

Ebro Puleva, S.A.

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

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

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

Ebro Puleva, S.A.

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

	DEBIT		CREDIT	
	2005	2004	2005	2004
Expenses			Income	
Consumption of goods	0	722	Net turnover	19 687
Consumption of goods for resale	0	653	Sales	0 449
Consumption of raw material and other consumables	0	8	Income from services rendered	19 238
Other external charges	0	61		
Personnel costs	8,125	6,822	Other operating revenues	12,108 10,589
Wages, salaries, et al.	6,473	5,739	Ancillary income	11,998 10,589
Social security costs	1,652	1,083	Capital grants	110 0
Depreciation expense	1,263	1,564		
Other operating expenses	8,670	8,414		
External services	7,801	7,828		
Taxes	869	586		
			Operating loss	(5,931) (6,246)
Financial and other similar charges	26,876	8,253	Income from equity investments	115,702 64,099
From liabilities with Group companies	2,873	819	Group companies (Note 7)	115,702 64,099
From other liabilities	24,003	7,434		
			Income from other marketable securities and long-term receivables	10 6
Changes in provisions for short-term investments	1	2	Other interest and similar income	3,146 716
			From Group and associated companies	2,741 189
			Third parties	405 527
Exchange losses	36,020	359	Exchange gains	1,392 4,169
Net financial income	57,353	60,376		
Profit on ordinary activities	51,422	54,130		
Losses From Sales Of Fixed Assets	215	2	Profit from sale of tangible assets and securities portfolio	72,485 62,210
Change in provisions for intangible assets and equity investments	(7,308)	14,173	Profit From Sales Of Own Shares	1,315 1,265
Other Extraordinary Expenses	7,655	7,880	Other Extraordinary Income	3,500 1,510
Extraordinary profit (Note 17)	76,738	42,930		
Profit before taxes	128,160	97,060		
Corporate Income Tax (Note 15)	13,268	14		
Profit for the year	141,428	97,074		

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

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

1. ACTIVITY

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

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

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

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

Ebro Puleva, S.A. is the parent company of a consolidated group formed by the Company and its subsidiaries and associated companies. Consolidated annual accounts for 2005, were drawn up and submitted separately by the directors of Ebro Puleva S.A. on February 23, 2006. This should be taken into account when assessing the purely circumstantial negative working capital in Ebro Puleva, S.A.'s individual annual accounts at year end. As the Group's parent company, Ebro Puleva S.A. has the necessary financing through its dividends policy, among other options.

The principal consolidated balance sheet and profit and loss account headings in the 2005 consolidated annual accounts, which have been prepared for the first time in keeping with the Eleventh Final Provision of Law 62/2003, dated December 30, applying the International Financial Reporting Standards approved by the European Commission, are the following:

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

2. BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS

2.A) GENERAL PRINCIPLES

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

The annual accounts of the year ended December 31, 2005 (hereinafter the 2005 annual accounts), which have been drawn up by the Company's directors, will be submitted to the approval of the shareholders at the Annual General Shareholders Meeting and are expected to be approved without amendment.

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

No corporate transactions were carried out in 2004 and 2005 that would affect the basis for comparison.

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

2003 transactions (see 2003 annual accounts)

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

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

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

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

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

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

3. PROFIT DISTRIBUTION

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

A) FORMATION EXPENSES

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

B) INTANGIBLE FIXED ASSETS

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

In particular, the following criteria are applied:

- * **Research and development expenses:** Expenses incurred in research and development activities from which the Company reasonably expects returns and technical success, are recorded, itemized by projects, at their purchase price or cost of production. These are then depreciated following the straight-line method over a period of four or five years. However, very small amounts are written off within one year.
- * **Industrial property (patents and trademarks):** Capitalized research and development expenses are stated as industrial property when the corresponding patents, etc. are obtained. New trademarks purchased by group companies from third parties are also included, at acquisition cost. These expenses are amortized according to their estimated useful life, normally between five and ten years.
- * **Computer software:** This heading includes the amounts paid for access to ownership or the right to use computer programs, as well as the costs incurred by the Company in the development of software, only when these are expected to be used over several years. The maintenance costs of these EDP applications are recorded directly as expenses in the year in which they are incurred. These expenses are amortized according to their estimated useful life, normally between three and four years.

