a group company investment and was recognised as an available-for-sale financial asset (see Note 12). Following this transaction, Ebro Foods, S.A. owned 12,117,806 shares, of which 1,355,557 shares had been sold up until 31 December 2011, with 10,762,249 shares remaining at that date, representing 18.65% of the share capital of Biosearch, S.A. For the purposes of comparison and consistency of the 2011 income statement with the same period in 2010, the income and expenses of Biosearch, S.A. for 2010 were reclassified and presented in the accompanying consolidated income statement as net profit or loss from discontinued operations (see Note 7).

- The most significant inclusions in the scope of consolidation in 2011, as shown in the foregoing table, in terms of their impact on the comparability of the consolidated financial statements are as follows:

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

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

  Strom Products, Ltd. (No Yolks) business
  On 21 December 2011, Ebro Foods, S.A. entered into an agreement with the US company Strom Products Ltd. to acquire its pasta business in the US and Canada for USD 50 million. The agreement included the purchase of the No Yolks and Wacky Mac brands relating mainly to the healthy pasta line of business, which was executed (paid) on 30 December 2011. No Yolks, which has operated in the market since 1976, is the leader in the US and Canada in the yolk-free noodles and fibre-enriched dry pasta segments, with a market share of 15.6% and 29.4%, respectively in the aforementioned countries. Wacky Mac's business focuses on vegetable-based, ready-made pasta dishes known as "dinners"· in the US.

  The recognition and measurement of net assets acquired in this business combination were in progress at the date of authorisation for issue of the consolidated financial statements and, consequently, the recognition thereof should be considered to be provisional, although no significant differences with respect to their definitive recognition are expected to arise.

  Suntra Group
  The Suntra Group, composed of various companies located in the Netherlands, Belgium and the UK, was acquired in July 2011. This group engages in the production and marketing (industrial sales) of certain types of rice. 50% was acquired directly and a purchase option was acquired for the remaining 50% and, therefore, all of this group's shares were included in the scope of consolidation as a company now wholly owned by the Group and a non-current financial liability was recognised for the estimated cost of the purchase option on the remaining 50%.

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

	SOS Business Inclusion date 08-31-2011		No Yolks Business Inclusion date 12-30-2011		SUNTRA Group Inclusion date 07-01-11		Total	
(Thousands of euros)	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Intangible assets	48,073	52,835	2,500	38,645	37	37	50,610	91,517
Property, plant and equipment	57,418	62,799			3,513	3,513	60,931	66,312
Financial assets	0	0			102	102	102	102
Deferred tax assets	1,878	3,048			0	0	1,878	3,048
Inventories	38,902	38,902			4,699	4,699	43,601	43,601
Other current assets	57,448	57,448			11,078	11,078	68,526	68,526
Total assets	**203,719**	**215,032**	**2,500**	**38,645**	**19,429**	**19,429**	**225,648**	**273,106**
Deferred income	1,596	1,596			0	0	1,596	1,596
Provisions for pensions and similar obligations	502	502			0	0	502	502
Non-current financial liabilities	19,494	19,494			946	946	20,440	20,440
Deferred tax liabilities	8,938	8,895			51	51	8,989	8,946
Current financial liabilities	2,414	2,414			9,830	9,830	12,244	12,244
Trade payables	14,404	14,404			2,113	2,113	16,517	16,517
Other current liabilities	5,248	5,248			3,171	3,171	8,419	8,419
Total liabilities	**52,596**	**52,553**	**0**	**0**	**16,111**	**16,111**	**68,707**	**68,664**
Total net assets and liabilities	**151,123**	**162,479**	**2,500**	**38,645**	**3,318**	**3,318**	**156,941**	**204,442**
Goodwill		41,023		0		11,205		52,228
Total investment		**203,502**		**38,645**		**14,523**		**256,670**
Financed with financial liabilities and cash		203,502		38,645		14,523		256,670
Total investment		**203,502**		**38,645**		**14,523**		**256,670**
Net effect acquired with the subsidiary		17,395		0		(7,020)		10,375
Sales since acquisition date		86,348		0		31,527		117,875
Net profit contributed since acquisition date		4,487		0		1,868		6,355
Sales since 1 January (a)		219,611		28,806		62,874		311,291
Net profit contributed since 1 January (a)		15,981		4,621		3,776		24,378

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

5.4 Investment commitments at 2010 year-end

In relation to the takeover bid launched on 20 October 2010 to acquire the Australian Group - SunRice, at the General Meeting of Ricegrowers Limited SunRice held on 31 May 2011, the shareholders resolved not to accept the bid launched by Ebro Foods, S. A. to acquire the company. In total, 67% of the class A shareholders and 76% of the class B shareholders voted in favour of the bid made by Ebro Foods, S.A. However, the qualified majority of 75% required in both series in order for the acquisition to go ahead was not reached.

6. Segment reporting

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

Following the sale of the dairy product business in 2010, the Ebro Foods Group continues to be divided into the following business segments and/or activities:

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

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

Rice business

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

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

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

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

As indicated previously, in 2011 the Ebro Group acquired: (i) the SOS trademark worldwide; (ii) the assets of SOS´s rice business in Spain; (iii) the Dutch companies operating the rice business in the Netherlands under the Lassie brand; (IV) the Saludaes trademark in Portugal; and (V) the rice businesses in the US and in the Middle East through American Rice Inc.

Thus, the main rice brands of the Ebro Group is Spain are SOS, Brillante, La Fallera, La Cigala and Rocío, which jointly represent a market share of almost 24% in terms of volume and 32% in terms of value in the domestic retail industry.

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

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

The purchase of American Rice, Inc. in 2011 (as part of SOS´s rice business), Ebro´s extensive portfolio in the US (with the Mahatma, Minute, Success, Carolina, Gourmet House brands, inter alia) represented a further addition to a wide array of domestic and international brand names such as Abu Bint, Blue Ribbon, Green Peacock, Comet and Golden Sail, which have an important presence in the US and the Middle East. Therefore, the inclusion of American Rice, Inc. in Ebro's rice division consolidates the company's position in the US retail market, achieving a 27.6% market share in terms of volume.

Pasta business

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

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

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

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

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

In addition, the agreement reached with Strom Products Ltd. at the end of December 2011 to acquire its pasta and noodles business in the US and Canada included the No Yolks and Wacky Mac brand names which operate mainly in the healthy pasta and noodles markets.

No Yolks, which has operated in the market since 1976, is the leader in the US and Canada in the yolk-free noodles and fibre-enriched dry pasta segments, with a market share of 15.6% and 29.4%, respectively in the aforementioned countries. Wacky Mac's business is focused on vegetable-based and ready-made pasta dishes known as "dinners" in the US.

Other businesses and/or activities:

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

Asset management:

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

Basis and methodology for segment reporting

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

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

Inter-segment transactions

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

6.1 Geographical information

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

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

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

2011 - GEOGRAPHICAL AREA

	Spain	Europe	Americas	Other	Total
Segment revenue	150,485	982,956	699,033	97,400	1,929,874
Inter-segment sales	(3,681)	(61,573)	(59,864)	(645)	(125,763)
Total revenue	**146,804**	**921,383**	**639,169**	**96,755**	**1,804,111**
Intangible assets	32,230	134,958	225,476	61	392,725
Property, plant and 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 assets	**434,778**	**1,181,457**	**1,035,364**	**59,009**	**2,710,608**
Non-current asset additions	**5,362**	**33,853**	**29,384**	**290**	**68,889**

2010 - GEOGRAPHICAL AREA

	Spain	Europe	Americas	Other	Total
Segment revenue	105,519	925,035	685,738	76,649	1,792,941
Inter-segment sales	(3,801)	(58,218)	(41,965)	0	(103,984)
Total revenue	**101,718**	**866,817**	**643,773**	**76,649**	**1,688,957**
Intangible assets	6,026	120,713	166,649	73	293,461
Property, plant and equipment	76,323	189,158	164,532	19,581	449,594
Other assets	753,455	809,682	552,846	25,992	2,141,975
Total assets	**835,804**	**1,119,553**	**884,027**	**45,646**	**2,885,030**
Non-current asset additions	**8,667**	**27,773**	**30,949**	**508**	**67,897**

6.2 Operating segments

The following tables present information on the revenue and profit or loss of the continuing operations and certain information on assets and liabilities relating to the Group's operating segments for the years ended 31 December 2011 and 2010.

INFORMATION ON BUSINESS SEGMENTS - CONTINUING OPERATIONS

EBRO FOODS GROUP (In thousands of euros)	Total Consolidated figures		Rice business		Pasta business		EF Holding company		Other businesses and consolidation adjustments	
BALANCE SHEET	**12-31-2011**	**12-31-2010**	**12-31-2011**	**12-31-2010**	**12-31-2011**	**12-31-2010**	**12-31-2011**	**12-31-2010**	**12-31-2011**	**12-31-2010**
Intangible assets	392,725	293,461	158,618	111,949	220,930	175,890	12,899	1,694	278	3,928
Property, plant and equipment	507,760	449,594	277,849	206,615	218,711	211,584	2,727	3,214	8,473	28,181
Investment property	31,922	31,252	30,698	28,960	1	1	11,973	12,031	(10,750)	(9,740)
Financial assets	56,134	134,782	941	8,644	4,546	5,789	50,525	120,131	122	218
Investments in associates	2,740	3,097	45,702	42,037	31,776	31	1,293,192	1,173,429	(1,367,930)	(1,212,400)
Deferred tax assets	55,582	64,154	17,811	11,758	24,169	32,721	15,287	16,829	(1,685)	2,846
Goodwill	818,205	767,211	308,133	246,909	509,944	508,554	0	0	128	11,748
Other non-current assets	0	0	0	0	0	0	0	0	0	0
Receivable from Group companies	0	0	83,331	42,663	174,112	126,714	158,281	15,744	(415,724)	(185,121)
Other current assets	845,540	1,141,479	455,847	352,797	332,458	323,367	41,742	439,238	15,493	26,077
	2,710,608	**2,885,030**	**1,378,930**	**1,052,332**	**1,516,647**	**1,384,651**	**1,586,626**	**1,782,310**	**(1,771,595)**	**(1,334,263)**
Assets classified as held for sale	0	0							0	0
Total assets	**2,710,608**	**2,885,030**							**(1,771,595)**	**(1,334,263)**
Total equity	1,588,460	1,607,446	853,187	655,000	998,025	1,017,013	1,075,236	1,098,857	(1,337,988)	(1,163,424)
Deferred income	4,716	5,866	4,519	1,684	0	0	0	0	197	4,182
Provisions for pensions and obligations	40,948	32,230	18,522	12,602	21,077	18,422	1,252	854	97	352
Other provisions	49,067	87,591	3,770	3,521	7,874	9,236	37,369	74,061	54	773
Non-current and current financial liabilities	489,151	573,472	124,554	167,589	74,108	27,725	290,006	365,379	483	12,779
Other non-financial accounts payable	38	66	38	41	0	0	0	0	0	25
Deferred tax liabilities	201,918	193,755	76,848	54,816	87,603	82,219	37,487	56,740	(20)	(20)
Payable to Group companies	0	0	163,877	24,135	145,160	6,912	131,427	168,667	(440,464)	(199,714)
Other current liabilities	336,310	384,604	133,615	132,944	182,800	223,124	13,849	17,752	6,046	10,784
	2,710,608	**2,885,030**	**1,378,930**	**1,052,332**	**1,516,647**	**1,384,651**	**1,586,626**	**1,782,310**	**(1,771,595)**	**(1,334,263)**
Liabilities associated with assets classified as held for sale	0	0							0	0
Total equity and liabilities	**2,710,608**	**2,885,030**							**(1,771,595)**	**(1,334,263)**
Investments in the year	68,889	67,897	27,582	29,032	40,685	34,950	481	3,336		
Capital employed	1,007,686	995,309	629,136	506,347	456,827	442,061	18,599	27,666		
ROCE	22,2	21,3	18,8	19,6	26,1	30,3	–	–		
Gearing	24,6%	1,1%								
Average headcount for the year	4,920	4,850								
Stock market data:										
Number of shares (in thousands)	153,865	153,865								
Market capitalisation at year-end	2,208	2,436	Millions of euros							
Earnings per share	0.99	2.53								
Dividend per share	0.87	0.7								
Underlying carrying amount per share	10.32	10.35								

INFORMATION ON BUSINESS SEGMENTS - CONTINUING OPERATIONS

EBRO FOODS GROUP (In thousands of euros)	Total Consolidated figures		Rice business		Pasta business		EF Holding company		Other businesses and consolidation adjustments	
INCOME STATEMENT	**12-31-2011**	**12-31-2010**	**12-31-2011**	**12-31-2010**	**12-31-2011**	**12-31-2010**	**12-31-2011**	**12-31-2010**	**12-31-2011**	**12-31-2010**
External revenue	1,804,111	1,688,957	868,276	766,505	911,166	898,803	800	1,098	23,869	22,551
Net inter-segment revenue		0	52,483	45,053	17,131	17,298	4,019	3,486	(73,633)	(65,837)
Total revenue	**1,804,111**	**1,688,957**	**920,759**	**811,558**	**928,297**	**916,101**	**4,819**	**4,584**	**(49,764)**	**(43,286)**
Changes in inventories	23,375	(5,944)	20,156	(4,354)	3,078	(1,971)	0	0	141	381
In-house work on non-current assets	1,100	959	4	18	1,096	941	0	0	0	0
Other operating income	35,011	31,832	6,864	23,333	6,425	7,926	23,443	521,184	(1,721)	(520,611)
Materials used and other expenses	(985,611)	(828,338)	(561,846)	(445,948)	(477,481)	(430,890)	0	0	53,716	48,500
Staff costs	(234,971)	(238,680)	(97,337)	(92,687)	(124,182)	(131,165)	(10,496)	(11,574)	(2,956)	(3,254)
Depreciation and amortisation charge	(49,084)	(55,906)	(22,255)	(28,251)	(25,393)	(26,749)	(1,252)	(709)	(184)	(197)
Other operating expenses	(374,857)	(392,857)	(163,335)	(164,172)	(204,042)	(220,471)	(25,670)	(50,308)	18,190	42,094
Profit/Loss from operations	**219,074**	**200,023**	**103,010**	**99,497**	**107,798**	**113,722**	**(9,156)**	**463,177**	**17,422**	**(476,373)**
Finance income	26,382	21,657	11,552	15,158	3,865	1,778	154,147	17,923	(143,182)	(13,202)
Finance costs	(24,342)	(30,759)	(16,312)	(14,995)	(4,477)	(4,944)	(5,856)	(47,375)	2,303	36,555
Impairment of goodwill	(176)	(177)	(176)	(177)	0	0	0	0	0	0
Share of results of associates	1,455	1,760	4,483	1,752	0	0	0	0	(3,028)	8
Consolidated profit/loss before tax	**222,393**	**192,504**	**102,557**	**101,235**	**107,186**	**110,556**	**139,135**	**433,725**	**(126,485)**	**(453,012)**

7. Discontinued operations

On 13 January 2011, the Board of Directors of Ebro Foods, S.A. resolved to sell to Grupo Lactalis Iberia, S.A. 17,252,157 shares representing 29.9% of the share capital of Biosearch, S.A. As a result of this sale, the Parent no longer participates in the managing bodies of Biosearch, S.A., which ceased to be considered a group company investment and was recognised as an available-for-sale financial asset (see Notes 5 and 12).

For the purposes of comparison and consistency of the 2011 income statement with the same period in 2010, the income and expenses of Biosearch, S.A. for 2010 were reclassified and presented in the accompanying consolidated income statement as net profit or loss from discontinued operations, the impact of which is summarised as follows:

INCOME AND EXPENSE FROM DISCONTINUED OPERATIONS		2010	
(Thousands of euros)	Biosearch	Dairy product business	Sugar business
	12 months	8 months	Various
Income (revenue)	13,066	292,002	
Changes in inventories	1,042	(955)	
Capitalised expenses of in-house work on non-current assets	0	948	
Other operating income	2,576	3,746	
	16,684	295,741	0
Materials used and other expenses	(3,100)	(167,791)	
Staff costs	(5,163)	(31,907)	
Depreciation and amortisation charge	(2,723)	(9,555)	
Outside services	(4,151)	(51,867)	
Other operating expenses	(533)	(7,259)	
	(15,670)	(268,379)	0
Profit from operations	**1,014**	**27,362**	**0**
Net finance costs	(156)	909	
Financial profit	**(156)**	**909**	**0**
Impairment of goodwill		(5)	
Consolidated profit before tax	**858**	**28,266**	**0**
Income tax	(413)	(5,295)	
Consolidated profit	**445**	**22,971**	**0**
Gain on the sale of the business before income tax		405,257	(7,999)
Decrease in profit due to guarantees provided to the buyer in connection with the outcome of outstanding litigation relating to the business (provision) - see Note 19		(28,231)	(13,064)
Income tax on the gain on the sale		(119,051)	(358)
	445	**280,946**	**(21,421)**
Total net profit from discontinued operations		**259,970**	

The dairy product business column relates to the income and expenses of the first eight months of 2010 of the dairy product business until it was sold in September 2010, and, consequently, in that period in 2010 it was still recognised as a discontinued operation.

The sugar business column relates to certain income and expenses that arose in 2010 as a result of events that took place during that year which affected the sale of the sugar business in 2009.

8. Other income and expenses

8.1 Other operating income

	2011	2010
Government grants (related to income and to assets)	1,964	565
Income due to CO_2 emission allowances	88	149
Other current operating income	8,137	7,814
Gains on non-current asset disposals	2,927	15,376
Gains on disposals of investment property	0	227
Gains on disposals of equity investments	33	0
Income from reversals of impairment losses on non-current assets	0	2,424
Other income	21,862	5,277
Income from litigation (and/or provisions reserved)	3,543	3,123
Reversal of the provision for guarantees relating to the sale of the sugar business	17,638	0
Other minor items of income	681	2,154
	35,011	31,832

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

- Gains of EUR 2,927 thousand on the sale of property, plant and equipment and the sale of CO_2 emission allowances.
- Indemnities received amounting to EUR 2,501 thousand from the resolution of litigation proceedings.
- Reversal of provisions for litigation and disputes for which favourable decisions were handed down, amounting to EUR 18,680 thousand, the most significant of which related to guarantees provided at the time for the sale of the sugar business (see Note 21).
- The remaining operating income related to grants and other more minor amounts of current operating income.

"Other Operating Income" in 2010 included the following non-recurring items:

- Gains of EUR 15,376 thousand on the sale of property, plant and equipment.
- Indemnities received amounting to EUR 3,123 thousand from a dispute concluded by an out-of-court settlement.
- The remaining operating income related to grants, income from CO_2 emission allowances and other current operating income.

8.2 Other operating expenses

	2011	2010
External expenses and outside services	(264,490)	(267,112)
Advertising expenditure	(69,454)	(80,444)
Research and development expenditure	(2,099)	(1,855)
Expenses relating to CO_2 emission allowances	(88)	(149)
Taxes other than income tax	(8,956)	(8,569)
Losses on disposals of non-current assets and impairment losses	(12,422)	(11,070)
Other expenses and provisions recognised	(17,348)	(23,658)
Provision for litigation and disputes	(1,178)	(4,594)
Industrial restructuring costs	(9,832)	(15,745)
Expenses relating to acquisitions of new businesses and investments	(4,157)	0
Other more minor expense items	(2,181)	(3,319)
	(374,857)	(392,857)

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

- Losses and expenses of EUR 5,654 thousand arising from the sale of one of the pasta plants in Germany, which included restructuring costs of staff from other German production centres.

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

"Other Operating Expenses" in 2010 included the following non-recurring items:

- Losses of EUR 1,009 thousand on the derecognition or disposal of various items of industrial equipment and fixtures.
- Recognition of an impairment loss of EUR 8,270 thousand on property, plant and equipment, the most significant portion of which, amounting to EUR 6,326 thousand, was recognised due to the forecast closure of the Houston (US) plant in the second half of 2010.
- Period provision of EUR 4,594 thousand for certain legal proceedings in process.
- Expenses of EUR 15,745 thousand arising from various industrial restructuring processes, the most significant portion of which, amounting to EUR 11,023 thousand, related to the pasta business.

8.3 Finance costs and finance income

	2011	2010
Finance costs		
On debts to third parties	(9,093)	(11,456)
On financial adjustment of provisions for litigation	(1,541)	(1,591)
On financial cost of pensiones and similar obligations	(2,040)	(917)
Losses on derecognition or disposal of financial assets and liabilities	(67)	0
Provisions for impairment of financial assets	(1,452)	(1,886)
Expenses and losses relating to derivatives and financial instruments	(1,767)	(829)
Exchange losses	(8,382)	(14,080)
	(24,342)	**(30,759)**
Finance income		
On investments with third partiess	10,283	7,775
On financial income from pensions and similar obligations	1,358	25
Gains on derecognition or disposal of financial assets and liabilities	3,742	12
Reserved impairment losses on financial assets	315	907
Gains on derivatives and financial instruments	1,933	982
Exchange gains	8,751	11,956
	26,382	**21,657**
Net financial profit/loss	**2,040**	**(9,102)**

8.4 Staff costs

	2011	2010
Wages and salaries	(179,346)	(184,605)
Other employee benefit costs	(17,196)	(16,204)
Social security and similar costs	(32,963)	(31,717)
Termination benefits	(257)	(23)
Post-employment benefit and similar costs	(5,091)	(6,131)
	(234,971)	**(238,680)**

The detail of the average number of employees in 2011 and 2010 and of the 2011 and 2010 year-end headcounts at the Group companies (taking into account the changes in the scope of consolidation during the year) is as follows:

Average Headcount

AVERAGE NUMBER 2011

	Men		Women		Total
	Permanent	Temporary	Permanent	Temporary	
Executives	107	0	36	0	143
Mid-management	355	13	126	17	511
Clerical staff	206	15	325	33	579
Assistants	518	183	168	50	919
Sales personnel	132	6	50	2	190
Other staff	1,530	584	345	119	2,578
Total	2,848	801	1,050	221	4,920

AVERAGE NUMBER 2010

	Men		Women		Total
	Permanent	Temporary	Permanent	Temporary	
Executives	127	1	52	0	180
Mid-management	412	5	149	15	581
Clerical staff	183	16	313	25	537
Assistants	88	7	34	8	137
Sales personnel	146	4	62	2	214
Other staff	2,010	705	498	122	3,335
Total	2,966	738	1,108	172	4,984
Exclusion of Biosearch, S.A.	(78)	(9)	(41)	(6)	(134)
Total	2,888	729	1,067	166	4,850

Final Headcount

YEAR-END HEADCOUNT 2011

	Men		Women		Total
	Permanent	Temporary	Permanent	Temporary	
Executives	108	0	37	0	145
Mid-management	355	13	128	16	512
Clerical staff	209	15	347	36	607
Assistants	473	257	131	86	947
Sales personnel	133	5	52	1	191
Other staff	1,568	403	349	100	2,420
Total	2,846	693	1,044	239	4,822

YEAR-END HEADCOUNT 2010

	Men		Women		
	Permanent	Temporary	Permanent	Temporary	Total
Executives	125	1	52	0	178
Mid-management	407	8	151	20	586
Clerical staff	187	15	315	30	547
Assistants	91	6	34	9	140
Sales personnel	132	5	57	2	196
Other staff	1,931	489	444	81	2,945
Total	2,873	524	1,053	142	4,592
Exclusion of Biosearch, S.A.	(72)	(8)	(33)	(6)	(119)
Total	2,801	516	1,020	136	4,473

9. Intangible assets

The detail of the consolidated Group's intangible assets at 31 December 2011 and 2010, of the related accumulated amortisation and impairment losses and of the changes therein each year is as follows (in thousands of euros):

NET VALUES

	Development expenditure	Trademarks and patents	Computer software	CO_2 and other allowances	Intangibles in progress	Total
Balance at 31 December 2009	4,192	279,357	8,481	2,555	937	295,522
Balance at 31 December 2010	15	280,209	7,625	558	5,054	293,461
Balance at 31 December 2011	11	335,970	5,999	1,415	49,330	392,725

GROSS VALUES

	Development expenditure	Trademarks and patents	Computer software	CO_2 and other allowances	Intangibles in progress	Total
Balance at 31 December 2009	**10,414**	**289,931**	**32,130**	**2,578**	**937**	**335,990**
Business combinations						0
Sales (disposals) of businesses	(9,210)	(9,348)	(10,331)	(1,632)	(772)	(31,293)
Increases in 2010	1	197	3,294	2,304	4,871	10,667
Decreases in 2010	(216)	(27)	(4)	(2,663)		(2,910)
Translation differences		12,328	816		18	13,162
Assets classified as held for sale						0
Transfers	(34)	3	(4)			(35)
Balance at 31 December 2010	**955**	**293,084**	**25,901**	**587**	**5,054**	**325,581**
Business combinations		52,834	160		38,645	91,639
Sales (disposals) of businesses	(681)	(4,952)	(157)			(5,790)
Increases in 2010		12	1,437	2,225	5,624	9,298
Decreases in 2010	(78)	(220)	(339)	(1,436)		(2,073)
Translation differences		6,371	471	75	7	6,924
Assets classified as held for sale						0
Transfers						0
Balance at 31 December 2011	**196**	**347,129**	**27,473**	**1,451**	**49,330**	**425,579**

ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES

	Development expenditure	Trademarks and patents	Computer software	CO_2 and other allowances	Intangibles in progress	Total
Balance at 31 December 2009	**(6,222)**	**(10,574)**	**(23,649)**	**(23)**	**0**	**(40,468)**
Business combinations						0
Sales (disposals) of businesses	5,983	178	9,207			15,368
Increases in 2010	(951)	(2,275)	(3,637)	(6)		(6,869)
Decreases in 2010	216	25	13			254
Translation differences		4	(444)			(440)
Assets classified as held for sale						0
Transfers	34	(233)	234			35
Balance at 31 December 2010	**(940)**	**(12,875)**	**(18,276)**	**(29)**	**0**	**(32,120)**
Business combinations			(122)			(122)
Sales (disposals) of businesses	683	1,508	97			2,288
Increases in 2010	(6)	(29)	(3,086)	(7)		(3,128)
Decreases in 2010	78	220	338			636
Translation differences		17	(425)			(408)
Assets classified as held for sale						0
Transfers						0
Balance at 31 December 2011	**(185)**	**(11,159)**	**(21,474)**	**(36)**	**0**	**(32,854)**

The trademarks and patents included in intangible assets were acquired directly or through business combinations. Substantially all these intangible assets were regarded as having an indefinite useful life and they were measured using the cost model. In 2011 and 2010 the most significant of these assets were tested for impairment (by independent valuers –American Appraisal–) and the following carrying amounts were allocated to the following cash-generating units:

- EUR 13,293 thousand (2010: EUR 13,293 thousand) of the carrying amount of the trademarks were allocated to the Herba Germany cash-generating unit of the Herba rice business segment.
- EUR 93,885 thousand (2010: EUR 90,909 thousand) of the carrying amount of the trademarks were allocated to the cash-generating unit of the US Riviana rice business segment.
- EUR 83,195 thousand (2010: EUR 83,182 thousand) of the carrying amount of the trademarks were allocated to the cash-generating unit of the French Panzani pasta business segment.
- EUR 73,524 thousand (2010: EUR 71,460 thousand) of the carrying amount of the trademarks were allocated to the cash-generating unit of the US NWP pasta business segment.
- EUR 13,409 thousand (2010: EUR 13,409 thousand) of the carrying amount of the trademarks were allocated to the cash-generating unit of the European Birkel pasta business segment.
- EUR 0 thousand (2010: EUR 3,752 thousand) of the carrying amount of the trademarks and other similar intangible assets were allocated to the Biosearch, S.A. cash-generating unit derecognised in 2011.
- EUR 4,000 thousand (2010: EUR 4,000 thousand) of the carrying amount of the trademarks were allocated to the Risella (Finland) cash-generating unit as part of the Herba rice business segment.
- EUR 39,723 thousand of the carrying amount of the trademarks in the acquisition in 2011 of the SOS Group's European rice business, as part of the Herba rice business segment.
- EUR 14,451 thousand of the carrying amount of the trademarks in the acquisition in 2011 of the SOS Group's US rice business, as part of the US Riviana rice business segment.

The recoverable amount of these trademarks, or of the cash-generating units to which they belong, was determined on the basis of their value in use, using cash flow projections based on five-year budgets. The discount rates used in the cash flow projections of these assets range from 6.4% in the US, Canada and German markets, to 7.7% in the French market, 8.5% in the Spanish market and 14% for Portugal, depending on the geographical area in which the trademark or cash-generating unit is located, and the cash flows for periods beyond the five-year period are extrapolated using a growth rate equal to the average long-term growth rate of the unit in question, which is usually between 0.0% and 2% depending on the business concerned.

As regards the assumptions used in calculating the value in use of these trademarks, it is considered that in no case would any reasonable, possible change in any of the assumptions used increase the carrying amount of these trademarks to above their recoverable amount. Accordingly, even if the discount rates used were to increase by 2% no material impairment losses would arise, and this would also apply in the event that the growth rates were to vary by 2%.

Changes in the year

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

- Increase of EUR 91,517 thousand relating to the business combinations in 2011 (see Note 5.3).
- Increase of EUR 9,298 thousand relating to new intangible assets, mostly the acquisition of computer hardware and software, and, to a lesser extent, CO_2 allowances.
- Increase of EUR 6,515 thousand relating to translation differences.
- Decrease relating to the amortisation charge for the year and impairment losses of EUR 3,118 thousand and EUR 10 thousand, respectively.
- Decrease of EUR 3,502 thousand due to the exclusion from the scope of consolidation of Biosearch, S.A.

In 2011 CO_2 emission allowances amounting to EUR 1,437 thousand were derecognised and there were other non-material additions and reductions.

The charges and, where applicable, credits relating to these non-current assets amounted to EUR 3,118 thousand and EUR 10 thousand, respectively in 2011 and EUR 0 thousand of losses for the disposal of these assets (2010: EUR 5,077 thousand, EUR 1,792 thousand, and EUR 0, respectively).

It should be taken into account that EUR 2,086 thousand of the aforementioned amortisation charge for 2010 should be deducted in relation to the assets of the dairy product business and of Biosearch, S.A., whose income and expense were reclassified to discontinued operations (see Note 7).

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

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

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

Lastly, as indicated in Note 5.3, in September 2011 the Spanish National Competition Commission approved the acquisition of the SOS rice business in Spain, subject to the obligation that Ebro Foods, S.A. licence or transfer the Nomen as well as the La Parrilla, La Cazuela, Pavo Real and Nobleza trademarks. This obligation is currently being performed and documented.

10. Property, plant and equipment

The detail of the consolidated Group's property, plant and equipment at 31 December 2011 and 2010, of the related accumulated depreciation and impairment losses and of the changes therein each year is as follows (in thousands of euros):

NET VALUES

	Land	Buildings	Plant and machinery	Other fixtures, tools and furniture	Other plant and equipment	In the course of construction	Total
Balance at 31 December 2009	75,411	141,442	275,630	17,386	7,688	27,172	544,729
Balance at 31 December 2010	67,748	126,319	223,695	13,096	4,184	14,552	449,594
Balance at 31 December 2011	70,983	146,592	258,277	13,207	4,166	14,535	507,760

GROSS VALUES

	Land	Buildings	Plant and machinery	Other fixtures, tools and furniture	Other plant and equipment	In the course of construction	Total
Balance at 31 December 2009	**75,411**	**256,610**	**746,729**	**48,166**	**21,915**	**37,709**	**1,186,540**
Business combinations							0
Sales (disposals) of businesses	(8,902)	(42,425)	(163,439)	(10,707)	(11,023)	(903)	(237,399)
Increases in 2010	854	9,782	64,928	1,591	2,151	(13,059)	66,247
Decreases in 2010	(62)	(1,089)	(21,357)	(342)	(1,008)		(23,858)
Translation differences	1,858	5,104	10,541	129	235	1,419	19,286
Assets classified as held for sale							0
Transfers	(1,411)	1,847	(1,066)	(35)	(476)		(1,141)
Balance at 31 December 2010	**67,748**	**229,829**	**636,336**	**38,802**	**11,794**	**25,166**	**1,009,675**
Business combinations	5,109	24,232	37,211	3,726	533	386	71,197
Sales (disposals) of businesses	(333)	(2,858)	(14,246)	(6,091)	(164)	(3,058)	(26,750)
Increases in 2011	406	6,565	50,040	1,456	642	2,698	61,807
Decreases in 2011	(448)	(2,433)	(21,831)	(592)	(167)		(25,471)
Translation differences	471	3,154	7,869	66	9	(82)	11,487
Assets classified as held for sale							0
Transfers	(1,970)	(6,204)	(16,963)	22	(24)		(25,139)
Balance at 31 December 2011	**70,983**	**252,285**	**678,416**	**37,389**	**12,623**	**25,110**	**1,076,806**

ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES

	Land	Buildings	Plant and machinery	Other fixtures, tools and furniture	Other plant and equipment	In the course of construction	Total
Balance at 31 December 2009	**0**	**(115,168)**	**(471,099)**	**(30,780)**	**(14,227)**	**(10,537)**	**(641,811)**
Business combinations							0
Sales (disposals) of businesses		24,740	99,737	8,197	6,895		139,569
Increases in 2010		(14,755)	(56,257)	(3,512)	(1,570)	(77)	(76,171)
Decreases in 2010		2,534	18,437	323	1,069		22,363
Translation differences		(739)	(4,867)	(112)	(38)		(5,756)
Assets classified as held for sale							0
Transfers		(122)	1,408	178	261		1,725
Balance at 31 December 2010	**0**	**(103,510)**	**(412,641)**	**(25,706)**	**(7,610)**	**(10,614)**	**(560,081)**
Business combinations		(1,077)	(3,283)	(444)	(81)		(4,885)
Sales (disposals) of businesses		889	4,395	3,768	77		9,129
Increases in 2011		(9,889)	(38,284)	(2,661)	(936)		(51,770)
Decreases in 2011		1,255	15,311	925	132	39	17,662
Translation differences		(34)	(2,572)	(64)	(14)		(2,684)
Assets classified as held for sale							0
Transfers		6,673	16,935		(25)		23,583
Balance at 31 December 2011	**0**	**(105,693)**	**(420,139)**	**(24,182)**	**(8,457)**	**(10,575)**	**(569,046)**

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

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

In relation to certain investments made by various Group companies in 2011 and prior years, grants were obtained from public agencies, the amounts of which are indicated in Note 19.

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

Changes in 2011

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

- Increase of EUR 66,312 thousand relating to the business combinations in 2011 (see Note 5.3).
- Increase in translation differences of EUR 8,803 thousand.
- Increase of EUR 61,807 thousand due to the investments in 2011. These relate basically to the new plant of the rice business in the US and the technical improvements and new fixtures at the Panzani, NWP and Herba pasta plants.
- Decrease due to the depreciation charge for the year of EUR 45,947 thousand.
- Decrease due to the impairment losses recognised in the year amounting to EUR 5,814 thousand (see Note 8.2).
- Decrease of EUR 17,621 thousand due to the exclusion from the scope of consolidation of Biosearch, S.A.
- In 2011 the net disposals amounted to EUR 7,809 thousand.
- Decrease due to transfers to investment property for a net amount of EUR 1,556 thousand.

The depreciation charges and/or impairment losses relating to these items of property, plant and equipment amounted to EUR 45,947 thousand and EUR 5,814 thousand, respectively in 2011 (2010: EUR 63,061 thousand and EUR 13,110 thousand, respectively).

It should be taken into account that in 2010 EUR 10,155 thousand and EUR 4,840 thousand, respectively, should be deducted from the aforementioned depreciation charge and impairment losses, respectively, in relation to the assets of the dairy product business and Biosearch, S.A. the income and expenses of which were reclassified to discontinued operations (see Note 7).

Changes in 2010

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

- Increase of EUR 13,530 thousand due to translation differences.

- Increase of EUR 66,247 thousand due to the investments in 2010. These relate basically to the new plant of the rice business in the US and the technical improvements and new fixtures at the Panzani and NWP pasta plants.
- Decrease due to the depreciation charge for the year of EUR 63,061 thousand.
- Decrease due to the impairment losses recognised in the year amounting to EUR 13,110 thousand, of which EUR 4,840 thousand related to the dairy product business sold in 2010 and the remaining EUR 8,270 thousand to the other continuing businesses (see Note 8.2).
- Decrease of EUR 97,830 thousand due to the sale of the dairy product business.
- In 2010 net disposals amounted to EUR 3,919 and provisions amounting to EUR 2,424 thousand, which were finally not needed, were reversed.

Also, in relation to the sale or disposal of property, plant and equipment in 2011, in some cases, there were losses of EUR 6,608 thousand and, in other cases, there were gains of EUR 1,827 thousand on the sale of these assets (2010: EUR 1,220 thousand and EUR 15,376 thousand, respectively).

Of the impairment losses recognised in 2011 on property, plant and equipment, the most significant amounting to EUR 5,114 thousand, related to the Egyptian rice plant. Practically all the impairment losses on the industrial assets at the Egyptian plant relate to the machinery and/or other industrial equipment. At 2011 year-end the recoverable amount of the assets at the Egyptian plant, measured as the higher of value in use and realisable value, was determined as being lower than the carrying amount basically due to the low volume of its industrial activity.

Of the impairment losses recognised in 2010 on property, plant and equipment, the most significant, amounting to EUR 6,326 thousand, related to the closure of the Houston plant (US) in 2010. In 2011 the real estate of this asset was transferred to "Investment Property" at its carrying amount of EUR 1,452 thousand, which was the land value.

