2002
ANNUAL REPORT

ALBA
GRUPO MARCH

CORPORACION FINANCIERA ALBA, S.A.

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SELECTED KEY FIGURES

ECONOMIC-FINANCIAL DATA

(In millions of € unless otherwise indicated)	2000	2001	**2002**
Share capital at year-end	79.64	77.00	**74.70**
Shareholders' equity at year-end (before distribution of profits)	791.41	879.34	**911.69**
Shares at year-end, excluding treasury stock (million)	78,762	75,494	**72,554**
Net investment in equity holdings	757.17	670.00	**703.25**
Net investment in tangible fixed assets	123.05	139.06	**161.73**
Net profit	93.52	218.83	**177.00**
Dividends	9.56	9.04	**8.66**
Net profit per share excluding treasury stock (€)	1.19	2.90	**2.44**
Dividend per share excluding treasury stock (€)	0.12	0.12	**0.12**

STOCK MARKET INFORMATION

	2000	2001	**2002**
Stock price (€/share)			
High	37.50	26.99	**24.59**
Low	23.75	16.70	**17.23**
Last	24.73	23.81	**17.60**
Market capitalization at Dec. 31 (millions of €)	1,969	1,833	**1,315**
Traded volume			
Number of shares (thousands)	45,569	47,088	**33,857**
Millions of €	1,288	1,121	**726**
Daily average (millions of €)	5.15	4.44	**2.91**

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BOARD OF DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS

CHAIRMEN	Mr. Carlos March Delgado Mr. Juan March Delgado
VICE-CHAIRMAN	Mr. Pablo Vallbona Vadell
MANAGING DIRECTOR	Mr. Isidro Fernández Barreiro
DIRECTORS	Mr. Alfonso Alvarez Tolcheff Mr. Nicholas Brookes Mr. Miguel Fluxá Roselló Mr. Alfredo Lafita Pardo Mr. Luis Angel Rojo Duque Mr. Manuel Soto Serrano Mr. Francisco Verdú Pons
SECRETARY TO THE BOARD	Mr. Enrique Piñel López

MANAGEMENT

MANAGING DIRECTOR	Mr. Isidro Fernández Barreiro
GENERAL MANAGER	Mr. Santos Martínez-Conde Gutiérrez-Barquín
MANAGERS	Mr. José Ramón del Caño Palop Mr. Luis Lobón Gayoso Mr. Ignacio Martínez Santos Mr. Fernando Mayans Altaba Mr. Tomás Villanueva Iribas
TAX ADVISOR	Mr. Juan Antonio Lassalle Riera
DEPARTMENT HEADS	Mr. Antonio Egido Valtueña Mr. Alfredo Gadea Martín Mr. Félix Montes Falagán Mr. Andrés Temes Lorenzo
COMMUNICATIONS AND PRESS	Mr. José Vicente de Juan García

LETER FROM THE CHAIRMEN OF THE BOARD OF DIRECTORS

Dear shareholders:

We are pleased, once again, to inform you of the Company's performance during last year and the first few months of 2003.

Last year was characterised by considerable financial market instability with a downtrend continuing for the third consecutive year. These negative developments had a logical effect on the net asset value of Alba. Despite this, at the end of the year the Alba portfolio of listed securities, which includes only a part of overall holdings, included unrealised capital gains of 1.166 billion euros.

Using internal valuations coherent with criteria usually used by the market, at December 31, 2002 the net asset value of the company, after taking into account debt, equalled 2.112 billion euros. This represented a net asset value, excluding treasury stock, of 29.1 euros per share. At the same date, Alba traded at a price of 17.6 euros per share, equal to a 40% discount compared to the net asset value per share.

The consolidated net profit of the company for 2002 was 177 million euros, compared to 219 million euros the previous year. This reduction in net profit was due mainly to the smaller contribution to the profit and loss account of a non-recurring heading, *Profit on the securities portfolio*. In 2002, this contributed 82 million euros compared to 272 million euros the previous year. Earnings per share equalled 2.4 euros, which is a 16% decline compared to 2001.

There was positive performance from the two main recurring items in company income, *Net profits from holdings consolidated by the equity method* and *Rental income.*

Net profits from holdings consolidated by the equity method equalled 104 million euros. This is a 34% improvement against the 77 million euros in 2001, thanks to the positive earnings performance at investee companies and the inclusion of new investments like Acerinox and Prosegur.

Turning to *Rental income* from the real estate portfolio, this grew by 22% compared to the previous year to 12 million euros. This was thanks to the acquisition of certain buildings and the upward revision to rents in some contracts.

The present report provides a more detailed analysis of the different headings on the profit and loss account.

In 2002, Alba continued to carry out its investments. In the year, it invested a total of 164 million euros in Acerinox and Prosegur.

During the last quarter of 2001 and the first half of 2002, Alba purchased 6.3% of Acerinox, one of the world's three largest stainless steel producers, with a total investment of 155 million euros. The profitability of this company, added to its growth prospects and the experience of its management team, represent a good investment opportunity for Alba, which has a seat on the Board of Directors.