C) TANGIBLE FIXED ASSETS

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

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

DEPRECIATION RATE	
Buildings	1.0 - 3.0%
Machinery, plant, tools, equipment	2.0 - 8.0%
Fixtures and fittings	10.0 - 25.0%
Vehicles	5.5 - 16.0%

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

D) INVESTMENTS

* Equity investments in group companies

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

* Long-term and short-term portfolio securities

These are fixed-income securities stated at the net amounts paid plus accrued interest at year-end.

* Other loans

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

* Short-term investments in Group and associated companies

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

E) NON-TRADE RECEIVABLES AND PAYABLES AND LOANS TO GROUP COMPANIES

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

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

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

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

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

F) INVENTORIES

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

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

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

G) OWN SHARES

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

- * The difference between the acquisition price and the market price (the lower of the listing on the last day of the year or the average listing during the last quarter) is recorded against the profit and loss account.
- * The difference that may arise between the value calculated as stated above and the theoretical book value as per the consolidated balance is charged to "Reserve for own shares" (see Note 10).

H) GRANTS

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

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

I) PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

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

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

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

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

J) DEFERRED CHARGES

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

K) OTHER PROVISIONS FOR LIABILITIES AND CHARGES

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

L) LONG AND SHORT-TERM DEBTS

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

M) CORPORATION TAX

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

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

N) FOREIGN CURRENCIES AND CURRENCY FUTURES CONTRACTS

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

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

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

Lastly, the Company uses interest rate swaps contracted on unorganized markets to hedge its long-term liabilities with credit institutions positions. The transactions existing at December 31, 2005 are intended to eliminate or reduce significantly interest rate risk in connection with these positions, and therefore any profit or loss is recorded in the profit and loss account in proportion to the income or expenses generated by the hedged assets (see Note 14).

O) INCOME AND EXPENSES

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

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

P) ENVIRONMENTAL ISSUES

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

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

5. INTANGIBLE FIXED ASSETS

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

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

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

PROVISIONS					
	12/31/04	Increases	Decreases	Transfers	12/31/05
Provision for intangible assets	0	3,000			3,000
Total intangible assets (net)	8,338	(3,968)	0	0	4,370

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

6. TANGIBLE ASSETS

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

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

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

PROVISIONS					
	12/31/04	Increases	Decreases	Transfers	12/31/05
Provisions for fixed assets	164	0	0	0	164
Total tangible assets	35,674	649	(14,409)	0	21,914

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

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

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

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

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

7. INVESTMENTS AND SHORT-TERM INVESTMENTS

The detail of the movements in this balance sheet heading during the year was the following (Thousands of euros):

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

(*) See Note 15.7

A) SHARES IN GROUP COMPANIES

Increases and decreases in the year relate principally to:

1. 440,839 thousand euros corresponding to the acquisition of 100% of the share capital of PANZANI SAS (Lyon, France) and the subsequent capital increase.
2. 24,964 thousand euros corresponding to the capital increase in Herba Foods, S.L. On March 31, 2005, Ebro Puleva S.A.'s Board of Directors also approved the nonmonetary contribution of the shares of some of the foreign companies of the rice activity to the wholly owned subsidiary Herba Foods, S.L.

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

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

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

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

B) EQUITY INVESTMENTS AND RECEIVABLES FROM ASSOCIATED COMPANIES

The 8,900 thousand euro increase in “Shares in associated companies” corresponds to the capitalization of one of the two participative loans granted by Ebro Puleva, S.A. to Biocarburantes de Castilla y León, S.A. as an increase in the equity investment in this associated company. This also explains the decrease in the loans granted to associated companies (the difference relates to accrued interest pending collection). Consequently, at year 2005, only one of the participative loans granted by two shareholders to Biocarburantes de Castilla y León, S.A. remains outstanding. No maturity date has been established for these loans, which bear interest at Euribor plus 2 points.