11. Investment property

The detail of the consolidated Group's investment property at 31 December 2011 and 2010, of the related accumulated depreciation and impairment losses and of the changes therein each year is as follows (in thousands of euros):

NET VALUES

	Land	Buildings	Total
Balance at 31 December 2009	18,595	13,557	32,152
Balance at 31 December 2010	19,710	11,542	31,252
Balance at 31 December 2011	21,160	10,762	31,922

	Gross values			Accumulated depreciation and impairment losses		
	Land	Buildings	Total	Land	Buildings	Total
Balance at 31 December 2009	**19,153**	**19,901**	**39,054**	**(558)**	**(6,344)**	**(6,902)**
Business combinations			0			0
Sales (disposals) of businesses	(28)	(1,104)	(1,132)		811	811
Increases in 2010	1,008	150	1,158		(46)	(46)
Decreases in 2010	(1,299)	(146)	(1,445)	421	42	463
Translation differences	(1)	23	22		(4)	(4)
Transfers	1,461	(2,903)	(1,442)	(447)	1,162	715
Balance at 31 December 2010	**20,294**	**15,921**	**36,215**	**(584)**	**(4,379)**	**(4,963)**
Business combinations			0			0
Sales (disposals) of businesses	(122)	(1,172)	(1,294)		284	284
Increases in 2010	9		9		(19)	(19)
Decreases in 2010	(6)		(6)			0
Translation differences	116	24	140			0
Transfers	1,453	207	1,660		(104)	(104)
Balance at 31 December 2011	**21,744**	**14,980**	**36,724**	**(584)**	**(4,218)**	**(4,802)**

The depreciation charge for 2011 amounted to EUR 19 thousand (2010: EUR 46 thousand) and impairment losses amounting to EUR 0 thousand (2009: EUR 0 thousand) were recognised.

It should be taken into account that EUR 37 thousand of the aforementioned depreciation charge for 2010 should be deducted in relation to the assets of the dairy product business and of Biosearch, S.A., whose income and expense were reclassified to discontinued operations (see Note 7).

The most significant changes in 2011 related to the decrease of EUR 1,010 thousand for the exclusion from the scope of consolidation of Biosearch, S.A. and to the increase for the transfer of property, plant and equipment amounting to EUR 1,556 thousand (see Note 10).

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

There are no restrictions on the realisation of the investment property, on the collection of the income therefrom or on the funds obtained from its sale or disposal by other means.

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

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

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

For information purposes, the fair value of the investment property is approximately EUR 104 million at 31 December 2011 (31 December 2010: EUR 101 million).

12. Financial assets

The detail of "Financial Assets" in the consolidated balance sheets at 31 December 2011 and 2010 is as follows (in thousands of euros):

	12-31-2011			12-31-2010		
	Total	Non-current	Current	Total	Non-current	Current
Held-for-trading financial assets	493	401	92	498	424	74
Available-for-sale financial assets	45,428	45,428	0	99,331	99,331	0
Held-to-maturity investments:						
Deposits and guarantees	1,113	1,083	30	1,169	1,144	25
Loans and receivables:						
Associates	0	0	0	0	0	0
Third parties	9,100	5,015	4,085	33,784	11,025	22,759
	9,100	5,015	4,085	33,784	11,025	22,759
Total financial assets	56,134	51,927	4,207	134,782	111,924	22,858

Financial assets amounting to EUR 113 thousand were derecognised as a result of the exclusion from the scope of consolidation of Biosearch, S.A. in 2011.

Available-for-sale financial assets

- "Available-For-Sale-Financial Assets" relate to the investment in Deoleo, S.A. (formerly, SOS Corporación, S.A.) in December 2010 through the subscription of 95,510,218 shares of the capital increase performed by the aforementioned company at a cost of EUR 0.5 per share, representing 9.3% of the share capital of Deoleo, S.A. This financial asset is recognised at fair value through equity, until it is derecognised or becomes impaired, at which time the amount thus recognised is allocated to the income statement.

  At 31 December 2011, the fair value per the market price of this investment was EUR 41,069 thousand (31 December 2010: fair value of EUR 99,331 thousand), equivalent to EUR 0.43 per share, and, therefore, a net loss of EUR 40,784 thousand was recognised directly in equity (a gross loss of EUR 58,262 thousand less EUR 17,478 thousand of its tax effect).

- "Available-For-Sale-Financial Assets" also includes the remaining investment in Biosearch, S.A. (see Note 5). Following the sale in January 2011 of 29.9% of Biosearch, S.A., Ebro Foods, S.A. held 12,117,806 shares, of which 1,355,557 shares had been sold at 31 December 2011, leaving a remainder at that date of 10,762,249 shares representing 18.65% of the share capital of Biosearch, S.A. This financial asset is recognised at fair value through equity, until it is derecognised or becomes impaired, at which time the amount thus recognised is allocated to the income statement.

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

Loans and receivables - third parties

The decrease in the balance of "Loans and Receivables - Third Parties" at 31 December 2011 with respect to 31 December 2010 is due to the amounts received under the repayment schedule and the settlement of certain balances. The balance of "Loans and Receivables - Third Parties" at 31 December 2011 and 2010 included mainly the following:

- EUR 6,893 thousand in 2011 (2010: EUR 4,663 thousand) relating to the deferred portion of the selling price in 2009 of the Alagón land, earning implicit interest at 2.5%.
- EUR 2,796 thousand in 2011 (2010: EUR 3,486 thousand) relating to the deferred portion of the selling price in 2009 of the business of the French subsidiary GMM, earning implicit interest at 2.5%.

The following balances also existed in 2010 but were settled in 2011: EUR 7,655 thousand relating to the deferred portion of the selling price in 2009 of the investment in Biocarburantes de Castilla y León, S.A., and EUR 13,760 thousand relating to the deferred portion of the selling price in 2009 of the sugar business.

Of the total balance of this line item in 2011, EUR 8,469 thousand (2010: EUR 33,264 thousand) were denominated in euros and EUR 631 thousand (2010: EUR 520 thousand) were denominated in US dollars.

In relation to the aforementioned non-current receivables, the following amounts fall due each year from 2013 onwards: EUR 4,097 thousand and EUR 287 thousand, with the remaining EUR 631 thousand falling due from 2015 onwards.

13. Investments in associates

The changes in 2011 and 2010 were as follows (in thousands of euros):

ASSOCIATE	Balance at 12-31-10	Increase in investments	Decrease due to sales	Dividends paid	Profit for the year	Translation differences	Other changes	Balance at 12-31-11
Asociadas de Riviana Foods Inc.	3.095			(1.878)	1.455	68		2.740
Asociadas Panzani en liquidación	2						(2)	0
	3.097	0	0	(1.878)	1.455	68	(2)	2.740

ASSOCIATE	Balance at 12-31-10	Increase in investments	Decrease due to sales	Dividends paid	Profit for the year	Translation differences	Other changes	Balance at 12-31-11
Lince Insurance, Ltd.	3.417				8		(3.425)	0
Asociadas de Riviana Foods Inc.	2.978			(1.870)	1.752	235		3.095
Asociadas Panzani en liquidación	391						(389)	2
	6.786	0	0	(1.870)	1.760	235	(3.814)	3.097

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

14. Goodwill

The changes in 2011 and 2010 in "Goodwill" were as follows (in thousands of euros):

SEGMENT	Business generating unit or groups	12-31-2010	Increases	Decreases and others	Impairment loss	Translation differences	12-31-2011
Herba rice	Danrice (Denmark)	14,524					14,524
Herba rice	Vogan (UK)	1,225				38	1,263
Herba rice	Riceland (Hungary)	2,126					2,126
Herba rice	Steve & Brotherton (UK)	611				7	618
Herba rice	Mundiriz (Morocco)	1,769			(176)		1,593
Herba rice	Suntra Group (Belgium)	0	11,205			(48)	11,157
Herba rice	SOS business Spain	0	28,390				28,390
Riviana US	Riviana Group (US)	89,033				2,915	91,948
Riviana US	Minute Rice (US)	137,620				4,505	142,125
Riviana US	ARI Group (US)	0	12,633			1,755	14,388
Panzani France	Panzani Group	417,449					417,449
US pasta	NWP Group	91,105				1,390	92,495
Remainder	Jiloca, S.A.	129					129
Remainder	P. Biotech Group	11,620		(11,620)			0
		767,211	52,228	(11,620)	(176)	10,562	818,205
Total gross value		810,681	52,228	(23,620)		10,562	849,851
Total cumulative impairment		(43,470)		12,000	(176)		(31,646)

SEGMENT	Business generating unit or groups	12-31-2009	Increases	Decreases and others	Impairment loss	Translation differences	12-31-2010
Herba rice	Danrice (Denmark)	14,524					14,524
Herba rice	Vogan (UK)	1,188				37	1,225
Herba rice	Riceland (Hungary)	2,126					2,126
Herba rice	Steve & Brotherton (UK)	611					611
Herba rice	Mundiriz (Morocco))	1,912			(177)	34	1,769
Dairy products	Puleva Food (FC merger)	53,747		(53,747)			0
Dairy products	Lactimilk, S.L.	429		(429)			0
Riviana US	Grupo Riviana (US)	82,585				6,448	89,033
Riviana US	Minute Rice	127,655				9,965	137,620
Panzani France	Panzani Group	417,449					417,449
US pasta	NWP Group	87,711				3,394	91,105
Remainder	Jiloca, S.A.	129					129
Remainder	P. Biotech Group	11,620					11,620
		801,686	0	(54,176)	(177)	19,878	767,211

Various business combinations took place in 2011. The most relevant data on these business combinations is included in Note 5. In January 2011 Biosearch, S.A. (see Notes 5 and 7) was excluded from the scope of consolidation giving rise to the derecognition of the associated net goodwill.

In 2010 there were no business combinations that gave rise to significant goodwill. The decreases in goodwill in the dairy product segment are a result of the sale of this business in 2010.

The goodwill arose from business combinations. On 31 December 2011 and 2010, these assets were tested for impairment (by independent valuers –American Appraisal–), and their value was allocated to the cash-generating units or groups of units shown in the preceding table.

The goodwill was tested for impairment calculating the value in use of each of the cash-generating units, by discounting the associated cash flows, generally projected over a period of five years, and the related residual value was calculated as the permanent income of the last cash flow projected using a perpetual growth rate.

The projected cash flows were calculated on the basis of historical information and the best estimates of the managers of each cash-generating unit. In addition, the fair value of the cash-generating units was calculated based on an analysis of comparable market transactions.

The growth rates used to extrapolate the cash flow projections beyond the projected period and the discount rates applied to the cash flow projections for the most significant cash-generating units were as follows at 31 December 2011:

- In the European rice and pasta businesses, average discount rates of 6.2% and growth rates between 1.8% and 2% were used except in Hungary where, as a result of its special characteristics, a discount rate of 13% and a growth rate of 3% were used.
- In the US rice and pasta businesses, discount rates of 5.4% and growth rates of between 0% and 2% were used.

The most significant assumptions used to measure each cash-generating unit at 31 December 2011 relate to the average growth of sales for each projected period, the annual rate of compound growth of EBITDA, the evolution of the number of days of working capital and average annual investments based on a percentage of projected EBITDA.

It was considered that no reasonable, possible change in any of the assumptions used in calculating the recoverable amount of the cash-generating unit to which the goodwill was allocated would cause its carrying amount to exceed its recoverable amount. Accordingly, even if the discount rates used were to increase by 2% no material impairment losses would arise, and this would also apply in the event that growth rates were to vary by 2%.

15. Inventories

The detail of "Inventories" at 31 December 2011 and 2010 is as follows (in thousands of euros):

CONCEPT	12-31-11	12-31-10
Goods held for resale	19,815	17,951
Raw material	124,723	92,378
Replacement parts and supplies	13,890	3,723
Containers	21,770	17,628
Work in progress	50,109	28,859
Finished goods	110,259	78,513
By-products and waste products	1,906	3,552
Advances to suppliers	21,577	22,587
Total gross inventories	**364,049**	**265,191**
Inventory write-downs	(3,422)	(4,753)
Total net inventories	**360,627**	**260,438**

At 2011 year-end the balance of "Advances to Suppliers" in the consolidated balance sheet included EUR 19,247 thousand (2010: EUR 18,258 thousand) relating to payments made to rice growers and there were firm paddy rice purchase agreements amounting to EUR 32,452 thousand (2010: EUR 32,242 thousand). Also, the Group in the US and France has raw material purchase commitments totalling approximately EUR 117,205 thousand (2010: EUR 70,490 thousand).

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

In 2011 the inventory write-downs recognised and reversed amounted to EUR 2,387 thousand and EUR 3,721 thousand (2010: EUR 4,515 thousand and EUR 2,517 thousand, respectively) and the translation losses to EUR 3 thousand (2010: EUR 51 thousand).

16. Trade and other receivables

The detail of "Trade and Other Receivables" at 31 December 2011 and 2010 is as follows (in thousands of euros):

CONCEPT	12-31-11	12-31-10
Customers	336,510	263,730
Sundry accounts receivable	10,964	21,904
Provision	(7,046)	(6,397)
Trade receivables of Biosearch, S.A. (derecognised in 2011)		3,739
Total	**340,428**	**282,976**

The terms and conditions applicable to the accounts receivable from related parties are disclosed in Note 27. The trade receivables are not interest earning and generally fall due at between 30 and 85 days. The detail of the age of the trade receivables at 31 December 2011 is as follows:

AGE OF DEBT	Gross	Provision	Net
Within 3 months	325,950	(1,989)	323,961
Between 3 to 6 months past due	5,567	(334)	5,233
Between 6 to 12 months past due	1,040	(348)	692
Between 12 to 18 months past due	509	(22)	487
Between 18 to 24 months past due	468	(171)	297
After 24 months	2,976	(2,867)	109
	336,510	**(5,731)**	**330,779**

In 2011 the provision recognised for trade and other receivables amounted to EUR 624 thousand (2010: EUR 924 thousand), the amounts used in this connection amounted to EUR 67 thousand (2010: EUR 2,653 thousand) and the related translation differences amounted to EUR 92 thousand (2010: EUR 167 thousand).

17. Cash and cash equivalents

The detail of "Cash and Cash Equivalents" at 31 December 2011 and 2010 is as follows (in thousands of euros):

CONCEPT	12-31-11	12-31-10
Cash on hand and at banks	74,325	216,830
Short-term bank deposits and cash equivalents	23,545	338,775
Cash of Biosearch, S.A. (derecognised in 2011)		102
Total	97,870	555,707

The cash at banks earns floating interest based on the daily interest rate for bank deposits. The maturities of the short-term deposits range from one day to three months depending on the Group's immediate liquidity needs; the deposits earn interest at the rates applied. The fair value of the cash and cash equivalents was EUR 97,870 thousand at 2011 year-end (2010 year-end: EUR 555,707 thousand).

During the year the companies invested their specific cash surpluses in debt repos and other similar instruments in order to obtain returns on them. All these investments are denominated in euros, except for an amount denominated in US dollars. In 2011 these investments earned annual average interest of around 2.6% (2010: 3.0%).

18. Share capital, reserves, earnings per share and dividends

18.1 Share capital and reserves

Share capital

At 31 December 2011 and 2010, the share capital was represented by 153,865,392 fully subscribed and paid bearer shares of EUR 0.60 par value each traded on the Spanish Stock Exchanges.

At 31 December 2011 and 2010, the direct and indirect ownership interests in the share capital of Ebro Foods, S.A. held by shareholders owning more than 3% of the capital, is as follows, according to the information furnished to the Spanish National Securities Market Commission (CNMV) and to Ebro Foods, S.A.:

- Instituto Hispánico del Arroz, S.A.: direct holder of 13,588,347 (2010: 13,588,347) shares representing 8.831% (2010: 8.831%) and indirect holder, through Hispafoods Invest, S.L., of 10,600,210 (2010: 10,600,210) shares representing 6.889% (2010: 6.889%). In total, holder of 24,188,557 (2010: 24,188,557) shares representing 15.721% (2010: 15.721%).
- Sociedad Anónima Damm: indirect holder, through Corporación Económica Damm, S.A., of 14,850,000 (2010: 14,350,000) shares representing 9.651% (2010: 9.326%).
- Sociedad Estatal de Participaciones Industriales: indirect holder, through Alimentos y Aceites, S.A., of 15,721,882 (2010: 13,315,016) shares representing 10.218% (2010: 8.654%).

- Corporación Financiera Alba, S.A.: indirect holder, through Alba Participaciones, S.A., of 12,498,830 (2010: 8,777,719) shares representing 8.123% (2010: 5.705%). It became a significant shareholder on 9 September 2010.
- Lolland, S.A.: indirect holder, through Casa Grande Cartagena, S.L., of 5,193,290 (2010: 9,707,778) shares representing 3.375% (2010: 6.309%).

Share premium

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

Restricted reserves

Also, Spanish companies that report a profit for the year must transfer 10% of that net profit to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed except in the event of dissolution but it can be used to offset losses, provided that sufficient other reserves are not available for this purpose, and to increase capital, provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. At 31 December 2011 and 2010, the Parent's legal reserve had reached the legally required minimum.

Noteworthy regarding the restrictions on the reserves of the subsidiaries is the existence of legal reserves of Spanish and certain foreign subsidiaries amounting to approximately EUR 17.6 million (2010: EUR 13.0 million), which are generally subject to the same restrictions as those described in the preceding paragraph on the Parent's legal reserve. The portion of these reserves that arose in the consolidation process is presented under "Retained Earnings".

The consolidated equity includes EUR 38,531 thousand in 2011 (2010: EUR 38,531 thousand) relating to Herba Foods S.L. Any distribution of these profits would be subject to income tax. In this connection, the tax point is considered to arise when the decision is taken to distribute the profits, which is not expected to occur at short or medium term.

Translation differences - Reserve due to translation of foreign currency

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

The detail, by company, of the translation differences at 31 December 2011 and 2010 is as follows (in thousands of euros):

	12-31-11	12-31-10
Herba business companies	(3,880)	(5,139)
RIVIANA Group (US)	(17,544)	(18,527)
ARI Group (US)	9,963	0
NWP Group (US)	11,294	628
Total	**(167)**	**(23,038)**

Treasury shares

In 2011, the Parent made treasury share purchases and sales pursuant to authorisations granted by the shareholders at the Annual General Meetings held on 2 June 2010 and 15 June 2011, and, in accordance with current legislation, the Spanish National Securities Market Commission (CNMV) was notified accordingly. In 2011 4,087,972 treasury shares were acquired and 703,878 were sold. At 2011 year-end the Parent held 3,384,094 treasury shares representing 2.199% of its share capital. At 2011 year-end no decision had been taken regarding the specific use to which these treasury shares would be put.

In 2010 the Parent was authorised by the shareholders at the Annual General Meetings held on 28 April 2009 and 2 June 2010 to purchase and sell treasury shares, and, in accordance with current legislation, the CNMV was notified accordingly. No shares were acquired in 2010 and 666,469 treasury shares were sold. At 31 December 2010, the Company held no treasury shares.

18.2 Earnings per share

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

Diluted earnings per share are calculated by dividing the net profit or loss attributable to ordinary shareholders of the Parent (after deducting interests in non-cumulative redeemable and convertible preference shares -of which there were none at Ebro Foods, S.A. at 31 December 2011 and 2010) by the average number of ordinary shares outstanding in the year (plus the average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares -of which there were none at Ebro Foods, S.A. at 31 December 2011 and 2010).

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

	12-31-11	12-31-10
Net profit attributable to the ordinary shareholders of the Parent from continuing operations	151,542	128,827
Net profit attributable to the ordinary shareholders of the Parent from discontinued operations	0	259,970
Net profit attributable to ordinary shareholders of the Parent	**151,542**	**388,797**
Interest/Dividends on non-cumulative, convertible and redeemable preference shares	0	0
Net profit attributable to ordinary shareholders of the Parent adjusted for the effect of non-cumulative, convertible and redeemable preference shares	**151,542**	**388,797**

	2011	2010
	Thousand	Thousand
Weighted average number of ordinary shares used for basic earnings per share (*)	152,419	153,375
Effect of dilution:		
Share options	0	0
Redeemable preference shares	0	0
Weighted average number of ordinary shares adjusted for the effect of dilution	152,419	153,375

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

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

18.3 Dividends

Distribution of dividends approved by the shareholders at the Annual General Meeting on 15 June 2011: as a result of the Ebro Foods Group's consolidated profit for 2010, it was resolved to distribute an ordinary dividend payable in cash out of unrestricted reserves of EUR 0.416 per share in four quarterly payments of EUR 0.104 each, on 4 April, 4 July, 3 October and 22 December 2011, for a total of EUR 64,008 thousand.

Also, on a separate basis, in 2011 the third and fourth payments of EUR 0.15 per share were paid (on 4 April and 4 July 2011) as part of the extraordinary dividend approved by the shareholders at the Annual General Meeting on 2 June 2010 as a result of the sale of the diary product business in the same year.

Lastly, on 15 June 2011, the Board of Directors resolved to distribute an interim dividend of EUR 0.15 per share, totalling EUR 23,080 thousand, corresponding to 2011 (see Note 1). The interim dividend payments were made on 3 October and 22 December 2011 and amounted to EUR 0.075 per share.

DIVIDENDS DECLARED, PAID AND PAYABLE IN 2011	2011	2010
Dividends on ordinary shares:		
Final dividend paid for 2010: EUR 0.416 (2009: EUR 0.70)	64,008	107,705
Extraordinary dividend for 2009 payable in 2011: EUR 0.30 (*)	46,160	0
Interim dividend for 2011: EUR 0.15 (2010: 0 centims)	23,080	0
	133,248	**107,705**
Proposal for approval by the shareholders (not recognised as a liability at 31 December)		
Ordinary dividend for 2011: EUR 0.45 cents (2010: EUR 0.416)	69,239	64,008
Extraordinary dividend for 2011: EUR 0.15 (interim dividend paid in 2011)	23,080	0
	92,319	**64,008**

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

19. Deferred income

This account includes essentially grants related to assets and CO_2 emission allowances received and other deferred income which are not significant on an individual basis. The changes in 2011 and 2010 were as follows:

	Government grants		CO_2 emission allowances		Other deferred income		Total	
	12-31-11	12-31-10	12-31-11	12-31-10	12-31-11	12-31-10	12-31-11	12-31-10
Beginning balance	5,521	14,614	345	179	0	0	5,866	14,793
Increases due to business combinations	0	0	0		1,596	0	1,596	0
Decrease from sale or disposal of businesses	(3,840)	(5,538)	0	(570)	0	0	(3,840)	(6,108)
Cancelation of grants	0	188	0		0	0	0	188
Grants received	941	547	0		0	0	941	547
Increase due to CO_2 emission allowances	0	0	2,225	2,304	0	0	2,225	2,304
Other increases/decreases	0	0	(1,305)	(357)	69	0	(1,236)	(357)
Translation differences	4	4	75	0	163	0	242	4
To profit (loss) of continuing operations	(947)	(3,124)	(88)	(149)	(43)	0	(1,078)	(3,273)
To profit (loss) of discontinued operations	0	(1,170)	0	(1,062)	0	0	0	(2,232)
Ending balance	**1,679**	**5,521**	**1,252**	**345**	**1,785**	**0**	**4,716**	**5,866**

"Deferred Income" at 31 December 2011 and 2010 relates to grants related to assets granted to various Group companies in relation to investments in property, plant and equipment (to date these companies have met all the terms and conditions associated with the grants), the value assigned to the CO_2 emission allowances received under the related national plans and other more minor items.

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

GRANTS RELATED TO ASSETS
Not yet taken to income

	< 1 year	2-5 years	> 5 years	Total
Detail, by due date, of ending balance	521	945	213	1.679

20. Provisions for pensions and similar obligations

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

	12-31-11 Total	12-31-10 Total
Balance at 1 January	**32,230**	**40,953**
Translation differences	317	1,718
Business combinations	502	0
Amounts used and payments	(6,741)	(19,320)
Transfers from other accounts	0	329
Excessive provsions and employee terminations	(57)	(4)
Period provisions for changes in actuarial calculations	8,924	1,141
Period provision to financial profit (loss)	682	892
Period provision to staff costs	5,091	6,131
Period provision to other operating expenses	0	390
Balance at 31 December	**40,948**	**32,230**

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

	12-31-11	12-31-10
Defined benefit obligations	27,540	20,008
Retirement bonus and other similar obligations	11,394	10,897
PIncentive scheme for senior executives (Note 27.7)	2,014	1,325
Total	**40,948**	**32,230**

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

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

(a) *Non-externalised obligations. In-house provisions and management.*

(b) *External management of these obligations. The administration, management and investment decisions relating to these assets are performed by an Administration Committee that is independent of Company management.*

(c) *In 2007 they became defined contribution obligations.*

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

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

20.1 Retirement bonus and other similar obligations

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

	12-31-11	12-31-10
Ebro Foods, S.A. (EF)	384	406
Francia Panzani Group (Panzani)	9,911	9,155
Arroz Herba Group (Herba)	692	666
BIRKEL Group	43	269
América Riviana Group (Riviana)	244	249
Other	120	152
Subtotal	**11,394**	**10,897**

20.1.1 Ebro Foods, S.A.

The balance of the account at 31 December 2011 of Ebro Foods, S.A. totalling EUR 384 thousand (31 December 2010: EUR 406 thousand) relates to the provision to meet the possible long-service bonus obligations to employees that do not have to be externalised by law. The expense for 2011 was EUR 18 thousand (2010: EUR 54 thousand).

20.1.2 Panzani Group companies

The Panzani Group companies have obligations to employees, basically for retirement bonuses (provisions of EUR 8,739 thousand and EUR 8,042 thousand at the end of 2011 and 2010, respectively) and for long-service bonuses (provisions of EUR 1,172 thousand and EUR 1,113 thousand at the end of 2011 and 2010, respectively). The aforementioned provisions were recorded on the basis of in-house actuarial calculations. The related expense for 2011 was EUR 1,197 thousand (2010: EUR 1,472 thousand), of which EUR 232 thousand were charged directly to equity due to actuarial changes. These provisions are in-house provisions and are not invested in specific assets.

20.1.3 Herba Rice Group companies

The collective agreement applicable to the Italian and Belgian subsidiaries provides for termination obligations (voluntary or otherwise) to their employees. The related provisions were recognised on the basis of in-house actuarial calculations. At 2011 year-end the provisions amounted to EUR 529 thousand (2010 year-end: EUR 489 thousand). The related expense in 2011 was EUR 81 thousand (2010: EUR 28 thousand).

Also, certain Herba Group subsidiaries (S&B Herba in the UK, Boost in Germany, Danrice in Denmark and TBA Suntra in the UK) have defined contribution pension obligations to certain of their employees, on the basis of an annual contribution based on a percentage of their salaries. The related expense in 2011 was EUR 551 thousand (2010: EUR 511 thousand).

Lastly, pursuant to the collective agreement for the rice sector, Herba Ricemills, S.L. has retirement bonus obligations for a scantly material amount externalised through an insurance policy. The related expense for 2011 was EUR 14 thousand.

20.1.4 Birkel Group (Germany)

In addition to the defined benefit obligations discussed in the section below, the Birkel Group companies have obligations to their employees, basically in connection with retirement bonuses (provisions of EUR 43 thousand and EUR 269 thousand at the end of 2011 and 2010, respectively). The related provisions were recorded on the basis of in-house actuarial calculations. These provisions are in-house provisions and are not invested in specific assets.

20.2 Defined benefit pension and other obligations

The detail, by company, is as follows:

DEFINED BENEFIT (Thousands of euros)

	12-31-2010			12-31-2011		
	Pension obligations	Other obligations	Total	Pension obligations	Other obligations	Total
Riviana Group (US)	8,234	(2,656)	5,578	12,284	(3,010)	9,274
NWP Group (US and Canada)	5,216	1,354	6,570	7,066	1,422	8,488
Boost (Herba) (Belgium)	223		223	172		172
Euryza (Herba) (Germany)	3,234		3,234	3,239		3,239
Lassie Group (Netherlands)	0		0	647		647
S&B Group (Herba) (UK)	2,387		2,387	3,919		3,919
Birkel Group (Germany)	2,016		2,016	1,801		1,801
	21,310	(1,302)	20,008	29,128	(1,588)	27,540

The changes in 2011 and 2010 in the obligations included in the foregoing table, broken down by geographical area (since this is the most appropriate and uniform basis for reporting obligations of this nature), were as follows:

(Thousands of euros)

	Riviana Group		NWP Group		European Subsidiaries	
	12-31-11	12-31-10	12-31-11	12-31-10	12-31-11	12-31-10
Provision for pensions - obligations						
Begining balance	29,084	28,135	19,500	22,353	16,100	14,977
Business combinations	0	0	0	0	3,348	0
Period provisions	2,722	3,313	959	1,808	1,307	1,034
Changes in actuarial calculations	2,181	1,260	2,219	(135)	785	(291)
Payments for the year	(712)	(1,069)	(896)	(5,052)	(1,237)	102
Employee restructuring	(7,826)	(4,767)	0	(1,377)	29	0
Translation differences	484	2,212	616	1,903	309	278
Balance at 31 December	25,933	29,084	22,398	19,500	20,641	16,100
Provision for pensions - assets invested						
Value at beginning of the year	(23,506)	(21,539)	(12,929)	(13,801)	(8,239)	(6,992)
Business combinations	0	0	0	0	(2,846)	0
Return on assets	(1,273)	(1,748)	(941)	(1,286)	(599)	(474)
Contributions by the Parent	(2,005)	(4,377)	(1,401)	(1,790)	(85)	(631)
Changes in actuarial calculations	1,919	0	1,002	0	586	(181)
Payments for the year	8,550	5,837	900	5,052	558	251
Translation differences	(344)	(1,679)	(541)	(1,105)	(238)	(213)
Balance at 31 December	(16,659)	(23,506)	(13,910)	(12,930)	(10,863)	(8,240)
Net balance at 31 December	9,274	5,578	8,488	6,570	9,778	7,860
Net on-balance sheet balance at 31 December	9,274	5,578	8,488	6,570	9,778	7,860

NET ANNUAL COST, BY LINE ITEM

	Riviana Group		NWP Group		European Subsidiaries	
	12-31-11	12-31-10	12-31-11	12-31-10	12-31-11	12-31-10
Annual service cost	1,486	1,858	23	136	453	123
Interest cost	1,236	1,456	936	1,018	910	822
Return on assets	(1,273)	(1,367)	(941)	(867)	(570)	(474)
Employee restructuring processes	0	0	0	0	(58)	0
Estimation of unrecognised losses	0	0	0	0	0	315
	1,449	**1,947**	**18**	**287**	**735**	**786**
Changes in actuarial calculations recognised directly in consolidated equity: (gain) loss	4,100	736	3,221	215	1,371	(504)

ACTUARIAL ASSUMPTIONS

	12-31-11	12-31-10	12-31-11	12-31-10	12-31-11	12-31-10
Discount rate	4.50%	5.36%	4.25%	5.25%	4.6 al 6.0%	4.7% al 5.5%
Salary performance	3.50%	3.50%	0.00%	0.00%	1.8% al 3.0%	2.5% al 3.5%
Return on assets	7.50%	7.75%	7.50%	7.50%	4.5% al 6.0%	6.70%

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

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

Lastly, the Riviana and NWP Groups have voluntary contribution plans for all their employees in the US. The companies contribute a total amount equal to a percentage of the contribution of the employees. The total expense relating to these plans in 2011 was EUR 1,006 thousand (2010: EUR 1,489 thousand).

21. Other provisions

The changes in "Other Provisions" in 2011 and 2010 were as follows (in thousands of euros):

CHANGES IN OTHER PROVSIONS

	12-31-11	12-31-10
	Total	Total
Beginning balance	87,591	73,784
Translation differences	(61)	50
Business combinations	0	0
Transfers	(1,533)	(924)
Amounts used and payments	(27,864)	(38,846)
Other period provisions	9,356	14,999
Period provision charged to income for CO_2 allowances	88	149
Period provision charged to gains on sale of businesses (Note 7)	0	41,295
Provisions reversed with a credit to income	(17,804)	(115)
Disposals or sales of businesses (Biosearch in 2011 / Dairy products in 2010)	(706)	(2,801)
Ending balance	**49,067**	**87,591**

The provisions are summarised as follows (in thousands of euros):

SUMMARY, BY LINE ITEM, OF OTHER PROVISIONS

	12-31-11	12-31-10
Provision for the outcome of litigation relating to the sale of the sugar business	8,544	45,655
Provision for the outcome of litigation relating to the sale of the dairy product business	28,825	28,406
Other litigation and disputes	6,569	6,130
Modernisation and restructuring plan	4,044	6,172
CO_2 allowances	88	149
Other sundry, non-significant contingencies	997	1,079
	49,067	87,591

DETAIL, BY COMPANY, OF OTHER PROVISIONS

	12-31-11	12-31-10
Ebro Foods, S.A.	37,369	74,061
Panzani Group	5,437	5,658
Herba Group	2,946	728
Riviana Group	621	2,793
Birkel Group	2,400	3,508
Other	294	843
Total continuing operations	49,067	87,591

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

At 31 December 2011, this heading included a provision of EUR 8,544 thousand (2010: EUR 45,655 thousand) to cover the buyer in the sale in 2009 of the sugar business from the litigation in progress relating to Azucarera Ebro, S.L.

The provision for the outcome of litigation relating to the sale of the sugar business relates to the guarantees provided to the buyer of the business which, in the event of an unfavourable outcome of the litigation, would lead to a reduction in the selling price of the sugar business. The provisions or reversals recognised constitute an adjustment to the selling price and, consequently are recognised as a decrease or increase in the gains of the year in which they are recognised or reversed (see Note 7).

Developments in 2011: In relation to these lawsuits, in 2011 a total of EUR 18,865 thousand were paid out of the guarantees provided in the sale of the sugar business, most of which, EUR 16,575 thousand, was paid to the buyer of this business as interest payments arising from the unfavourable judgement of the Criminal Chamber of the Supreme Court (on 20 July 2010, this Chamber handed down an unfavourable judgement whereby Ebro Foods, S.A. was required to pay EUR 27.6 million on 21 July 2010, although the related interest remained outstanding until its payment in March 2011). Also, the portion of this provision (EUR 17,638 thousand) reversed in 2011 related mainly to another of the lawsuits in process on which the Supreme Court handed down a favourable judgement on 24 January 2012, giving rise to the reversal of the provision covering this litigation.

With respect to the remaining guarantees for which provisions were recognised at 31 December 2011, there were no material changes in their position compared to the previous year.

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

At 31 December 2011, the balance of this provision, amounting to EUR 28,825 thousand (2010: EUR 28,406 thousand), covered the buyer in the sale in 2010 of the dairy product business in connection with the resolution of the litigation in progress relating to Puleva Food, S.L.

The provision for the outcome of litigation relating to the sale of the dairy product business relates to the guarantees provided to the buyer of the business which, in the event of an unfavourable outcome of the litigation, would lead to a reduction in the selling price of the dairy product business. The provisions or reversals recognised constitute an adjustment to the selling price and, consequently are recognised as a decrease or increase in the gains in the year in which they are recognised or reversed (see Note 7).

With respect to these guarantees for which provisions were recognised, there were no material changes in their position compared to the previous year.

21.3 Summary of the status of other litigation and disputes

In addition to the litigation discussed in Notes 21.1 and 21.2 above, at 31 December 2011, provisions had been recognised for other litigation and disputes amounting to EUR 6,569 thousand (31 December 2010: EUR 6,130 thousand) in relation to court proceedings in progress and other claims. The Parent's directors and internal and external legal advisers do not expect any additional material liabilities to arise in connection with the outcome of these court proceedings and claims.

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

	12-31-11	12-31-10
Various contested tax and customs assessments	38,274	75,652
Judicial review contingencies	8,920	7,478
	47,194	83,130

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

1. Internal movements of sugar among production plants:

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

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

2. Civil court claim filed by several sugar business customers for alleged damage and losses arising from industrial sugar price rigging in 1995 and 1996 declared by the Spanish Competition Agency in its resolution of 15 April 1999. Amount: EUR 4,105 thousand. The decision handed down at first instance upheld half of the claim. The two companies filed appeals against this decision and on 3 October 2011 the Madrid Provincial Appellate Court upheld the claim of Ebro Foods, dismissing the claim of the other party, which announced that it would be filing a cassation appeal at the Supreme Court. Classification for accounting purposes: possible.

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

   In the second proceeding (Central Examining Court no.4), in 2011 an expert report drawn up by the Central Tax Agency was presented, which has yet to be ratified, estimating the amounts of milk on which the levy attributable to Puleva should be calculated (2001/02 marketing year: 48.7 million kg and 2002/03 marketing year: 42.6 million kg).

   The actions brought against Puleva Food, S.L.U. are not expected to be successful in the marketing years that have become statute-barred since the marketing years become statute-barred on an annual basis.

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

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

4. In 2011 Azucarera Energías, S.A. filed a claim for EUR 5,969 thousand against Azucarera Ebro S.L. due to the unilateral termination of the supply agreement, which bound the two companies, in relation to the Rinconada plant (Seville).

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

22. Financial liabilities

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

FINANCIAL LIABILITIES

	12-31-11		12-31-10	
	Non-current	Current	Non-current	Current
Long-term bank borrowings	271.289	95.263	353.212	64.436
Short-term bank borrowings		113.721		96.019
Other financial liabilities	8.611	185	592	351
Payable to associates	0	0	0	0
Dividends not yet paid (Note 18.3)		0		46.160
Guarantees and deposits received (financial)	80	2	197	0
Financial liabilities of Bisearch, S.A. (de-recognised in 2010)			30	12.475
Total financial liabilities	**279.980**	**209.171**	**354.031**	**219.441**

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

DETAIL, BY SEGMENT OR COMPANY, OF BANK BORROWINGS

	12-31-10	12-31-11	2013	2014	2015	2016	Resto
Ebro Foods, S.A.	279,518	231,957	57,009	28,504	73,222	73,222	
Riviana Group (US)	73,643	38,027	38,027				
Arroz Herba Group	0	841	213	199	124	78	227
French Panzani Group	51	38	13	13	12		
Arotz Foods, S.A.	0	426	48	48	48	48	234
Long-term bank borrowings	**353,212**	**271,289**	**95,310**	**28,764**	**73,406**	**73,348**	**461**
Ebro Foods, S.A.	39,674	58,022					
Riviana Group (US)	36,954	38,143					
Arroz Herba Group	57,063	40,291					
French Panzani Group	26,490	33,875					
NWP Group	0	38,645					
Other companies	274	8					
Short-term bank borrowings	**160,455**	**208,984**					
Total bank borrowings	**513,667**	**480,273**					

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

CURRENCY	12-31-11	12-31-10
Euro	74,425	85,633
US dollar	404,423	418,403
Moroccan dirham	0	5,573
Egyptian pound	333	2,313
Thai baht	481	1,745
Hungarian forint	611	0
Total	**480,273**	**513,667**

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

- A syndicated loan agreement entered into in November 2004, novated in May 2005 and again in November 2006 and April 2009, amounting to EUR 287.9 million, which was repaid in full in 2010 in accordance with the repayment schedule.
- A syndicated loan agreement entered into in May 2005, novated in November 2006, April 2009 and August 2010, amounting to USD 184.2 million at 31 December 2011 (an initial USD 440 million less USD 44 million repaid early in the April 2009 novation and less USD 175 million repaid early in the August 2010 novation), the principal of which will be repaid in six half-yearly instalments of USD 36.8 million from October 2011 onwards. This US dollar loan bears annual interest at 1-, 3-, 6- or 12-month LIBOR plus a market spread.
- Bilateral loan agreement entered into in November 2006 and novated in April 2009 and July 2010, amounting to USD 190 million, the principal of which will be repaid in four half-yearly instalments of USD 47.5 million from May 2015 onwards. This US dollar loan bears annual interest at 1-, 3-, 6- or 12-month LIBOR plus a market spread.