In addition, in 2002 Alba purchased a 5.2% holding in Prosegur, a leading security services company in Spain and Portugal, with a significant presence in South America and France. The sustained growth expected for the security industry and the capacity Prosegur has demonstrated to expand both organically and through acquisitions place it in a privileged position to capitalise on the bright prospects for the industry. This investment represented an outlay of 50 million euros for Alba, which also has a seat on the Board of Directors of this company.

At the beginning of the year Alba purchased six floors of office space with rentable area of 6,550 square metres in the Master's I building of the Azca property complex in Madrid. This acquisition, which represented 29 million euros in investment, expands the real estate portfolio to over 103,000 square metres, consisting mainly of office buildings in Madrid and Barcelona.

In addition, the customary portfolio turnover process involved finalising the sale of the Sogecable holding in the first half of the year. This disinvestment process began at the time of Sogecable's stock market listing in 1999, when Alba's stake in the company was 15.8%. Alba has remained a shareholder in Sogecable since it was formed in 1989. This investment enabled it to obtain a high return as well as to participate in the formation of one of Spain's leading private pay television and film production companies.

In light of the discount at which Alba shares have traded, we purchased 63 million euros of treasury stock in 2002, representing 3.9% of share capital. At the end of the year, treasury stock equalled 2.9% of Alba's capital, after the retirement of own shares equal to 2.99% in June 2002, following the approval of this by the General Meeting in May of the same year. In the first few months of 2003, we have continued this share buyback policy, which we understand benefits all shareholders.

Below, we briefly describe the performance of the main holdings in 2002. In another part of this report we include more detailed information on each of these.

ACERINOX has become the world's third-ranking stainless steel producer after the entry into operation in 2002 of the North American Stainless (NAS) steelworks and the acquisition of 64% of South African producer Columbus Stainless. This purchase was carried out through a capital increase in which 5.8 million shares were issued, fully subscribed by the shareholders of Columbus.

The steel output of the Group last year rose by 81% to 1.8 million metric tonnes, reaching a 9.3% share of the world market.

Thanks to 37% sales growth, to 2.5 billion euros, as well as margin improvements, net profit reached 175 million euros, representing a 103% advance on the previous year.

Despite 452 million euros of investments in the year, plus the increase in working capital due to raw material and product price rises, the traditional policy of self-financed growth enabled gearing to remain at a modest 22.2%.

Last year was exceptionally important for the ACS GROUP, due both to good earnings performance and the strategic acquisitions it made.

Turnover grew by 12.7% to 4.42 billion euros, with 181 million euros in net profit, representing a 21.6% increase compared to the previous year.

In investments, it is worth highlighting the importance to the group of its 900 million euros acquisition of 23.5% of Dragados Group, the leading construction and services firm in Spain.

This first acquisition was followed in March 2003 by the purchase of a further 10% via a public tender offer, with a value equalling additional investment of 383 million euros.

The strong cash-flow generation in the year together with the reduction in working capital enabled ACS to make its investments while maintaining debt at modest levels, without a dilutive effect on profits.

ACS and Dragados plan to merge and between their business areas there are obvious synergies. This should give birth to an impressive leader in the Spanish construction and services market, enjoying considerable financial strength and emerging as one of Europe's foremost groups.

In a year marked by economic uncertainty and slowing consumer spending, CARREFOUR met the targets it had set itself at the start of 2002. In addition, thanks to a proactive sales strategy based on price and service quality, the Group was able to win market share in most of the countries where it operates.

Carrefour group net sales equalled 68.729 billion euros, some 4.6% above those of 2001 on constant exchange rates.

Group ordinary net profit increased by 15.1% compared to the previous year, to 1.389 billion euros. Net profit attributable to the group, after taking into account minority interests, came to 1.374 million euros, representing an 8.6% increase.

In 2002, the investments made by the Carrefour group exceeded 2.4 billion euros. In the period it opened 43 hypermarkets, 77 supermarkets and 338 discount stores, ending the year with 5,531 group-owned outlets.

In the second half of the year, Carrefour launched a public tender offer to purchase the 20% of shares it did not already control in its Spanish subsidiary Centros Comerciales Carrefour. This operation was successfully concluded at the end of 2002 and left the company with control of 97% of its operations in the strategically important Spanish market. The move represents a continuation of Carrefour's policy to acquire full control of operations in its key markets.

Demand for advertising services evolved unfavourably in 2002, with further year-on-year declines in sales in the main world economies, after a 5% decrease in 2001.

In this setting, HAVAS released negative organic growth figures, of –5.8%, with sales of 1.987 billion euros. Despite the reduction in revenues, the restructuring process launched in 2001 enabled improvements in the operating margin, with an operating profit of 229 million euros.

Net profit improved significantly compared to the previous year thanks to an improvement in extraordinary items, moving from a 58 million euros loss in 2001 to 23 million euros profit in 2002.

For PROSEGUR, 2002 was the first full year since the acquisition of Juncadella and Cinieri, security firms operating respectively in Latin America and France. Accordingly, last year saw the integration of these two companies. This process is proceeding satisfactorily and focuses mainly on modernising management and improving operating ratios.