C) LOANS TO GROUP COMPANIES

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

D) PROVISIONS

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

E) SHORT-TERM SECURITIES PORTFOLIO

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

1. Due to temporary surplus cash at the end of 2004, the Company had invested 10 million euros in government bonds that matured on January 17, 2005 and bore interest at 2.1%. These bonds no longer exist at year end 2005.
2. The rest of the heading corresponds to an investment and an account receivable from Inversiones Greenfields, Ltda., net of recorded provisions. At the end of November 2004, Ebro Puleva, S.A. sold its 49% share in Inversiones Greenfields Ltd., bringing its current share to 51%. In November 2005 this entire investment was sold.

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

Subsidiaries and associated companies	% of share	Registered address	(a) Capital and reserves
Azucarera Ebro S.L. (Group)	100,00%	Madrid (Spain)	491,090
Balmes 103 Gestión de Patrimonio, S.L.	100,00%	Madrid (Spain)	12,362
Fincas e Inversiones Ebro, S.A.	100,00%	Madrid (Spain)	11,925
S.C.I. Bidassoa	100,00%	ST. Jean-de-Luz - France	0
Compañía Agrícola de Tenerife, S.A.	99,94%	Tenerife (Spain)	24,409
Puleva Food, S.L. (Group)	100,00%	Granada (Spain)	250,451
Lactimilk, S.A. (Group)	100,00%	Granada (España)	9,719
Herba Foods S.L.	100,00%	Madrid (Spain)	86,612
Herba Ricemills S.L.	100,00%	Madrid (Spain)	69,378
Herba Nutrición S.L.	100,00%	Madrid (Spain)	4,132
Puleva Biotech, S.A.	77,23%	Granada (Spain)	29,417
Jiloca Industrial, S.A.	60,00%	Teruel (Spain)	2,084
Biocarburentes de Castilla y León, S.A.	50,00%	Salamanca (Spain)	33,800
Beira Terrace Soc.de Construções	100,00%	Oporto (Portugal)	295
Rizerie Franco Americaine et Col., S.A.	100,00%	Paris (France)	1,175
Riceland, Ltda. (*)	20,00%	Budapest (Hungary)	1,169
Riviana Foods Inc (Group)	100,00%	Houston (Texas-USA)	324,587
Panzani, SAS (Group) (Panzani)	100,00%	Lyon (France)	440,911
Lince Insurance Ltd.	100,00%	Dublin (Ireland)	2,173
Total			

(a) When "(Group)" follows the name of a subsidiary, the data relating to capital, reserves and results correspond to the consolidated information of said company and its own subsidiaries and associated companies, prior to paying the interim dividend in 2005. To standardize the information presented on the various companies or Groups with regard to capital, reserves and results was obtained by applying International Financial Reporting Standards (IFRS) endorsed by the European Union.

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

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

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

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

8. DEFERRED CHARGES

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

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

9. ACCOUNTS WITH GROUP AND ASSOCIATED COMPANIES

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

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

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

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

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

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

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

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

10. SHAREHOLDERS' EQUITY

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

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

* At December 31, 2005 share capital consisted of 153,865,392 bearer shares with a nominal value of 0,60 euros each, fully subscribed and paid and listed on Spanish stock exchanges.

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

- * With regard to the share premium, the Revised Spanish Corporation Law expressly states that Company may use this account to increase share capital, and does not stipulate any specific restriction with regard to how it is to be used.
- * Companies that obtain profits during the year are obliged to transfer 10% of the net profit for the year to the legal reserve, until said reserve is equivalent to 20% of capital. The legal reserve may not be distributed, save in the event of winding-up, but it may be used to offset losses, provided that there are no other reserves available for this purpose, and to increase the capital in the amount by which it exceeds 10% of the increased capital. At December 31, 2005, this reserve has reached 20% of capital.
- * Due to past revaluations carried out by Sociedad General Azucarera de España, S.A. and Puleva S.A. under the provisions of Royal Decree-Law 7/96, dated June 7, revaluation reserves were recorded amounting to 21,767 thousand euros. Of this amount, 3,169 thousand euros remain in the Company's balance sheet following the segregation of the sugar activity in 2001 and the dissolution of GDP in 2003. This balance may be used, tax free, to offset accumulated losses from previous years, as well as losses incurred in the current or future years. It may also be used to increase capital. As of April 1, 2007, it can be taken to freely distributable reserves, provided that the monetary capital gain has been realized. The capital gain will be considered realized for the amount of depreciation recorded or when the revalued assets have either been sold or eliminated from the accounting records. The balance of this account would be deemed liable to tax in the event it is used for purposes other than those prescribed by Royal Decree-Law 7/1996.
- * In 2005, the Company purchased and sold shares as authorized by the shareholders in their general meeting held on April 27, 2005. These transactions were communicated to the National Securities Market Commission as required by prevailing regulations. The Company purchased 1,200,584 shares in 2005 and sold 1,265,584. At year end 2005, the Company holds 231 of its own shares (0.0002% of its share capital) for which it has recorded the corresponding reserve. In accordance with the Revised Spanish Corporation Law, the Company has recorded a nondistributable reserve equivalent to the amount of own shares it holds. This reserve will be freely distributable once the Company no longer holds its own shares. At year end 2005, the Company has not yet decided on the final use of these shares.

