CONSOLIDATED DIRECTORS' REPORT ON THE 2004 FINANCIAL YEAR

1. BUSINESS REVIEW

Through its component companies, the Ebro Puleva Group operates in the sugar, dairy products, rice, biotech and other lesser markets, mainly in Spain, but with a growing international presence.

In the last four years a number of events has established Ebro Puleva as the number one Spanish food group. Firstly Puleva was absorbed and then Arrocerías Herba S.A. was incorporated into the Group. As new businesses were acquired, non-strategic ones were divested, and a corporate organization was built up.

In 2004, Ebro Puleva set in motion a strategic diversification and internationalization plan culminating in the 100% take over of Riviana Foods Inc. on September 5.

Riviana is the leading rice production and marketing company in the United States. It has interests in Central America where it is the largest producer and marketer of cookies, crackers, and fruit juices.

Ebro Puleva is moving towards its goal of achieving a better revenue balance between its domestic Spanish and international markets, while increasing the relative importance of branded sales over industrial sales. The balance between the various business lines is also improving: the rice business now contributes more to the Group as a whole, and the sugar business less.

The acquisition of Riviana makes Ebro Puleva the largest rice marketing group in the world and the leader in both Europe and the United States.

Ebro Puleva now has a marketing network in the United States and is market leader in 19 of the 20 most important states. This will pave the way for the Ebro Puleva Group to introduce other products into the US market.

Ebro Puleva also has an important gateway to the Central American market where Riviana is established as the leading marketer and distributor cookies, crackers, fruit juices, and vegetables.

All this has brought about a significant growth in the contribution that international business makes to Ebro Puleva Group's accounts. In fact, since the acquisition of Riviana, Group sales abroad amount to around 44% of total consolidated turnover.

Other significant developments in the year were:

* Continued operational improvements in our sugar business are producing highly satisfactory manufacturing results, with production well over the assigned quota. Production and structural costs were both reduced, dehydrated alcohol production was concentrated at the Rinconada distillery, and the last animal feed production plants still in operation were closed down.

* In dairy products we continued to develop high added value products, especially in the infant nutrition segment, while consolidating previous launches of new products. Work was also maintained on consumer satisfaction oriented developments: new packaging, presentations, and compositions.

* We continued to grow our rice business in Europe. We completed our expansion into the United Kingdom by buying Vogan and setting up S&B Herba Foods (a merger between Joseph Heap and Stevens & Brotherton) which is well positioned in the industrial and branded segments. The Finnish brand, Risella, was acquired, which represents a major step forward in our plans to penetrate the Nordic markets.

* In the Spanish market, commercial networks in the rice business were reorganized. As part of this reorganization, Herba Nutrición absorbed its subsidiary, Nomen Alimentación, towards the end of the year.

* Puleva Biotech began marketing omega-3 closing a number of deals with European and American dairy product companies. These agreements involve the launch of dairy products containing omega-3. The company also set up an industrial plant to produce probiotics which are due to be launched on the market in 2005. Puleva Biotech continues to be the RD&I driver for all Group companies.

* The Group has redesigned its financial structure with the 375 million dollar long-term Riviana acquisition.

* Some non-core assets were sold off, the most important of which were the former Santa Elvira sugar factory in León and the old San Francisco and Fábrica de Ron Bermúdez distilleries in Salobreña (Granada).

* Ebro Puleva divestged in Chile, with the sale of 49% of its subsidiary Inversiones Greenfields through which the Group previously held an actual shareholding of 23% in Empresas Iansa. This change of shareholding has caused the Group's investment in Chile to be deconsolidated, although the consolidated income statement for 2004 still includes revenues and expenses for the first eleven months of Greenfields' activity.

As mentioned earlier, the Ebro Puleva Group is organized by lines of business:

* Sugar business: centered on Azucarera Ebro S.L.U. which is engaged in sugar and sugar by-product based activities.

* Dairy business: comprising mainly liquid milk, fermented dairy products, milk drinks, and infant nutrition. Carried out by the Puleva Food and Lactimilk groups.

* Rice business: comprising industrial and branded rice products and other complementary products in Spain and in a further ten countries — mostly European — through the Herba Group. In September 2004 this business line was reinforced by the acquisition of the Riviana Group, the market leader in the United States with interests in Central America.

* Biotech: Puleva Biotech is specialized in research and development in the nutraceutical world, both for Group companies and third parties.

* Ebro Puleva S.A.: responsible for managing the various subsidiaries engaged in the above business lines. It designs general strategy, looks for inter-company synergies, is responsible for communication with institutions and shareholders, and controls all the Group's real estate assets, including the management of non-core real estate asset divestment..