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

In relation to the other bank borrowings, at 31 December 2011 the various Group companies had arranged unsecured credit facilities with banks with a total limit of around EUR 342 million (31 December 2010: EUR 330 million), against which a total of EUR 114 million had been drawn down at 31 December 2011 (31 December 2010: EUR 108 million). The credit facilities of the Panzani Group, with a limit of EUR 90 million in 2011 (2010: EUR 30 million) are secured by collection rights.

At 31 December 2011 and 2010, there were also note and bill discounting facilities, issues of guarantees and other bank guarantees, the detail being as follows:

FINANCING ARRANGEMENTS

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

FINANCING ARRANGEMENTS

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

The average annual interest rate on the short-term loans in 2011 was 2.8% (2010: 2.3%).

Certain ratios over the term of the long-term loans of Ebro Foods, S.A. and the loan of the Riviana Group, based on the consolidated financial statements of the Ebro Foods Group or the aggregate of Riviana/NWP, respectively, must be achieved at all times. The failure to achieve these ratios would increase borrowing costs and, depending on the cases, lead to a situation that could trigger the early repayment of the loans. At 31 December 2011 and 2010, all the ratios were being achieved.

23. Other non-financial payables

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

24. Trade and other payables

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

	12-31-11	12-31-10
Trade payables	249,665	284,265
Other payables	18,562	29,610
Remuneration payable	36,620	34,510
Trade payables of Biosearch, S.A. (dercognised in 2011)		4,078
Total	**304,847**	**352,463**

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

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

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

AMOUNTS PAID AND PAYABLE AT THE BALANCE SHEET DATE

	12-31-11		12-31-10	
	Amount	%*	Amount	
Paid in the maximum payment period (**)	284,502	95.85%		
Remainder	12,303	4.15%		
Total payments made in the year	**296,805**	**100.00%**		
Weighted average period of late payment (days)	36			
Payments at year-end not made in the maximum payment period	1,080		934	

* *Percentage of total.*

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

25. Tax matters

The detail of the tax receivables and payables at 31 December 2011 and 2010 is as follows (in thousands of euros):

	Receivables		Payables	
	12-31-11	12-31-10	12-31-11	12-31-10
VAT and Personal income tax withholdings	28,964	29,857	(8,154)	(12,087)
Accrued social security taxes	29		(1,376)	(1,449)
Grants receivable	1,430	3,420		
Other	73	286	(4,940)	(2,715)
Total tax receivables and payables	**30,496**	**33,563**	**(14,470)**	**(16,251)**
Net income tax payable	**10,644**	**3,222**	**(7,306)**	**(8,584)**

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

Also, income tax rates vary from one country to another and include most notably due to their relative importance: 30% in Spain, 36.10% in France (2010: 34.93%), 37.5% in the US, 30% in Germany and 25.5% in the Netherlands. The specific line item called "Effect of Different Tax Rates (Tax Base)" in the table below shows the effects of the differences in the tax rates in each country with respect to 30%.

The detail of the tax payable by the consolidated Group for accounting purposes for the years ended 31 December 2011 and 2010 is as follows (in thousands of euros):

INCOME STATEMENT - INCOME TAX

	12-31-11	12-31-10
Current tax expense of continuing operations	34,766	29,227
Current tax expenses on sale of discontinued operations	0	113,281
Total deferred tax expense	22,284	23,099
Deferred tax expense in equity	(21,502)	15,012
Adjustment of prior year's tax	(3,720)	6,743
Adjustment of net deferred tax liability	(98)	(3,756)
Equivalent tax charges	13,771	4,466
Tax assessments and fines	1,539	0
	47,040	188,072

INCOME TAX EXPENSE RECOGNISED DIRECTLY IN EQUITY

	12-31-11	12-31-10
Expense of changes in share capital of subsidiaries	0	0
Change in fair value of financial assets	(18,410)	15,472
Change in actuarial gains and losses	(3,092)	(460)
	(21,502)	15,012

	12-31-11		12-31-10	
	Accounting	Tax	Accounting	Tax
Profit before tax from continuing operations	222,393	222,393	192,504	192,504
Profit before tax on sale of discontinued operations (Note 7)	0	0	355,963	355,963
Profit (loss) before tax recognised in equity	(70,289)	(70,289)	50,407	50,407
Foreign currency hedges recognised in translation differences	(7,360)	(7,360)	(32,938)	(32,938)
	144,744	144,744	565,936	565,936
Permanent differences of Group companies	(4,921)	(4,921)	591	591
Permanent differences of consolidation adjustments	(4,825)	(4,825)	28,782	28,782
Tax loss carryforwards for the year	6,097	6,097	14,545	14,545
Offset of tax loss carryforwards of individual companies	(270)	(270)	(453)	(453)
Adjusted accounting profit	140,825	140,825	609,401	609,401
Temporary differences of Group companies		12,901		(62,710)
Temporary differences of consolidation adjustments		7,441		(4,410)
Tax loss carryforwards for the year		0		2,852
Offset of tax loss carryforwards		(668)		(49,732)
Adjusted tax profit	140,825	160,499	609,401	495,401
Effect of different tax rates (Base)	24,742	17,301	22,593	9,820
Taxable profit for the Economic Group	165,567	177,800	631,994	505,221
Tax charge at 30%	49,670	53,340	189,598	151,566
Tax credits taken	(14,122)	(18,574)	(8,979)	(9,059)
Net income tax payable	35,548	34,766	180,619	142,507
Adjustment of prior year's income tax	(3,720)		6,743	
Adjustment of net deferred tax liability	(98)		(3,756)	
Equivalent tax charges	13,771	10,671	4,466	4,466
Adjustment of prior year tax payable		(4,015)		0
Total income tax expense	47,040	41,422	188,072	146,973
Income tax expense of continuing operations	70,750		63,532	
Income tax expense on sale of discontinued operations (Note 7)	0		119,409	
Income tax expense recognised in equity	(21,502)		15,012	
Income tax expense recognised in translation differences	(2,208)		(9,881)	
	47,040		188,072	

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

The total expense for tax purposes less withholdings and prepayments in 2011 resulted in income tax payable (net tax payable).

The companies' temporary differences in 2011 and 2010 were as follows:

- Net increase of EUR 7,360 thousand (2010: increase of EUR 32,938 thousand) as a result of the net exchange differences on the hedging of the US dollar loans.
- Increase of EUR 70,398 thousand (2010: decrease of EUR 51,101 thousand) due to the effect of the recognition at fair value of the available-for-sale financial assets and to the actuarial changes in the pension obligations, recognised directly in equity.
- Decrease of EUR 22,302 thousand (2010: EUR 16,504 thousand) due to the temporary differences of NWP relating basically to the amortisation of trademarks and the depreciation and amortisation of other assets for tax purposes.
- Decrease of EUR 33,898 thousand (2010: EUR 20,994 thousand) due to the temporary differences of Riviana relating basically to the amortisation of trademarks and other assets, and the tax effect of the closure of the Houston plant.
- Decrease of EUR 5,753 thousand (2010: EUR 20,780 thousand) due to the amortisation for tax purposes of the goodwill arising from acquisitions of foreign operations.
- No difference in 2011, although in 2010 there was a EUR 7,500 thousand increase due to the reversal in 2010 (the last year of the four stipulated under the related legislation) of the tax credit taken in 2006 in relation to the investment in NWP.
- Decrease of EUR 2,904 thousand (2010: EUR 6,231 thousand), principally due to transactions of other companies with positive or negative tax effects arising from provisions reversed and/or recognised in the year, to the recognition and/or reversal of impairment losses on non-current and financial assets and to provisions for other contingencies that were or were not deductible for tax purposes in the year.

The temporary differences due to consolidation adjustments in 2011 and 2010 relate primarily to the elimination of intra-Group gains on the sale of investment property and the elimination of provisions recognised for investments between Group companies.

In 2010 the tax losses recognised as temporary differences arose mainly from the offset of NWP's tax losses totalling EUR 49,670 thousand arising in years prior to its acquisition. In 2011 there was no significant tax effect as this company had no unused tax loss carryforwards.

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

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

The tax credits relate mainly to tax credits for new product development and innovation expenditure, for patronage, double taxation tax credits and the reinvestment of income from non-current asset sales. The amount of reinvestments made by the Spanish tax group that entitled it to take tax credits for the reinvestment of income in 2011 was EUR 115.3 million (2010: EUR 57.3 million) (EUR 1.5 million, EUR 16.2 million, EUR 11.2 million and EUR 76.3 million, in the period from 2009 to 2006, respectively. These amounts were reinvested by the tax group in each of the aforementioned years). Also, the other requirements to be able to take these tax credits for tax purposes were met. In addition, at 31 December 2011, there were unused reinvestment tax credits amounting to EUR 38.3 million, which are conditional upon reinvestment by the Spanish tax group of EUR 692 million (within a time frame that ends mainly in August 2013).

The detail of the deferred taxes for the years ended 31 December 2011 and 2010 is as follows (in thousands of euros):

	12-31-11		12-31-10	
	Assets	Liabilities	Assets	Liabilities
Balance at 1 January	64,154	(193,755)	52,412	(144,839)
Transfers of balances	260	(72)	(1,526)	(647)
Translation differences	74	(4,213)	2,615	(2,355)
Business combinations	3,048	(8,946)	0	0
Disposals due to sale or exclusion of businesses	(3,345)	0	(4,587)	608
Earned / applied in income	(8,471)	(12,688)	(17,281)	(1,076)
Earned /applied in equity	1,521	19,981	(142)	(15,113)
Adjustments	(1,659)	(2,225)	1,175	(20,881)
Change in deferred tax provision	0	0	31,488	(9,452)
Balance at 31 December	55,582	(201,918)	64,154	(193,755)

The detail, by most significant line item, of the deferred taxes at 31 December 2011 and 2010 is as follows:

	12-31-11		12-31-10	
	Deferred tax		Deferred tax	
	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	6,592	(68,074)	5,113	(56,214)
Investment property	6,329	(613)	6,329	0
Goodwill	7,279	(34,469)	5,629	(33,316)
Other intangible assets	3,323	(88,012)	3,198	(66,172)
Inventories	1,989	(2,394)	2,768	(2,288)
Accounts receivable and prepayments and accrued income	837	(55)	337	(223)
Pensions and similar obligations	3,503	5,091	6,667	2,214
Other provisions (long-term)	7,505	(396)	7,680	(1,310)
Accounts payable and accruals and deferred income	11,064	(1,235)	9,660	(550)
Tax credits carryforwards	4,943	0	10,808	0
Tax loss carryforwards	2,210	3,181	5,963	0
Accrual of tax benefits	0	(13,711)	0	(13,604)
Adjustments to value of available-for-sale financial assets	0	2,938	0	(15,472)
Provisions and gains of tax group investments	8	(4,169)	2	(6,820)
Total	55,582	(201,918)	64,154	(193,755)

In addition to the aforementioned tax loss carryforwards of the Group companies, at 31 December 2011 there were tax loss carryforwards available for offset over the coming 15 years amounting to EUR 30 million (31 December 2010: EUR 25 million).

In May 2011, the Spanish tax group received notification from the tax authorities of the commencement of a tax review for 2004 to 2007, inclusive. The tax audit concluded with the issue of tax assessments, which were signed on an uncontested basis at the beginning of March 2012, giving rise to a payable of approximately EUR 2,500 thousand. These amounts were provisioned in full in the consolidated financial statements for 2011. Also, the Spanish tax group has all years since 2008 open for review by the tax authorities for all the taxes applicable to it. The other Group companies have the taxes and years open for review pursuant to the applicable local legislation and that have not previously been subject to tax audit, in most cases being the years since 2007.

26. Obligations and contingencies

Obligations under operating leases - Group as lessee

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

	12-31-11	12-31-10
Within one year	8,411	7,372
Between one and five years	15,323	18,799
After five years	5,863	902
Total	**29,597**	**27,073**

Obligations under operating leases - Group as lessor

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

	12-31-11	12-31-10
Within one year	797	485
Between one and five years	894	928
After five years	1	97
Total	**1,692**	**1,510**

Non-current asset investment and divestment commitments

At 31 December 2011, the Group had investment commitments for acquisitions and renewals of machinery amounting to EUR 6,825 thousand (31 December 2010: EUR 18,000 thousand) and computer software amounting to EUR 1,500 thousand (31 December 2010: EUR 3,000 thousand).

Also, as indicated in Note 5.3, in September 2011 the Spanish National Competition Commission approved the acquisition of the SOS rice business in Spain, subject to the obligation that Ebro Foods, S.A. licence or transfer the Nomen as well as the La Parrilla, La Cazuela, Pavo Real and Nobleza trademarks. This obligation is currently being performed and documented.

Commitments relating to inventories

See information disclosed in Note 15.

Legal proceedings and guarantees relating to disputes

See information disclosed in Note 21.

Guarantees

At the end of 2011 and 2010 the following bank guarantees had been provided:

	12-31-11	12-31-10
From banks: Provided to courts and agencies in relation to economic-administrative claims and tax deferral (Note 21)	19,256	38,615
From banks: provided to the Spanish Agricultural Guarantee Fund (FEGA), customs and third parties to guarantee fulfilment of obligations in ordinary business operations	33,374	54,641
Other bank guarantees	0	421
Provided to banks to guarantee fulfilment of obligations in business operations of other associates or non-Group companies	419	367
Total	53,049	94,044

In 2009 guarantees (counter guarantees) amounting to EUR 64,427 thousand were provided to courts and agencies in relation to claims of which a significant amount was recovered in 2010 and 2011, in order to cover the guarantees provided by Azucarera Ebro, S.L. in the litigation in which it is involved. Based on the contractual agreements entered into, Ebro Foods, S.A. has guaranteed to the buyer of Azucarera Ebro, S.L. that it will cover any liability that might arise from the outcome of the unresolved litigation (see Note 21.1).

Lastly, the credit facilities granted to the Panzani Group with a limit of EUR 90 million in 2011 (2010: EUR 30 million) are secured by collection rights.

27. Related party transactions

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

During the years ended 31 December 2011 and 2010 the Group did not recognise any allowances for doubtful debts from related parties. The need for allowances is assessed each year on the basis of an examination of the financial position of the related party and of the market in which it operates.

In preparing the information on related party transactions, it was taken into account that Instituto Hispánico del Arroz, S.A. was appointed director on 1 June 2010 and, consequently, the transactions carried out up to that date are included in the Note relating to significant shareholders, while the transactions performed from 1 June 2010 are included under the Note on Directors.

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

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

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

SIGNIFICANT SHAREHOLDER

	Ebro Foods Group Company	Type of transaction	Total 2011	Total 2010
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	0	190
Instituto Hispánico del Arroz, S.A.	S&B Herba Foods, Ltd	Sales of goods (finished goods or work in progress)	0	62
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	0	534
Instituto Hispánico del Arroz, S.A.	S&B Herba Foods, Ltd	Purchases of goods (finished goods or work in progress)	0	84
Instituto Hispánico del Arroz, S.A.	Herba Foods, S. L. U.	Services received	0	25
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	0	124
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	S&B Herba Foods, Ltd	Sales of goods (finished goods or work in progress)	0	62
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	0	95
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	S&B Herba Foods, Ltd	Purchases of goods (finished goods or work in progress)	0	84
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	0	39
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Boost Nutrition, CV	Sales of goods (finished goods or work in progress)	0	90
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	S&B Herba Foods, Ltd	Sales of goods (finished goods or work in progress)	0	62
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	0	27
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Boost Nutrition, CV	Purchases of goods (finished goods or work in progress)	0	94
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	S&B Herba Foods, Ltd	Purchases of goods (finished goods or work in progress)	0	84
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	0	45
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Boost Nutrition, CV	Sales of goods (finished goods or work in progress)	0	90
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	S&B Herba Foods, Ltd	Sales of goods (finished goods or work in progress)	0	63
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	0	24
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Boost Nutrition, CV	Purchases of goods (finished goods or work in progress)	0	94
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	S&B Herba Foods, Ltd	Purchases of goods (finished goods or work in progress)	0	85
Instituto Hispánico del Arroz, S.A. (El Cobujón, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	0	113
Instituto Hispánico del Arroz, S.A. (El Cobujón, S.A.)	Boost Nutrition, CV	Sales of goods (finished goods or work in progress)	0	6
Instituto Hispánico del Arroz, S.A. (El Cobujón, S.A.)	S&B Herba Foods, Ltd	Sales of goods (finished goods or work in progress)	0	62
Instituto Hispánico del Arroz, S.A. (El Cobujón, S.A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	0	92
Instituto Hispánico del Arroz, S.A. (El Cobujón, S.A.)	Boost Nutrition, CV	Purchases of goods (finished goods or work in progress)	0	7
Instituto Hispánico del Arroz, S.A. (El Cobujón, S.A.)	S&B Herba Foods, Ltd	Purchases of goods (finished goods or work in progress)	0	84
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	0	46
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	Boost Nutrition, CV	Sales of goods (finished goods or work in progress)	0	85
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	S&B Herba Foods, Ltd	Sales of goods (finished goods or work in progress)	0	62

SIGNIFICANT SHAREHOLDER

	Ebro Foods Group Company	Type of transaction	Total 2011	Total 2010
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	0	24
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	Boost Nutrition, CV	Purchases of goods (finished goods or work in progress)	0	90
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	S&B Herba Foods, Ltd	Purchases of goods (finished goods or work in progress)	0	84
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S. A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	0	116
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S. A.)	Boost Nutrition, CV	Sales of goods (finished goods or work in progress)	0	24
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S. A.)	S&B Herba Foods, Ltd	Sales of goods (finished goods or work in progress)	0	62
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S. A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	0	90
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S. A.)	Boost Nutrition, CV	Purchases of goods (finished goods or work in progress)	0	29
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S. A.)	S&B Herba Foods, Ltd	Purchases of goods (finished goods or work in progress)	0	84
Sociedad Anónima DAMM (Estrella de Levante, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	1,072	218
Sociedad Anónima DAMM (Cía Cervecera Damm S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	3,377	2,167
Sociedad Anónima DAMM (Plataforma Continental, S. L.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	0	208

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

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

DIRECTORS

	Ebro Foods Group Company	Type of transaction	Total 2011	Total 2010
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	315	143
Instituto Hispánico del Arroz, S.A.	Boost Nutrition, CV	Sales of goods (finished goods or work in progress)	0	127
Instituto Hispánico del Arroz, S.A.	S&B Herba Foods, Ltd	Sales of goods (finished goods or work in progress)	38	0
Instituto Hispánico del Arroz, S.A.	Euryza, GmbH	Sales of goods (finished goods or work in progress)	24	0
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	5,169	3,381
Instituto Hispánico del Arroz, S.A.	Boost Nutrition, CV	Purchases of goods (finished goods or work in progress)	0	127
Instituto Hispánico del Arroz, S.A.	Euryza, GmbH	Purchases of goods (finished goods or work in progress)	24	0
Instituto Hispánico del Arroz, S.A.	S&B Herba Foods, Ltd	Purchases of goods (finished goods or work in progress)	85	0
Instituto Hispánico del Arroz, S.A.	TBA Suntra UK, Ltd	Purchases of goods (finished goods or work in progress)	170	0
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Rendering of services	1	0
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Sales of property, plant and equipment, intangible assets or other assets	0	4
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Leases	150	102
Instituto Hispánico del Arroz, S.A.	Herba Foods, S.L.U	Services received	50	25
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S. A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	291	228

DIRECTORS

	Ebro Foods Group Company	Type of transaction	Total 2011	Total 2010
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S. A.)	Boost Nutrition, CV	Sales of goods (finished goods or work in progress)	0	9
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S. A.)	S&B Herba Foods, Ltd	Sales of goods (finished goods or work in progress)	95	0
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S. A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	75	229
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S. A.)	Boost Nutrition, CV	Purchases of goods (finished goods or work in progress)	0	9
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S. A.)	S&B Herba Foods, Ltd	Purchases of goods (finished goods or work in progress)	142	0
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S. A.)	TBA Suntra UK, Ltd	Purchases of goods (finished goods or work in progress)	170	0
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S. A.)	Herba Ricemills, S.L.U.	Rendering of services	6	0
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	353	0
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Boost Nutrition, CV	Sales of goods (finished goods or work in progress)	0	172
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	S&B Herba Foods, Ltd	Sales of goods (finished goods or work in progress)	147	6
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	153	19
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Boost Nutrition, CV	Purchases of goods (finished goods or work in progress)	0	172
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	S&B Herba Foods, Ltd	Purchases of goods (finished goods or work in progress)	194	6
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	TBA Suntra UK, Ltd	Purchases of goods (finished goods or work in progress)	170	0
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S. A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	364	0
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S. A.)	Boost Nutrition, CV	Sales of goods (finished goods or work in progress)	0	165
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S. A.)	S&B Herba Foods, Ltd	Sales of goods (finished goods or work in progress)	103	0
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S. A.)	Euryza, GmbH	Sales of goods (finished goods or work in progress)	51	0
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S. A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	149	107
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S. A.)	Boost Nutrition, CV	Purchases of goods (finished goods or work in progress)	0	165
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S. A.)	S&B Herba Foods, Ltd	Purchases of goods (finished goods or work in progress)	151	0
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S. A.)	Euryza, GmbH	Purchases of goods (finished goods or work in progress)	51	0
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S. A.)	TBA Suntra UK, Ltd	Purchases of goods (finished goods or work in progress)	170	0
Instituto Hispánico del Arroz, S.A. (El Cobujon, S. A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	201	119
Instituto Hispánico del Arroz, S.A. (El Cobujon, S. A.)	Boost Nutrition, CV	Sales of goods (finished goods or work in progress)	51	121
Instituto Hispánico del Arroz, S.A. (El Cobujon, S. A.)	S&B Herba Foods, Ltd	Sales of goods (finished goods or work in progress)	38	0
Instituto Hispánico del Arroz, S.A. (El Cobujon, S. A.)	Euryza, GmbH	Sales of goods (finished goods or work in progress)	0	17
Instituto Hispánico del Arroz, S.A. (El Cobujon, S. A.)	TBA Suntra BV	Sales of goods (finished goods or work in progress)	65	0
Instituto Hispánico del Arroz, S.A. (El Cobujon, S. A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	82	119
Instituto Hispánico del Arroz, S.A. (El Cobujon, S. A.)	Boost Nutrition, CV	Purchases of goods (finished goods or work in progress)	51	121

DIRECTORS

	Ebro Foods Group Company	Type of transaction	Total 2011	Total 2010
Instituto Hispánico del Arroz, S.A. (El Cobujon, S. A.)	S&B Herba Foods, Ltd	Purchases of goods (finished goods or work in progress)	158	0
Instituto Hispánico del Arroz, S.A. (El Cobujon, S. A.)	Euryza, GmbH	Purchases of goods (finished goods or work in progress)	0	17
Instituto Hispánico del Arroz, S.A. (El Cobujon, S. A.)	TBA Suntra BV	Purchases of goods (finished goods or work in progress)	65	0
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	350	0
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	Boost Nutrition, CV	Sales of goods (finished goods or work in progress)	35	255
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	S&B Herba Foods, Ltd	Sales of goods (finished goods or work in progress)	129	0
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	Euryza, GmbH	Sales of goods (finished goods or work in progress)	0	46
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	135	0
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	Boost Nutrition, CV	Purchases of goods (finished goods or work in progress)	35	256
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	Euryza, GmbH	Purchases of goods (finished goods or work in progress)	0	46
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	S&B Herba Foods, Ltd	Purchases of goods (finished goods or work in progress)	176	0
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	TBA Suntra UK, Ltd	Purchases of goods (finished goods or work in progress)	170	0
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S. A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	346	34
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S. A.)	Boost Nutrition, CV	Sales of goods (finished goods or work in progress)	0	128
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S. A.)	S&B Herba Foods, Ltd	Sales of goods (finished goods or work in progress)	92	115
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S. A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	130	34
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S. A.)	Boost Nutrition, CV	Purchases of goods (finished goods or work in progress)	0	129
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S. A.)	S&B Herba Foods, Ltd	Purchases of goods (finished goods or work in progress)	139	115
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S. A.)	TBA Suntra UK, Ltd	Purchases of goods (finished goods or work in progress)	170	0
Antonio Hernández Callejas	Herba Ricemills, S.L.U.	Purchases of property, plant and equipment, intangible assets or other assets	1	0

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

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

Dividends 2011:

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

Dividends 2010:

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

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

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

27.5 Other matters of interest.

Ebro Foods, S.A. has an ownership interest of less than 20% in Biosearch, S.A. (18.652% at 31 December 2011). This ownership interest is solely of a financial nature and, as such, is recognised in the financial statements of the Ebro Group (see Note 12).

Ebro Foods, S.A. does not participate in the administration or the management of Biosearch, S.A. Nor does it exercise any influence on the financial and operating policies of Biosearch, S.A.

Accordingly, Ebro Foods does not consider that the transactions carried out with Biosearch in 2011 are related party transactions, without prejudice to the information disclosed below in relation to the transactions performed between Biosearch, S.A. and certain Ebro Foods Group companies in 2011:

EBRO GROUP COMPANY WITH WHICH BIOSEARCH PERFORMS THE TRANSACTION

	Type of transaction	Total 2011	Total 2010
Herba Ricemills, S.L.U	Purchases of goods (finished goods or work in progress)	146	234
Herba Ricemills, S.L.U	Services received	137	0
Herba Ricemills, S.L.U	Purchases of property, plant and equipment, intangible assets or other assets	0	396
Herba Ricemills, S.L.U	Other expenses	200	0
Dosbio 2010, S.L.U	Leases	28	0
Herba Ricemills, S.L.U	R&D transfers and licensing agreements	0	482
Ebro Foods, S.A.	Rendering of services	58	0

Ebro Foods has a significant ownership interest in Deoleo, S.A. of 9.3%, which is classified as an available-for-sale financial asset (see Note 12). Nevertheless, the transactions performed between the Deoleo Group and various Ebro Foods Group companies in 2011, are detailed below (in thousands of euros):

EBRO FOODS GROUP COMPANY

	Type of transaction	Total 2011	Total 2010
Riviana Foods, Inc	Sales of goods (finished goods or work in progress)	4	0
Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	9,791	0
Riviana Foods, Inc	Purchases of goods (finished goods or work in progress)	5,360	0
Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	29	0
S&B Herba Foods, Ltd	Purchases of goods (finished goods or work in progress)	463	0
Ebro Foods, S.A.	Purchases of property, plant and equipment, intangible assets or other assets	203,493	0
Herba Ricemills, S.L.U.	Other income	172	0
Herba Ricemills, S.L.U.	Other expenses	126	0
Lassie Nederland, BV	Services received	46	0
Lustucru Riz, S.A.	Obligations acquired	653	0

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

Pursuant to Articles 229, 230 and 231 of the Spanish Limited Liability Companies Law, this section of the notes to the consolidated financial statements discloses information that the directors, in compliance with their duty of loyalty, have notified to the Parent on the equity interests and positions held at companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Ebro Foods, S.A., whether or not these companies form part of the Ebro Foods Group.

Alimentos y Aceites, S.A.

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

Instituto Hispánico del Arroz:

- Direct ownership interest of 100% in the following Hisparroz Group companies: El Cobujón, S.A, Dehesa Norte, S.A., Mundiarroz, S.A., Pesquerías Isla Mayor, S.A., Australian Commodities, S.A. and Islasur, S.A. In all cases it holds the position of director.
  It is hereby stated that Instituto Hispánico del Arroz, S.A. is a company engaging in an activity that is similar to the activity that constitutes the company object of Ebro Foods, S.A. and that it holds an ownership interest of 15.721% therein (direct ownership interest of 8.832% and indirect ownership interest of 6.889% through Hispafoods Invest,S.L., in which it has a 100% direct ownership interest and holds the position of director).

Antonio Hernández Callejas:

- Direct ownership interest of 16.666% in Instituto Hispánico del Arroz, S.A. No position is held.
- Direct ownership interest of 0.001% in Deoleo, S.A. He holds the position of director.

Blanca Hernández Rodríguez:

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

Demetrio Carceller Arce:

- Direct ownership interest of 0.001% in Deoleo, S.A. He holds the position of director.

Dr. Rudolf-August Oetker:

- Direct ownership interest of 15% in Dr. August Oetker KG., holding the position of Chairman of the Advisory Board.
- He is a member of the Advisory board of the following companies belonging to the Dr. August Oetker KG Group: Dr. Oetker GmbH, Dr. August Oetker Nahrungsmittel KG, Dr. Oetker International Beteiligungs GmbH, Dr. August Oetker Nahrungsmittel Beteiligungs GmbH and Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft KG.

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

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

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

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

In 2011 and 2010 no transactions were performed by the directors of Ebro Foods, S.A. with Ebro Foods Group companies that did not form part of the ordinary course of business of these companies or were not performed under arm's length conditions.

27.7 Remuneration of directors and executives

Directors' remuneration - Ebro Foods, S.A.'s Board members earned total remuneration at all the Group companies amounting to EUR 4,244 thousand in 2011 (2010: EUR 6,361 thousand), the detail being as follows (in thousands of euros):

DIRECTORS' REMUNERATION AND OTHER BENEFITSS

	2011	2010
Remuneration		
Attendance fees	348	355
Bylaw-stipulated profit sharing	2,565	2,565
Total non-executive directors	**2,913**	**2,920**
Wages, salaries and professional fees	1,331	3,441
Termination benefits and other		
Total executive directors	**1,331**	**3,441**
Total remuneration	**4,244**	**6,361**
Other benefits		
Life insurance and retirement benefits	0	0

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

The Board of Directors, at its meeting held on 29 February 2012 and at the proposal of the Recruitment and Remuneration Committee resolved, for 2011, to freeze the bylaw-stipulated profit-sharing at EUR 2,565,454, without any change in relation to 2010. This will entail proposing to the shareholders at the Annual General Meeting that 1.68% of the consolidated net profit attributable to the Company in 2011 be used.

The Board also resolved to maintain the attendance fees from the previous year at EUR 1,600 for attending Ebro Foods Board meetings and EUR 800 for attending the various committee meetings, giving rise to a total amount of EUR 296,800 for 2011. The fees for attending the Board meetings of Deoleo, S.A. (company in which Ebro Foods has an ownership interest of 9.33%) for 2011, which were set at EUR 3,416 per meeting, were earned by the directors of this subsidiary that sit on the Board of Directors of Ebro Foods, S.A. and totalled EUR 51,240. Therefore, the sum total of the attendance fees earned by the directors of Ebro Foods, S.A., both of the Parent and of the aforementioned subsidiary, amounted to EUR 348,040 in 2011.

The individualised breakdown of the remuneration in 2011 is as follows (in thousands of euros):

Director	By-law stipulated profit sharing	Attendance fees	Fees for attending the board meetings of deoleo, S.A.	Fixed remuneration for executive functions	Variable remuneration for executive functions	Total
Antonio Hernández Callejas	351.6	23.2	34.1	680.9	650	1,739.7
Instituto Hispánico del Arroz, S.A.	131.8	17.6	0	0	0	149.4
José Nieto de la Cierva	131.8	17.6	0	0	0	149.4
Leopoldo del Pino y Calvo Sotelo	241.7	23.2	0	0	0	264.9
Alimentos y Aceites, S.A.	219.7	23.2	0	0	0	242.9
Blanca Hernández Rodríguez	170.3	25.6	0	0	0	195.8
Demetrio Carceller Arce	268.6	25.6	17	0	0	311.2
Rudolf-August Oetker	109.9	17.6	0	0	0	127.4
José Ignacio Comenge Sánchez-Real	143.3	23.2	0	0	0	166.5
Fernando Castelló Clemente	173.6	25.6	0	0	0	199.1
José Barreiro Seoane	301.6	25.6	0	0	0	327.1
Sol Daurella Comadrán	177.9	25.6	0	0	0	203.5
Eugenio Ruiz-Gálvez Priego	143.4	23.2	0	0	0	166.5
Total	**2,565**	**297**	**51**	**681**	**650**	**4.244**

In addition to the total remuneration received in 2011 by the only director who discharges executive duties of EUR 1,331 thousand (2010: EUR 1,320 thousand), a EUR 271 thousand (2010: EUR 343 thousand) provision was recognised as a provisional estimate of the Deferred Annual Remuneration System for that year. This amount will accrue and be paid in 2013 and 2012, respectively.

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

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

Remuneration of executives: In 2011 Ebro Foods, S.A. had twelve executives (2010: 10), whose total aggregate remuneration in 2011 for wages and salaries was EUR 2,562 thousand (2010: EUR 2,103 thousand).

In relation to the executives (excluding executive directors) of the Ebro Foods Group, included in the Deferred Annual Remuneration System associated with the Group's 2010-2012 Strategic Plan described in Note 26, the total amount for which provision was recognised in 2011 was EUR 618 thousand (2010: EUR 680 thousand). This amount will accrue and be paid in 2013 and 2012, respectively.

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

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

It is to be noted that the remuneration of all the executives of Ebro Foods was taken into consideration, although they are not all senior executives.

Lastly, the Parent took out and has in force a third-party liability insurance policy covering the directors and executives of Ebro Foods, S.A. with coverage for all its subsidiaries and an indemnity limit per annum of EUR 45 million, at an annual cost of EUR 67,500 and in force until 30 April 2012. The aforementioned policy is currently in the process of being renewed.

28. Objectives and policies relating to risk management and financial instruments

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

The main objective of the risk management policy consists of guaranteeing the value of the assets and the continuing growth of the Company through an optimum financial structure tailored to the legislation in force in the countries in which the Group operates.

In addition, the Group's capital management policy seeks to ensure the maintenance of stable credit ratings and the maximisation of shareholder value.

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

Management of capital

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

- Cost of capital calculated in accordance with industry standards in order to approximate a combination of debt and equity that optimises the aforementioned cost.
- A leverage ratio that makes it possible to obtain and maintain the desired credit rating and to ensure the financing of the Group's long- and short-term projects.

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

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

The Ebro Foods Group's strategy has changed in recent years, with increasing concentration on businesses considered to be key and an orderly reduction of financial leverage.

NET DEBT

(Thousands of euros)	2009	2010	2010-2009	2011	2011-2010
Equity	1,280,322	1,592,743	*24.4%*	1,587,298	*(0.3%)*
Not debt	556,800	17,600	(96.8%)	390,073	*2,116.3%*
Average net debt	716,725	378,336	*(47.2%)*	139,157	*(63.2%)*
Leverage	43.5%	1.1%	*(97.5%)*	24.6%	*2,123.9%*
Leverage, average debt (1)	56.0%	23.8%	*(57.6%)*	8.8%	*(63.1%)*
EBITDA	243,824	267,479	*9.7%*	273,106	*2.1%*
Hedge	2.31	0.07		1.43	

(1) *Ratio of average net financial debt and borrowing costs divided by equity (excluding non-controlling interests)*

The Group's concentration in its core business activities was implemented through the sale in prior years of the businesses considered non-strategic. This cash inflow gave rise to a significant reduction in borrowings, to stand at almost zero, and made it possible to pay additional remuneration to the shareholders through two extraordinary dividends and also to make new asset additions, in line with the Strategic Plan in force. The result is a balanced capital structure with a debt coverage ratio of 1.43 times EBITDA, which in a volatile market environment enables growth through specific acquisitions considered strategic and makes it possible to maintain an adequate return on capital.

Financial risk management and financial instruments

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

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

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

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

The aforementioned hedges will be arranged on the basis of:

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

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

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

Cash flow interest rate risk

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

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

A sensitivity analysis performed on the main financial instruments in the Group's balance sheet exposed to interest rate change risk with an impact on Group results showed variations on the income statement of EUR 753 thousand with interest rate changes equal to 50 basis points (2010: EUR 2.9 million). The interest rate risk exposure has been reduced significantly because the Group's borrowings have decreased in recent years.

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

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

CHANGES IN INTEREST RATE

	2011				2010			
Income/(Expense)	(0.50%)	(0.25%)	0.25%	0.50%	(0.50%)	(0.25%)	0.25%	0.50%
Profit (Loss) before tax	753	377	(377)	(753)	2,947	1,473	(1,473)	(2,947)

Foreign currency risk

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

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

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

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

At 31 December 2011, "Other Loans" included two loans totalling USD 374 million (31 December 2010: USD 411 million) (see Note 22) which were designated as hedges of net investments in the US subsidiaries and are used to hedge the Group's exposure to foreign currency risk on these investments. The gains or losses on the translation to euros of these loans are recognised in equity to offset any gains or losses on the translation of the net assets at these subsidiaries.

In addition, the Group is exposed to foreign currency risk on its transactions. This risk arises from purchases and sales made by the operating units in currencies other than the functional currency. In relation to important transactions, the Group uses forward foreign currency contracts to eliminate or minimise foreign currency risk. These contracts must be stated in the same currency as the item that is being hedged and they must not be arranged until the definitive contract is entered into, in order to obtain the best possible correlation with the hedge underlying.