11. DEFERRED INCOME

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

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

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

12. PROVISIONS FOR PENSIONS AND SIMILAR

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

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

The basic assumptions used in the latest actuarial study, effective as of December 31, 2005, are:

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

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

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

In addition, the provision recorded in the balance sheet at December 31, 2005 for seniority bonuses amounts to 335 thousand euros and represents the current value, as per independent actuarial studies, of the Company's future possible commitments with its employees in this regard. The actuarial assumptions are essentially the same as those described above for pension commitments, applying an annual interest rate of 3.3%.

13. OTHER PROVISIONS

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

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

The balance at December 31, 2005 corresponds to provisions for litigations deriving from ongoing legal disputes and other claims. The company directors do not expect any material additional liabilities to derive from the final resolution of these claims.

14. AMOUNTS DUE TO CREDIT INSTITUTIONS

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

	Long-term	Short-term
Drawn-down bank loans in euros	284,000	68,529
Drawn-down bank loans in US dollars	372,976	
Accrued interest pending maturity		2,907
Total	656,976	71,436

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

- * A syndicated loan agreement signed in November 2004, renewed in May 2005, amounting to 287 million euros, the principal of which will be repaid in 8 six half year installments of 35, 5 million euros beginning May 2006. The first installment for 3,0 million euros was paid in November 2005. The annual interest rate was one-, three-, six-, or twelve-month EURIBOR plus a market spread.
- * A syndicated loan agreement signed on May 2005 amounting to 440 million US dollars, the principal of which will be repaid in 6 six half year installments of 73, 33 million dollars as of October 2011. The annual interest rate was one-, three-, six-, or twelve-month LIBOR plus a market spread.

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

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

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

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

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

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

15. TAX SITUATION

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

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

- 15.2. The reconciliation of the difference between the book profit for the year and the individual tax base of Ebro Puleva, S.A. for corporation tax at December 31, 2005 is as follows (in thousands of euros):

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

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

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

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

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

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

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

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

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

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

- 15.5. Deductions from tax payable in Ebro Puleva, S.A. relate primarily to reinvestments of capital gains from the sale of fixed assets. The amount committed for reinvestment to apply the tax deduction for reinvestment of capital gains generated in 2005 amounted to 87 million euros. This amount has already been invested by the tax group in 2005 (65 million, 25 million and 33.6 million euros, respectively, in 2004, 2003 and 2002). The remaining requirements for taking these deductions have already been met.
- 15.6. On February 11, 2005 the Company was notified of the commencement of an inspection of Arrocerías Herba, S.A. for 1999, 2000 and 2001 corporation tax and of 2001 for all other taxes. On February 14, 2005, the tax authorities notified all the Group companies of the Ebro Puleva, S.A. tax group that an inspection would begin for corporation tax from 1999-2003 and for remaining taxes from 2001-2003. In January 2006, the tax authorities informed the Company that the inspection would continue for an additional twelve months.