All lines of business performed more than satisfactorily in 2004. Consolidated earnings were better than expected in spite of the fact that companies were mostly competing in difficult and highly competitive markets.

TOTAL CONSOLIDATED							
Thousands of Euros	**2001**	**2002**	**2002/2001**	**2003**	**2003/2002**	**2004**	**2004/2003**
Net turnover	2,313,271	2,161,566	-6.6%	2,002,986	-7.3%	2,121,733	5.9%
Net sales	n.a.	2,115,229		1,956,551	-7.5%	2,070,546	5.8%
as a % of turnover	n.a.	97.9%		97.7%		97.6%	
Industrial margin	n.a.	439,961		400,545	-9.0%	451,145	12.6%
as a % of turnover	n.a.	20.4%		20.0%		21.3%	
Sales margin	n.a.	381,745		341,435	-10.6%	371,543	8.8%
as a % of turnover	n.a.	17.7%		17.0%		17.5%	
EBITDA	274,200	274,770	0.2%	260,565	-5.2%	298,580	14.6%
as a % of turnover	11.9%	12.7%		13.0%		14.1%	
EBIT	184,711	191,290	3.6%	177,969	-7.0%	210,707	18.4%
as a % of turnover	8.0%	8.8%		8.9%		9.9%	
Net financial expenses	34,555	33,314	3.6%	19,804	40.6%	17,638	10.9%
as a % of turnover	1.5%	1.5%		1.0%		0.8%	
Ordinary results	145,884	146,986	0.8%	148,514	1.0%	176,369	18.8%
as a % of turnover	6.3%	6.8%		7.4%		8.3%	
Extraordinary results	(37,164)	(33,053)	11.1%	(37,294)	-12.8%	(31,023)	16.8%
as a % of turnover	-1.6%	-1.5%		-1.9%		-1.5%	
Profit before taxes	108,718	113,933	4.8%	111,218	-2.4%	145,346	30.7%
as a % of turnover	4.7%	5.3%		5.6%		6.9%	
Net results	95,115	95,867	0.8%	100,759	5.1%	120,859	19.9%
as a % of turnover	4.1%	4.4%		5.0%		5.7%	
Average working capital	n.a.	653,165		517,822	-20.7%	463,962	-10.4%
Used capital	1,783,053	1,623,963	-8.9%	1,438,665	-11.4%	1,424,834	-1.0%
ROCE **(5)**	10.4%	11.8%		12.4%		14.8%	
Capex	85,893	83,526	-2.8%	79,602	-4.7%	102,524	28.8%
Average number of employees	7,439	7,058	-5.1%	5,938	-15.9%	6,686	12.6%
	31.12.01	**31.12.01**	**2002/2001**	**31.12.03**	**2003/2002**	**31.12.04**	**2004/2003**
Equity	802,909	843,894	5.1%	911,635	8.0%	980,613	7.6%
Net debt	719,018	527,664	-26.6%	349,151	-33.8%	467,669	33.9%
Capital leverage **(4)**	89.6%	62.5%	-30.2%	38.3%	-38.7%	47.7%	24.5%
Total assets	2,540,871	2,188,532		2,052,734		2,181,817	

(4) Quotient of the cost of net financial debt divided by equity (excluding minority interests). (5) ROCE = (Operating profit / (loss), Total Average Rate. Rate for 12 months / (Net investment – Investments – Goodwill)).