As indicated in the preceding paragraph, certain Rice Business companies (Herba, S&B Herba and Euryza) and Pasta Business companies (Panzani) have forward foreign currency contracts (foreign currency swaps) to mitigate the exposure of their commercial transactions. These transactions are carried out in order to minimise foreign currency risk although they do not qualify for hedge accounting. The outstanding contracts at 2010 year-end were as follows:

CURRENCY

	Notional amount (thousands)	
	2011	2010
USD	62,681	26,892
CZK	8,500	0
EUR	14,616	16,304
GBP	332	1,953

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

- Only financial instruments sensitive to material changes as a result of changes in exchange rates were included.
- All borrowings constituting an effective hedge of the object of the investment are excluded.
- The exchange rate was considered as the sole variable, with all other variables in the model remaining constant.

Impact on Group results

CHANGES IN THE EURO EXCHANGE RATE

	2011				2010			
Arising from derivatives:								
Income/(Expense)	(10.00%)	(5.00%)	5.00%	10.00%	(10.00%)	(5.00%)	5.00%	10.00%
Profit (Loss) before tax	2,764	1,434	(1,434)	(2,764)	(186)	(122)	122	186
Arising from other financial instruments:								
Income/(Expense)	(10.00%)	(5.00%)	5.00%	10.00%	(10.00%)	(5.00%)	5.00%	10.00%
Profit (Loss) before tax	913	478	(478)	(913)	977	512	(512)	(977)

CHANGES IN THE POUND STERLING EXCHANGE RATE

	2011				2010			
Arising from derivatives:								
Income/(Expense)	(10.00%)	(5.00%)	5.00%	10.00%	(10.00%)	(5.00%)	5.00%	10.00%
Profit (Loss) before tax	(187)	(84)	84	187	(727)	(354)	354	727
Arising from other financial instruments:								
Income/(Expense)	(10.00%)	(5.00%)	5.00%	10.00%	(10.00%)	(5.00%)	5.00%	10.00%
Profit (Loss) before tax	(1,015)	(370)	370	707	(692)	(253)	253	482

CHANGES IN THE US DOLLAR EXCHANGE RATE

	2011				2010			
Arising from derivatives:								
Income/(Expense)	(10.00%)	(5.00%)	5.00%	10.00%	(10.00%)	(5.00%)	5.00%	10.00%
Profit (Loss) before tax	(2,234)	(1,171)	1,171	2,234	678	353	(353)	(678)
Arising from other financial instruments:								
Income/(Expense)	(10.00%)	(5.00%)	5.00%	10.00%	(10.00%)	(5.00%)	5.00%	10.00%
Profit (Loss) before tax	(108)	(206)	108	206	(259)	(495)	259	495

Impact on borrowings

CHANGES IN THE US DOLLAR EXCHANGE RATE

	2011				2010			
+ Borrowing / (– Borrowing)	(10.00%)	(5.00%)	5.00%	10.00%	(10.00%)	(5.00%)	5.00%	10.00%
ECB borrowings	(32,607)	(17,080)	17,080	32,607	(37,434)	(18,717)	18,717	37,434

Price risk of other financial assets

The Group is exposed to changes in the price of certain financial assets and liabilities. The most significant effect relates to the shares of SOS Corporación Alimentaria, S.A. and Puleva Biosearch, which are recognised as available-for-sale financial assets in the consolidated balance sheet for the year ended 31 December 2011 (see Note 12). Changes in their fair value are recognised in the Group's equity.

Liquidity risk

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

A detail of the borrowings at 31 December 2011 and the related maturity is provided in Note 22.

Credit risk (counterparty)

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

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

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

29. Information on the environment

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

These objectives are as follows:

- Minimise the environmental impact of its activity through the continuous implementation of measures to reduce environmental pollution, promote the rational use of resources, minimise the consumption of water, paper and energy, reduce the generation of waste and emissions, and seek eco-efficient solutions.
- Develop and progressively implement an Environmental Management System which meets the requirements of the UNE-EN-ISO 14001:2004 standard, or, where applicable, carry out environmental management practices that improve its production practices.
- Implement training and environmental awareness programmes for the Company's employees.
- Ensure that the Group companies comply with the environmental legislation applicable to the pursuit of the business.
- Cooperate with the public authorities for the purpose of implementing programmes aimed at restoring the environment or improving biodiversity in areas where the Company has previously carried on a production activity.
- Promote the implementation of environmental best practices among its suppliers and customers, making them aware of Ebro Foods' commitment in this connection.
- In those cases in which it is considered necessary, perform internal and external audits on environmental performance.

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

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

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

30. Fees paid to auditors

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

In 2011 (2010), the fees for the financial audit services and other services provided by the Company's auditor, Deloitte, S.L., or by a firm related to the auditor resulting from control, common ownership or management were as follows (in thousands of euros):

- The fees for audit services in 2011 amounted to EUR 1,650 thousand (2010: EUR 1,444 thousand) and for other attest services amounted to EUR 131 thousand (2010: EUR 116 thousand).
- The fees for tax advisory and/or other services amounted to EUR 257 thousand (2010: EUR 233 thousand).

31. Events after the reporting period

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

32. Explanation added for translation to english

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2-1). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

CONSOLIDATED DIRECTORS' REPORT

1. Analysis of 2011. Organic growth

Backdrop

In 2011 the growth of the world economy lost stream as a result of weaker growth in Europe (for which growth was negative in the last quarter) and a downturn in the emerging economies. Consumer confidence in developed countries lost momentum due to the high unemployment figures, the reduction in disposable income and the need to make headway with fiscal consolidation. In 2012 the eurozone is likely to experience a moderate recession in which the financial crisis and the debt crisis will show no signs of abating. Although the situation in the US is more positive, there is still a high level of unemployment that is undermining internal demand and a large fiscal deficit.

The aforementioned situation gave rise to a decrease in consumption in European homes in the last four-month period of the year, which may have a particular impact on 2012. The biggest risk faced by the US is the spread of contagion from Europe to its still recovering economy.

Grain markets ended 2010 with generalised price increases, which were particularly significant in the case of wheat. This situation was consolidated in 2011, which saw price hikes in June and July that began to decrease slowly in the last four months of the year when it became known that final stocks would remain at reasonable levels and the pressure on alternative crops such as corn used in the production of biofuel in the US would diminish.

Rice prices remained fairly stable during 2011 following price increase pressures at the end of 2010. Significant events include most notably the elimination of barriers to exports in India, which placed a huge amount of its product on the market. Conversely, the newly-elected Thai government is guaranteeing farmers a price that clearly exceeds market price and, as a result, it has edged the biggest rice exporter in the world, until this year, out of the market. In addition, around 5.5 million mt of paddy rice remain in storage in government warehouses.

Group earnings

In view of the increased volatility of raw material prices, the net profit from continuing operations grew by 17.6%. The AAGR in the last three years (+21.5%) is evidence of a solid income statement with growth across all lines.

The sales figure was up 6.8% on 2010 due to the price increases that took place in the year to offset the rise in the price of raw materials. In many cases, these price increases were accompanied by promotional initiatives aimed at boosting consumption, which cushioned their impact on sales.

EBIDTA was up 2.1% on 2010, representing an AAGR of 6.5% from 2009 to 2011. Year-on-year growth would have totalled 5% had there been no negative exchange rate effect.

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

CONSOLIDATED FIGURES

(Thousands of Euros)	2009	2010	2010-2009	2011	2011-2010	CAGR 2011-2009
Net sales	1,746,586	1,688,957	*(3.3%)*	1,804,111	*6.8%*	*1.6%*
EBITDA	240,898	267,479	*11.0%*	273,106	*2.1%*	*6.5%*
% of net sales	*13.8%*	*15.8%*		*15.1%*		
EBIT	190,348	211,573	*11.2%*	224,022	*5.9%*	*8.5%*
% of net sales	*10.9%*	*12.5%*		*12.4%*		
Profit before tax	137,455	192,504	*40.0%*	222,393	*15.5%*	*27.2%*
% of net sales	*7.9%*	*11.4%*		*12.3%*		
Income tax	(34,762)	(63,532)	(82.8%)	(70,750)	*(11.4%)*	*(242.7%)*
% of net sales	*(2.0%)*	*(3.8%)*		*(3.9%)*		
Consolidated profit for the year (continuing operations)	102,693	128,972	*25.6%*	151,643	*17,6%*	*21.5%*
% of net sales	*5.9%*	*7.6%*		*8.4%*		
Net profit from discontinued operations	70,116	259,970	*270.8%*		*(100.0%)*	*(100.0%)*
% of net sales	*4.0%*	*15.4%*				
Net profit	176,539	388,797	*120.2%*	151,542	*(61.0%)*	*(7.3%)*
% of net sales	*10.1%*	*23.0%*		*8.4%*		
Average working capital (*)	323,230	237,222	*26.6%*	252,916	*(6.6%)*	
Capital employed (*)	1,176,282	995,309	*15.4%*	1,007,686	*(1.2%)*	
ROCE (1) (*)	20.4	21.3		22.2		
Capex (*)	87,414	69,617	(20.4%)	66,596	*(4.3%)*	
Average headcount	4,489	4,850	8.0%	4,920	*1.4%*	
	12-31-09	**12-31-10**	**2010-2009**	**12-31-11**	**2011-2010**	
Equity	1,280,322	1,592,743	*24.4%*	1,587,298	*(0.3%)*	
Net debt (*)	556,800	17,600	*(96.8%)*	390,073	*2,116.3%*	
Average net debt (*)	716,725	378,336	*(47.2%)*	139,157	*(63.2%)*	
Leverage (2)	0.56	0.24		0.09		
Total assets	2,684,465	2,885,030		2,710,608		

(*) *In order for these parameters to remain consistent, the calculation includes the profit from discontinued operations and the associated assets and liabilities*
(1) *ROCE = (Profit (Loss) from operations AAR over last twelve months/(Intangible assets - Property, plant and equipment - Working capital)*
(2) *Ratio of average net financial debt and borrowing costs divided by equity (excluding non-controlling interests)*

The profitability measured using the EBITDA to Sales ratio stands at over 15% despite the increase in sales that resulted from transferring the cereal price tensions. ROCE is up 22.2%. ROCE is a particularly significant measure since it arises in a situation of inflation relating to working capital due to the rise in the price of inventories.

Profit from continuing operations is improving due to the increase in the earnings from operations and the decrease in finance costs. Finance costs are down as a result of the decrease in borrowings due to the sale of the non-core businesses in prior years.

Net profit from discontinued operations reflects the net gains arising from the sale of businesses and those relating to its operations until the effective sale date. Therefore, the most significant portion of this net profit reflects the net gain from the sale of the dairy product business in 2010 and from the sale of the sugar business in 2009.

The Ebro Foods strategy

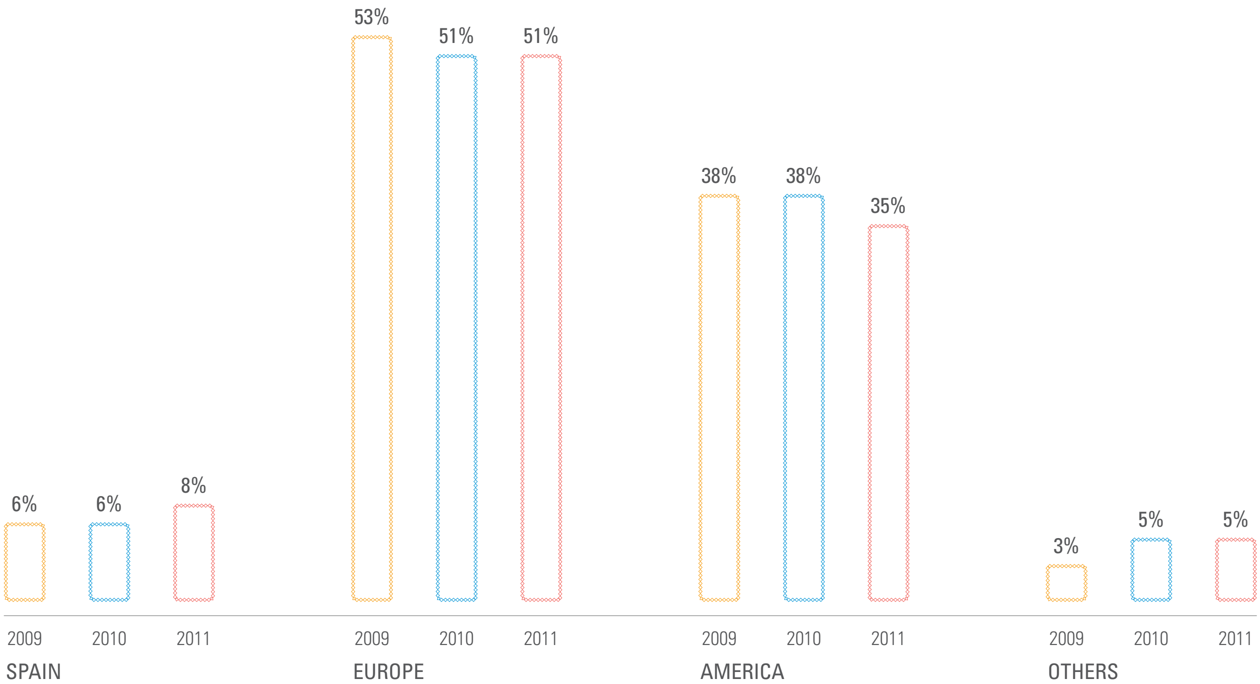
The Group's strategy involves leadership in the business segments in which it operates. With this in mind, in September 2011 it concluded the acquisition of the Deoleo (formerly SOS) rice division. Through this transaction, Ebro purchased the Deoleo rice businesses in Spain, the US, Saudi Arabia and the Netherlands as well as the SOS brand worldwide. In addition to this agreement, the Group entered into an agreement in March to purchase the Saludaes brand in Portugal. The total amount of all these acquisitions was EUR 203.5 million.

Also, in December an agreement was entered into with the US company Strom Products Ltd. to acquire USD 50 million of its pasta business in the US and Canada. The agreement includes the purchase of the No Yolks and Wacky Mac brands, which carry on their main activities in the area of healthy pasta and noodles. No Yolks is the leading brand in the yolk-free noodle segment and dry fibre-enriched pasta segment in the US and Canada.

The Group's principles are as follows:

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

Geographical areas



The latest acquisitions will extend the area of distribution of the Group's products, giving it a considerable presence in the markets of the Netherlands and the Middle East. In recent years the Group has achieved consistent growth in recurring profits despite the volatility in basic raw materials markets. Diversification in the sources of supply has been essential to this positive performance, which led the Group to establish itself in areas of production and to continually work on adapting grain varieties and origins to our customers' needs.

- **Differentiation and innovation.** Ebro Foods is firmly committed to investment in products along two lines; major innovation and development (R&D+i) and firm backing of leading brands in its business areas.

  In 2011 frozen rice distribution increased in the United States (minute steamers), new varieties of ready-to-serve rice were introduced, the range of pre-cooked rice was extended, a range of sauces targeted at children was launched in addition to pasta portions and a new range of pasta-based side dishes.

  Not only does Ebro Foods make a consistent effort in terms of innovation, it has also turned it into its main activity. Consequently, sales of ready-to-serve rice now account for 21% of the sales achieved under the Minute brand in the US with annual growth of over 15% while fresh product growth has benefited in particular from new products such as pre-cooked gnocchi.

- **Growth and consolidation of synergies.** Ebro Foods is a group specialising in foodstuffs that has a major presence in North America and Europe. Companies are acquired on the basis of selective criteria in areas that enable synergies to be amply integrated.

  The acquisitions made in 2011 have placed the Group at the top of the rice market in the Netherlands and the medium-grain rice market in Spain and, as a result of the sales obtained under the Abu Bint brand, the Group has also gained a foothold in a market with huge potential, i.e. the Middle East.

  The subsidiaries in Germany have been internally consolidated by concentrating services at the headquarters in Hamburg and eliminating unprofitable businesses.

Both growth and innovation depend on an investment strategy that requires that virtually all of the production capacity of the instant rice and fresh pasta segments be renewed. Comparable CAPEX (eliminating the investments of the discontinued businesses) in the last three years is as follows:

YEAR	Amount (Thousands of euros)
2009	78,658
2010	64,691
2011	66,596

The impact of the new rice factory in Memphis can be seen in particular in the figure for 2009 although investments in machinery were concluded in 2011. In 2011 the largest investments relate to the renewal plan for the pasta business and the ready-to-serve rice factory adjacent to the Memphis factory.

Financial position

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

NET DEBT	Consolidated figures				
(Thousands of euros)	2009	2010	2010-2009	2011	2011-2010
Equity	1,280,322	1,592,743	*24.4%*	1,587,298	*(0.3%)*
Not debt	556,800	17,600	(96.8%)	390,073	*2,116.3%*
Average net debt	716,725	378,336	*(47.2%)*	139,157	*(63.2%)*
Leverage	43.5%	1.1%	*(97.5%)*	24.6%	*2,123.9%*
Leverage, average debt **(1)**	56.0%	23.8%	*(57.6%)*	8.8%	*(63.1%)*
EBITDA	243,824	267,479	*9.7%*	273,106	*2.1%*
Hedge	2.28	0.07		1.43	

(1) *Ratio of average net financial debt and borrowing costs divided by equity (excluding non-controlling interests)*

Following the completion of the aforementioned acquisitions and the payment of an extraordinary dividend to the shareholders, the financial position remained comfortable, making it possible to sustain a high rate of internal investment and to continue to explore the market in search of opportunities that will complement the Group's strategy.

Main businesses

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

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

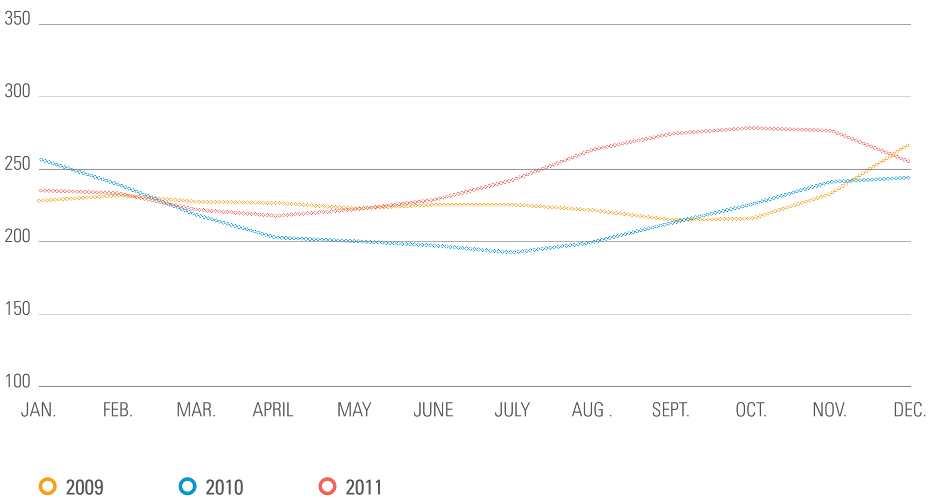
Rice

RICE BUSINESS

(Thousands of euros)	2009	2010	2010-2009	2011	2011-2010	AAGR 2011-2009
Net sales	836,147	811,558	*(2.9%)*	920,752	*13.5%*	*4.9%*
EBITDA	118,561	123,263	*4.0%*	135,953	*10.3%*	*7.1%*
% of net sales	*14.2%*	*15.2%*		*14.8%*		
EBIT	97,575	99,019	*1.5%*	113,698	*14.8%*	*7.9%*
% of net sales	*11.7%*	*12.2%*		*12.3%*		
Average working capital	185,446	181,782	*2.0%*	231,686	*(27.5%)*	
Capital employed	495,768	506,347	*(2.1%)*	582,158	*(15.0%)*	
ROCE	20	20		19		
Capex	55,138	37,855	*(31.3%)*	26,950	*(28.8%)*	

- As indicated in the section on the backdrop for 2011, prices stabilised to an extent until news of the export restrictions in Thailand unfolded because the prices guaranteed by the government were much higher than those on the market. There was some uncertainty for a few months, which affected the market price in neighbouring Vietnam and, consequently, the other exporting countries. Once it became known that India would open its exports (limited to varieties of basmati rice until after summer due to government legislation), that these exports would not be subject to a quota and that there were generally good harvest levels in the east Asian countries and once it was established that the Thai authorities would not need to place the huge quantity of rice that they had in storage on the market, prices began to ease.
- Production during the 2010/11 marketing year was somewhat shorter than in 2009/10 in Europe and the US. However, it was sufficient to cover existing expectations. Production of varieties of long grain rice in the US was lower than in the prior marketing year but of a higher quality, while stocks of medium-grain rice (Calrose and other varieties) recovered and their prices fell.

Index of World Rice Prices (IPO)



- Area sales increased as a result of the contribution of new businesses (EUR 87 million) and the application of new contracts containing adjusted prices following the increase in prices at source at the end of 2010. In the US, Riviana increased certain prices at the beginning of the year. However, it had a scant impact on the year-on-year area comparison due to the effect of the exchange rate.

- The market followed the trend witnessed in recent years, with growth of ready-to-serve rice (with certain exceptions in countries severely affected by the crisis such as Portugal), brown rice and aromatic rice (changing on the basis of local preferences). Group sales also follow these trends, with excellent sales of certain special varieties of rice and specifically adapted flour, which are worked with at the La Rinconada R&D plant.
- Year-on-year EBITDA was up 10%. If we exclude the contribution of the new SOS businesses, growth remains pegged at approximately 6% despite the negative effect of the USD/EUR exchange rate, which amounts to EUR 4 million. The biggest contribution to the growth of the pre-existing business was made by the European businesses (Herba) since Riviana, whose contribution grew by USD 2 million, was marred by the reduced yield of its instant rice lines compared to the forecast yield and the delays in the mechanisation of its packaging and pallet lines at the Memphis factory, which stand at USD 10 million. In the last four months of the year, the factory's productivity was at the levels required due to the new improved-quality harvest and having overcome the learning curve.
- The increase in working capital caused by the increase at the end of 2010, the needs to cover a larger market due to new acquisitions and the desire to avoid friction in the inclusion of new businesses in the Group's structure (ARI's systems and equipment were fully integrated at the beginning of 2012) increased the Group's working capital and had an impact on the area's ROCE, which fell to 18.8% following record levels in the two prior years.
- The main investments in the area relate to the latest equipment installed at the Memphis factory (USD 8 million) and the adjacent ready-to-serve rice factory (USD 10 million) that came into service in December 2011.

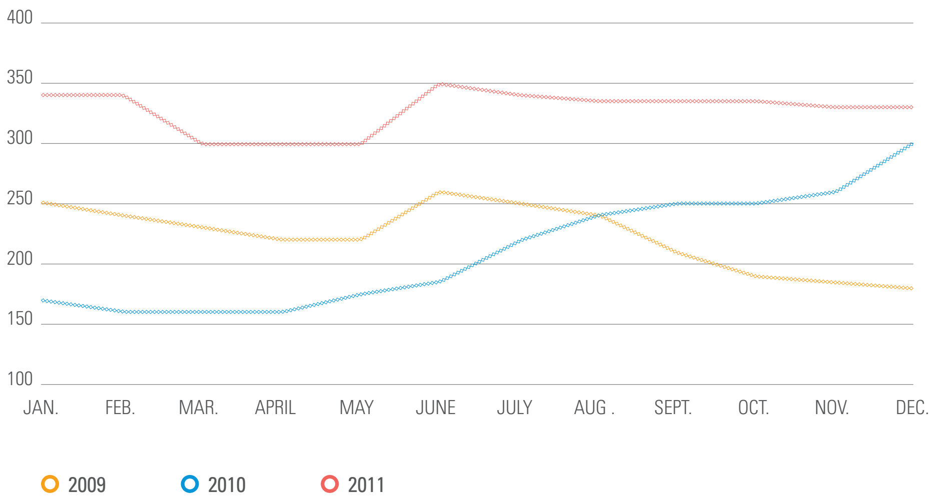
Pasta

PASTA BUSINESS

(Thousands of euros)	2009	2010	2010-2009	2011	2011-2010	AAGR 2011-2009
Net sales	928,077	916,101	*(1.3%)*	928,297	*1.3%*	*0.0%*
EBITDA	137,057	160,484	*17.1%*	144,457	*(10.0%)*	*2.7%*
% of net sales	*14.8%*	*17.5%*		*15.6%*		
EBIT	108,831	133,741	*22.9%*	119,064	*(11.0%)*	*4.6%*
% of net sales	*11.7%*	*14.6%*		*12.8%*		
Average working capital	91,292	60,427	*33.8%*	69,173	*(14.5%)*	
Capital employed	469,915	442,061	*5.9%*	456,917	*(3.4%)*	
ROCE	23.2	30.3		26.1		
Capex	18,359	32,652	*77.9%*	38,095	*16.7%*	

- A particularly turbulent year. The increases in wheat prices at the end of 2010 were consolidated and were even exceeded mid-year as the news on heavy rain, floods and reductions in the harvested area unfolded. An unusual circumstance arose when prices began to drop like in the case of other grains. As a result of the difficulties in the durum wheat market, there was a large difference in the price of this wheat with respect to other types of wheat, which reached EUR 177 per mt, something that had not happened since the beginning of 2008 in the middle of the raw materials crisis.

Durum Wheat Prices EUR/TON



- The immediate reaction was to announce price increases, which continued throughout the year. Specifically, there were three increases totalling USD 0.22 per 1lb packet of pasta in the US and EUR 0.16/kg in Europe. Of course, these increases were the result of an immense negotiating effort involving distribution and generally had positive results. However, they required significant promotional efforts in order to boost consumption, which had already been weakened due to the economic situation.
- There was a moderate increase in sales despite the price increases, due to the discontinuation of certain activities that were scantly profitable in the US (own brand) and Germany (where extensive restructuring took place) and the negative effect of the exchange rate on sales in US dollars.
- The circumstances in the industry gave rise to a reduction in the contribution from this area. The impact was uneven because Panzani improved its results, volume and sales figures with record dry pasta and fresh pasta quotas, while NWP in the US faced a very aggressive strategy from the competition, with a substantial loss of profit which it fought by making additional promotional endeavours and by transferring volumes to less strategic channels and products.
- Lastly, the greatest difficulties arose in Germany where prices were very competitive and the main competitors increased their promotions by 50%, which can be seen in the shrinking value of the pasta market (2.8%) from October 2010 to October 2011, despite the rise in raw material prices. This situation and the difficulty of passing on any price increase, coupled with shrinking margins, led to a complete restructuring of the Group’s presence by concentrating its activities on the most profitable brands (Birkel and 3 Gloken).
- EBITDA decreased 10% to EUR 144.5 million (EUR 147 million excluding the exchange rate effect). ROCE fell to 26.1%.
- CAPEX grew as a result of the three-year investment plan in the area. The biggest investments made include a new line of short-cut pasta at the Saint Louis factory for USD 7 million, EUR 4 million to renew the dry pasta facilities, EUR 3.5 million to start up the new ERP system and EUR 2.5 million to extend the storage facilities for fresh products.

2. Outlook for the group

The economic outlook for 2012 includes a recession across Europe and slow growth in other developed economies. The impact of this situation on consumption was already evident in the last quarter of 2011 and food products, even basic food items found in the shopping basket, are no exception. Prices factor will foreseeably be considered to a greater extent by a certain percentage of the population and brands are likely to have to go the extra mile to stand out and achieve a price-quality balance.

The expectations in the rice and wheat markets are good with stable rice prices, except for certain specific varieties and a foreseeable drop in durum wheat until the next harvest.

Ebro Foods should finish the inclusion of the purchases made and maintain the processes of innovation that place it in a league of its own.

Rice business

The Memphis factory will become fully automated at the end of the first quarter and the line of ready-to-serve pots will be at full capacity. The inclusion of the Freeport factory will also represent an important competitive advantage to import and export operations.

Investments were approved in India and Argentina which will increase import opportunities and make the Company's structure even more flexible.

Pasta

The Group is still committed to innovation and to making fresh products the focus of growth. The initial payments relating to a new fresh pasta factory were made, which will be fundamental to this strategy.

In addition, the improvements in production arising from the restructuring of the business in Germany and the substantial investments in dry pasta production are worthy of note.

3. R&D+i activities

Ebro Foods has always been ahead of new consumer trends and is an international benchmark in the research and development of products applied to the food industry. Aware that R&D+i is an essential tool for the implementation of its quality and differentiation strategy, in 2011 the Group continued its unwavering commitment in this connection once it became disassociated with Puleva Biosearch, which was a driving force for innovation for many years.

The total investment in 2011 amounted to EUR 5.6 million, which was distributed between internal resources (EUR 3.5 million) and external resources (EUR 2.1 million).

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

1. CEREC, located in St. Genis Laval (France), with ten employees, oriented towards developing the pasta division's range of fresh pasta, fresh pre-cooked meals and sauces. In 2011 its business activities focused on extending the range of Lunch Box products, pre-cooked gnocchi and risotto sauces and on preparing the new launches for 2012.

2. CRECERPAL, located in Marseilles, with fourteen technicians working in a laboratory on raw materials and analysis, focuses research on the development of the category of durum wheat, dry pasta, couscous and new food processing technologies applied to cereals. In 2011 work was carried out in particular on a new dry pre-cooked pasta, a new variety of pre-cooked couscous and the extended range of pre-cooked rice.

3. TECH Centre, with three researchers engaging in the research and subsequent development of new products, processes and technologies for the rice division in the US. Their work has centred on obtaining the permits and certification for the ready-to-serve pots at the new factory from the Food and Drug Administration while they continue the tests relating to the adaptation of local rice at their pilot factory.

4. Centres associated with the Herba Group in Moncada (Valencia), and the new plant in San José de Rinconada, with 15 researchers dedicated to developing new and/or improved products and technologies and technical assistance in the areas of rice technology and its by-products for the modern hospitality industry, i.e. fast-food and catering. The most significant project under way consists of the development of a line of functional flours, which is expected to yield benefits by creating a new line of products in the short term.

4. Treasury share transactions

In 2011, the Group made treasury share purchases and sales pursuant to authorisation granted by the shareholders at the Annual General Meetings held on 2 June 2010 and 15 June 2011, and, in accordance with current legislation, the Spanish National Securities Market Commission (CNMV) was notified accordingly. In 2011 4,087,972 treasury shares were acquired and 703,878 were sold. At 2011 year-end the Group held 3,384,094 treasury shares representing 2.199% of its share capital. At 2011 year-end no decision had been taken regarding the specific use to which these treasury shares would be put.

5. Employees

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

6. Risk and financial instrument management objectives and policies

The Ebro Foods Group, influenced by the conceptual framework of the "Committee of Sponsoring Organizations of the Treadway Commission" (COSO) report over internal control has implemented certain risk identification, measurement, management and reporting systems.

In 2011 a risk map was implemented at Group level, which is supported by an IT software tool called GIRO. The risk map includes a risk matrix for the whole Group and by individual company, including the probability of occurrence of these risks, their related impact and the protocols to be put in place to mitigate these risks.

The ultimate objective of these risk control systems is to safeguard the interests of our shareholders, customers, employees and our corporate environment. At the same time, these systems guarantee the corporate reputation and the financial soundness of the Ebro Foods Group on an ongoing basis.

The main risks and the control systems in place to mitigate them are as follows.

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

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

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

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

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

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

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

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

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

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

1. Diversifying the sources of supply, going to the main production markets if it is considered that in doing so a competitive advantage is gained.
2. Entering into long-term supply agreements and cooperation agreements with the suppliers that the Group considers to be important for the business.

Risk due to an excess of installed capacity. The consumer goods industry is threatened by possible surplus installed capacity, which becomes more apparent at low points in the economic cycle. Once more, the best guarantee against this type of risk is innovation and ongoing product differentiation. Also, the Group endeavours to keep up to date and renew its production structure by retiring the assets that it does not consider to be sufficiently efficient (restructuring in Germany) and by investing in new factories (Memphis) or production lines (pasta).

Risks specific to the Ebro Foods Group

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

Country risk. The Group carries on activities in certain countries classified as "developing countries". This situation means that certain investments are affected by the typical risks associated with these countries such as possible political changes that might affect market conditions, restrictions on the movement of capital, nationalisation of assets or devaluations of reference currencies. Ebro Food´s presence in these countries is limited and in most cases it is restricted to taking positions to optimise supply (primarily rice). In view of these possible contingencies, the Group opted to diversify the risks with a presence in Europe, the Americas, Asia (Thailand and India) and Africa (Morocco and Egypt).

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

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

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

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

Occupational risk. This relates to both attracting human resources and limiting labour risks. Accordingly, the Group promotes both personal incentive and remuneration schemes for the main executives tied to results and fosters the improvement of working conditions. There are also specific programmes designed to promote an enhanced working environment and to maximise protection levels, which most notably include training courses for Group employees.

Financial risk management and financial instruments

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

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

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

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

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

Cash flow interest rate risk

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

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

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

Foreign currency risk

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

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

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

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

At 31 December 2011, "Other Loans" included two loans totalling USD 374 million (31 December 2010: USD 411 million) (see Note 22), which were designated as hedges of net investments in the US subsidiaries and are used to hedge the Group's exposure to foreign currency risk on these investments. The gains or losses on the translation to euros of this loan are recognised in equity to offset any gains or losses on the translation of the net assets at these subsidiaries.

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

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

As indicated in the preceding paragraph, certain companies in the rice business (Herba, S&B Herba and Euryza) and in the pasta business (Panzani) have forward foreign currency contracts (foreign currency swaps) to mitigate the exposure of their commercial transactions. These transactions are carried out in order to minimise foreign currency risk although they do not qualify for hedge accounting.

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

Price risk of other financial assets

The Group is exposed to changes in the price of certain financial assets and liabilities. The most significant effect relates to the shares of Deoleo (formerly SOS Corporación Alimentaria, S.A.) and Biosearch which are included as available-for-sale assets in the consolidated balance sheet at 31 December 2011 (see Note 12 to the accompanying consolidated financial statements) and the changes in the fair value thereof are reflected for accounting purposes in the Group's equity.

Liquidity risk

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

Note 22 to the accompanying consolidated financial statements includes a breakdown of the liabilities at 31 December 2011 and their maturities.

Credit risk (counterparty)

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

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

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

7. Information on the environment

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

8. Events after the reporting period

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

9. Annual corporate governance report

Pursuant to legislation currently in force, the following section of the consolidated directors' report includes the 2011 Annual Corporate Governance Report of Ebro Foods, S.A. as required by the Spanish National Securities Market Commission.

CORPORATE GOVERNANCE REPORT

ANNUAL CORPORATE GOVERNANCE REPORT

LISTED COMPANIES

DETAILS OF ISSUER

YEAR ENDED: 31/12/2011

TAX REGISTRATION NUMBER: A47412333

Name: EBRO FOODS, S.A.

ANNUAL CORPORATE GOVERNANCE REPORT
LISTED COMPANIES

Read the instructions at the end of this report to correctly understand and complete the form.

A. OWNERSHIP STRUCTURE

A.1. Complete the following table on the capital of the company:

Date latest modification	Capital (€)	Number of shares	Number of voting rights
11/06/2002	92,319,235.20	153,865,392	153,865,392

Indicate whether there are different classes of shares with different associated rights:

NO

A.2. Give details on the direct and indirect holders of significant interests in your company at year-end, excluding directors:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	Interest / total voting rights (%)
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	0	15,721,882	10.218
CORPORACIÓN ECONÓMICA DAMM, S.A.	14,850,000	0	9.651
SOCIEDAD ANÓNIMA DAMM	0	14,850,000	9.651
ALBA PARTICIPACIONES, S.A.	12,498,830	0	8.123
CORPORACIÓN FINANCIERA ALBA, S.A.	0	12,498,830	8.123
HISPAFOODS INVEST S.L.	10,600,210	0	6.889

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	Interest / total voting rights (%)
CASA GRANDE DE CARTAGENA, S.L.	5,193,290	0	3.375
LOLLAND, S.A.	0	5,193,290	3.375

Name of indirect holder of the interest	Through: Name of direct holder of the interest	Number of direct voting rights	Interest / total voting rights (%)
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	ALIMENTOS Y ACEITES, S.A.	15,721,882	10.218
SOCIEDAD ANÓNIMA DAMM	CORPORACIÓN ECONÓMICA DAMM, S.A.	14,850,000	9.651
CORPORACIÓN FINANCIERA ALBA, S.A.	ALBA PARTICIPACIONES, S.A.	12,498,830	8.123
LOLLAND, S.A.	CASA GRANDE DE CARTAGENA, S.L.	5,193,290	3.375

Indicate the principal movements in the shareholding structure during the year:

Name of shareholder	Date of transaction	Description of the transaction
LOLLAND, S.A.	08/12/2011	Interest lowered to below 5% of the capital
CASA GRANDE DE CARTAGENA, S.L.	08/12/2011	Interest lowered to below 5% of the capital
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	26/09/2011	Interest raised to over 10% of the capital

A.3. Complete the following tables on directors' voting rights corresponding to shares in the company:

Name of director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights held

Name of director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights held
ANTONIO HERNÁNDEZ CALLEJAS	30	0	0.000
JOSE BARREIRO SEOANE	3,083	0	0.002
ALIMENTOS Y ACEITES, S.A.	15,721,882	0	10.218
EUGENIO RUIZ-GÁLVEZ PRIEGO	153	0	0.000
FERNANDO CASTELLÓ CLEMENTE	2,284,750	0	1.485
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	13,588,347	10,600,210	15.721
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	300,000	1,707,007	1.304
JOSÉ NIETO DE LA CIERVA	8,880	0	0.006
LEOPOLDO DEL PINO Y CALVO-SOTELO	0	246,000	0.355
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	10	0	0.000
SOL DAURELLA COMADRÁN	0	1,307,367	0.850

Name of indirect holder of the interest	Through: Name of direct holder of the interest	Number of direct voting rights	% of total voting rights
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HISPAFOODS INVEST, S.L.	10,600,210	6.889
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	1,307,007	0.849
SOL DAURELLA COMADRÁN	BEGINDAU, S.L.	1,227,617	0.798
LEOPOLDO DEL PINO Y CALVO-SOTELO	SWIFT INVERSIONES SICAV, S.A.	254,000	0.355
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	MENDIBEA 2002, S.L.	400,000	0.260
SOL DAURELLA COMADRÁN	SURFUP SICAV, S.A.	79,350	0.052

Total % of voting rights held by board members	29.940

Complete the following tables on directors with stock options in the company:

A.4. Indicate family, commercial, contractual or corporate relationships among significant shareholders known to the company, if any, except any that are insignificant and those deriving from ordinary commercial business:

Type of relationship:
Corporate
Brief description:
LOLLAND, S.A. HOLDS AN INDIRECT INTEREST OF 100% IN CASA GRANDE DE CARTAGENA, S.L.