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

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

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

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

16. GUARANTEES FURNISHED

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

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

The most significant guarantee given to banks to cover the transactions of associated companies corresponds to the guarantee given by Ebro Puleva, S.A. on behalf of its associated company Biocarburantes de Castilla y León, S.A. for the syndicated loan signed by the latter with several financial institutions in November 2004. This loan was intended to finance said company's biofuel factory project. The loan totals 158 million euros, guaranteed at 50% by the shareholders of Biocarburantes de Castilla y León, S.A. Consequently, the maximum amount guaranteed by Ebro Puleva, S.A. is 79 million euros. However, until December 31, 2005, Biocarburantes de Castilla y León, S.A. had drawn down 95 million euros of the total loan, and therefore the proportional amount effectively guaranteed by Ebro Puleva, S.A. totaled 47,5 million euros.

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

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

17. INCOME AND EXPENSES

a) Foreign currency transactions

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

b) Extraordinary items

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

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

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

c) The average number of employees is the following:

Permanent employees	39
Temporary/regular temporary employees	0
Total	39

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

Management	12
Middle management	17
Administrative staff	10
Total	39

18. OTHER INFORMATION

18.1. Board of Directors' remuneration

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

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

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

The current bylaws of the Company establish a share of 2,5% in the net profit for the year, provided that the legal reserve has been covered and the necessary sum has been set aside to pay the shareholders a dividend of 4% of the paid-up capital. At the Board of Directors meeting held on February 23, 2006 the directors resolved to propose the reduction of that share to 1,13% of the profit for the year, with effect as from the 2005 financial year.

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

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

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

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

*** Mr. Elías Hernández Barrera:**

He holds a direct 50% share of the Instituto Hispánico del Arroz, S.A. with close family members. He is also the Chairman of the Board of Directors.

He likewise holds an indirect 50% share of Hispafoods Invest, S.L. with close family members. He is also the Chairman of the Board of Directors. He indirectly owns 1,58% of the Uruguayan company Casarone Agroindustrial, S.A. through an indirect 10,65% share held with close family members.

- * Mr. Antonio Hernández Callejas:
He directly owns 16,666% of the Instituto Hispánico del Arroz, S.A. a 50% share held jointly with close family members. He is holds the position of “attorney in-fact.”
He indirectly owns 16,666% share of Hispafoods, S.A. through a 50% share held jointly with close family members.
He directly owns 3,620% of the Uruguayan company Casarone Agroindustrial, S.A. through and indirect 10,65% share held jointly with close family members.
- * Mr. Laureano Roldán Aguilar holds a direct 0,014% share and is a member of the Board of Directors of Puleva Biotech, S.A.
- * Caja de Ahorros de Salamanca y Soria:
This entity holds a 33,333% share of Barrancarnes Industrial.
It also holds a 40% share of Jamones Burgaleses, S.A. and is a member of the Board of Directors.
It holds a 35,430% share of Leonesa Astur de Piensos, S.A. and is a member of the Board of Directors.
- * Caja España de Inversiones:
This entity holds a 100% share of Campo de Inversiones, S.A. and is a member of the Board of Directors.
It also holds a 36% share of Maltacarrión, S.A. and is a member of the Board of Directors.
It holds a 27% share of Mejor Campo de Inversiones, S.A. and is a member of the Board of Directors.
- * Corporación Caixa Galicia, S.A.:
This entity holds a 5% share of Bodegas Terras Gauda, S.A. and is a member of the Board of Directors.
It also holds a 16% share of Pescanova, S.A. and is a member of the Board of Directors.

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

In 2005 the directors of Ebro Puleva, S.A. have not carried out any transactions with Ebro Puleva Group companies other than those pertaining to said companies' normal course of business, nor has it conducted any transactions which were not at arm's length.

Lastly, the parent company has taken out a policy to provide civil liability insurance to the directors and executives of Ebro Puleva, S.A. and all of its subsidiaries. The maximum indemnity collectible under current coverage is forty five million euros (six million euros in the case of Puleva Biotech, S.L.). The policy has a premium payment of two hundred and four thousand ninety six euros and provides coverage from April 1, 2005 to March 31, 2006. This policy is currently in the process of being renewed.

18.2. Remuneration earned by executive management

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

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

18.3. Environmental information

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

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

18.4. Audit fee

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

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

19. POST-BALANCE SHEET EVENTS

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

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

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

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

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

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

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

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