DATA WITHOUT CHILEAN COMPANIES (1)							
Thousands of Euros	**2001**	**2002**	**2002/2001**	**2003**	**2003/2002**	**2004**	**2004/2003**
Net turnover	1,756,181	1,720,533	-2.0%	1,684,182	-2.1%	1,842,485	9.4%
Net sales	n.a.	1,676,258		1,640,262	-2.1%	1,793,653	9.4%
as a % of turnover	n.a.	97.4%		97.4%		97.3%	
Industrial margin	n.a.	345,322		335,815	-0.3%	386,219	15.0%
as a % of turnover	n.a.	20.1%		19.9%		21.0%	
Sales margin	n.a.	307,882		292,409	0.7%	316,345	8.2%
as a % of turnover	n.a.	17.9%		17.4%		17.2%	
EBITDA	230,105	243,520	5.8%	239,197	-1.8%	267,010	11.6%
as a % of turnover	13.1%	14.2%		14.2%		14.5%	
EBIT	161,242	178,956	11.0%	173,398	-3.1%	193,825	11.8%
as a % of turnover	9.2%	10.4%		10.3%		10.5%	
Net financial expenses	23,499	19,549	16.8%	13,916	28.8%	7,845	43.6%
as a % of turnover	1.3%	1.1%		0.8%		0.4%	
Ordinary results	137,179	147,897	7.8%	145,540	-1.6%	166,757	14.6%
as a % of turnover	7.8%	8.6%		8.6%		9.1%	
Extraordinary results	(35,281)	(32,460)	8.0%	(27,771)	14.4%	(11,081)	60.1%
as a % of turnover	-2.0%	-1.9%		-1.6%		-0.6%	
Profit before taxes	101,898	115,437	13.3%	117,767	2.0%	155,676	32.2%
as a % of turnover	5.8%	6.7%		7.0%		8.4%	
Net results	95,115	95,867	0.8%	100,759	5.1%	120,859	19.9%
as a % of turnover	5.4%	5.6%		6.0%		6.6%	
Average working capital	n.a.	464,024		433,628	-6.6%	378,720	-12.7%
Employed capital	1,237,427	1,173,399	-5.2%	1,175,049	0.1%	1,201,791	2.3%
ROCE **(5)**	13.0%	15.3%		14.8%		16.1%	
Capex	67,380	78,433	16.4%	75,759	-3.4%	102,524	35.3%
Average	4,710	4,544	-3.5%	4,256	-6.3%	5,261	23.6%
	31.12.01	**31.12.02**	**2002/2001**	**31.12.03**	**2003/2002**	**31.12.04**	**2004/2003**
Equity	802,909	843,894	5.1%	911,635	8.0%	980,613	7.6%
Net debt	436,698	386,752	-11.4%	248,521	-35.7%	467,669	88.2%
Capital leverage **(4)**	54.4%	45.8%	-15.7%	27.3%	40.5%	47.7%	74.9%
Total assets	1,996,511	1,828,237		1,779,953		2,181,817	

(1) Data calculated with IANSA consolidated as per the equity method. (4) Quotient of the cost of net financial debt divided by equity (excluding minority interests).
(5) ROCE = (Operating profit / (loss), Average Amortization Rate for 12 months / (Net investment – Investments – Goodwill)).

Highlights of the Group's results (with Chile consolidated by the equity method) are an 11.6% EBITDA growth and a 14.6% increase in ordinary income. This has been achieved thanks to the continued effort made to develop and promote products with higher added value, the restructuring and reorganization of businesses, savings made in marketing and structural expenses, and international expansion.

Extraordinary income is also substantially higher than in recent years, which, combined with the abovementioned results, has resulted in a net income of 120,859 thousand euros, 20% up on the previous year.

The detail of these results by business line was the following:

SUGAR BUSINESS							
	2001	2002	2002/2001	2003	2003/2002	2004	2004/2003
Net turnover	751,889	703,562	-6.4%	736,636	4.7%	726,091	-1.4%
EBITDA	144,205	157,447	9.2%	158,584	0.7%	158,229	-0.2%
as a % of turnover	19.2%	22.4%		21.5%		21.8%	
EBIT	108,689	122,413	12.6%	124,161	1.4%	124,909	0.6%
as a % of turnover	14.5%	17.4%		16.9%		17.2%	
Ordinary results	100,606	119,752	19.0%	122,286	2.1%	124,830	2.1%
as a % of turnover	13.4%	17.0%		16.6%		17.2%	
Average working capital	216,424	117,652	-45.6%	171,179	45.5%	148,792	-13.1%
Employed capital	666,207	546,048	-18.0%	593,349	8.7%	551,316	-7.1%
ROCE	16.3%	22.4%		20.9%		22.7%	
Capex	34,438	44,702	29.8%	36,134	-19.2%	38,586	6.8%

In spite of adverse weather conditions during the previous campaign and despite having no over-quota sugar to export, we managed to increase ordinary income. This was due to operational improvements which provided excellent production results and some major savings in structural costs and financial expenses.

RICE PRODUCTION							
Thousands of Euros	2001	2002	2002/2001	2003	2003/2002	2004	2004/2003
Net turnover	402,786	443,854	10.2%	429,266	-3.3%	604,807	40.9%
EBITDA	33,192	37,276	12.3%	36,196	-2.9%	65,478	80.9%
as a % of turnover	8.2%	8.4%		8.4%		10.8%	
EBIT	25,140	28,348	12.8%	24,475	-13.7%	47,928	95.8%
as a % of turnover	6.2%	6.4%		5.7%		7.9%	
Ordinary results	19,446	22,870	17.6%	20,774	-9.2%	42,751	105.8%
as a % of turnover	4.8%	5.2%		4.8%		7.1%	
Average working capital	118,984	125,409	5.4%	86,610	-30.9%	141,076	62.9%
Employed capital	189,901	195,886	3.2%	170,418	-13.0%	279,644	64.1%
ROCE	13.2%	14.5%		14.4%		17.1%	
Capex	8,274	6,813	-17.7%	15,863	132.8%	23,039	45.2%

Our reorganization, our commitment to increasing the number of branded products with higher added value, and our international expansion caused ordinary income to double. The rice business's contribution to the Group's bottom line increased significantly, while Ebro Puleva has become the largest rice marketing group in the world, and market leaders in Europe and the United States.