Name of related parties
LOLLAND, S.A.

Type of relationship:
Corporate
Brief description:
INSTITUTO HISPÁNICO DEL ARROZ, S.A. HOLDS 100% OF HISPAFOODS INVEST, S.L.: DIRECT INTEREST OF 51.62% AND INDIRECT INTEREST OF 48.38%

Name of related parties
INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Type of relationship:
Corporate
Brief description:
CORPORACIÓN FINANCIERA ALBA, S.A. HOLDS A DIRECT INTEREST OF 100% IN ALBA PARTICIPACIONES, S.A.

Name of related parties
CORPORACIÓN FINANCIERA ALBA, S.A.

Type of relationship:
Corporate
Brief description:
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES HOLDS A DIRECT INTEREST OF 91.963% IN ALIMENTOS Y ACEITES, S.A.

Name of related parties
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES

Type of relationship:
Corporate
Brief description:
SOCIEDAD ANÓNIMA DAMM HOLDS A DIRECT INTEREST OF 99.93% IN CORPORACIÓN ECONÓMICA DAMM, S.A.

Name of related parties
CORPORACIÓN ECONÓMICA DAMM, S.A.

A.5. Indicate commercial, contractual or corporate relationships between significant shareholders and the company and/or its group, if any, except any that are insignificant and those deriving from ordinary commercial business:

A.6. State whether the company has been notified of any shareholders' agreements that may affect it pursuant to the Securities Market Act s. 112. If any, describe them briefly and list the shareholders bound by the agreement:

NO

Indicate and describe any concerted actions among company shareholders of which the company is aware:

NO

Expressly indicate any change or break-up of those agreements or concerted actions, if any, that has taken place during the year.

A.7. Indicate any individuals or entities that exercise or may exercise control over the company in pursuance of section 4 of the Securities Market Act:

NO

A.8. Complete the following tables on the company's treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	Treasury stock/capital (%)
3,384,094	0	2.199

(*) Through:

Total	0

Give details on any significant variations during the year, according to the provisions of Royal Decree 1362/2007:

Date of communication	Total direct shares acquired	Total indirect shares acquired	% of capital
17/08/2011	3,279,065	0	2.131

Gain/(loss) obtained during the year on trading in own shares (thousand euro)	768

A.9. Indicate the term and conditions of the authorisation granted by the General Meeting to the Board to buy or sell own shares

The Annual General Meeting of Shareholders held on second call on 15 June 2011 resolved, under item five on the agenda, to authorise the Board of Directors to buy back own shares and reduce the company's capital and to authorise subsidiaries to acquire shares in the parent company, by purchase or on any other payment basis, subject to the limits and other requisites stipulated in law.

a. Conditions of the authorisation

Authorisation to the Board of Directors to buy back own shares and authorisation of subsidiaries to acquire shares in the parent company, by purchase or on any other payment basis, on one or several occasions, subject to the limits and other requisites stipulated in sections 146, 509 and other applicable provisions of the Corporate Enterprises Act:

- The par value of the shares acquired directly or indirectly, when added to the par value of any shares already held by the company and its subsidiaries, may not at any time exceed 10% of the capital.

- The acquisition, including any shares that the company, or any person acting in his own name but on behalf of the company, has acquired earlier and holds as treasury stock, does not reduce the equity to below the amount of capital plus legal or statutory undistributable reserves. For this purpose, equity shall be the amount calculated as such according to the criteria for drawing up the annual accounts, less any profits attributed directly thereto and plus any uncalled subscribed capital and the par value and share premiums of any subscribed capital that is accounted for as liabilities.

- The shares acquired must be fully paid up.

- The minimum and maximum price of the acquisition must be equivalent to the par value of the own shares bought back and their market price on an official secondary market, respectively, at the time of purchase.

b. Contents of the authorisation

- Authorisation of the Board to buy back own shares, by virtue of a direct decision or through delegation to the Executive Committee or such person or persons as the Board may authorise for this purpose, to hold those shares as treasury stock, dispose of them or, as the case may be, propose their redemption to the General Meeting, subject to the limits stipulated in law and the conditions established in this resolution. The authorisation is extended to the possibility of buying back own shares for delivery directly to employees or directors of the company or its group, on one or several occasions, or upon exercise of any stock options that they may hold, pursuant to s. 146.1.a), paragraph 3, of the Corporate Enterprises Act.

- Authorisation of the Board to reduce the capital in order to redeem shares bought back by the company or acquired by any of the companies in its group, against the capital (for their par value) and unappropriated reserves (for the amount of their acquisition in excess of that par value), in such amounts as may be deemed fit from time to time, up to the maximum of the own shares held from time to time.

- Delegation to the Board to execute the resolution to reduce the capital, so that it may do so on one or several occasions or decline to do so, within a period not exceeding 5 years from the date of this General Meeting, taking whatsoever actions may be necessary for this purpose or required by prevailing legislation.

c. Term of the authorisation

- The authorisation is granted for a maximum of five years from the date of the General Meeting.

This authorisation rendered null and void the authorisation granted to the Board at the General Meeting held on 1 June 2010.

A.10. Indicate constraints stipulated in law or the company's articles on the exercise of voting rights and legal restrictions on the acquisition and disposal of shares in the capital. State whether there are any legal restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights that one shareholder may exercise by legal restriction	0

State whether the articles of association establish any restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights that one shareholder may exercise by restriction in the articles of association	0

State whether there are any legal restrictions on the acquisition or disposal of shares in the capital:

NO

A.11. Indicate whether the General Meeting has resolved to apply the breakthrough rule against a takeover bid, under Act 6/2007:

NO

If so, explain the measures approved and the terms on which the restrictions will become ineffective:

B. MANAGEMENT STRUCTURE OF THE COMPANY

B.1. Board of Directors

B.1.1. State the maximum and minimum numbers of directors stipulated in the articles of association:

Maximum number of directors	15
Minimum number of directors	7

B.1.2. Give details of the board members:

Name of director	Representative	Position on Board	Date first appointment	Date latest appointment	Election procedure
ANTONIO HERNÁNDEZ CALLEJAS	–	CHAIRMAN	01/01/2002	01/06/2010	VOTE AT AGM
JOSÉ BARREIRO SEOANE	–	VICE-CHAIRMAN	31/05/2005	01/06/2010	VOTE AT AGM

Name of director	Representative	Position on Board	Date first appointment	Date latest appointment	Election procedure
ALIMENTOS Y ACEITES, S.A.	FRANCISCO BALLESTEROS PINTO	DIRECTOR	23/07/2004	01/06/2010	VOTE AT AGM
DEMETRIO CARCELLER ARCE	—	DIRECTOR	01/06/2010	01/06/2010	VOTE AT AGM
EUGENIO RUIZ-GÁLVEZ PRIEGO	—	DIRECTOR	25/07/2000	01/06/2010	VOTE AT AGM
FERNANDO CASTELLÓ CLEMENTE	—	DIRECTOR	13/12/2000	01/06/2010	VOTE AT AGM
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	FÉLIX HERNÁNDEZ CALLEJAS	DIRECTOR	01/06/2010	01/06/2010	VOTE AT AGM
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	—	DIRECTOR	13/12/2000	01/06/2010	VOTE AT AGM
JOSÉ NIETO DE LA CIERVA	--	DIRECTOR	29/09/2010	15/06/2011	VOTE AT AGM
LEOPOLDO DEL PINO Y CALVO-SOTELO	—	DIRECTOR	01/06/2010	01/06/2010	VOTE AT AGM
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	—	DIRECTOR	23/02/2006	01/06/2010	VOTE AT AGM
RUDOLF-AUGUST OETKER	—	DIRECTOR	01/06/2010	01/06/2010	VOTE AT AGM
SOL DAURELLA COMADRÁN	—	DIRECTOR	01/06/2010	01/06/2010	VOTE AT AGM

Total number of directors	13

Indicate any retirements from the board during the year:

B.1.3. Complete the following tables on the types of board members:

EXECUTIVE DIRECTORS

Name of Director	Committee proposing appointment	Position in company's organisation
ANTONIO HERNÁNDEZ CALLEJAS	NOMINATION AND REMUNERATION COMMITTEE	CHAIRMAN

Total number of executive directors	1
% of board	7.692

NON-EXECUTIVE PROPRIETARY DIRECTORS

Name of Director	Committee proposing appointment	Name of significant shareholder represented or that proposed appointment
ALIMENTOS Y ACEITES, S.A.	NOMINATION AND REMUNERATION COMMITTEE	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES
DEMETRIO CARCELLER ARCE	NOMINATION AND REMUNERATION COMMITTEE	SOCIEDAD ANÓNIMA DAMM
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	NOMINATION AND REMUNERATION COMMITTEE	INSTITUTO HISPÁNICO DEL ARROZ, S.A.
JOSÉ NIETO DE LA CIERVA	NOMINATION AND REMUNERATION COMMITTEE	CORPORACIÓN FINANCIERA ALBA, S.A.
LEOPOLDO DEL PINO Y CALVO-SOTELO	NOMINATION AND REMUNERATION COMMITTEE	LOLLAND, S.A.
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	NOMINATION AND REMUNERATION COMMITTEE	INSTITUTO HISPÁNICO DEL ARROZ, S.A.
RUDOLF-AUGUST OETKER	NOMINATION AND REMUNERATION COMMITTEE	SOCIEDAD ANÓNIMA DAMM

Total number of proprietary directors	7
% of board	53.846

NON-EXECUTIVE INDEPENDENT DIRECTORS

Name of Director

JOSÉ BARREIRO SEOANE

Profile

Born in El Ferrol (La Coruña). Agricultural Engineer with B.A. in Commercial Management and Marketing (ESIC). Former Councillor for Agriculture in the Spain Mission to the World Trade Organisation and Secretary General of the Ministry of Agriculture, Food and Fisheries. Has held other important positions in different national and international organisations related with agriculture, food and fisheries.

Name of Director

FERNANDO CASTELLÓ CLEMENTE

Profile

Born in Mollerusa (Lleida). Industrial Engineer and MBA (IESE). Lecturer in the School of Engineers and Architects of Fribourg (Switzerland). Has held several important executive and management positions in companies operating in the dairy sector and has extensive experience in the sector. Currently Vice-Chairman of Merchpensión, S.A. and on the board of other consultancy and financial services companies.

Name of Director

JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL

Profile

Born in San Sebastián. Economist and graduate in International Banking. Extensive experience in the financial sector, director and executive positions in several financial institutions and insurance companies, such as Banco Hispano Americano, Mutua Madrileña and Axa Winterthur, among others. Chairman of Rexam Ibérica and Arbitraje & Inversiones S.L.

Name of Director

SOL DAURELLA COMADRÁN

Profile

Born in Barcelona. BA in Business Studies and MBA (ESADE). Her professional career is closely linked with management of the family business of Coca Cola concessions on the Iberian peninsula and in Africa. Currently Vice-Chairman and CEO of Cobega, S.A. and Director of Casbega, S.A., Norbega, S.A., Refrige, S.A., Banco de Sabadell and Acciona, S.A.

Total number of independent directors	4
% of board	30.769

OTHER NON-EXECUTIVE DIRECTORS

Name of Director	Committee proposing appointment
EUGENIO RUIZ-GÁLVEZ PRIEGO	NOMINATION AND REMUNERATION COMMITTEE

Total number of independent directors	1
% of board	7.692

State why they cannot be considered proprietary or independent directors and their relationships, with the company or its executives or with the shareholders.

Name of Director

EUGENIO RUIZ-GÁLVEZ PRIEGO

Company, executive or shareholder with which he is related

AZUCARERA EBRO, S.L.U.

Profile

Up to 30 April 2009, Eugenio Ruiz-Gálvez Priego was an 'Executive Director' because up to that date he was CEO of Azucarera Ebro, S.L.U., a company then wholly-owned by Ebro Foods, S.A. On 30 April 2009, Ebro Foods (then Ebro Puleva) sold all its shares in Azucarera, so Mr Ruiz Gálvez ceased to be an Executive Director and was classified as an “Other Non-Executive Director", since he cannot be considered independent.

Indicate any variations during the year in the type of each director:

B.1.4. Explain, if appropriate, why proprietary directors have been appointed at the request of shareholders holding less than 5% of the capital.

State whether formal requests for presence on the board have been rejected from shareholders holding interests equal to or greater than others at whose request proprietary directors have been appointed. If appropriate, explain why such requests were not met.

NO

B.1.5. State whether any director has retired before the end of his/her term of office, whether said director explained the reasons for such decision to the Board and through what means, and if the explanations were sent in writing to the entire Board, explain below at least the reasons given by the director.

NO

B.1.6. Indicate the powers delegated to the Managing Director(s), if any:

B.1.7. Name Board members, if any, who are also directors or executives of other companies in the same group as the listed company:

Name of director	Name of Group company	Position
ANTONIO HERNÁNDEZ CALLEJAS	A W MELLISH LIMITED	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	AMERICAN RICE, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	ANGLO AUSTRALIAN RICE LIMITED	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	ARROZEIRAS MUNDIARROZ. S.A.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	BERTOLINI IMPORT UND EXPORT, GMBH	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	BIRKEL TEIGWAREN, GMBH	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	BLUE RIBBON MILLS, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	BOOST NUTRITION, C.V.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	BOSTO PANZANI BELGIUM	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	DANRICE, A/S	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	EBRO AMERICA, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	FUNDACIÓN EBRO FOODS	TRUSTED
ANTONIO HERNÁNDEZ CALLEJAS	HEAP COMET LIMITED	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP & SONS LIMITED	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP PROPERTY LIMITED	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	NC BOOST, N.V.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	NEW WORLD PASTA COMPANY	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	PANZANI, S.A.S.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	RIVIANA FOODS, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	SB HERBA FOODS LIMITED	DIRECTOR

Name of director	Name of Group company	Position
ANTONIO HERNÁNDEZ CALLEJAS	SOS CUETARA USA, INC	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	T.A.G. NAHRUNGSMITTEL, GMBH	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	VOGAN LIMITED	DIRECTOR
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	FUNDACIÓN EBRO FOODS	CHAIRMAN OF BOARD OF TRUSTEES

B.1.8. Name the company directors, if any, who are on the Boards of non-group companies listed on Spanish stock exchanges, insofar as the company has been notified:

Name of Director	Listed Company	Position
ANTONIO HERNÁNDEZ CALLEJAS	DEOLEO, S.A.	DIRECTOR
DEMETRIO CARCELLER ARCE	DEOLEO, S.A.	DIRECTOR
DEMETRIO CARCELLER ARCE	GAS NATURAL SDG, S.A.	DIRECTOR
DEMETRIO CARCELLER ARCE	SOCIEDAD ANÓNIMA DAMM	CHAIRMAN
DEMETRIO CARCELLER ARCE	SACYR VALLEHERMOSO, S.A.	VICE-CHAIRMAN 2
EUGENIO RUIZ-GÁLVEZ PRIEGO	CORPORACIÓN FINANCIERA ALBA, S.A.	DIRECTOR
EUGENIO RUIZ-GÁLVEZ PRIEGO	PROSEGUR, COMPAÑÍA DE SEGURIDAD, S.A.	DIRECTOR
JOSÉ NIETO DE LA CIERVA	CORPORACIÓN FINANCIERA ALBA, S.A.	DIRECTOR
LEOPOLDO DEL PINO Y CALVO-SOTELO	FERROVIAL, S.A.	DIRECTOR
SOL DAURELLA COMADRÁN	BANCO DE SABADELL, S.A.	DIRECTOR
SOL DAURELLA COMADRÁN	ACCIONA, S.A.	DIRECTOR

B.1.9. Indicate and, where appropriate, explain whether the company has established rules on the number of directorships its directors may hold:

YES

Explain the rules
Article 25 of the Regulations of the Board ("General Duties of Directors") provides in section 1 that Directors shall dedicate to the company such attention and time as may be necessary to guarantee the effective and adequate fulfilment of each and all of the duties corresponding to their position. Consequently, the maximum number of other directorships they may hold will be such as to ensure that they are able at all times to meet each and all of their obligations to the company.

B.1.10. In connection with recommendation number 8 of the Unified Code, indicate the company policies and general strategies that must be approved by the full Board:

Investment and financing policy	YES
Definition of the structure of the group of companies	YES
Corporate governance policy	YES
Corporate social responsibility policy	YES
Strategic or business plan and the annual management objectives and budget	YES
Pay policy and performance rating of senior executives	YES
Risk management and control policy and regular monitoring of internal reporting and control systems	YES
Dividend policy, treasury stock policy and, in particular, the limits established	YES

B.1.11. Complete the following tables on the aggregate directors' emoluments accrued during the year:

a) In the Company issuing this report:

Emoluments	Thousand euro
Fixed remuneration	681
Variable remuneration	650
Attendance fees	297
Emoluments stipulated in articles of association	2,.565
Stock options, over shares and/or other financial instruments	0
Others	0

Total	4,193

Other Benefits	Thousand euro
Advances	0
Loans granted	0
Pension Funds and Schemes: Contributions	0
Pension Funds and Schemes: Obligations contracted	0
Life assurance premiums	0
Guarantees furnished by the company for directors	0

b) For company directors who are on other Boards and/or in the top management of group companies:

Emoluments	Thousand euro
Fixed remuneration	0
Variable remuneration	0
Attendance fees	51
Emoluments stipulated in articles of association	0
Stock options and/or other financial instruments	0
Others	0

Total	51

Other Benefits	Thousand euro
Advances	0
Loans granted	0
Pension Funds and Schemes: Contributions	0
Pension Funds and Schemes: Obligations contracted	0

Other Benefits	Thousand euro
Life assurance premiums	0
Guarantees furnished by the company for directors	0

c) Total emoluments by type of director:

Types of Directors	Company	Group companies
Executive	1,331	0
Non-executive proprietary	1,799	51
Non-executive independent	896	0
Other non-executive	167	0
Total	4,193	51

d) Directors' share in the profit of the parent company:

Total directors' emoluments (thousand euro)	4,244
Total directors' emoluments / profit attributed to parent company (%)	2.8

B.1.12. Name the members of top management who are not executive directors and indicate the aggregate remuneration accrued in their favour during the year:

Name	Position
NICOLÁS BAUTISTA VALERO DE BERNABÉ	DEPUTY TO THE CHAIRMAN
ANA MARÍA ANTEQUERA PARDO	MANAGER COMMUNICATIONS
LEONARDO ÁLVAREZ ARIAS	MANAGER I.T.
FRANCISCO JAVIER LOZANO VALLEJO	FINANCE MANAGER
ALFONSO FUERTES BARRÓ	MANAGER ECONOMY

GABRIEL SOLÍS PABLOS	TAX MANAGER
MIGUEL ANGEL PÉREZ ÁLVAREZ	SECRETARY
YOLANDA DE LA MORENA CEREZO	VICE-SECRETARY
GLORIA RODRÍGUEZ PATA	MANAGER CORPORATE ASSETS
JESÚS DE ZABALA BAZÁN	MANAGER AUDIT & COMPLIANCE
PABLO ALBENDEA SOLÍS	MANAGER COORDINATION
MANUEL GONZÁLEZ DE LUNA	MANAGER INVESTOR RELATIONS

Total remuneration top management (thousand euro)	2,562

B.1.13. Indicate globally whether any golden handshake clauses have been established for the top management, including Executive Directors, of the company or its group in the event of dismissal or change of ownership. State whether these contracts have to be notified to and/or approved by the governing bodies of the company/group companies:

Number of beneficiaries	2

	Board of Directors	**General Meeting**
Body authorising the clauses	YES	NO

Is the General Meeting informed on the clauses?	YES

B.1.14. Explain the process for establishing the remuneration of the Board members and the relevant articles of the articles of association

Process for establishing directors' emoluments and the relevant articles of the articles of association
The remuneration of Board members is regulated in Article 22 of the company's Articles of Association which establishes the following process: When approving the company's accounts for the previous year, the general meeting shall set aside for the directors a share of 2.5% (two and a half per cent) of the consolidated profits attributable to the company, although this sum may only be taken from the company's net profit for the year and after meeting the legal reserve requirements, setting aside for the shareholders the minimum dividend established in prevailing legislation and meeting all and any other priority assignments required by law. The directors may waive this

Process for establishing directors’ emoluments and the relevant articles of the articles of association

remuneration, in full or in part, when drawing up the accounts.
 	
The board shall distribute the aforesaid sum among its members, annually and at its discretion, according to the duties assumed by each director on the board.
The directors shall also be entitled to a fee for attending meetings of the corporate bodies, the amount of which shall be established every year by the general meeting.
 	
Regardless of the nature of their legal relationship with the company, directors with executive duties will be entitled to remuneration for the performance of such duties, the amount of which shall be decided each year at the Annual General Meeting. This remuneration may contemplate welfare payments to cover any public/private pension schemes and insurance considered necessary or for retirement from office.
 	
In addition and independently of the emoluments contemplated in the preceding paragraphs, directors may receive remuneration in the form of shares, stock options or any other system of remuneration indexed to the price of the shares of the company or any other companies in its group. The general meeting shall decide if and when any of these remuneration systems are to be used, pursuant to the form, terms and conditions stipulated in law.
 	
If executive directors waive their share in the profits, as contemplated in the first paragraph of this article, the sums that would correspond to them as a share in the profits of the company will not be distributed among the remaining directors.
 	
On 29 February 2012, as proposed by the Nomination and Remuneration Committee, the Board resolved to set the share corresponding to the Chairman and executive directors in the 2011 profits at 2,565,454 euro and, consequently, to put to shareholders at the Annual General Meeting a proposal to apply 0.68% of the consolidated net profit attributed to the company in 2011 to such remuneration.
 	
As regards the distribution of the share in profits among the different members of the Board according to the duties assumed by each of the directors on the board and its different committees, the scale applicable for 2011, after the latest review by the Board upon recommendation by the Nomination and Remuneration Committee, is as follows:
 	
– Member of the Board of Directors: 1 point
– Chairman of the Board: 1 point
– Vice-Chairman of the Board: 0.5 points
– Member of the Executive Committee: 1 point
– Committees other than the Executive Committee:
  – Member of the Committee: 0.2 points
  – Chairman of the Committee: 0.05 points per meeting
  – Committee members: 0.03 points per meeting
 	
Finally, attendance fees for board meetings were maintained at 1,600 euro and the attendance fees for the different committees at 800 euro.

State whether the full Board has reserved approval of the following decisions:

At the proposal of the CEO, the appointment and possible removal of senior officers and their compensation clauses	YES
Directors' emoluments and, for executive directors, the additional remuneration for their executives duties and other conditions to be respected in their contracts	YES

B.1.15. Indicate whether the Board approves a detailed remuneration policy and what issues it defines:

YES

Amount of fixed components, with breakdown, if appropriate, of attendance fees for board and committee meetings and an estimate of the resulting annual fixed remuneration	YES
Variable remuneration items	YES
Main features of the welfare system, estimating the amount or equivalent annual cost	YES
Conditions to be respected in the contracts of those exercising top management duties as executive directors	YES

B.1.16. State whether the Board puts a report on the directors' remuneration policy to the vote at the General Meeting, as a separate item on the agenda and with advisory status. If so, explain the aspects of the report on the remuneration policy approved by the Board for future years, the most significant changes of those policies in respect of the policy applied during this period and an overall summary of how the remuneration policy was applied during the year. Describe the role of the Remuneration Committee and, if outside counselling has been used, name the external advisers who provided it:

YES

Issues contemplated in the remuneration policy
1. Background 2. Internal regulations applicable 3. Remuneration policy for 2011 3.1 Share stipulated in articles of association 3.2 Attendance fees for meetings of corporate bodies 3.3 Executive directors 3.4 Supplementary life or retirement insurance 3.5 Summary chart 3.6 Details of individual remuneration earned by each of the directors (thousand euro) 4. Remuneration policy for future years 5. Other information

Role of the Remuneration Committee
Examined and issued a favourable report on the Report on the Directors' Remuneration Policy for 2011, to be submitted to the Board.

Was any external counselling used?	YES

Identity of the external advisers
Garrigues Human Capital Services

B.1.17. Name any Board members who are also directors, executives or employees of companies holding significant interests in the listed company and/or companies in its group:

Name of director	Name of significant shareholder	Position
DEMETRIO CARCELLER ARCE	CORPORACIÓN ECONÓMICA DAMM, S.A.	CHAIRMAN
DEMETRIO CARCELLER ARCE	SOCIEDAD ANÓNIMA DAMM	CHAIRMAN
EUGENIO RUIZ-GÁLVEZ PRIEGO	CORPORACIÓN FINANCIERA ALBA, S.A.	DIRECTOR
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HISPAFOODS INVEST, S.L.	DIRECTOR
JOSÉ NIETO DE LA CIERVA	CORPORACIÓN FINANCIERA ALBA, S.A.	DIRECTOR
LEOPOLDO DEL PINO Y CALVO-SOTELO	CASA GRANDE DE CARTAGENA, S.L.	DIRECTOR
LEOPOLDO DEL PINO Y CALVO-SOTELO	LOLLAND, S.A.	DIRECTOR
RUDOLF-AUGUST OETKER	SOCIEDAD ANÓNIMA DAMM	DIRECTOR

Describe any significant relationships other than those contemplated in the previous section between board members and significant shareholders and/or companies in their group:

Name of director

ANTONIO HERNÁNDEZ CALLEJAS

Name of significant shareholder

HISPAFOODS INVEST S.L.

Description of relationship

ANTONIO HERNÁNDEZ CALLEJAS HAS AN INDIRECT HOLDING OF 16.666% IN HISPAFOODS INVEST S.L.

Name of director

ANTONIO HERNÁNDEZ CALLEJAS

Name of significant shareholder

INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Description of relationship

ANTONIO HERNÁNDEZ CALLEJAS HAS A DIRECT HOLDING OF 16.666% IN INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Name of director

ALIMENTOS Y ACEITES, S.A.

Name of significant shareholder

SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES

Description of relationship

SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES HAS A DIRECT HOLDING OF 91.963% IN ALIMENTOS Y ACEITES, S.A.

Name of director

DEMETRIO CARCELLER ARCE

Name of significant shareholder

SOCIEDAD ANÓNIMA DAMM

Description of relationship

DEMETRIO CARCELLER ARCE HAS AN INDIRECT HOLDING OF 0.424% IN SOCIEDAD ANÓNIMA DAMM

Name of director

INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Name of significant shareholder

HISPAFOODS INVEST S.L.

Description of relationship

INSTITUTO HISPÁNICO DEL ARROZ, S.A. HAS A TOTAL INTEREST OF 100% IN HISPAFOODS INVEST S.L.: 51.62% DIRECT AND 48.38% INDIRECT

Name of director

LEOPOLDO DEL PINO Y CALVO-SOTELO

Name of significant shareholder

CASA GRANDE DE CARTAGENA, S.L.

Description of relationship

LEOPOLDO DEL PINO Y CALVO-SOTELO HAS AN INDIRECT HOLDING OF 17.096% IN CASA GRANDE DE CARTAGENA, S.L.

Name of director

LEOPOLDO DEL PINO Y CALVO-SOTELO

Name of significant shareholder

LOLLAND, S.A.

Description of relationship

LEOPOLDO DEL PINO Y CALVO-SOTELO HAS AN INDIRECT HOLDING OF 17.096% IN LOLLAND, S.A.

Name of director

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ

Name of significant shareholder

HISPAFOODS INVEST S.L.

Description of relationship

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ HAS AN INDIRECT HOLDING OF 16.666% IN HISPAFOODS INVEST S.L.

Name of director

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ

Name of significant shareholder

INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Description of relationship

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ HAS A DIRECT HOLDING OF 16.666% IN INSTITUTO HISPÁNICO DEL ARROZ, S.A.

B.1.18. State whether any modifications have been made during the year to the Regulations of the Board:

NO

B.1.19. Describe the procedures for appointment, re-election, assessment and removal of directors. Indicate the competent bodies, the formalities and the criteria to be followed in each of these procedures.

The procedures for appointment, re-election and removal of the directors are regulated in Articles 19 and 20 of the Articles of Association, and Articles 5, 21, 22, 23 and 24 of the Regulations of the Board.

The General Meeting is responsible for deciding on the number of directors the company is to have, within the minimum (7) and maximum (15) established in the Articles of Association, and for appointing or re-electing directors as proposed by the Board, subject to a favourable report by the Nomination and Remuneration Committee.

The Board may appoint directors by cooptation, upon recommendation by the Chairman and subject to a report by the Nomination and Remuneration Committee. The initiative of the Board regarding the incorporation of members by no means detracts from the sovereign power of the General Meeting to appoint and remove directors, or from any potential exercise by shareholders of their right to proportional representation.

The persons nominated by the Board for appointment or re-appointment as directors must be persons of recognised standing, with adequate experience and expertise to be able to perform their duties.

As regards the role of the Nomination and Remuneration Committee in the appointment of directors, see the duties of this Committee in section B.2.3 of this Report.

Directors are appointed for a term of four years, after which they are eligible for re-election on one or several occasions for terms of an equal duration. This term of four years is counted from the date of the General Meeting at which they are appointed, or ratified when previously appointed by cooptation by the Board.

If vacancies arise during the term for which they were appointed, the Board may appoint shareholders to fill those vacancies up to the next general meeting. Directors' appointments shall end at the first general meeting held after expiry of their term or lapse of the time stipulated in law for holding the general meeting that is to approve the accounts of the previous year.

The Board regularly rates the Directors on their efficiency and fulfilment of their obligations, requesting the corresponding reports from its Committees, and if considered necessary it may propose any modifications that may be appropriate to improve their performance.

Directors retire upon expiry of the term for which they were appointed and in all other events stipulated in law, the Articles of Association or the Regulations of the Board. They must tender their resignations to the Board and step down in the events established in Article 24 of the Regulations of the Board.

B.1.20. Indicate the events in which directors are obliged to retire.

The retirement and resignation of directors are regulated in Article 24 of the Regulations of the Board:

- Directors must step down at the end of the term for which they were appointed and in all other events stipulated in law, the Articles of Association and the Regulations of the Board.

- Directors must also tender their resignations and step down in the following cases:

a) When they are affected by one of the causes of incompatibility or disqualification established in law, the articles of association or the regulations.

b) When they step down from the executive post to which their appointment as director was linked, when the shareholder they represent on the Board disposes of its shares in the company or reduces its interest to an extent requiring a reduction in the number of proprietary directors and, in general, whenever the reasons for their appointment disappear.

c) When the Board, following a report by the Nomination and Remuneration Committee, considers that the Director has seriously defaulted his obligations or for reasons of corporate interest.

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

B.1.21. Explain whether the Chairman of the Board is the highest executive of the company. If so, state what measures have been adopted to limit the risks of any single person having unfettered powers:

YES

Measures for limiting risks
With a view to establishing corrective measures in the articles of association to prevent excessive concentration of power in the Chairman when he is also the most senior executive of the company, Article 25 of the Articles of Association creates the figure of a Vice-Chairman appointed from among the non-executive directors to boost the management supervision and control duties. In accordance with this provision, the current Vice-Chairman of the Board, José Barreiro Seoane, is an independent director and performs the aforesaid duties.

Indicate and if appropriate explain whether rules have been established authorising one of the independent directors to request the calling of a board meeting or the inclusion of new items on the agenda, to coordinate and echo the concerns of non-executive directors and to direct the assessment by the board.

YES

Explanation of the rules
The Regulations of the Board specify the events in which directors may request the calling of a board meeting or inclusion of items on the agenda; this power is not limited to independent directors. Article 9.2 of the Regulations establishes that one-third of the board members may, no less than six days prior to the scheduled date of the Board meeting, request the inclusion of any items they believe ought to be transacted. Article 9.5 of the Regulations states that the board may discuss and resolve on issues included on the agenda and any others that all the directors present and represented agree to transact. Article 25.2.b) stipulates that Directors shall also request meetings of the corporate bodies to which they belong whenever they consider this necessary in the interests of the Company, proposing whatever items they think should be included on the agenda. Finally, Article 33.1 provides that if the Chairman of the Board is also the chief executive of the company, a Vice-Chairman must be appointed from among the non-executive directors with the power to request the calling of a board meeting or the inclusion of new items on the agenda, who may organise meetings to coordinate non-executive directors and will direct the Chairman performance rating.

B.1.22. Are special majorities differing from those stipulated in law required for any type of decision?

NO

Explain how resolutions are adopted on the Board, indicating at least the quorum and the majorities required for adopting resolutions:

Description of the resolution:
Ordinary resolutions.

Quorum	%
Quorum for attendance: one-half plus one of the Board members	51.00

Majority	%
These resolutions are adopted by absolute majority of the directors present or represented at each meeting.	51.00

Description of the resolution:
Resolutions delegating powers to the Executive Committee and Managing Director, or CEO, and appointing directors to those positions.

Quorum	%
Quorum for attendance: two-thirds of the Board members	66.66

Majority	%
These resolutions are adopted by a majority of two-thirds of the Board members	66.66

B.1.23. Are there any specific requirements, other than those established for directors, to be appointed Chairman?

NO

B.1.24. Does the Chairman have a casting vote?

YES

Matters on which there is a casting vote
All.

B.1.25. Do the Articles of Association or Regulations of the Board establish an age limit for directors?

NO

Age limit Chairman	Age limit Managing Director	Age limit Director
0	0	0

B.1.26. Do the Articles of Association or Regulations of the Board establish a limited term of office for independent directors?

NO

Maximum number of years in office	0

B.1.27. If the number of female directors is small or non-existent, explain why and the initiative taken to remedy that situation.

Explanation of reasons and initiatives
Board members are appointed regardless of candidates' sex so there is no positive or negative discrimination of any nature in the election of directors. María Blanca Hernández Rodríguez was appointed director in 2006 and Sol Daurella Comadrán was appointed director in 2010.

In particular, indicate whether the Nomination and Remuneration Committee has established procedures to ensure that the selection procedures are not implicitly biased against the selection of female directors and deliberately search for candidates with the required profile:

NO

B.1.28. Are there any formal procedures for the delegation of votes at Board meetings? If so, include a brief description.

Both the Articles of Association (Article 24) and the Regulations of the Board (Article 10) contemplate the possibility of directors attending Board meetings through a duly authorised proxy.

The proxy must be made in writing especially for each board meeting, in favour of another director.

The represented director may issue specific instructions on how to vote on any or all of the items on the agenda.

B.1.29. State the number of meetings held by the Board of Directors during the year, indicating, if appropriate, how many times the Board has met without the Chairman:

Number of board meetings	12
Number of board meetings held without the chairman	0

Number of meetings held by the different Committees of the Board:

Number of meetings of the Executive Committee	7
Number of meetings of the Audit Committee	7
Number of meetings of the Nomination and Remuneration Committee	3
Number of meetings of the Nomination Committee	0
Number of meetings of the Remuneration Committee	0

B.1.30. Number of meetings held by the Board during the period without the attendance of all its members. Proxies made without specific instructions will be considered absences:

Number of absences of directors during the year	0
% absences to total votes during the year	0.000

B.1.31. Are the separate and consolidated annual accounts submitted to the Board for approval previously certified?

NO

If so, name the person(s) who certify the separate or consolidated annual accounts of the company before they are approved by the Board:

B.1.32. Explain the mechanisms, if any, established by the Board to avoid a qualified auditors' report on the separate and consolidated accounts laid before the General Meeting.

Relations with the auditors are expressly regulated in Article 19 of the Regulations of the Board, which stipulates in section 2 that the Board shall endeavour to draw up the Annual Accounts in such a way as to avoid a qualified Auditors' report.

Within the specific duties attributed to the board in certain areas, Article 7.1 of the Regulations establishes that the Board shall see that the separate and consolidated Annual Accounts and Directors' Reports give a true and fair view of the equity, financial position and results of the company, as stipulated in law, and each and all of the Directors shall have all the necessary information before signing the Annual Accounts.

Article 13.3 of the Regulations of the Board gives the Audit and Compliance Committee certain powers to ensure that the Annual Accounts are filed without a qualified auditors' report (see section B.2.3).

B.1.33. Is the Secretary of the Board a Director?

NO

B.1.34. Explain the procedure for appointment and removal of the Secretary of the Board, indicating whether the Nomination Committee has issued a report for such appointment and removal and whether they were approved by the full board.

Appointment and removal procedure

Appointment and removal procedure
The Secretary of the Board may or may not be a director, is appointed by the Board upon recommendation by the Nomination and Remuneration Committee, after ensuring that his/her professional profile is adequate to guarantee the best performance of the duties corresponding to this position by law, the Articles of Association and Regulations of the Board. The company has not established any procedure for removal of the Secretary of the Board other than that stipulated in law, although Article 24.3 of the Regulations of the Board submits the Secretary, regardless of whether or not he/she is also a director, to the same obligations as the directors of explaining to all the Board members the reasons for retirement or resignation prior to the end of his/her term of office.

Does the Nomination Committee issue a report on the appointment?	YES
Does the Nomination Committee issue a report on the removal?	YES
Does the full Board approve the appointment?	YES
Does the full Board approve the removal?	YES

Is the Secretary of the Board responsible especially for overseeing compliance with the recommendations on good governance?

YES

Comments
Article 36.2 of the Regulations of the Board provides that in addition to the duties assigned by law and the Articles of Association, the Secretary of the Board shall, in particular: a) Ensure that the Board's actions: - Conform to the text and spirit of the laws and statutory instruments, including those approved by the watchdogs. - Conform to the company Articles of Association and the Regulations of the General Meeting, the Board and any other regulations the company may have. - Take account of the recommendations on good governance accepted by the company. b) Keep all company documents, duly record the proceedings of meetings in the corresponding minute books and certify the resolutions of those corporate bodies of which he/she is Secretary. c) Channel, generally, the Company's relations with Directors in all matters concerning the functioning of the Board and the Committees he/she is on, following the instructions of the respective Chairman. d) Implement and facilitate exercise by the Directors of their right to information on the terms stipulated in these Regulations.

B.1.35. Describe any mechanisms established by the company to preserve the independence of the auditor, financial analysts, investment banks and rating agencies.

Both the Articles of Association and the Regulations of the Board vest in the Audit and Compliance Committee the power, among others, to contact the auditors and receive information on any issues that may jeopardise their independence, as well as any other issues relating to the auditing of accounts, and receive information from and exchange communications with the auditors in accordance with prevailing auditing standards and legislation.

Article 19 of the Regulations of the Board addresses relations with the auditors, obliging the Board to establish an objective, professional, continuous relationship with the External Auditors of the Company appointed by the General Meeting, guaranteeing their independence and putting at their disposal all the information they may require to perform their duties. It further establishes that the aforesaid relationship with the External Auditors of the Company and the relationship with the Internal Audit Manager shall be conducted through the Audit and Compliance Committee.

Finally, Article 28.2 of the Articles of Association and Article 13.3 of the Regulations of the Board establish the following powers of the Audit and Compliance Committee in this respect:

- Ensure that the systems used for preparing the separate and consolidated Annual Accounts and Directors' Report submitted to the Board to be drawn up in accordance with current legislation give a true and fair view of the equity, financial position and results of the Company, ensuring also that interim accounts are drawn up according to the same accounting principles as the annual accounts, considering the possibility, if appropriate, of requiring the external auditors to make a limited audit thereof.

- Have contacts with the Auditors to receive information on any issues that may jeopardise their independence and any other issues relating to the auditing of accounts, receiving information from and exchanging communications with the Auditors in accordance with prevailing auditing standards and legislation.

B.1.36. Indicate whether the external auditors have changed during the year. If so, name the incoming and outgoing auditors:

NO

Outgoing auditor	Incoming auditor

Explain any disagreements with the outgoing auditor:

NONE

B.1.37. State whether the firm of auditors does any work for the company and/or its group other than standard audit work and if so, declare the amount of the fees received for such work and the percentage it represents of the total fees invoiced to the company and/or its group.

YES

	Company	Group	Total
Cost of work other than auditing (thousand euro)	35	353	388
Cost of work other than auditing / Total amount invoiced by the auditors (%)	14.460	25.070	23.510

B.1.38. Indicate whether the auditors' report on the annual accounts of the previous year was qualified. If so, state the reasons given by the Chairman of the Audit Committee to explain the content and scope of the qualifications.

NO

B.1.39. State the number of years in succession that the current firm of auditors has been auditing the annual accounts of the company and/or its group. Indicate the ratio of the number of years audited by the current auditors to the total number of years that the annual accounts have been audited:

	Company	Group
Number of years in succession	3	3

	Company	Group
Number of years audited by current auditors / Number of years that the company has been audited (%)	13.0	13.0

B.1.40. Indicate the stakes held by Board members in the capital of undertakings engaged in activities identical, similar or complementary to those comprising the objects of the Company and its Group, as far as the company has been notified. Indicate also the positions held or duties performed in those undertakings:

Name of director	Name of company	% interest	Position or duties
ANTONIO HERNÁNDEZ CALLEJAS	DEOLEO, S.A.	0.001	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	INSTITUTO HISPANICO DEL ARROZ, S.A.	16.666	NO POSITION HELD
ALIMENTOS Y ACEITES, S.A.	BIOSEARCH, S.A.	1.738	NO POSITION HELD
DEMETRIO CARCELLER ARCE	DEOLEO, S.A.	0.001	DIRECTOR

Name of director	Name of company	% interest	Position or duties
INSTITUTO HISPANICO DEL ARROZ, S.A.	ISLASUR, S.A.	100.000	DIRECTOR
INSTITUTO HISPANICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	100.000	DIRECTOR
INSTITUTO HISPANICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	100.000	DIRECTOR
INSTITUTO HISPANICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	100.000	DIRECTOR
INSTITUTO HISPANICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	100.000	DIRECTOR
INSTITUTO HISPANICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	100.000	DIRECTOR
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	16.666	NO POSITION HELD
RUDOLF-AUGUST OETKER	DR. AUGUST OETKER KG	12.500	CHAIRMAN

B.1.41. Indicate, giving details if appropriate, whether a procedure has been established for directors to receive external counselling:

YES

Details of procedure
The directors' right to counselling and information is regulated in Article 30 of the Regulations of the Board, which provides in 30.2 that: a. Any Director may, in the course of any specific duties commissioned to him on an individual level or within the framework of any of the Committees of the Board, request the Chairman to contract, at the Company's expense, such legal advisers, accountants, technical, financial or commercial experts or others as he may consider necessary, in order to assist him in the performance of his duties, provided such counselling is justified to resolve specific problems that are particularly complex and important. b. Considering the circumstances of the specific case, the Chairman may (i) deny or authorise the proposal in a communication sent through the Secretary of the Board, who shall, provided the proposal is authorised, contract the expert in question; and (ii) put the proposal to the Board, which may refuse to finance the counselling if it considers it unnecessary for discharging the duties commissioned, or out of proportion with the importance of the matter, or if it considers that the technical assistance requested could be adequately provided by Company employees.

B.1.42. Indicate, with details if appropriate, whether there is an established procedure for directors to obtain sufficiently in advance any information they may need to prepare the meetings of the governing bodies:

YES

Details of procedure
Article 25.2 a) of the Regulations of the Board establishes the duty of directors to request the necessary information to adequately prepare Board and Committee meetings. Articles 9.1 and 9.3 of the Regulations of the Board in turn establish that (i) directors shall receive information at Board meetings on the most important aspects of corporate management, any foreseeable risk situations for the company and its subsidiaries and the actions proposed by the senior management in respect thereof; and (ii) whenever possible, any necessary information relating to the items on the agenda shall be sent to the Directors together with the notice of call. The procedure for informing directors is regulated in Article 30.1 of the Regulations of the Board, which provides that whenever so required in the performance of their duties, directors shall have the fullest powers to obtain information on any corporate affairs, obtaining such documents, records, background information or other elements as they may require in this respect. This right to information is extended to subsidiaries. All requests for information shall be addressed to the Chairman and met by the Secretary of the Board, who shall supply the information directly or indicate who is to be contacted within the Company and, in general, establish the necessary measures to fully meet the director's right to information.

B.1.43. Indicate, with details if appropriate, whether the company has established any rules obliging Directors to report and, if necessary, retire in any situations that could be detrimental to the prestige and reputation of the company:

YES

Explanation
Article 22 of the Regulations of the Board, which regulates the incompatibilities of directors and establishes their obligations in respect of no competition, conflicts of interest and related-party transactions, also expressly stipulates that if a director is sued or tried for any of the offences contemplated in the Corporate Enterprises Act s. 213, the Board shall examine the case as soon as possible and decide, in consideration of the specific circumstances, whether or not the Director in question should remain in office, including a reasoned account in the Annual Corporate Governance Report.

B.1.44. Has any member of the Board informed the company that he/she has been sued or brought to trial for any of the offences contemplated in section 124 of the Corporations Act?

NO

Has the Board studied the case? If so, indicate and explain the decision made as to whether or not the director should remain in office.

NO

Decision adopted	Reasoned explanation

B.2. Committees of the Board

B.2.1. Give details of the different committees and their members:

EXECUTIVE COMMITTEE

Name	Position	Type
ANTONIO HERNÁNDEZ CALLEJAS	CHAIRMAN	EXECUTIVE
ALIMENTOS Y ACEITES, S.A.	MEMBER	PROPRIETARY
DEMETRIO CARCELLER ARCE	MEMBER	PROPRIETARY
JOSÉ BARREIRO SEOANE	MEMBER	INDEPENDENT
LEOPOLDO DEL PINO Y CALVO-SOTELO	MEMBER	PROPRIETARY

AUDIT COMMITTEE

Name	Position	Type
SOL DAURELLA COMADRÁN	CHAIRMAN	INDEPENDENT
EUGENIO RUIZ-GÁLVEZ PRIEGO	MEMBER	OTHER NON-EXECUTIVE
FERNANDO CASTELLÓ CLEMENTE	MEMBER	INDEPENDENT
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	MEMBER	INDEPENDENT
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	MEMBER	PROPRIETARY

NOMINATION AND REMUNERATION COMMITTEE

Name	Position	Type
FERNANDO CASTELLÓ CLEMENTE	CHAIRMAN	INDEPENDENT
DEMETRIO CARCELLER ARCE	MEMBER	PROPRIETARY
JOSÉ BARREIRO SEOANE	MEMBER	INDEPENDENT
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	MEMBER	PROPRIETARY
SOL DAURELLA COMADRÁN	MEMBER	INDEPENDENT

STRATEGY AND INVESTMENT COMMITTEE

Name	Position	Type
DEMETRIO CARCELLER ARCE	CHAIRMAN	PROPRIETARY
ANTONIO HERNÁNDEZ CALLEJAS	MEMBER	EXECUTIVE
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MEMBER	PROPRIETARY
JOSÉ NIETO DE LA CIERVA	MEMBER	PROPRIETARY
LEOPOLDO DEL PINO Y CALVO-SOTELO	MEMBER	PROPRIETARY

B.2.2. State whether the Audit Committee has the following duties:

Oversee the preparation and integrity of the company's, and where appropriate the group's, financial reporting, checking compliance with the legal requirements, adequate definition of the consolidated group and correct application of accounting principles	YES
Regularly check the internal control and risk management systems, ensuring that the principal risks are adequately identified, managed and reported	YES
Ensure the independence and efficacy of the internal audit duties; propose the nomination, appointment, re-appointment and removal of the chief audit officer; propose the budget for this department; receive regular information on its activities; and check that the top management heeds the conclusions and recommendations set out in its reports	YES
Establish and supervise a "whistle-blowing" procedure so employees can confidentially or, where appropriate, even anonymously report any irregularities they observe in the company's conduct, particularly in financial and accounting aspects.	YES
Submit to the Board proposals for nomination, appointment, re-appointment and replacement of external auditor, and terms of engagement	YES
Receive regularly from the external auditor information on the audit plan and the outcome of its fulfilment and see that top management heeds its recommendations	YES
Guarantee the independence of the external auditor	YES
In the case of groups, encourage the group auditor to audit the different companies in the group	YES

B.2.3. Describe the rules of organisation and procedure and the responsibilities attributed to each Committee

Name of committee

STRATEGY AND INVESTMENT COMMITTEE

Brief description

The Strategy and Investment Committee has a minimum of three and a maximum of five Directors, including a Chairman, appointed by the Board of Directors in accordance with the company's Articles of Association. The Committee meets whenever called by its Chairman or at the request of two of its members and whenever the Board requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties. Notices of call are issued by the Secretary by order of the Chairman. Whenever the Committee so requests its Chairman, its meetings may be attended by any member of the management team of the Company, who may speak but not vote. At the following Board meeting, the Chairman of the Strategy and Investment Committee reports on all resolutions, reports or proposals made by the Committee since the previous Board meeting. Directors have access to the minutes of Committee meetings, through the Secretary of the Board. The Strategy and Investment Committee studies, issues reports and submits proposals for the Board on the following matters: a) Setting of targets for growth, yield and market share of the company. b) Development plans, new investments and strategic restructuring processes. c) Coordination with subsidiaries in the matters contemplated a) and b), for the common interest and benefit of the Company and its subsidiaries. In the performance of its duties, it may, where necessary, obtain information and collaboration from the members of the Company management, through the Chairman of the Committee.

Name of committee

NOMINATION AND REMUNERATION COMMITTEE

Brief description

The Nomination and Remuneration Committee has a minimum of three and a maximum of five non-executive Directors, appointed by the Board of Directors in accordance with the company articles of association. This notwithstanding, the Company Secretary acts as Secretary of the Committee, with voice but no vote, issuing minutes of all resolutions adopted. The Committee appoints one of its members who is an independent director to be Chairman. The Committee meets whenever called by its Chairman or at the request of two of its members and at least once every three months. It also meets whenever the Board requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties. Meetings are called by the Secretary of the Committee by order of the Chairman. Whenever the Committee so requests its Chairman, its meetings may be attended by any member of the company management, who may speak but not vote.

At the following Board meeting, the Chairman of the Nomination and Remuneration Committee reports on all resolutions, reports or proposals made by the Committee since the previous Board meeting. Directors have access to the minutes of Committee meetings, through the Secretary of the Board.

The Committee studies, issues reports and submits proposals for the Board on the following matters: a) Definition and revision, where necessary, of the criteria to be followed for the composition and structure of the Board and for selection of candidates to sit on the Board. It informs in advance on the appointment of a director by cooptation or the submission of any proposals to the general meeting regarding the appointment or removal of directors. b) Appointment of the Chairman, Vice-Chairman, Managing Director if any, General Manager and Company Secretary, and assignment of the directors to the Executive Committee, the Audit and Compliance Committee and the Strategy and Investment Committee, and appointment of the members of the Management Committee and such other advisory committees as the Board may create, as well as the appointment and possible removal of senior officers and their contractual clauses regarding severance pay. c) Position of the company on the appointment and removal of members of the governing bodies of its subsidiaries. d) Proposal of directors' emoluments, in accordance with the rules on remuneration established in the Articles of Association and the relations of executive directors with the company. The Committee must also inform in advance on any resolution or proposal of the Board on the remuneration of directors and executives indexed to the share price of the company or its subsidiaries, or consisting of the delivery of shares in the company or its subsidiaries or stock options. e) Preparation, if appropriate, of a proposal on the Statute of Senior Officers. f) Supervision of the Senior Management remuneration and incentives policy, being informed and informing also on the criteria followed by the company's subsidiaries. g) Assessment of the principles of the policy regarding the training, promotion and selection of management personnel in the parent company and its subsidiaries, where appropriate. h) Examination and organisation, howsoever may be considered appropriate, of the succession of the Chairman and CEO and, where appropriate, submission of proposals to the Board to ensure that the succession is made in an orderly, well-planned fashion. i) Proposal for the appointment of senior executives of the Company and determination of their terms of contract and remuneration, considering this to include any executives with a rank equal to or higher than Department Manager, being informed and informing also on the appointments and terms of contract of the senior executives of the company's subsidiaries.

Name of committee

EXECUTIVE COMMITTEE

Brief description

In addition to the Chairman and the Vice-Chairman, other Directors may sit on the Executive Committee, up to a maximum of seven members, with the composition stipulated in the Articles of Association. All the members of this Committee are appointed by the Board, which also specifies what powers are delegated to it, in accordance with the Articles of Association and the Regulations of the Board, requiring votes in favour of at least two-thirds of the Board members to carry the relevant resolutions. Save otherwise resolved by the Board, all the powers of the Board that may be delegated according to law, the Articles of Association and the Regulations are deemed delegated to this Committee on its creation, subject to the limits established from time to time in the recommendations on good corporate governance. The Chairman and Secretary of the Board hold the corresponding positions on the Executive Committee. The Executive Committee generally meets once a month. Its meetings may be attended by such members of management, employees and advisers of the company as the Committee may deem fit. Without prejudice to the autonomy of decision of the Executive Committee in respect of the delegated powers, its resolutions being fully valid and effective without ratification by the Board, whenever circumstances so require, in the opinion of the Chairman or three members of the Committee, the resolutions adopted by the Executive Committee are submitted to the Board for ratification. This is also the case in matters which the Board has delegated the Committee to study, while reserving for itself the ultimate decision, in which case the Executive Committee merely submits the corresponding proposal to the Board. At the request of any of its members, the Directors will be informed at the first Board meeting following any meeting of the Executive Committee of all resolutions adopted by the latter since the previous Board meeting. Directors are granted access to the minutes of Executive Committee meetings whenever they so request of the Secretary of the Board. The Executive Committee has the following powers: a) Adopt resolutions corresponding to the powers delegated to it by the Board of Directors. b) Monitor and supervise the overall and day-to-day management of the Company, ensuring adequate coordination with the subsidiaries in the common interests of the latter and the company. c) Study and propose the guidelines defining the business strategy, supervising its implementation. d) Discuss and report to the Board on any matters related with the following business, regardless of whether or not they have been delegated by the Board: - Individual and consolidated annual budget of the company, specifying the amounts budgeted for each core business. - Monthly monitoring of the economic management, deviations from the budget and proposals for remedial measures, if necessary. - Significant material or financial investments and their corresponding economic justification. - Alliances and agreements with companies considered important for the company, by virtue of their amount or nature. - Financial transactions of economic importance for the company. - Programme of medium-term activities. - Assessment of the achievement of objectives by the different operating units of the company. - Monitoring and assessment of the aspects contemplated in d) in the subsidiaries. e) Adopt resolutions corresponding to the acquisition and disposal of treasury stock by the Company, in accordance with the authorisation granted by the General Meeting. A particular director may be appointed to execute and process decisions to buy or sell own shares, overseeing and, where necessary, authorising, provided it is lawful, any agreements that may be made by subsidiaries for the acquisition and disposal of own shares or shares in the company.

Name of committee

AUDIT COMMITTEE

Brief description

The Audit and Compliance Committee has a minimum of three and a maximum of five non-executive Directors appointed by the Board in accordance with the company Articles of Association. The Board appoints one of the Committee members who are independent directors Chairman of this Committee, to be replaced every four years and becoming eligible for re-election one year after his retirement as such. The Chairman of the Board may attend the meetings of this Committee, with voice but no vote. In the absence of the Chairman, he is provisionally substituted by the Committee member so appointed by the Board, or otherwise by the oldest member of the Committee. The Company Secretary is Secretary of this Committee, with voice but no vote, issuing minutes of the resolutions adopted. The Committee meets as and when called by its Chairman, or at the request of two of its members and at least once every three months. It also meets whenever the Board requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties. The notice of call is issued by the Secretary of the Committee by order of the Chairman. Apart from the members, any company executive may be called to attend a committee meeting. Committee meetings are held at the registered office of the company, or wherever else the Chairman may indicate, specifying the venue in the notice of call, and are quorate when attended, in person or by proxy, by the majority of its members. Resolutions are adopted with the favourable votes of the majority of the members attending the meeting in question. In the event of a tie, the chairman or acting chairman has the casting vote. At the following Board meeting, the Chairman of the Audit and Compliance Committee reports on all resolutions, reports or proposals made by the Committee since the previous Board meeting. Directors have access to the minutes of Committee meetings, through the Secretary of the Board. The Audit and Compliance Committee has the following powers: a) Be informed of the procedures and systems used for drawing up the financial information of the Company, supervising the services of the Internal Audit Department. b) Receive the information sent regularly to the Stock Exchange Councils, issue prospectuses and any public financial information offered by the Company and, in general, all information prepared for distribution among shareholders, ensuring the existence of internal control systems that guarantee the transparency and truth of the information. c) Ensure that the systems used for preparing the separate and consolidated Annual Accounts and Directors' Report submitted to the Board to be drawn up in accordance with current legislation give a true and fair view of the equity, financial position and results of the Company, making sure that interim accounts are drawn up according to the same accounting principles as the annual accounts, considering the possibility of requesting the external auditors to make a limited audit thereof. In this respect, it also sees that the internal control systems are adequate and effective in respect of the accounting practices and principles used for drawing up the annual accounts of the company, supervising the policies and procedures established for ensuring due compliance with applicable legal provisions and internal regulations. The Committee shall, through its Chairman, obtain information and collaboration from both the Internal Audit Manager and the External Auditors to perform these duties. Furthermore, whenever the Committee so requests its Chairman, its meetings may be attended by any member of the company management, who may speak but not vote. d) Have contacts with the Auditors to receive information on any issues that may jeopardise their independence, and any other issues relating to the auditing of accounts, receiving information from and exchanging communications with the External Auditors in accordance with prevailing auditing standards and legislation. e) Be informed of the decisions adopted by the senior management according to recommendations made by the External Auditors in connection with the audit. f) Inform the Board before the latter body adopts any decision regarding related-party transactions submitted for authorisation. g) Establish an internal "whistle-blowing" procedure so employees can confidentially report any potentially important irregularities. h) Supervise compliance with the internal codes of conduct and the rules on good corporate governance.

Name of committee

MANAGEMENT COMMITTEE

Brief description

The Board appoints a Management Committee, consisting of the persons responsible for the principal management units and business areas of the Company and its subsidiaries and the executive directors proposed by the Nomination and Remuneration Committee, chaired by the Chairman of the Board or the Managing Director, as the case may be. The Company Secretary is Secretary of this Committee. The Management Committee prepares and follows up decisions within the management of the Company, regarding strategy, budget, finance and personnel, draws up business plans and controls their implementation, defining the Company's position in respect of its subsidiaries on these matters. The Committee meets whenever called by its Chairman and in any case whenever the Board or Committees of the Board request the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties. Committee meetings are called by the Secretary, by order of the Chairman.

B.2.4. Indicate, where appropriate, the advisory or counselling powers and delegations, if any, of each committee:

Name of committee

STRATEGY AND INVESTMENT COMMITTEE

Brief description

THOSE CONTEMPLATED IN ARTICLE 15 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

Name of committee

NOMINATION AND REMUNERATION COMMITTEE

Brief description

THOSE CONTEMPLATED IN ARTICLE 14 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

Name of committee

EXECUTIVE COMMITTEE

Brief description

THOSE CONTEMPLATED IN ARTICLE 12 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

Name of committee

AUDIT COMMITTEE

Brief description

THOSE CONTEMPLATED IN ARTICLE 13 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

B.2.5. Indicate the existence, if appropriate, of regulations of the board committees, where they are available for consultation and any modifications made during the year. State whether an annual report has been issued voluntarily on the activities of each committee.

Name of committee

STRATEGY AND INVESTMENT COMMITTEE

Brief description

There is no separate text regulating the Strategy and Investment Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 15).

The Regulations of the Board are available for consultation on the company's website (www.ebrofoods.es) and on the website of the National Securities Market Commission (www.cnmv.es).

Name of committee

NOMINATION AND REMUNERATION COMMITTEE

Brief description

There is no separate text regulating the Nomination and Remuneration Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 14).

Name of committee

EXECUTIVE COMMITTEE

Brief description

There is no separate text regulating the Executive Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 12).

Name of committee

AUDIT COMMITTEE

Brief description

There is no separate text regulating the Audit Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 13).

Name of committee

MANAGEMENT COMMITTEE

Brief description

There is no separate text regulating the Management Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 16).

B.2.6. Does the composition of the Executive Committee reflect the participation on the Board of the different types of Director?

YES

C. RELATED-PARTY TRANSACTIONS

C.1. Does the full Board reserve the right to approve, subject to a favourable report by the Audit and Compliance Committee or such other committee it may have commissioned, any transactions between the company and its directors, significant or represented shareholders or parties related thereto?

YES

C.2. List any significant transactions involving a transfer of resources or obligations between the company and/or companies in its group and controlling shareholders of the company:

Name of significant shareholder	Name of company or group company	Relationship	Type of transaction	Amount (thousand euro)
SOCIEDAD ANÓNIMA DAMM	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	4,449

C.3. List any significant transactions involving a transfer of resources or obligations between the company and/or companies in its group and the directors or executives of the company:

Name of director or executive	Name of company or group company	Nature of the transaction	Type of transaction	Amount (thousand euro)
ANTONIO HERNÁNDEZ CALLEJAS	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Purchase of tangibles, intangibles or other assets	1
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	BOOST NUTRITION, C.V.	CONTRACTUAL	Sale of goods (finished or otherwise)	86
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	BOOST NUTRITION, C.V.	CONTRACTUAL	Purchase of goods (finished or otherwise)	86
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EURIZA GMBH	CONTRACTUAL	Sale of goods (finished or otherwise)	75
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EURIZA GMBH	CONTRACTUAL	Purchase of goods (finished or otherwise)	75
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA FOODS, S.L.U.	CONTRACTUAL	Receipt of services	50
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA FOODS, S.L.U.	CONTRACTUAL	Rendering of services	7
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	2,220
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Purchase of goods (finished or otherwise)	5,893

Name of director or executive	Name of company or group company	Nature of the transaction	Type of transaction	Amount (thousand euro)
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Leases	150
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	SB HERBA FOODS LIMITED	CONTRACTUAL	Purchase of goods (finished or otherwise)	1,045
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	SB HERBA FOODS LIMITED	CONTRACTUAL	Sale of goods (finished or otherwise)	642
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	TBA SUNTRA UK, LTD	CONTRACTUAL	Purchase of goods (finished or otherwise)	1,020
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	TBA SUNTRA, BV	CONTRACTUAL	Purchase of goods (finished or otherwise)	65
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	TBA SUNTRA, BV	CONTRACTUAL	Sale of goods (finished or otherwise)	65

C.4. List any significant transactions with other companies in the group that are not eliminated in the consolidated financial statements and which do not, by virtue of their object or terms, correspond to the normal business of the Company:

C.5. State whether any of the board members have entered into any conflicts of interest pursuant to s. 127 ter of the Corporations Act during the period.

YES

Name of director

ALIMENTOS Y ACEITES, S.A.

Description of the conflict of interest

Indirect interest of 1.738% in Biosearch, S.A., a company engaged in a business similar to the objects of Ebro Foods, S.A.

Name of director

ANTONIO HERNÁNDEZ CALLEJAS

Description of the conflict of interest

Interest of 0.001% and proprietary director in Deoleo, S.A., a listed company in which Ebro Foods, S.A. holds 9.333% of the capital, engaged in a business similar to the objects of Ebro.

Direct interest of 16.666% in Instituto Hispánico del Arroz, S.A., which is director and majority shareholder of Ebro Foods, with a holding of 15.721%, and is also engaged in a business similar to the objects of Ebro.

Finally, see section C.3 of this report concerning the related-party transaction made with a company in the Ebro Foods Group.

Name of director

DEMETRIO CARCELLER ARCE

Description of the conflict of interest

Interest of 0.001% and proprietary director in Deoleo, S.A., a listed company in which Ebro Foods, S.A. holds 9.333% of the capital, engaged in a business similar to the objects of Ebro.

Name of director

INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Description of the conflict of interest

Instituto Hispánico del Arroz, S.A. is engaged in a business similar to the objects of Ebro Foods, S.A. It has a holding of 15.721% in Ebro Foods S.A. (8.831% direct and 6.889% indirect, through Hispafoods Invest, S.L., which is wholly-owned by Instituto Hispánico del Arroz, S.A.).

It also wholly-owns and is director of the companies indicated in section B.1.40, all of which are engaged in a business similar to the objects of Ebro Foods.

Finally, see section C.3 of this report concerning the related party transactions made with companies in the Ebro Foods Group.

Name of director

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ

Description of the conflict of interest

Direct interest of 16.666% in Instituto Hispánico del Arroz, S.A. which, as mentioned above, apart from being director and majority shareholder of Ebro Foods, with a holding of 15.721%, is also engaged in a business similar to the objects of Ebro.

Name of director

RUDOLF-AUGUST OETKER

Description of the conflict of interest

Interest of 12.5% in Dr. August Oetker KG, a company domiciled in Germany engaged in similar activities to Ebro Foods. He is Chairman of that company and on the board of other companies in the Oetker Group.

C.6. Explain the mechanisms established to detect, define and resolve possible conflicts of interest between the company and/or its group, and its directors, executives or controlling shareholders.

The Audit and Compliance Committee ensures that the internal audit procedures and internal control systems are adequate and informs the Board on the related-party transactions submitted for its consideration and control of any possible conflicts of interest.

Under Article 28 of the Articles of Association, the Audit Committee has, among others, the power to ensure that transactions between the company and its subsidiaries or between these companies and directors and controlling shareholders are made on arm's length terms and respecting the principle of equal treatment, thus controlling any conflicts of interest that may arise in these related-party transactions.

Under Article 6 of the Regulations of the Board, the Board is competent, once a favourable report has been issued by the Audit and Compliance Committee, to authorise any related-party transactions between the company or group companies and directors, controlling shareholders or shareholders represented on the board. This authorisation is not necessary when the transactions meet all of the following three conditions:

- If the transactions are made under contracts with standard terms and conditions applied globally to many clients.

- If the transactions are made at prices or rates established generally by the supplier of the good or service in question.

- If the amount of the transaction is no more than 1% of the annual income of the company.

Article 22 of the Regulations of the Board establishes the following prohibitions and disqualifications, among others, for directors:

- Holding positions or duties of representation, management, counselling or rendering of services in rival companies or the holding or performance of such positions, duties or services in companies having a controlling stake in rival companies.

- Attendance and participation in the discussions of any of the corporate bodies concerning business in which the director personally, or a member of his/her family has an interest or a company in which the director has an executive position or a significant shareholding.

- Direct or indirect participation in related-party transactions with the company or other group companies without previously informing the Board and seeking its approval, except in the cases contemplated in Article 6.5 of these Regulations.

The article also bars from the board anyone who, personally or through an intermediary, holds office in or is a representative of or is otherwise related to companies that are habitual clients or suppliers of goods and services of the company, whenever this condition may give rise to a conflict or clash of interest with the Company or its subsidiaries; in such cases the Chairman shall be informed of the situation and request a report from the Audit and Compliance Committee. Financial institutions providing financial services for the company are excluded from the foregoing. Nor may anyone related through family, professional or commercial ties to executive directors or other senior officers of the Company be members of the Board unless, after informing the Chairman of this situation, a report is issued by the Audit and Compliance Committee excluding the specific case from this prohibition.

C.7. Is more than one company of the Group listed in Spain?

NO

Name the listed subsidiaries:

D. RISK CONTROL

D.1. General description of the risk policy of the company and/or its group, including details and assessment of the risks covered by the system, together with proof that those systems adapt to the profile of each type of risk.

Article 9.1 of the Regulations of the Board establish that the Board shall receive information on the most important aspects of business management and any foreseeable risk situations for the Company and its subsidiaries, together with the actions proposed by the senior management in respect thereof. And Article 6.3, which addresses the board's scope of action, establishes in respect of the transparency and truth of the company's reporting, that the Board shall, as such and through its different Committees:

a. Ensure the independence and professional suitability of the External Auditor.
b. Supervise the services of the Internal Audit Department, overseeing the financial reporting process and internal control systems.
c. Control the financial information disclosed to the shareholders or the markets in general.

In particular, the Audit and Compliance Committee is responsible for ensuring that the internal audit procedures, the internal control systems in general, including the risk management control system and, in particular, the financial reporting internal control system are adequate; that the external auditors and internal audit manager are selected on the basis of professional, objective criteria, guaranteeing their independence in the performance of their duties; informing the board on any related party transactions submitted for its consideration; controlling possible conflicts of interest; and making sure, in general, that the company's reporting, particularly financial reporting, comply with the principle of truth and maximum transparency for shareholders and markets.

Guided by the conceptual framework of the "Committee of Sponsoring Organizations of the Treadway Commission" (COSO) report on internal control, the Ebro Foods Group has established systems for risk identification, assessment, management and information.

During 2011, a Group-wide risk map was drawn up using appropriate software. The map establishes a matrix of risks for the entire group and for each individual company, establishing the probabilities of occurrence, impact and protocols for action to mitigate those risks.

The ultimate purpose of these risk control systems is to defend the interests of our shareholders, customers, employees and social environment. At the same time, they provide a sustained guarantee of the corporate reputation and financial strength of the Ebro Foods Group.

These risk control systems cover all the activities performed by the Group, consisting essentially of the agro-industrial rice and pasta businesses. The risks covered by these systems affect food quality, environmental, supply, business, credit (or counterparty), regulatory, social and political, financial (exposure to exchange rate fluctuations), occupational and technological issues.

SUPPLY RISKS:

The Ebro Foods business depends on the supplies of commodities such as rice and durum wheat. There is a risk of not obtaining sufficient raw materials of an adequate quality to match the company's standards and at an adequate price.

The company acts in two ways to reduce this risk: diversifying our sources of supply, taking positions on the principal producing markets (Thailand, India, Egypt, Italy and Uruguay in rice, and USA and France in durum wheat) if we consider that this will give us a competitive edge; and reaching long-term supply agreements or collaboration agreements with the producers we consider important for our business.

The Group is a pioneer within its sector in the development and furtherance of R+D, environmental and food quality, and internal audit.

The Group has environmental and food quality, commercial or counterparty risk, occupational hazard prevention and research & development committees, which are responsible for preventing and mitigating the risks.

R+D AND FOOD QUALITY:

The Group's policy is based on the principle of compliance with the laws and regulations in place from time to time, for which it has defined, developed and implemented a quality, environment and food safety management system that complies with the requirements of the standards UNE-EN-ISO 9001:2000/8, UNE-EN-ISO

14001:2004 and ISO 22000:2005, certified in most of the Group's production centres in Europe, USA and Canada.

The food safety programmes are based on following protocols that seek to identify and control certain Hazard Analysis and Critical Control Points (HACCP) to minimise the residual risk.

The principal control points are grouped into:

- Physical: controls to detect materials alien to the product or the presence of metals.

- Chemical: detection of chemical elements or presence of allergens.

- Biological: presence of elements such as salmonella or other types of pathogen.

Most of our handling processes have obtained IFS (International Food Security) certification and the pasta plants in the United States have obtained compliance certification from the Global Food Safety Initiative (GFSI).

The Group has also implemented several initiatives to reduce greenhouse gas emissions and atmospheric waste, improve the quality of water and reduce effluent, enhance energy and hydrological efficiency and has physical waste recycling programmes for paper, aluminium and other materials.

The company provides its employees with continuous, adequate training in food safety and the rules of safety and hygiene in the workplace.

The Group has taken out several insurance policies covering risks related with food safety.

All investment projects incorporate a risk analysis, to enable their economic and strategic assessment prior to decision-making. Decisions are adopted by the corresponding body according to the limits established, the largest projects requiring approval by the Board.

Finally, the Group is also exposed to another two types of risk: regulatory risk, subject to the guidelines established in the Common Agricultural Policy (CAP) and country or market risk.

These risks have been reduced over recent years, through a firm policy of business and geographical diversification, increasing our presence in Europe, America (United States and Canada), Asia (Thailand and India) and Africa (Egypt and Morocco).

D.2. Have any of the different types of risk (operating, technological, financial, legal, reputational, tax…) affecting the company and/or its group materialised during the year?

YES

If so, indicate the underlying circumstances and whether the control systems worked.

Risk materialised during the year

Narrowing of margins in some of our products

Underlying circumstances

Volatility on the commodities market (durum wheat and rice)

Functioning of the control systems

The prevention and control systems of those risks worked properly.

D.3. Is there a Committee or other governing body responsible for establishing and supervising the control systems?

YES

If so, describe its duties:

Name of committee or body

Audit and Compliance Committee

Description of duties

Analyse and assess the principal risks to which the Group may be exposed and the systems established for their management and control.

D.4. Identification and description of processes for compliance with the different regulations affecting the company and/or its group.

The Group has a set of internal rules and procedures for its different activities, which are fully in keeping with the applicable legal provisions.

During 2011 the Group designed a risk map. This risk map is based on a software tool through which information is input by the risk managers of each unit in each of the subsidiaries. In the process of pinpointing, assessment and management of risks, risks are ranked from greater to lesser impact for the Group and according to the probability of occurrence. The process assesses both the inherent risk and the residual risk after application of the internal controls and action protocols established to mitigate them. This model is both qualitative and quantitative and can be measured in the Group's results.

The Group has critical variables management systems in the area of food and environmental quality, which are in a constant process of continuous assessment and audit. The audit covers all production centres and the risk managers in each subsidiaries and the Audit and Compliance Committee are informed on the results.

The reports of the Group's Internal Audit Department are prepared by experts independent from the business management and the department sends its conclusions and recommendations to the management bodies of the Group subsidiaries and the Audit and Compliance Committee of the parent company, Ebro Foods, S.A., so that any remedies required may be taken and any necessary improvements implemented.

The board has also published a code of conduct and a corporate governance policy, by virtue of which we have been ahead of the legal requirements established from time to time.

Finally, we consider it important to mention that at the close of this Report the Group is in the process of setting up a whistle-blowing channel for confidential reports, accessible by all Group employees, and a protocol to prioritize, process, investigate and solve all reports according to their importance and nature, paying special attention to those concerning a possible financial or accounting misrepresentation or possible fraudulent activities.

E. GENERAL MEETING

E.1. Indicate the quorums for General Meetings established in the Articles of Association and the differences, if any, in respect of the minimums stipulated in the Corporations Act.

NO

	% quorum differing from that stipulated in the Corporations Act s. 102 for ordinary resolutions	% quorum differing from that stipulated in the Corporations Act s. 103 for special resolutions
Quorum required on 1st call	0	0
Quorum required on 2nd call	0	0

E.2. Are there any differences in respect of the system stipulated in the Corporations Act for adopting corporate resolutions? If so, explain.

NO

What differences exist in respect of the system stipulated in the Corporations Act?

E.3. Describe any shareholders' rights in respect of General Meetings differing from those established in the Corporations Act.

The Regulations of the General Meeting contain and develop, in the articles indicated below, all the shareholders' rights in respect of general meetings stipulated in law, thus complying with the rules and recommendations for good governance:

- Shareholders' right to information is exhaustively regulated in Articles 5 and 6.

- Shareholders' right to attend and be represented by proxies is regulated in Article 7.

- Shareholders' right to participate is set out in Articles 11 and 12.

- Shareholders' voting right is regulated in Article 14.

- Finally, Article 18 establishes the shareholders' right to be informed of the resolutions adopted by the general meeting by the legal means of publication or through the company's website, where the full text of such resolutions must be published.

Moreover, any shareholder may at any time obtain a certificate of the resolutions adopted and the minutes of the meeting.

E.4. Describe the measures adopted, if any, to encourage the participation of shareholders at General Meetings.

- Detailed, developed regulation of rights to information, attendance, proxy and voting contained in the Regulations of the General Meeting, as indicated above.

- Detailed notice of call to general meetings, clearly stating all the shareholders' rights and how they may be exercised.

- Publication of the corresponding notice in the Official Trade Registry Bulletin, on the company's website and on the website of the National Securities Market Commission, through the appropriate regulatory announcement.

- Holding of general meetings where shareholders can easily attend, in the best and most comfortable conditions possible.

- Assistance for shareholders through the Shareholders' Office, where the team responsible for Investor Relations and other qualified staff are available to provide any assistance required by shareholders.