DAIRY FOODS							
Thousands of Euros	**2001**	**2002**	**2002/2001**	**2003**	**2003/2002**	**2004**	**2004/2003**
Net turnover	538,355	522,277	-3.0%	488,025	-6.6%	497,083	1.9%
EBITDA	42,671	49,188	15.3%	49,680	1.0%	48,037	-3.3%
as a % of turnover	7.9%	9.4%		10.2%		9.7%	
EBIT	21,258	32,856	54.6%	33,711	2.6%	30,203	-10.4%
as a % of turnover	3.9%	6.3%		6.9%		6.1%	
Ordinary results	18,562	24,033	29.5%	25,226	5.0%	22,395	-11.2%
as a % of turnover	3.4%	4.6%		5.2%		4.5%	
Average working capital	92,885	93,854	1.0%	81,725	-12.9%	64,924	-20.6%
Employed capital	212,955	223,239	4.8%	220,132	-1.4%	215,382	-2.2%
ROCE	10.0%	14.7%		15.3%		14.0%	
Capex	19,645	24,103	22.7%	19,628	-18.6%	36,948	88.2%

As raw milk prices remained very high, we continued with our policy of focusing sales on branded and nutritional products, which has enabled us to keep our EBITDA to sales ratio at very close to 10% in a year of especially difficult market conditions. Investment was practically doubled, and we believe that our commitment to innovation will pay off in the short term.

2. FORESEEABLE DEVELOPMENT OF THE COMPANY

2005 will be a year of consolidation of recent expansion and diversification. We will continue to work towards improving the balance between domestic and international market revenues, and branded and industrial sales.

* **Sugar business:** The upcoming 2005/06 sugar campaign will continue to be regulated by the current European Commission Regulation 1260/2001 which means that the price paid to the farmer for sugar beet will remain unchanged. The following campaigns will presumably be run under the new regulation currently being drawn up.

  The content of the new regulation will be known by late 2005 if the EC keeps to its planned schedule. Only then will we be able to judge what impact it will have on Azucarera. However, it should be noted that the European Commission has always had an abiding commitment to the goal of establishing a framework which would ensure the long term continuance of a major sugar beet/sugar industry in the European Union.

  Azucarera currently enjoys an excellent competitive position in the EU sector, thanks to the company's efforts to improve efficiency and cut production costs in both agronomic and industrial processes. As a result we believe that the new regulatory framework will provide Azucarera with a stable economic environment in which to continue developing its business.

* **Rice business:** In 2004 a reform of the regulatory framework governing the rice sector was completed with the passing of a new CMO. One of the main consequences of this reform has been the lowering of the support price for rice to almost half the previous level. This should inject dynamism into the sector, boost the consumption of rice in general, and facilitate trade between different areas.

In such an environment, Herba's leadership in the European market will enable the company to obtain a competitive advantage while continuing its policy of developing branded sales.

Simultaneously, the presence of the newcomer to the Group, Riviana, will prompt synergies and technological exchange, and will also help to launch new products on the US market.

* **Dairy products business:** Investment in innovation intended to enhance consumer satisfaction based on the values of health and enjoyment will enable sales of high added value products to continue to grow.

  Lactimilk will continue to apply the same management model which has allowed it to defend and consolidate its market position in a highly competitive environment.

* **Ebro Puleva S.A.:** The company will continue to implement its disinvestment strategy to generate cash flow and profitability, and obtain the highest value and profit from the Group's major real estate assets..

  It will also continue to coordinate and integrate the Group's various businesses, respecting their corporate independence while promoting synergic actions and studying new investment opportunities.

  The Board of Directors, which prepares the Group's annual accounts and this management report, intends to continue ensuring major increases in shareholder return. This rose from 0.30 euros per share in the previous year to 0.33 euros per share in 2004.

3. RESEARCH AND DEVELOPMENT

In Azucarera, the goals of the RD&I Centre continued to be improvement and the optimization of sugar industry processes. Its collaboration in various projects with a number of national and international bodies, institutions and universities, establishes it as a benchmark center for research into sugar and sugar by-products. In 2004 work continued on projects in progress aimed at improving industrial processes for preservation, sugar beet washing, diffusion, purification, evaporation, and crystallization.