- Delivery of gifts to shareholders to encourage them to go to general meetings.

E.5. Are General Meetings presided by the Chairman of the Board and what measures, if any, are taken to guarantee the independence and proper functioning of the General Meeting?

YES

Details of measures
The Regulations of the General Meeting regulate a number of measures regarding the organisation and procedure of the general meeting to guarantee its independence and proper functioning. Article 9 of said Regulations establishes the following measures in this regard: - General meetings shall be presided by the Chairman of the Board, or, in his absence, by the Vice-Chairman, or otherwise by a director elected in each case by the shareholders attending the meeting. - The Chairman shall be assisted by a Secretary, who shall be the Secretary of the Board, or the Vice-Secretary, if any, or otherwise such person as may be appointed at the general meeting. - Should the Chairman or Secretary of the general meeting have to leave during the meeting, his/their duties shall be taken over by the corresponding person or persons as above and the meeting shall continue. - The directors attending the general meeting shall form the Presiding Board. Article 10 of the Regulations establishes the procedure for drawing up the attendance list, which may be drawn up in a file or included on any kind of data carrier. Moreover, should the Chairman deem fit, he may appoint two or more shareholders to act as scrutineers, assisting the presiding board in drawing up the attendance list and, if

Details of measures
necessary, in the counting of votes, informing the general meeting thereof once it has been declared quorate. The powers of the Chairman of the General Meeting are described in Article 13 of the Regulations: - Direct the debate, ensuring that it remains within the confines of the agenda, closing the debate when he considers the business sufficiently debated. - Organise the shareholders' contributions as established in Article 12 of the Regulations of the General Meeting. - Decide, where appropriate, on any extension of the time initially granted to shareholders to speak. - Moderate the shareholders' contributions, requesting them if necessary to keep to the agenda and observe the appropriate rules of correct conduct when speaking. - Call the shareholders to order when their contributions are clearly made to filibuster or upset the normal course of the general meeting. - Withdraw the floor at the end of the time assigned for each contribution or when, despite the admonitions made in pursuance of this article, the shareholder persists in his conduct, taking such measures as may be necessary to ensure that the general meeting resumes its normal course. - Announce voting results. - Resolve any issues that may arise during the general meeting regarding the rules established in these Regulations. Finally, as regards the conclusion and minutes of general meetings, Article 15 of the Regulations establishes that after voting on the proposed resolutions, the general meeting shall conclude and the Chairman shall close the session. The minutes of the general meeting may be approved at the end of the meeting or within fifteen days thereafter by the Chairman of the General Meeting and two scrutineers, one representing the majority and the other representing the minority, who shall be appointed at the proposal of the Chairman after declaring the general meeting quorate. If the presence of a notary has been required to issue a certificate of the general meeting, the minutes set out in the certificate shall be notarial and, as such, shall not require approval by those attending or by scrutineers.

E.6. Indicate any modifications made during the year to the Regulations of the General Meeting.

No changes were made to the Regulations of the General Meeting in 2011.

E.7. Give details of attendance of General Meetings held during the year:

Details of Attendance					
Date General Meeting	% in person	% by proxy	% distance voting		Total
			Electronic vote	Others	
15/06/2011	10.630	54.750	0.000	0.000	65.380

E.8. Give a brief account of the resolutions adopted at the general meetings held during the year and percentage of votes with which each resolution was passed.

All the resolutions proposed by the Board at the Annual General Meeting of Shareholders held on 15 June 2011 were approved on the terms and with the results indicated below:

ITEM ONE ON THE AGENDA

- To approve the annual accounts of EBRO FOODS, S.A. and its consolidated group for the year ended 31 December 2010.

- To approve the separate and consolidated directors' report of Ebro Foods, S.A. for the year ended 31 December 2010, including the Annual Corporate Governance Report, as drawn up by the board of directors.

These resolutions were approved by a majority of 99.93% of the voting capital present and represented.

ITEM TWO ON THE AGENDA

- To approve the management and all other actions by the Ebro Foods board during the year ended 31 December 2010.

This resolution was approved by a majority of 99.89% of the voting capital present and represented.

ITEM THREE ON THE AGENDA

- To approve the proposed application of the profit recorded by Ebro Foods, S.A. in the year ended 31 December 2010, as shown below and set out in the company's annual report:

Base of application: 937,140
Unappropriated Reserves: 572,980
Balance of profit and loss account (profit): 364,160

- To approve the distribution of an ordinary dividend payable in cash against unappropriated reserves in a sum of 0.416 euro per share, payable in four quarterly payments of 0.104 euro each, on 4 April, 4 July, 3 October and 22 December 2011. Accordingly, to ratify the first of these four payments, made on 4 April. This dividend includes the proportional allocation that would correspond to the shares held as treasury stock.

These resolutions were approved by a majority of 99.93% of the voting capital present and represented.

ITEM FOUR ON THE AGENDA

- To vote for the directors' emoluments for the year ended 31 December 2010.

- To vote for the Annual Directors' Remuneration Report prepared by the board.

These resolutions were approved by a majority of 96.61% of the voting capital present and represented.

ITEM FIVE ON THE AGENDA

- To authorise the board to buy back the company's own shares and authorise subsidiaries to acquire shares in the parent company, by purchase or on any other payment basis, on one or several occasions, subject to the conditions established in sections 146, 509 and other applicable provisions of the Corporate Enterprises Act.

• The par value of the shares acquired directly or indirectly, when added to those already held by the company or its subsidiaries, shall not exceed 10% of the subscribed capital.

• As a result of the acquisition, including any shares which the company, or the person acting in his own name but for the company's account, has purchased earlier and holds as treasury stock, the equity shall not fall below the amount of the capital plus legal reserves or any undistributable reserves established in the company's articles. For this purpose, equity shall be the amount recorded as such according to the principles applied when drawing up the annual accounts, less the amount of profit attributed directly to equity, plus the amount of uncalled subscribed capital and the par value and share premiums of subscribed capital recorded under liabilities.

• The shares acquired shall be fully paid up.

• The cap and floor for the acquisition shall be, respectively, equivalent to the par value of the own shares purchased and to their price on an official secondary market at the time of purchase.

By virtue of this authorisation, the board may, by direct resolution or by delegation to the executive committee or to such person or persons as the board may authorise for this purpose, buy back own shares to hold them as treasury stock, dispose of them or, as the case may be, propose their redemption to the general meeting, within the limits established in law and subject to the conditions stipulated in this resolution. This authorisation is also extended to the possibility of acquiring own shares to be delivered directly to employees or executives of the company or its group, on one or several occasions, or upon exercise of any stock options they may hold, pursuant to section 146.1 a) paragraph 3 of the Corporate Enterprises Act.

The authorisation contemplated in this resolution is granted for no more than five years from the date of this Annual General Meeting and covers all treasury stock transactions made on the terms stipulated herein, without having to be reiterated for each purchase or acquisition, and all transfers to or earmarking of reserves made in pursuance of the Corporate Enterprises Act.

When any acquisition is made by virtue of this authorisation, the directors will especially ensure that the conditions established at this general meeting and the requirements stipulated in the Corporate Enterprises Act are met.

- To reduce the capital to redeem the company shares acquired by Ebro Foods or other companies in its Group, against the capital (for the par value) and unappropriated reserves (for the amount of the acquisition in excess of such par value), by such amounts as may be deemed fit from time to time, up to the maximum number of own shares held at any time.

- To delegate to the board the power to execute this resolution to reduce the capital, on one or several occasions, or to render it null and void, within a period not exceeding 5 years from the date of this AGM, doing whatsoever may be required by law for this purpose.

The board is especially authorised, within the times and limits established in this resolution, to: (i) reduce the capital or otherwise, establishing the specific date or dates of the operations, as the case may be, taking account of any internal and external factors affecting the decision; (ii) state in each case the amount of the reduction of capital; (iii) specify the application of the amount of the reduction of capital; (iv) adapt Articles 6 and 7 of the Articles of Association in each case to reflect the new amount of capital and the new number of shares; (v) apply in each case for delisting of the redeemed shares; and (vi) in general, adopt such resolutions as may be considered necessary to redeem the shares and reduce the capital accordingly, appointing individuals to do whatsoever may be necessary.

The resolutions concerning treasury stock, reduction of capital and delegation to the board contemplated in this item on the agenda render null and void those adopted in this respect at the Annual General Meeting held on 1 June 2010.

These resolutions were approved by a majority of 98.46% of the voting capital present and represented.

ITEM SIX ON THE AGENDA

- To authorise the board of directors of Ebro Foods, S.A. to increase the capital on one or several occasions, as and when it may decide, up to the maximum limit permitted by law, within a period not exceeding five years, without previously consulting the general meeting.

These capital increases may not exceed overall the sum of 46,159,617 euro, i.e. half the present capital, and must be made by monetary contributions and the issuance of ordinary shares, with or without a share premium.

The par value of the shares to be issued, plus the amount of the share premium, if any, must correspond to the fair value deriving from the auditors' report. These reports will be made available to shareholders, who will be informed thereon at the first general meeting held after the resolution to increase the capital.

- To authorise the board also to exclude the preferential subscription right for any such issues of shares and/or convertible debentures should this be in the company's interests.

- To delegate the board to execute the preceding resolution to increase the capital such that it may do so on one or several occasions, or to render it null and void, within a period not exceeding 5 years from the date of this AGM, doing whatsoever may be necessary or required by law for this purpose.

The board is especially authorised, within the times and limits established in this resolution, to: (i) increase the capital or otherwise, establishing the specific date or dates of the operations, as the case may be, taking account of any internal and external factors affecting the decision; (ii) state in each case the amount of the capital increase and the par value of the new shares; (iii) resolve the exclusion of the preferential subscription right for issues of shares and/or convertible obligations if this is in the company's interests; (iv) adapt Articles 6 and 7 of the Articles of Association in each case to reflect the new amount of capital and the new number of shares; (v) apply in each case for listing of the new shares issued; and (vi) in general, adopt such resolutions as may be considered necessary to issue shares and increase the capital accordingly, appointing individuals to do whatsoever may be necessary.

This delegation shall subsist on its own terms until the end of the five-year period established or until rendered void by the general meeting, even though the directors may change and without prejudice to the possible decision by the general meeting, subsequent to this delegation, to make one or several capital increases.

These resolutions were approved by a majority of 96.31% of the voting capital present and represented

ITEM SEVEN ON THE AGENDA

- To expressly authorise the Board, with the fullest powers necessary, to make one or several financial contributions to Fundación Ebro Puleva over forthcoming years, up to and not exceeding the sum of five hundred thousand euro (500,000 €), without prejudice to similar authorisations granted by the General Meeting in previous years for the Board to donate funds to Fundación Ebro Puleva.

This resolution was approved by a majority of 99.86% of the voting capital present and represented.

ITEM EIGHT ON THE AGENDA

The resolutions corresponding to this item were voted separately.

- To ratify the appointment of José Nieto de la Cierva as proprietary director of the company for a period of 4 years. Mr Nieto was appointed by cooptation at the board meeting of 29 September 2010.

This resolution was approved by a majority of 91.80% of the voting capital present and represented.

- To set the number of board members at (13), pursuant to section 211 of the Corporate Enterprises Act and article 19 of the company's articles of association.

This resolution was approved by a majority of 97.34% of the voting capital present and represented.

ITEM NINE ON THE AGENDA

- To expressly authorise the Chairman, Secretary and Vice-Secretary of the Board, as extensively as may be required by law, so that any one of them, acting individually and with his/her sole signature, may execute, put on record and give notice of each and all of the resolutions adopted at this General Meeting, supplement, develop and remedy those resolutions, deliver them and secure their full or partial entry in the Trade Register or in any other registers kept by the corresponding public or private institutions, execute and rectify any public or private documents of whatsoever nature and take such other action or actions as may be necessary.

This resolution was approved by a majority of 92.26% of the voting capital present and represented.

E.9. State the number of shares required to attend General Meetings, indicating whether any restrictions are established in the articles of association.

YES

Number of shares required to attend general meeting	100

E.10. Describe and justify the company's policies on proxy votes at General Meetings.

Proxy votes are regulated in Article 7 of the Regulations of the General Meeting.

Any shareholder entitled to attend may be represented at general meetings by another person. The proxy shall be made in writing especially for each general meeting or, as the case may be, through distance communication means in accordance with the appropriate provisions of these Regulations and especially for each general meeting. This right to representation is without prejudice to the legal provisions established for family representation and the granting of general powers of attorney.

In any case, whether the proxy is voluntary or required by law, no shareholder may have more than one representative at any general meeting.

Proxies may be revoked at any time. Personal attendance at the general meeting by the represented shareholder shall have the effect of revoking the proxy.

In cases of public requests for representation, the document establishing the power of attorney shall contain or annex the agenda, together with the request for instructions to exercise the voting right and indications of how the representative will vote if no specific instructions are issued. Such public request shall be deemed to exist whenever any one person represents more than three shareholders.

The proxy may also include any points which, although not included on the agenda in the notice of call, are likely to be dispatched at the meeting, being so permitted by law.

If there are no voting instructions because the General Meeting is going to resolve on issues which, by law, do not need to be included on the agenda, the proxy shall cast the vote howsoever he may consider his principal's interests best favoured.

If the represented shareholder has issued instructions, the proxy may only vote otherwise in circumstances of which the shareholder was unaware at the time of issuing the instructions and when the represented shareholder's interests are in jeopardy.

In the last two cases, the proxy shall inform the represented shareholder forthwith, in writing, explaining the reasons for his vote.

E.11. Is the company is aware of the policies of institutional investors regarding their participation or otherwise in company decisions?

NO

E.12. Address and access to the corporate governance contents on the company's website.

Ebro Foods's corporate website http://www.ebrofoods.es is set up as a vehicle of continuous, up-to-date information for shareholders, investors and the financial market in general.

In this respect, the home page includes a specific section, called "Information for shareholders and investors", which contains all the information required under the applicable legal provisions.

This section includes, pursuant to current legislation, the chapter on Corporate Governance. The specific address of this chapter is:

http://www.ebrofoods.es/informacion-para-accionistas-e-inversores/gobierno-corporativo/reglamento-de-la-junta-general/ or:
http://www.ebrofoods.es/information-for-shareholders-and-investors/corporate-governance/regulations-of-the-general-meeting/

The Corporate Governance chapter is structured in the following sub-sections:

- Regulations of the General Meeting
- General Meeting of Shareholders
- Shareholders' Agreements
- Board of Directors
- Corporate Governance Report
- Code of Conduct

The contents of this chapter are structured and hierarchical, with a concise, explanatory title, to permit rapid, direct access to each section, in accordance with legal recommendations, at less than three clicks from the home page.

All these sections have been designed and prepared according to the principle of accessibility, aiming to enable fast location and downloading of the required information.

F. EXTENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of compliance by the company with existing corporate governance recommendations. In the event of non-compliance with any recommendations, explain the recommendations, standards, practices or principles applied by the company.

1. The Articles of Association of listed companies should not limit the maximum number of votes that may be cast by an individual shareholder or impose other restrictions hampering takeover of the company via the market acquisition of its shares.
See sections A.9, B.1.22, B.1.23, E.1 and E.2

Complies

2. When both the parent company and a subsidiary are listed, they should both publish a document specifying exactly:
   a) The types of activity they are respectively engaged in and any business dealings between them, and between the listed subsidiary and other group companies;
   b) The mechanisms in place to solve any conflicts of interest.
See sections C.4 and C.7

Not Applicable

3. Although not expressly required in company law, any operations involving a structural alteration of the company should be submitted to the General Meeting for approval, especially the following:
   a) Conversion of listed companies into holdings, through spin-off or "subsidiarisation", i.e. reallocating to subsidiaries of core activities thereunto performed by the company, even though the latter may retain full ownership of its subsidiaries;
   b) Acquisition or disposal of key operating assets, if this involves an effective alteration of its objects;
   c) Any operations producing effects equivalent to liquidation of the company.

Complies

4. Detailed proposals of the resolutions to be adopted at a General Meeting, including the information contemplated in Recommendation 28, should be published simultaneously with the notice of call to the General Meeting.

Complies

5. Substantially independent items shall be voted separately at General Meetings to enable shareholders to express their preferences separately. This rule is particularly applicable:
   a) To the appointment or ratification of directors, which should be voted individually;
   b) In the case of Bylaw alterations, to each article or substantially independent group of articles.
See section E.8

Complies

6. Companies should allow split votes, so that financial intermediaries on record as shareholders but acting on behalf of different clients can vote according to the latters' instructions.
See section E.4

Complies

7. The Board should perform its duties with unity in proposal and independent criteria, affording all shareholders the same treatment and guided by corporate interests, which shall mean maximising the value of the company over time.
It shall also ensure that the company complies with the applicable laws and regulations in its relations with stakeholders; fulfils its contracts and obligations in good faith; respects good customs and practice in the sectors and territories in which it operates; and upholds any other social responsibility principles that it may have subscribed to voluntarily.

Complies

8. The Board should undertake, as its principal mission, to approve the company's strategy and the organisation required to put it into practice, and to oversee and ensure that Management meets the targets marked out and respects the objects and corporate interest of the company. For this purpose, the full Board shall approve the following:

a) General policies and strategies of the Company, particularly:

i) The strategic or business plan, management objectives and annual budgets;
ii) Investment and financing policy;
iii) Definition of the structure of the corporate group;
iv) Corporate governance policy;
v) Corporate social responsibility policy;
vi) Policy on the remuneration and performance assessment of senior officers;
vii) Risk management and control policy and the regular monitoring of internal information and control systems;
viii) The dividend policy and treasury stock policy, particularly regarding limits.

See sections B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

i) Upon recommendation by the chief executive, the appointment and possible removal of senior officers, and corresponding severance clauses.

See section B.1.14

ii) Directors' emoluments and, for executive directors, supplementary remuneration for their executive duties and any other terms and conditions to be included in their contracts.

See section B.1.14

iii) The financial information that listed companies are obliged to disclose periodically.
iv) Any investments or transactions considered strategic by virtue of their amount or special characteristics, unless approval corresponds to the General Meeting;
v) Creation or acquisition of shares in special purpose vehicles or companies domiciled in countries or territories considered tax havens, and any transactions or operations of a similar nature which could, by virtue of their complex structure, impair the group's transparency.

c) Transactions between the company and its directors, significant shareholders or shareholders with representatives on the Board, or persons related thereto ("related-party transactions").

This authorisation will not be necessary for related-party transactions that meet all of the following three conditions:
1. Made under contracts with standard terms and conditions applied across the board to large numbers of clients;
2. Made at the general prices or rates established by the person supplying the good or service;
3. Made for a sum not exceeding 1% of the company's annual earnings.

The Board is recommended to make approval of related-party transactions dependent on a favourable report by the Audit Committee, or such other committee as may be assigned this duty. Apart from not exercising or delegating their vote, the affected Directors shall leave the room during the corresponding discussion and voting by the Board.

It is recommended that these competences of the Board be non-delegable, except those contemplated in paragraphs b) and c), which may be adopted by the Executive Committee in an emergency, subject to subsequent ratification by the full Board.

See sections C.1 and C.6

Complies

9. The Board should have an adequate size to secure efficient, participative performance of its duties. The recommended size is between five and fifteen members.

See section B.1.1

Complies

10. Non-executive proprietary and independent directors should have an ample majority on the board, while the number of executive directors should be kept to a minimum, taking account of their equity ownership and the complexity of the corporate group.

See sections A.2, A.3, B.1.3 and B.1.14

Complies

11. If any non-executive director cannot be considered proprietary or independent, the company should explain this circumstance and the director's ties with the company or its executives, or with its shareholders.

See section B.1.3

Complies

12. Among the non-executive directors, the ratio of proprietary to independent directors should reflect the proportion between capital represented and not represented on the Board.

This strictly proportional distribution may be relaxed so that proprietary directors have a greater weight than that corresponding to the total percentage of capital they represent:

1. In companies with a high capitalisation with few or no shareholdings considered significant by law, but in which certain shareholders have interests with a high absolute value.

2. In companies with a plurality of unrelated shareholders represented on the Board.

See sections B.1.3, A.2 and A.3

Complies

13. The total number of Independent Directors should represent at least one-third of the total Directors.
See section B.1.3

Explanation

There are 4 independent directors, representing 30.769% of the total board members.

The company considers that the composition of the board reflects the composition of the shareholding body and that for the time being it is not necessary to appoint another independent director, owing to the very small difference in respect of the recommended percentage.

14. The Board should explain the nature of each Director at the General Meeting at which an appointment is to be made or ratified. The type of director should be confirmed or altered, as the case may be, in the Annual Corporate Governance Report, following verification by the Nomination Committee. The reasons why Proprietary Directors have been appointed at the request of shareholders with an interest of less than 5% in the capital shall be explained in that Report, as well as the reasons, where appropriate, for not meeting formal requests for presence on the Board from shareholders with an interest equal or greater than others at whose request proprietary directors have been appointed.
See sections B.1.3 and B.1.4

Complies

15. When there are few or no female directors, the Board should explain the reasons for this situation and the steps taken to correct it. In particular, when vacancies arise on the Board, the Nomination Committee should ensure that:

a) There is no hidden bias against women candidates in the selection procedures;

b) The company makes a conscious effort to include women with the target profile among the candidates.

See sections B.1.2, B.1.27 and B.2.3

Explanation

Board members are appointed regardless of candidates’ sex, so there is no positive or negative discrimination of any nature in the election of directors.

María Blanca Hernández Rodríguez was appointed director in 2006 and Sol Daurella Comadrán in 2010.

16. The Chairman, being responsible for the effective operation of the Board, should make sure that directors receive sufficient information in advance; stimulate debate and active participation by directors at all Board meetings, protecting their free stand and expression of opinion on any issues; and organise and coordinate periodic assessment of the Board, and the Managing Director or CEO, if any, with the chairmen of the principal committees.
See section B.1.42

Complies

17. When the Chairman of the Board is also the chief executive officer of the company, one of the Independent Directors should be authorised to request the calling of a Board meeting or the inclusion of new items on the agenda; coordinate and express the concerns of the Non-Executive Directors; and direct the assessment by the Board of its Chairman.
See section B.1.21

Complies

18. The Secretary of the Board should especially ensure that the Board's actions:

a) Conform to the text and spirit of the laws and regulations, including those adopted by the market watchdogs;

b) Conform to the company's Articles of Association and the Regulations of the General Meeting, the Board and any other internal regulations of the Company;

c) Take account of the good governance recommendations contained in this Unified Code endorsed by the company.

To guarantee the independence, impartiality and professionalism of the Secretary, his/her appointment and removal should require a report by the Nomination Committee and approval by the full Board; and the procedure for appointment and removal should be set down in the Regulations of the Board.

See section B.1.34

Complies

19. The Board should meet as often as may be necessary to secure efficient performance of its duties, following the calendar and business established at the beginning of the year, although any director may propose other items not initially contemplated to be included on the agenda.

See section B.1.29

Complies

20. Non-attendance of Board meetings should be limited to inevitable cases and stated in the Annual Corporate Governance Report. If a director is forced to grant a proxy for any Board meeting, the appropriate instructions shall be issued.

See sections B.1.28 and B.1.30

Complies

21. When the Directors or the Secretary express concern over a proposal, or, in the case of Directors, the company's performance, those concerns should be put on record, at the request of those expressing them.

Complies

22. The full Board should assess once a year:

a) The quality and effectiveness of the Board's actions;

b) Based on the report issued by the Nomination Committee, the performance by the Chairman of the Board and Chief Executive Officer of their respective duties;

c) The performance of its Committees, based on the reports issued by each one.

See section B.1.19

Complies

23. All the Directors should be entitled to obtain such supplementary information as they may consider necessary on business within the competence of the Board. Save otherwise stipulated in the Articles of Association or Board Regulations, their requests should be addressed to the Chairman or Secretary of the Board.

See section B.1.42

Complies

24. All Directors should be entitled to call on the company for specific guidance in the performance of their duties, and the company should provide adequate means for exercising this right, which in special circumstances may include external assistance, at the company's expense.
See section B.1.41

Complies

25. Companies should establish an induction programme to give new Directors a rapid, sufficient insight into the company and its rules on corporate governance. Directors should also be offered refresher courses in the appropriate circumstances.

Complies

26. Companies should require Directors to devote the necessary time and efforts to perform their duties efficiently. Accordingly:

a) Directors should inform the Nomination Committee of any other professional obligations they may have, in case they may interfere with the required dedication;

b) Companies should limit the number of directorships that its Directors may hold.

See sections B.1.8, B.1.9 and B.1.17

Complies

27. Proposals for the appointment or re-appointment of directors submitted by the Board to the General Meeting and the provisional appointment of directors by cooptation should be approved by the Board:

a) At the proposal of the Nomination Committee, in the case of Independent directors.

b) Subject to a report by the Nomination Committee for other directors.

See section B.1.2

Complies

28. Companies should publish on their websites and regularly update the following information on their directors:

a) Professional and biographical profile;

b) Other directorships held, in listed or unlisted companies;

c) Type of director, indicating in the case of proprietary directors the shareholders they represent or are related with.

d) Date of first and subsequent appointments as company director; and

e) Company shares and stock options held.

Partial Compliance

This Recommendation is followed in all sections except b).

29. Independent directors should not remain on the Board as such for more than 12 years in succession.
See section B.1.2

Complies

30. Proprietary directors should resign when the shareholder they represent disposes of its entire shareholding in the company. They should also resign in the corresponding number when the shareholder disposes of part of its shares to an extent requiring a reduction in the number of proprietary directors.
See sections A.2, A.3 and B.1.2

Complies

31. The Board should not propose the removal of any independent director before the end of the period for which he or she was appointed, unless there are just grounds for doing so, as appreciated by the Board subject to a report by the Nomination Committee. Just grounds are deemed to exist when the director has acted in breach of his/her duties or when he or she falls into any of the circumstances described in point III.5, definitions, of this Code.
The removal of independent directors may also be proposed as a result of takeover bids, mergers or similar corporate operations producing a change in the capital structure of the company, whenever those changes in the structure of the Board correspond to the principle of proportionality established in Recommendation 12.
See sections B.1.2, B.1.5 and B.1.26

Complies

32. Companies should establish rules obliging directors to report and, if necessary, resign in any cases that may jeopardise the company's reputation. In particular, directors should be obliged to inform the Board of any criminal proceedings brought against them and the subsequent development of the proceedings.
If a director is tried for any of the offences contemplated in section 124 of the Corporations Act, the Board should study the case as soon as possible and, in view of the specific circumstances, decide whether or not the director should remain in office. A reasoned account should be included in the Annual Corporate Governance Report.
See sections B.1.43 and B.1.44

Complies

33. All the directors should clearly express their opposition whenever they consider that any proposed decision submitted to the Board may go against corporate interests. The independent and other directors not affected by the potential conflict of interest should also do so when the decisions may be detrimental to shareholders not represented on the Board.
And when the Board adopts significant or reiterated decisions regarding which a director has expressed serious reservations, the latter should reach the appropriate conclusions and, if he or she opts to resign, explain the reasons in the letter contemplated in the following recommendation.
This recommendation also affects the Secretary of the Board, even if he or she is not a director.

Complies

34. If a director resigns or retires from office on whatsoever other grounds before the end of his or her term of office, he or she should explain the reasons in a letter sent to all the Board members. Regardless of whether the retirement is announced as a significant event, the reason shall be indicated in the Annual Corporate Governance Report.
See section B.1.5

Not applicable

35. The remuneration policy approved by the Board should regulate at least the following aspects:

a) Amount of fixed items, specifying the amount of attendance fees, if any, for Board and Committee meetings and estimating the fixed remuneration for the year;

b) Variable pay items, including, in particular:

i) Types of director to which they are applicable and an explanation of the relative weight of the variable pay items to the fixed items;

ii) Criteria for assessment of results on which any right to remuneration in shares, stock options or any other variable component is based;

iii) Essential parameters and basis for any system of annual bonus payments or other non-cash benefits; and

iv) An estimate of the aggregate sum of variable remunerations deriving from the proposed remuneration plan, according to the degree of fulfilment of the reference hypotheses or objectives.

c) Principal terms of the welfare schemes (e.g. supplementary pensions, life assurance and similar), estimating the amount or equivalent annual cost.

d) Conditions to be respected in top management and executive director contracts, including:

i) Term;

ii) Notice; and

iii) Any other clauses concerning golden hellos or golden parachutes for early termination of the contractual relationship between the company and the executive director.

See section B.1.15

Complies

36. Remunerations in the form of shares in the company or group companies, stock options or instruments linked to the value of the share and any variable remuneration linked to the company's performance or welfare schemes should be limited to executive directors.

This recommendation shall not be applicable to the delivery of shares when subject to the condition that the directors keep them up to their retirement from the Board.

See sections A.3 and B.1.3

Complies

37. The remuneration of non-executive directors should be sufficient to remunerate their dedication, qualifications and responsibilities, but not so high as to compromise their independence.

Complies

38. Earnings-linked remuneration should take account of any qualifications in the external auditor's report that may reduce such earnings.

Not Applicable

39. In the case of variable remuneration, the pay policies should establish such precautions as may be necessary to ensure that such remuneration is related to the professional performance of its beneficiaries, not merely deriving from general trends on the markets or in the company's sector of business or other similar circumstances.

Complies

40. The Board should submit to an advisory vote at the General Shareholders' Meeting, as a separate item on the agenda, a report on the directors' remuneration policy. This report should be made available to shareholders, as a separate document or in whatsoever other form the company may deem fit.

The report should focus especially on the remuneration policy approved by the Board for the current year and that established, if any, for future years. It shall address all the issues contemplated in Recommendation 35, except those points that could entail disclosure of commercially sensitive information. It shall stress the most significant changes in such policies in respect of that applied during the previous year to which the General Meeting refers. It shall also include a global summary of implementation of the remuneration policy in the previous year.

The Board should also inform on the role played by the Remuneration Committee in defining the remuneration policy and, if external assistance has been used, the identity of the external advisers who provided such assistance.

See section B.1.16

Complies

41. The individual remunerations of directors during the year shall be disclosed in the Annual Report, including the following details:

a) Breakdown of the remuneration of each director, including, where applicable:
- i) Attendance fees and other fixed sums payable to directors;
- ii) Additional compensation for being Chairman or member of one of the Committees of the Board;
- iii) Payments made under profit-sharing or bonus schemes and the reasons for their accrual;
- iv) Contributions on behalf of the director to defined-contribution pension schemes; or increase in the director's vested rights in contributions to defined-benefit schemes;
- v) Any indemnities agreed or paid upon termination of their duties;
- vi) Compensation received as director of other group companies;
- vii) Remuneration received by executive directors as payment for their senior management duties;
- viii) Any sums paid other than those listed above, regardless of the nature or the group company paying them, especially when it may be considered a related-party transaction or omission would distort the true and fair view of the total remuneration received by the director.

b) Breakdown for each director of any deliveries of shares, stock options or whatsoever other instrument linked to the value of the company's share, specifying:
- i) Number of shares or options granted during the year and conditions for exercising the options;
- ii) Number of options exercised during the year, indicating the corresponding number of shares and the exercise price;
- iii) Number of options pending exercise at year end, indicating their price, date and other conditions for exercise;
- iv) Any modification during the year of the conditions for exercising options granted earlier.

c) Information on the ratio during the previous year of remuneration received by the executive directors and the company's profits or any other measure of its earnings.

Complies

42. When there is an Executive Committee, the balance between the different types of director should roughly mirror that of the Board. The Secretary of the Board should be Secretary of the Executive Committee.
See sections B.2.1 and B.2.6

Complies

43. The Board should be informed at all times of the business transacted and decisions made by the Executive Committee and all Board members should receive a copy of the minutes of Executive Committee meetings.

Complies

44. In addition to the Audit Committee which is mandatory under the Securities Market Act, the Board shall set up a Nomination and Remuneration Committee, or two separate Committees.
The rules on composition and procedure of the Audit Committee and the Nomination and Remuneration Committee or Committees should be set out in the Regulations of the Board, including the following:

a) The Board should appoint the members of these Committees, taking account of the directors' knowledge, expertise and experience and the duties corresponding to each Committee and discuss their proposals and reports. The Committees should report to the Board on their actions at the first full Board meeting after each Committee meeting, being accountable for the work done.

b) These Committees should have a minimum of three members, who should be exclusively Non-Executive Directors. This notwithstanding, Executive Directors or senior officers may attend their meetings when expressly so decided by the Committee members.

c) The Committees should be chaired by Independent Directors.

d) They may obtain external assistance whenever this is considered necessary for the performance of their duties.

e) Minutes should be issued of Committee meetings and a copy sent to all members of the Board.

See sections B.2.1 and B.2.3

Complies

45. The Audit Committee, Nomination Committee or, if separate, the Compliance or Corporate Governance Committee(s) should be responsible for overseeing compliance with internal codes of conduct and corporate governance rules and regulations.

Complies

46. All members of the Audit Committee, particularly its Chairman, should be appointed in view of their knowledge of and experience in accounting, auditing or risk management.

Complies

47. Listed companies should have an internal audit department, supervised by the Audit Committee, to guarantee the effectiveness and efficiency of the internal reporting and control systems.

Complies

48. The chief audit officer should submit an annual work programme to the Audit Committee, reporting directly on any irregularities arising during its implementation and submitting an activity report at each year end.

Complies

49. The risk management and control policy should define at least:

a) The different types of risk (operating, technological, financial, legal, reputational…) to which the company is exposed, including under financial or economic risks any contingent liabilities or other off-balance-sheet exposure;

b) The level of risk that the company considers acceptable;

c) The measures envisaged to soften the effects of the risks identified, should they materialise;

d) The internal reporting and control systems to be used to control and manage those risks, including contingent liabilities or off-balance-sheet risks.

See section D

Complies

50. The Audit Committee should:

1. In connection with the internal reporting and control systems:

   a) Supervise the preparation and integrity of the financial information on the company and, where appropriate, the group, checking for compliance with applicable legal provisions, adequate definition of the consolidated group and correct application of accounting standards.

   b) Check internal control and risk management systems on a regular basis to ensure that the principal risks are adequately identified, managed and disclosed.

   c) Oversee the independence and effectiveness of the internal audit department; propose the nomination, appointment, reappointment and removal of the chief audit officer; propose the budget for this department; receive periodical information on its activities; and check that the top management heeds the conclusions and recommendations set out in its reports.

   d) Establish and supervise a “whistle-blowing” procedure so employees can confidentially and, if considered appropriate, anonymously report any potentially important irregularities they may observe in the company's conduct, especially in financial and accounting aspects.

2. In connection with the external auditor:

   a) Submit proposals to the Board on the nomination, appointment, reappointment and replacement of the external auditor and its terms of engagement.

   b) Receive regular information from the external auditor on the audit plan and findings and make sure the senior management acts on its recommendations.

   c) Guarantee the independence of the external auditor, and for this purpose:

      i) The company should inform the CNMV as a significant event whenever the auditor is changed, attaching a declaration on any disagreements that may have arisen with the outgoing auditor and their content, if any.

      ii) The company and the auditor should be ensured to respect all rules and regulations in place regarding the provision of services other than auditing services, limits on concentration of the auditor’s services and any other rules established to guarantee the auditors’ independence;

      iii) Investigate the circumstances giving rise to resignation of any external auditor.

   d) In groups, encourage the auditor of the group to audit the group companies.

See sections B.1.35, B.2.2, B.2.3 and D.3

Complies

51. The Audit Committee may call any employee or executive of the company into its meetings, even ordering their appearance without the presence of any other senior officer.

Complies

52. The Audit Committee should report to the Board on the following matters from Recommendation 8 before the latter adopts the corresponding decisions:

a) The financial information that listed companies are obliged to disclose periodically. The Committee shall ensure that interim financial statements are drawn up under the same accounting principles as the annual statements, requesting a limited external audit if necessary.

b) Creation or acquisition of shares in special purpose vehicles or companies domiciled in countries or territories which are considered tax havens, and any transactions or operations of a similar nature which could, by virtue of their complex structure, impair the group's transparency.

c) Related-party transactions, unless this prior reporting duty has been assigned to another supervision and control committee.

See sections B.2.2 and B.2.3

Complies

53. The Board should endeavour to avoid a qualified auditor's report on the accounts laid before the General Meeting, and in exceptional circumstances when such qualifications exist, both the Chairman of the Audit Committee and the auditors shall clearly explain to the shareholders their content and scope.

See section B.1.38

Complies

54. The majority of the members of the Nomination Committee – or Nomination and Remuneration Committee if there is just one – should be independent directors.

See section B.2.1

Complies

55. Apart from the duties specified in preceding Recommendations, the Nomination Committee should:

a) Assess the expertise, knowledge and experience of Board members; define the duties and skills required of candidates to fill vacancies; and determine the time and dedication considered necessary for them to adequately perform their duties.

b) Study or organise as appropriate the succession of the Chairman or Chief Executive Officer and, if necessary, make recommendations to the Board to secure an orderly, well-planned handover.

c) Report on any appointments and removals of senior officers proposed by the Chief Executive Officer.

d) Report to the Board on the gender issues contemplated in Recommendation 14.

See section B.2.3

Partial Compliance

All the duties contemplated in this Recommendation correspond to the Nomination and Remuneration Committee except the duty mentioned in d).

The Nomination and Remuneration Committee does not report to the board on the gender issues contemplated in Recommendation 14 of the Code of Good Governance because the company does not make any positive or negative discrimination in the election of directors, who are elected regardless of their sex, as indicated in section B.1.27 and in the explanation to Recommendation 14 of this Report.

56. The Nomination Committee should consult the Chairman and Chief Executive Officer, especially on matters concerning Executive Directors.
Any director may request the Nomination Committee to consider potential candidates they consider suitable to fill vacancies on the Board.

Complies

57. Apart from the duties indicated in the preceding Recommendations, the Remuneration Committee should:
- a) Submit proposals to the Board on:
  - i) The remuneration policy for directors and senior officers;
  - ii) The individual remuneration of executive directors and other terms of contract.
  - iii) The basic conditions of senior executive contracts.
- b) Ensure compliance with the remuneration policy established by the company.

See sections B.1.14 and B.2.3

Complies

58. The Remuneration Committee should consult the Chairman and Chief Executive Officer, especially on matters concerning executive directors and senior officers.

Complies

G. OTHER INFORMATION OF INTEREST

If you consider there to be an important principle or aspect regarding the corporate governance practices applied by your company that have not been mentioned in this report, indicate them below and explain the contents.

EXPLANATORY NOTE ONE, CONCERNING SECTION A.5.

For relations between the Ebro Foods companies and their significant shareholders, see section C.2 of this report.

EXPLANATORY NOTE TWO, CONCERNING SECTION B.1.4.

Leopoldo del Pino y Calvo Sotelo was appointed proprietary director at the AGM held on 1 June 2010, at the request of the majority shareholder Casa Grande de Cartagena, S.L. (wholly-owned subsidiary of Lolland, S.A.). At the time of Mr del Pino y Calvo Sotelo's appointment as director, Casa Grande de Cartagena held an interest of over 5%, although at 31 December 2011 that interest has been reduced to 3.375%.

EXPLANATORY NOTE THREE, CONCERNING SECTION B.1.8.

Leopoldo del Pino y Calvo Sotelo is not, strictly speaking, director of the listed company Ferrovial, S.A., but represents the corporate director Portman Baela, S.L.

EXPLANATORY NOTE FOUR, CONCERNING SECTION B.1.11.

- Explanations concerning paragraphs a) and b) of this section:

1. A provision of €271 thousand was recognised in 2011 for the Deferred Annual Remuneration of the only director with executive duties, linked to the Group's Strategic Plan 2010-2012, which will not accrue and be payable until 2013.

2. The Deferred Annual Remuneration Scheme is not linked to the value of the Ebro Foods share nor implies receipt by the beneficiaries of shares or any other rights thereover.

- Explanations concerning the following pay items and other benefits reflected in section B.1.11:

1. Provisions stipulated in the Articles: share in profits stipulated in Article 22 of the Articles of Association. See section B.1.14 of this Report.

2. Pension Funds and Schemes. Contributions: no Board members are beneficiaries of supplementary life and retirement insurance. The company has not granted any loans or advances to Board members or contracted any obligations on their behalf under guarantees or bonds.

EXPLANATORY NOTE FIVE, CONCERNING SECTION B.1.12.

Of the total remuneration of executives (excluding the executive director) of the Ebro Foods Group included in the Deferred Annual Remuneration Scheme under the Group's Strategic Plan 2010-2012, a total provision of €7 thousand was made in 2011, which will be payable in 2013.

In the end, the remuneration of all the executives of Ebro Foods was taken into consideration, even though not all of them are included in the senior management.

EXPLANATORY NOTE SIX, CONCERNING SECTIONS B.1.11 AND B.1.12.

Ebro Foods, S.A. has taken out and maintains a civil liability insurance policy for its directors and executives, covering all its subsidiaries, with a limit on compensation of €45 million/year, with an annual cost of €67,500, valid up to 30 April 2012. This policy is currently in the process of renewal.

EXPLANATORY NOTE SEVEN, CONCERNING SECTION B.1.13.

The contracts of two executives contemplate guarantee clauses in the event of dismissal or takeover in excess of the compensation established in the Workers' Statute.

The clauses initially established for other executives are now below the compensation established in the Workers' Statute, owing to their accumulated seniority.

EXPLANATORY NOTE EIGHT, CONCERNING SECTION B.1.17.

- Instituto Hispánico del Arroz, S.A. has a 15.720% stake in Ebro Foods, S.A., held in part directly and in part through Hispafoods Invest, S.L.

- Antonio Hernández Callejas has an indirect interest in Ebro Foods, S.A. through the 15.720% interest held in the company by Instituto Hispánico del Arroz, S.A.

- María Blanca Hernández Rodríguez has an indirect interest in Ebro Foods, S.A. through the 15.720% interest held in the company by Instituto Hispánico del Arroz, S.A.

- Demetrio Carceller Arce has an indirect interest in Ebro Foods, S.A. through the 9.651% indirect interest held in the company by Sociedad Anónima Damm.

- Leopoldo del Pino y Calvo Sotelo has an indirect interest in Ebro Foods, S.A. through the 3.375% direct interest held in the company by Casa Grande de Cartagena, S.L.

EXPLANATORY NOTE NINE, CONCERNING SECTION B.2.1.

The Audit Committee of Ebro Foods, S.A. is called the Audit and Compliance Committee.

The Nomination Committee of Ebro Foods S.A. is the Nomination and Remuneration Committee.

EXPLANATORY NOTE ELEVEN, CONCERNING OTHER MATTERS OF INTEREST

1. Ebro Foods, S.A. has an interest of less than 20% (18.652% at 31 December 2011) in Biosearch, S.A. This interest is merely financial and is recognised as such in the Ebro Group accounts.

Biosearch, S.A. is a listed company with activities similar to the objects of Ebro Foods, S.A., which formed part of the Ebro Group until January 2011.

At present, Ebro Foods, S.A. does not participate in the administration or management of Biosearch.

Therefore, Ebro Foods considers that the transactions made with Biosearch during 2011 were not related party transactions, although the transactions made between Biosearch, S.A. and companies in the Ebro Foods Group during 2011 are listed below:

- With Herba Ricemills, S.L.U.: purchase of goods (finished or otherwise) for €146 thousand.

- With Dosbio 2010, S.L.U.: leases for €28 thousand.

- With Ebro Foods, S.A.: rendering of services for €58 thousand.

2. Ebro Foods has a significant interest of 9.333% in Deoleo, S.A., a company with activities similar to the objects of Ebro.

The Ebro Foods directors Antonio Hernández Callejas and Demetrio Carceller Arce are also proprietary directors of Deoleo, proposed by Ebro in its capacity as majority shareholder.

The transactions made during 2011 between Deoleo and companies in the Ebro Foods Group are listed below:

- With Riviana Foods, Inc.: sale of goods (finished or otherwise) for €4 thousand; and purchase of goods (finished or otherwise) for €5,360 thousand.

- With Herba Ricemills, S.L.U.: sale of goods (finished or otherwise) for €9,791 thousand; and purchase of goods (finished or otherwise) for €29 thousand; other income for €172 thousand; and other expenses for €126 thousand.

- With SB Herba Foods, Ltd.: purchase of goods (finished or otherwise) for €463 thousand.

- With Ebro Foods, S.A.: purchase of tangible, intangible and other assets for €203,493 thousand.

- With Lassie Nederland, B.V.: receipt of services for €46 thousand.

- With Lustucru Riz, S.A.: commitments acquired for €653 thousand.

This section may be used to include any other information, clarification or qualification relating to the previous sections of the report, provided it is relevant and not repetitive.

In particular, state whether the company is subject to any laws other than the laws of Spain on corporate governance and, if this is the case, include whatever information the company may be obliged to supply that differs from the information included in this report.

Binding definition of independent director:

State whether any of the independent directors have or have had any relationship with the company, its significant shareholders or its executives which, if sufficiently large or significant, would have disqualified the director from being considered independent pursuant to the definition set out in section 5 of the Unified Code of Good Governance.

NO

Date and signature:

This annual corporate governance report was approved by the Board of Directors of the company on

28/03/2012.

State whether any directors voted against approval of this Report or abstained in the corresponding vote.

NO

ANNEX TO THE

ANNUAL CORPORATE GOVERNANCE REPORT 2011

OF EBRO FOODS, S.A.

Under section 61 bis of the Spanish Securities Market Act, as amended in the Sustainable Economy Act 2/2011 of 12 April, listed companies are obliged to publish an annual report on corporate governance.

In a letter dated 28 December, the National Securities Market Commission (CNMV) ruled that until the legislative processes for developing the new model of report have been completed, the corporate governance report for 2011 may be drawn up according to the contents and structure of the model established in Circular 4/2007, without prejudice to the obligation to include the contents stipulated in section 61 bis of the Securities Market Act not specifically included under any of the sections of the model and forms currently used.

For this reason, on drawing-up its annual accounts 2011 the board of directors of Ebro Foods, S.A. (hereinafter, the company) has issued this document supplementing the annual corporate governance report, describing the situation at the time of drawing up the annual accounts and issuing the corporate governance report for 2011, after approval by the board of the new Regulations of the Board and the new Code of Conduct of the Ebro Group.

1. Information on the securities that are not traded on an EC regulated market, indicating the different classes of shares, if any, and for each class of shares the rights and obligations conferred and the percentage of capital represented by the treasury stock and any significant variations thereof (Securities Market Act s. 61bis.4(a)(3)).

The company has not issued any shares that are traded on a non-EC market.

2. Any restriction on the transferability of shares and any restriction on voting rights (Securities Market Act s. 61bis.4(b)).

There are no restrictions on the transferability of shares other than those generally established in law.

3. Information on the rules applicable to alteration of the company's articles of association (Securities Market Act s. 61bis.4(c)(4)).

There are no requirements for altering the articles of association other than those stipulated in the Corporate Enterprises Act.

4. Information on significant agreements entered into by the company and which become effective, are modified or terminated in the event of a change of control of the company following a takeover bid, and the effects thereof, except when disclosure may be seriously detrimental to the company. This exception will not be applicable when the company is obliged by law to disclose this information (Securities Market Act s. 61bis.4(c)(4)).

Ebro Foods has not entered into any agreements of this nature.

5. Information on agreements between the company and its directors, executives or employees establishing indemnities upon resignation or unfair dismissal, or if their employment is terminated following a takeover bid (Securities Market Act s. 61bis.4(c)(5)).

In 2006 the Chairman, Antonio Hernández Callejas, announced to the board his full, irrevocable waiver of the golden parachute clause originally included in his contract, consisting of a net indemnity equivalent to two years' gross total annual remuneration.

The contracts of two other Ebro Foods executives include guarantee clauses or events of dismissal or takeover, varying between one and two years' remuneration.

In the contracts of other executives, the compensations initially contemplated are now below the indemnity established in the Workers Statute, owing to their length of service.

Finally, when we mention "executives", we refer to all employees holding management positions in Ebro Foods, although they are not all included in the Senior Management.

6. Information on the powers of board members, particularly concerning the authority to issue or buy back shares (Securities Market Act s. 61bis.4(c)(3)).

6.1. Information on the powers of board members

Antonio Hernández Callejas, Chairman-CEO, is the only director authorised (as a class A attorney) to exercise the following powers, as indicated below:

One: Represent the company and use its authorised signature, representing the company in all kinds of transactions, businesses, contracts and agreements included within its objects. Make with the European Union, state, regional (autonomous community), provincial, island or local authorities and, in general, with any public or private person or entity, and enter into works, services or supplies contracts awarded by tender, auction, direct agreement or by any other form of awarding contracts permitted by law, submitting and signing the corresponding bids, accepting any awards made in favour of the company, performing such actions and signing such public or private documents as may be necessary or convenient for the execution, fulfilment and settlement of the contract in question.

These powers shall be exercised jointly and severally by any of the class A attorneys whenever the amount of each transaction, business or contract is equal to or less than 50,000 € and jointly by any two of them for amounts over 50,000 €.

Two: Plan, organise, direct and control the development of the company and all its activities, work places and facilities, reporting to the Chairman of the Board and proposing such changes as the attorney may consider necessary in the corporate organisation.

These powers shall be exercised jointly and severally by any class A attorney.

Three: Sell, buy, swap, replace, assign, encumber and dispose of, under whatsoever title, all kinds of assets, including real estate, stocks and shares, and furnish guarantees to subsidiaries and third parties. Participate in the founding and organisation of all kinds of companies and entities, accepting and making appointments therein.

These powers shall be exercised jointly by two class A attorneys.

Four: Stipulate, make, accept, alter, withdraw and cancel appropriations, deposits and bonds, provisional or final, at any public or private entity, including the government depositary (*Caja General de Depósitos*) and the Bank of Spain.

These powers shall be exercised jointly and severally by any class A attorney or jointly by two class B attorneys.

Five:

a) Open, use, settle and cancel current, savings or credit accounts at any bank, including the Bank of Spain, or other credit institutions and savings banks, signing such documents as may be necessary or convenient for this purpose, and draw down and withdraw funds from them using cheques, drafts, receipts and transfer orders.

b) Arrange, make and enter into loan transactions and sign such public and private documents as may be necessary, reporting to the board at the first meeting held thereafter of any use made of these powers.

All these powers shall be exercised jointly by two class A attorneys.

The powers of opening and withdrawing from accounts contemplated in paragraph a) may be exercised jointly by two class B attorneys, provided the amount of the transaction does not exceed 50,000 €.

Six: Draw, accept, collect, pay, endorse, protest, discount, guarantee and negotiate bills of exchange, trade or finance bills, promissory notes, cheques and other draft and exchange instruments. Make endorsements and discounts of receipts, commercial paper of whatsoever nature, setting the terms and conditions thereof, and payment orders against the Treasury, banks, deposit entities and any other institutions or entities at which the company may hold securities, bills, cash or any other kinds of assets.

These powers shall be exercised jointly by two class A attorneys.

Seven: Claim, collect and receive any sums due or payable to the company, in cash, bills, notes or whatsoever other form, by individuals, banks, other such institutions, the European Union, state, regional, provincial, island or local authorities and, in general, by any public or private entity. Issue and request receipts, establish and settle balances and accounts. Establish the terms of payment of any sums due to the company, grant extensions, set instalments and the amounts thereof.

Accept from debtors all kinds of personal and real sureties and guarantees, including chattel and real-estate mortgage guarantees, possessory or non-possessory pledges, with such terms, conditions and clauses as the attorney may deem fit, and cancel them on receipt of the secured amounts or receivables.

These powers shall be exercised jointly and severally by any class A attorney.

The powers of claiming, collecting and receiving any amounts due or payable to the company in cash, bills, notes or whatsoever form by individuals, banks, other institutions or entities, the European Union, state, regional, provincial, island or local authorities and, in general, by any public or private entity may also be exercised jointly by any two class B attorneys.

Eight: Make all kinds of payments, doing whatsoever may be necessary to secure due fulfilment of all the company’s obligations and request the appropriate receipts.

These powers shall be exercised jointly and severally by any of the class A attorneys whenever the amount of each transaction, business or contract is equal to or less than 50,000 € and jointly by any two of them for amounts over 50,000 €.

Nine: Represent the company before third parties and in, on or before all kinds of councils, chambers, commissions and committees of whatsoever nature, associations, mutual societies, registries, delegations, offices and departments of the European Union, state, regional, provincial, island or local authorities or any other administrative, governmental or other centres, institutions or bodies, at all levels and instances, both Spanish and foreign, or appoint a person who is to exercise such representation on behalf of the company. Exercise all rights and interests corresponding to the company. Make requests and applications. Institute such enquiries as may be appropriate, requesting any data, copies or documents in the company's interests and making claims, including any claims requiring prior settlement, and lodge appeals of any nature in administrative channels. Withdraw from enquiries, claims and appeals at any stage of the proceedings and execute or enforce final decisions. Answer or request notary and other instruments, certificates and requests. Requests such certificates, transcripts and certified copies as may be in the company's interests.

These powers shall be exercised jointly and severally by any class A attorney or jointly by two class B attorneys.

Ten: Appear and represent the company before courts, tribunals, prosecution services, juries or other contentious-administrative or labour bodies, authorities or centres, in all jurisdictions and at all instances and levels, both Spanish and from any other country or international organisation, entering into such legal relationships as they may deem fit, especially complying with the requirement established in section 45.2(d) of Act 29/1998 of 13 July by merely signing the brief filing a contentious-administrative appeal (appeal for judicial review).

Grant and revoke powers of attorney to lawyers, solicitors, barristers and attorneys-at-law.

Exercise all kinds of claims and actions, file all kinds of pleas and defence in any proceedings, formalities or appeals, as claimant/plaintiff, defendant or in whatsoever other status. Lodge and file all kinds of ordinary and extraordinary judicial claims and appeals, including appeals for review and to the Supreme Court. Abandon and withdraw from judicial actions, claims, litigations and appeals at any stage of the proceedings. Answer interrogatories and questioning in court as legal representative of the company and, whenever so required, make express, personal ratification. Compromise on and submit to arbitration any business in which the company may have an interest. Execute or enforce final court judgments.

Represent the company and participate on behalf of the company in all kinds of receivership, stoppage of payments, bankruptcy or insolvency proceedings, compositions or arrangements with creditors or winding up under supervision of the court, proving the company's claims, endeavouring to protect them and accepting awards in payment, granting or denying reductions and extensions. Appoint, accept and reject trustees, administrators, experts and receivers and propose and challenge proposals made in the respective arrangements. Compromise, agree on instalments, reductions and extensions contemplated in the arrangement, sign arrangements and follow the proceedings through all stages and formalities up to the fulfilment and execution of the final awards and decisions.

Choose addresses and submit tacitly or expressly to jurisdictions.

These powers shall be exercised jointly and severally by any class A attorney.

Eleven: Execute the resolutions adopted by the board of directors or executive committee regarding the executive personnel, after hearing the opinion of the nomination and remuneration committee; and in respect of other employees, recruit, move, penalise, suspend and dismiss employees; establish remunerations, salaries and other emoluments of any employee; grant termination benefits and, in general, solve all and any issues concerning company employees. Appoint and revoke representatives and agents.

These powers shall be exercised jointly and severally by any class A attorney.

Twelve: Execute and fulfil the resolutions adopted by the general meeting of shareholders and the board of directors, as well as the executive committee and the managing director, if any, executing, where necessary, such deeds and other public or private documents as may be required by the legal nature of the actions taken and transactions made.

These powers shall be exercised jointly and severally by any class A attorney.

Thirteen: Grant powers of attorney to third parties delegating all or part of the powers vested in him herein, and revoke powers of attorney, in full or in part, including any granted prior to this power of attorney, executing such public or private documents as may be necessary for this purpose and reporting to the board at the next meeting held of any use made of this power.

These powers shall be exercised jointly by three class A attorneys.

Fourteen: Attend and represent the company at the general meetings of shareholders and/or partners of all the companies in the Ebro Group and adopt such resolutions as may be deemed necessary, without limitation.

These powers are granted exclusively to the following attorneys and shall be exercised jointly and severally by any of them: Antonio Hernández Callejas, Pablo Albendea Solís, Miguel Ángel Pérez Álvarez and Yolanda de la Morena Cerezo.

6.2 Information on the powers of board members regarding the power to issue or buy back shares

No member of the board is authorised to issue or buy back shares.

It is mentioned here that at the AGM held on second call on 15 June 2011, the shareholders resolved, under item six on the agenda, to authorise the board to increase the capital on one or several occasions, by such amount as it may decide and up to the maximum limit established by law, over a period not exceeding five years, and to resolve to exclude the preferential subscription right in the event of issuing shares and/or convertible debentures if so required in the interests of the company. The resolution adopted in this regard is transcribed in section E.8 of the annual corporate governance report.

7. Description of the main characteristics of the internal risk management and control systems in the financial reporting process (Securities Market Act s. 61bis.4(h)).

7.1 Control of the company

7.1.1. Bodies and/or persons responsible for: (i) the existence and maintenance of an adequate and effective FRICS; (ii) its implementation; and (iii) its supervision

As established in its Regulations, the board formally assumes the ultimate responsibility for the existence and correct application of the financial reporting internal control systems (FRICS). The board is responsible through the Audit and Compliance Committee for the existence and maintenance of procedures to ensure that the financial reporting is correct.

The Management Committee is responsible for the design, implementation and functioning of the FRICS, through the group's economic-financial department, as well as the financial departments of the different business units. The different general managements are responsible for effective implementation of these systems within their respective areas of activity.

The Audit and Compliance Committee supervises the Group financial reporting, assisted by the internal audit department, the auditors and executives of the organisation (finance area or other areas) as and when this may be necessary.

According to the Regulations of the Board, the Audit and Compliance Committee is responsible for:

a) Supervising the preparation, integrity and presentation to the market of the regulatory financial reporting, checking compliance with regulatory requirements, adequate definition of the scope of consolidation and correct application of accounting principles.

b) Regularly checking the internal control and risk management systems to ensure that the main risks are identified, managed and adequately disclosed.

7.1.2. Whether the following exist, particularly in connection with the preparation of financial reporting:

Departments and/or mechanisms responsible for: (i) the design and review of the organisational structure; (ii) clearly defining the lines of responsibility and authority, with an adequate distribution of tasks and duties; and (iii) the existence of sufficient procedures for their correct publicising within the company

The financial department has an organisational structure defined on a group level and in each subsidiary. The corresponding human resources departments keep job profiles and descriptions of the responsibilities of each position. The different positions in the economic and financial area are included in organisation charts available for each subsidiary and on a corporate (group) level. The finance managers of all the subsidiaries are informed of the structure of the corporate financial department and advised of all new members of the department. All members of the different financial departments, both corporate and of the subsidiaries, have a clearly defined line of responsibility.

The finance managers of the subsidiaries are answerable to their respective general managers and the corporate financial department.

The executive directors and management of Ebro Foods participate actively in the management committees of the group's subsidiaries, thereby guaranteeing direct communication through the lines of responsibility and authority.

Within each group company, the organisational structure of the units participating in the preparation of financial reporting depends on several factors, such as the volume of operations or type of business, but in all cases it corresponds to the need to cover the main duties of recording, preparing, checking and reporting the operations performed and the economic and financial position of the company.

On a corporate level, global instructions are issued by the Group's financial department, although the implementation of those instructions is developed differently in each subsidiary. However, regardless of the level of detail of the performance of duties in the economic and financial area, all units complete the financial information for the group according to the indications and deadlines required for the consolidated reporting.

Code of conduct, body responsible for approval, degree of disclosure and instruction, principles and values included (stating whether there are specific mentions to the recording of transactions and preparation of financial information), body responsible for analysing default and providing corrective measures and penalties

The Ebro Group has a new Code of Conduct, approved by the board on 28 March 2012, advising all levels of the organisation.

This Code of Conduct is an update of the Code of Ethics of 2003 and Code of Conduct of 2008 of the Ebro Foods Group and provides guidance on how to act in the Group's internal and external relationships, strengthening the values that distinguish us and establishing a basic reference to be followed by the Group.

The Code aims to:

- Be a formal, institutional reference for personal and professional conduct.
- Guarantee the responsible, ethical behaviour of all the Group's professionals in their work.
- Reduce the element of subjectivity in personal interpretations of moral and ethical principles.
- Create a standardization tool to guarantee progressive implementation throughout the Group of the ten principles of the United Nations Global Compact.
- Grow responsibly and committed to all our stakeholders.

The Code of Conduct will be signed for by all employees when they join the workforce of any Group company. All group employees will be notified of any updates to the Code of Conduct. The Code of Conduct is also published in the Intranet, where it can be consulted by any employee.

The Code of Conduct establishes that the Group assumes a principle of conduct based on informative transparency, consisting of an undertaking to report reliable information to the markets, whether financial, accounting or of whatsoever other nature. Accordingly, the company's internal and external financial reporting will give a true and fair view of its real economic, financial and equity situation according to generally accepted accounting principles.

The Audit and Compliance Committee, by delegation of the Ebro Foods Board of Directors, is responsible for monitoring and controlling application of the Code. The Audit and Compliance Committee reports regularly to the Group's Board of Directors on any queries raised in respect of the interpretation and application of the Code of Conduct, how they have been solved and, where appropriate, the interpretation criteria followed.

Whistle-blowing channel, through which the Audit Committee can be informed on any financial and accounting irregularities, as well as any breaches of the code of conduct or irregular activities in organisation, indicating whether that channel is confidential

A whistle-blowing or reporting channel has been established through the Code of Conduct through which any irregular conduct in financial, accounting or other areas and any breach of the code of conduct can be reported confidentially.

The Audit and Compliance Committee will provide employees with two e-mail addresses for this purpose, one for queries and suggestions and the other for reports, through which consultations may be submitted to settle queries regarding interpretation of the code of conduct or to report breaches.

The Audit and Compliance Committee guarantees the confidentiality of the reports handled, according to a confidentiality commitment signed by all those involved in handling the reports and other precautions included in their protocol for action.

The Audit and Compliance Committee analyses all the reports received and replies to the reporter on the processing or dismissal of his/her report, stating reasons.

The reporting channel is expected to be fully operative in all its modalities and in all countries in 2012.

Training programmes and regular updates for employees involved in the preparation and checking of financial information and evaluation by the FRICS, covering at least accounting and auditing standards, internal control and risk management

The Ebro employees involved in the preparation and checking of the financial information and FRICS evaluation receive the necessary training and updates of the rules, standards and good practices to guarantee the reliability of the financial information generated.

The Group has a policy of recruiting personnel for the financial departments with sufficient training and experience in accounting and, in particular, in other matters related with the evaluation of accounting impacts. The Group also encourages and provides means and resources for its employees to keep their accounting knowledge up to date through the attendance of seminars, information on line and other means. Moreover, regular meetings are held with the external auditors to assess in advance the standards in place and those being drafted by the IASB prior to entry into force in the European Union.

7.2 Measurement of risks in financial reporting

7.2.1. What are the main features of the risk identification process, including risks of error or fraud, in respect of:

Whether the process exists and is documented

The risk management process is established by the risks department and supervised by the board through the Audit and Compliance Committee, using a risks management system based on the Corporate Risk Management Policy.

The quality and reliability of its internal financial information and that provided to the market are among the priorities of the Ebro Group. The corporate financial department sends out requests for the information to be supplied by the different business units for the consolidated financial reporting, paying special attention to the processes of closing, consolidation, measurement of intangibles and aspects subject to judgement and estimates.

During 2011, the Group implemented an improvement process to bolster documentation and enhance the generation of financial information and its supervision, making it more efficient and effective. Based on the COSO internal control model, the significant processes involved in the generation of the Group's financial information were documented. The main processes documented were: Closing of Financial Statements and Reporting, Consolidation, Sales and Receivables, Purchases and Payables, Fixed Assets, Inventories, Payroll and Cash. The documentation outline may be extended to other processes progressively, according to the materiality and the general criteria established in the Group's financial reporting internal control system.

Process documentation includes details of the flows and transactions and the financial reporting objectives and controls established to ensure they are met. It also contemplates the risks of error and/or fraud that might affect the financial reporting objectives.

Whether the process covers all the financial reporting objectives (existence and occurrence; integrity; measurement; presentation, breakdown and comparison; and rights and obligations); whether it is updated and how often

This is a continuous process to improve the design and effectiveness of the controls and minimise the risks related with financial reporting. The financial reporting risk identification process was analysed during 2011 and updated according to the changes in the scope of consolidation of the Group, the development of its business and its reflection in the financial statements, making a comparative analysis of the changes in material processes and sub-processes.

Identification of the risks affecting the reliability of financial reporting is based on and begins with a definition of the scope according to quantitative criteria of materiality in respect of the consolidated amounts and other qualitative criteria (error, fraud, uncommon transactions, etc.).

The first step to define the work to be done is to include within the scope the companies in the business areas or divisions that meet any of the criteria mentioned. Once the companies have been defined, the material accounting items of each one are established on a company level and the processes and sub-processes they affect are defined by means of a relationship matrix.

For each of the sub-processes identified in each of the material companies, the inherent risks arising in each phase of the process/sub-process are identified and the checks made by the different persons responsible to mitigate those risks are defined, setting this information down in a Risks-Controls Matrix, analysing to what extent the financial reporting objectives (existence and occurrence; integrity; measurement; presentation, breakdown and comparison; and rights and obligations) are covered for each risk.

The existence of a process for defining the scope of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures, base companies or special purpose vehicles

The Ebro Group has a documented process based on internal regulations that guarantees the correct identification of the scope of consolidation through an adequate separation of duties in the requesting, authorising, reporting and recording of any operation entailing the incorporation, merger, division, acquisition or sale of companies and any other corporate operation, directly involving the legal department, management committee and the board.

This process considers the possible existence of complex corporate structures, base companies or special purpose vehicles, among other means by establishing an adequate structure to separate the duties of requesting, authorising and reporting for any corporate operation within the Group. However, transactions or complex corporate structures that might entail off-balance sheet transactions which should be recorded within it are not identified at present.

Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they affect the financial statements

The Risks Management System is designed to identify potential events that might affect the organisation, manage its risks by establishing internal processing and control systems with which the probability and impact of those events can be kept within the established tolerance levels and provide reasonable certainty that the strategic business objectives will be met.

The identification and measurement of risks is established in each line of business coordinated by a corporate team, which manages and establishes the permitted tolerance to the risk and coordinates the actions to ensure that the treatment is in line with the Group's global risks policy. It is thus possible to know the Group's overall exposure to the risk at any time.

The Risks Management System includes four types of risks: Operating, Compliance, Strategic and Financial risks, and the conclusions are taken into account insofar as the risks may affect financial reporting.

Which governing body of the company supervises the process

According to the regulations of the board, the Audit and Compliance Committee is responsible for regularly checking the internal risk management and control systems ensuring that the principal risks are adequately identified, managed and disclosed. The financial information to be published and, therefore, the FRICS are supervised by the Audit and Compliance Committee, backed by the internal audit department, external auditors and other executives within the organisation and/or external experts, whenever this is considered necessary.

7.3 Control activities

7.3.1. Procedures for checking and authorising financial information to be published on the stock markets and description of the FRICS, indicating who is responsible for these tasks and documentation describing the flows of activities and controls (including those checking for the risk of fraud) in the different types of transactions that may have a material effect on the financial statements, including the procedure for closing of accounts and the specific review of judgements, estimates, valuations and significant projections

The Ebro Group has procedures for checking and authorising financial information and description of the FRICS, responsibility for which corresponds to the financial department, the management committee, the Audit and Compliance Committee and the board.

The Audit and Compliance Committee checks and analyses the financial statements and any other important financial information, as well as the principal judgements, estimates and projections included and discusses them with the corporate financial department and the internal and external auditors to confirm that the information is complete and the principles applied are consistent with those of the previous full-year accounts.

The procedure for checking and authorising the financial information corresponds to the Group financial department, based on the information checked and validated by the different units. The Audit and Compliance Committee supervises this information to be published on the market.

The flows of activities and controls, including those checking for the risk of fraud, of the different types of transactions that may have a material effect on the financial statements, including the procedure for closing of accounts and the specific review of judgements, estimates, valuations and significant projections, are duly documented. These flows of activities and controls include identification of the main processes and sub-processes that may have a material effect on the reliability of the financial information, considering both quantitative and qualitative criteria:

The documentation of flows of activities and controls that may have a material effect on the financial statements, including the accounts closing procedure, includes the preparation of narratives on the processes, flow diagrams and risk and control matrices. The controls identified are both preventive and detective, manual and automatic, describing also their frequency and associated information systems. The main processes documented were: Closing of Financial Statements and Reporting, Consolidation, Sales and Receivables, Purchases and Payables, Fixed Assets, Inventories, Payroll and Cash.

Process documentation may be extended to other processes progressively, according to the materiality and the general criteria established in the Group's financial reporting internal control system.

7.3.2. Internal control procedures and policies for the IT systems (including access security, track changes, operation, operating continuity and separation of duties) used for the significant processes of the company in the preparation and publication of financial information.

The Group has rules of action for managing information security. Those rules are applicable to the systems used to generate financial information and refer to the use of computer resources, access to systems and user management, protection of networks, systems, data bases and applications and the management of back-up copies.

The IT Department is responsible for defining and proposing the security policies.

7.3.3. Internal control procedures and policies to oversee the management of outsourced activities and any aspects of valuation, calculation or measurement commissioned to independent experts, which may have a material impact on the financial statements

In general, the Ebro Group manages all activities that may have a material impact on the financial statements directly using internal resources to avoid outsourcing. There are very few outsourced activities and the procedures and controls of those activities are regulated in the contracts signed with the service providers in question.

The valuation, calculation or measurement activities commissioned by the Ebro Group to independent experts are mainly concerned with the appraisal of properties, actuarial studies of commitments to employees and impairment testing of intangibles.

Only service providers of internationally recognised standing are used for these valuation reports, making sure that they are not affected by any fact or event that could compromise their independence.

The reports obtained from these firms are submitted to internal review to check that the most significant assumptions and hypotheses used are correct and that they comply with the International Valuation Standards (IVS) and International Financial Reporting Standards (IFRS).

7.4 Information and communication

7.4.1. A specific department responsible for defining the accounting policies and keeping them up to date (accounting policy department or division) and solving queries or conflicts deriving from their interpretation, maintaining fluent communication with those responsible for operations in the organisation, as well as an updated accounting policy manual distributed among the units through which the company operates

The Ebro Group has adequate procedures and mechanisms to put the applicable criteria across to the employees involved in the preparation of financial information and the IT systems used in that preparation. This is done through the Management Control Unit and the Corporate Financial Department, whose powers include the following, among others:

- Define, administer, update and report on the Group's accounting policies, in compliance with the applicable accounting standards and rules of consolidation for the preparation and presentation of financial information to be disclosed.

- Prepare, update and report on the Accounting Policy Manual to be applied by all financial units in the Group. That manual is updated on an annual basis.

- Settle any queries or conflicts regarding the interpretation and application of the accounting policies, maintaining fluent communication with those responsible for these operations in the organisation.

- Define and create templates, formats and criteria to be used for preparing and reporting the financial information. All financial information distributed on the markets is prepared by consolidating the reports of the different business units, prepared using mechanisms for data input, preparation and presentation that are homogenous for the entire Group. These mechanisms are designed to enable compliance with the standards applicable to the principal financial statements, including accounting criteria, valuation rules and presentation formats and embrace not only the balance sheet, profit and loss account, statement of changes in equity and statement of cash flows, but also the obtaining of other information that is necessary to prepare the notes to the financial statements.

7.4.2. Mechanisms for collecting and preparing financial information with homogenous formats, applied and used by all business units in the company or group, valid for the main financial statements and notes, and the information given on the FRICS.

The Group's financial information is prepared using a process of aggregating separate financial statement at source for subsequent consolidation according to the applicable accounting and consolidation standards, to obtain the consolidated financial information to be published on the markets.

The process of aggregation and consolidation of the Group's financial statements is based on homogenous, common format templates that include different tables and reports to be completed. They also have automatic internal controls to check the integrity and reasonability of the data input.

These templates are validated by a financial manager in each subsidiary before sending them for checking and consolidation. To complete the automatic checks, those data and the estimation, valuation and calculation principles used to obtain them, as well as the accounts closing procedure, are checked by the financial manager at each level of aggregation and consolidation until the Ebro Group consolidated financial information is obtained, prepared and checked by the corporate financial department.

7.5 Supervision of the functioning of the system

7.5.1. FRICS supervisory activities performed by the Audit Committee and whether the company has an internal audit department responsible, among its duties, for assisting the committee in its supervision of the internal control system, including the financial reporting internal control system (FRICS).
Inform also on the scope of the FRICS appraisal made during the year and the procedure through which the department or body responsible for the appraisal informs on the outcome, whether the company has an action plan defining any possible corrective measures and whether their impact on the financial information has been considered.

The board has ultimate responsibility for the existence, maintenance and supervision of an adequate, effective financial reporting internal control system, which is designed and implemented by the management committee. Among the duties defined in the Regulations of the Board, the Audit and Compliance Committee assists and supports the board in its supervision of the accounting and financial information, the internal and external audit services and corporate governance.

The audit and compliance commission must see that the internal audit procedures, the internal control systems in general, including the risk management control system and in particular the financial reporting internal control system, are adequate; the external auditor and manager of the internal audit department are selected on the basis of objective, professional qualifications, guaranteeing their independence in the performance of their duties; report to the board on any related party transactions submitted for its consideration; control any possible conflicts of interest; and, in general, make sure that all the company's information and reporting, particular financial, complies with the principle of truth and maximum transparency for shareholders and markets.

The internal audit department submits its annual working plan to the Audit and Compliance Committee and reports directly to said committee on any incidents detected in the performance of that work, proposing the corresponding action plan defining any necessary corrective measures; and at the end of each year, it submits an activity report.

The outcome of the checks made by the internal audit department and any incidents detected have been reported to the Audit and Compliance Committee. Moreover, the action plan devised for remedying those incidents has been sent to both the person responsible for remedying them and the Audit and Compliance Committee.

7.5.2. Inform on whether the company has a discussion procedure whereby the auditor (according to the provisions of the auditing standards), the internal audit department and other experts can inform the senior management and audit committee or company directors of an significant weaknesses detected in internal control during the auditing or checking of the annual accounts or any other processes commissioned to them. Indicate also whether the company has an action plan to remedy or mitigate the weaknesses observed.

The Audit and Compliance Committee has a stable, professional relationship with the external auditors and the main companies in its group, strictly respecting their independence. That relationship favours communication and discussion of any internal control weaknesses pinpointed during the auditing of annual accounts or any other audit work commissioned to them.

In this regard, the Audit and Compliance Committee receives information from the external auditor at least every six months on the audit plan and outcome of its performance, and checks that the senior management heeds the auditor's recommendations.

7.6 Other significant information

N/A

7.7 External auditor's report

7.7.1. Inform as to whether the FRICS information sent to the markets was checked by the external auditor, in which case the company should include the corresponding report in an annex. If not, why not.

The internal control system is assessed by the external auditor with the scope that said auditor considers necessary taking into account the impact and reasonability of the financial statements. For this reason, it has not been considered necessary to issue a separate report in addition to the auditor's report on the annual accounts.

07

ANNUAL FINANCIAL REPORT

DISCLAIMER

DISCLAIMER BY THE DIRECTORS OF EBRO FOODS, S.A. REGARDING THE CONTENTS OF THE ANNUAL FINANCIAL REPORT 2011

The members of the Board of Directors of Ebro Foods, S.A. declare that, to the best of their knowledge and belief, the company's Annual Financial Report 2011 containing the separate and consolidated annual accounts and directors' reports has been prepared in accordance with the applicable accounting principles and gives a true and fair view of the equity, financial position and earnings of the issuer and the companies in its consolidated group, and that the directors' report includes an accurate analysis of the business development and results and the position of the issuer and the companies in its consolidated group, together with a description of the main risks and uncertainties to which they are exposed.

This declaration is made in respect of the separate and consolidated annual accounts of Ebro Foods, S.A. for 2011, as drawn up by the Board of Directors of the company on the twenty-eighth of March two thousand and twelve.

Madrid, on the twenty-eighth of March two thousand and twelve.