Puleva's innovation policy has been the key to the company's development. Its differentiation strategy is still setting standards in the market and is appreciated by the retail trade insustry and consumers alike. In 2004, Puleva was given an award in recognition of its work as an innovative company.

Herba has been very active in R&D for new higher added value products once ready-to-eat rice in cartons took off. The most interesting research in this area is in new rice based food products along with new formulas and improvements of the pre-cooked rice line, demonstrating Herba's firm commitment to the development of new business lines.

Meanwhile Puleva Biotech, whose main purpose and objective is R&D, has started to market omega 3 and will shortly be moving into the marketing of probiotics. It has developed a new range of infant food products for Puleva Food, bringing baby food formulas up to date and creating a whole new range of infant milks. For Lactimilk, Puleva Biotech has developed new high added value dairy products which are expected to be on the market in 2005 to complete RAM's product range. The company is also identifying new uses and potential new high valued added markets for rice and its by-products. Meanwhile work is still in progress on the development of a biocatalytic process for the industrial production of functional oligosaccharides for Azucarera Ebro.

4. OWN SHARES

In 2004, the Company made purchases and sales of own shares as authorized by the General Meeting held on April 15, 2004, having duly notified the CNMV (Spanish National Securities Commission) in accordance with current reporting standards. In 2004, 2,408,678 shares were purchased and 3,198,253 shares were sold. At year-end the Company had 65,231 own shares amounting to 0.04% of its share capital, and created the required reserve for own shares. In accordance with the Redrafted Text of the Spanish Corporation Law, an unavailable reserve has been set up equivalent to the amount of own shares in portfolio. This reserve will become available when the circumstances requiring it to be set up no longer persist. At year-end 2004, these own shares are not earmarked for any specific purpose.

5. POST-BALANCE SHEET EVENTS

Significant events subsequent to year-end were as follows:

* On February 14, 2005, the Spanish tax authorities notified all the companies in the tax group headed by Ebro Puleva, S.A. that a tax inspection had been initiated for the years 1999-2003 for corporate tax, and the years 2001-2003 for other taxes.

* Legal proceedings concerning allegedly fictitious movements between factories belonging to the former companies Ebro Agrícolas Compañía de Alimentación, S.A., Sociedad General Azucarera de España, S.A and the company resulting from the merger of those two companies during the sugar campaigns of 1996/97, 1997/98 and 1998/99 have been underway for the last four years. These proceedings have been reported to the market in successive significant events statement. On February 4, 2005, Section 4 of the Criminal Court of the Spanish National Court of Justice found against Azucarera Ebro, S.L. and ordered it to pay a total of around 27 million euros plus interest for civil liability arising from non-payment of regulatory tax and for compensation for storage expenses.

In the accompanying annual accounts the abovementioned liability and all interest until December 31, 2004, is fully covered by a provision. This means that no further provision is required to cover Azucarera Ebro, S.L.'s civil liability in this litigation, with the logical exception of interest accruing in the future until the aforementioned amount is paid, in the event that the judgment eventually becomes final. The company has prepared and filed an appeal against the judgment before the Supreme Court on the grounds that it considers the judgment unlawful.

* In a meeting held on February 23, 2005, the parent company's Board of Directors approved the proposed closure of the dairy plant at Jerez (Grupo Lactimilk) in order to start formal closure proceedings with workers' representatives in the near future. Dairy production facilities are currently being reorganized with a view to achieving greater logistical efficiency by increasing production in the plants closest to their supply sources.

* In a meeting held on February 23, 2005, Ebro Puleva S.A.'s Board of Directors agreed to make an irrevocable offer to buy 100% of Panzani for 337 million euros. In accordance with French legislation, this offer is subject to consultation with the employee representatives and to the approval of the French and German competition authorities.

  The irrevocable offer is for all Panzani's shares and partial acceptance is not an option. The offer will expire three months after the sellers (three investment funds and the company's own management team) are notified. Panzani is a major French company occupying a leading position in several sectors of the French food market through its various brands. At January 31, 2005, its debt stood at 302 million euros, so the total cost of the transaction to Ebro Puleva would be around 639 million euros.

  In March 2005, the representatives of the workforce formally declared that they do not oppose the transaction. On March 24, Bundeskartellamt gave their approval for the transaction.

  If this acquisition takes place, it will give Ebro Puleva a major brand presence in the French food market. This will increase the contribution of branded businesses to the Group as a whole and reduce the relative importance of the sugar business, while increasing the importance of our international businesses. All these outcomes are perfectly aligned with the company's strategy of profitable growth, diversification and internationalization.