In the year, the company continued with its strategy of winning share in its main markets via both organic and acquisition-driven growth. Accordingly, Prosegur acquired two surveillance companies in France, Bac Sécurité and SEEI, and one in Portugal, Nadifil.

In 2002, Prosegur reported billings of 1.101 million euros, some 22% above that of 2001. This good revenue performance benefited from positive developments in the different business areas, the above-mentioned acquisitions and the introduction of the euro. Net profit totalled 41 million euros, equal to an 11% increase against the previous year.

In 2002, VODAFONE consolidated its position in the world's main mobile telephony markets, achieving solid growth in client numbers and improving its operating margins.

During its financial year ending in March, Vodafone launched "Vodafone Live!". This enables subscribers to receive and send e-mail and photographs from a mobile phone. In the first few months since the launch of this service, over a million clients have subscribed to it in Europe.

With regard to operations, Vodafone increased its client base by 12 million in 2002 to 112 million in December.

In the first six months of 2002, Vodafone obtained 15% growth in sales, to 16.517 billion pounds. Also significant was the improvement in the group EBITDA margin, from 35.4% in the first six months of 2001 to 39% in the same period in 2002.

Given further delays in UMTS technology in 2002, XFERA left its decision unchanged to postpone the market launch of its services. In addition, the government understands that the sector situation is very different from when the licences were awarded and has taken various measures to make the operators' commitments more flexible. In this respect, it reduced the guarantees the operators had to post to secure their commitments, to 468 million euros in the case of Xfera, or 15.6% of the guarantee initially given. It is also reviewing the conditions under which the licences were awarded, to adapt them to the new situation.

So far in 2003, the results at investee companies have been positive, enabling us to expect satisfactory developments in *Net profits from holdings consolidated by the equity method*, the most significant recurring item on the profit and loss account.

With regard to changes in the Alba management bodies, in September 2002 Mr Luis Angel Rojo Duque, university professor and former governor of the Bank of Spain, was nominated as independent director of the company.

The creation of the post of General Manager of the company should also be highlighted, as should the nomination to this position of Mr Santos Martínez-Conde, who was already a member of the Management Committee. In addition, Mr José Ramón del Caño was nominated as General Secretary of the company.

We submit to the Meeting the ratification of the nomination of Mr Luis Angel Rojo Duque and of Mr Enrique Piñel López as Directors, as well as the renewal of the mandates of Directors Mr Nicholas Brookes and Mr Manuel Soto Serrano, whose terms of office were due to expire. Upon approval of these resolutions, the board of directors shall be formed by 12 members, of which nine are outside directors and five of these independent.

The company has always shown an interest in adhering to good corporate governance principles. Accordingly, given the recent recommendations, the Meeting is also requested to approve a modification to the articles of association that aims to introduce rules governing the Audit Committee, in accordance with the Financial System Act 44/2002 (known as the Financial Act, or *Ley Financiera*) as well as other minor amendments and the introduction of Rules for General Shareholders' Meetings. In parallel, the Board will update the Regulations of the Board and the Internal Code of Conduct to adapt them to the provisions of the abovementioned act as well as the recommendations of the Aldama Report.

In relation to the distribution of profits for the year, the Board of Directors proposes that the General Shareholders' Meeting approve the distribution of a dividend equal to 0.12 euros per share for 2002. This would result in a dividend payment in the first few days of June of 0.06 euros per share, in addition to the interim dividend paid in November. The dividend distribution is thus the same as for previous years. The Board also proposes that the General Meeting approve a reduction of share capital, through the retirement of treasury stock equal to 2.81% of subscribed capital stock.

Lastly, and apart from the usual business of the annual General Meeting and matters already mentioned, the shareholders are requested to authorise an offer to shareholders to purchase Vodafone shares at a discount to their market price, since this is a non-strategic investment of the company and has favourable upside potential. This operation may be implemented via a public offer to sell these securities and is in line with the tradition at Alba of offering its shareholders the possibility of purchasing shares from its portfolio on favourable terms, as it has done in the past with shares in other holdings.

To facilitate the purchase of Vodafone stock for shareholders wishing to do so—and since Alba is not currently in need of liquid assets—it is proposed, as an independent operation, to implement a public offer to purchase up to 7% of share capital at a sum representing a premium above the market price, to be retired subsequently.

Taking into consideration the favourable terms of both offers, we trust you will approve them.

And lastly, we wish to express our gratitude to all employees of the Group for their professionalism, enthusiasm and dedication and to you, the shareholders, for your confidence and support.

Cordially yours,

Carlos March Delgado
Juan March Delgado
Chairmen of the Board of Directors

CONSOLIDATED ECONOMIC-FINANCIAL DATA

This chapter presents a summary of the Alba consolidated financial statements arranged by management criteria. The last part of this report contains the consolidated Annual Accounts, audited by Deloitte & Touche, with more detailed information.

BALANCE SHEET

Discussed in this section are developments during 2002 in the most significant headings of the Alba consolidated Balance Sheet.

Net tangible fixed assets, which basically records properties owned by Alba and leased to third parties, increased by 16.2% to 161.7 million euros. This growth is due primarily to the purchase of 6,550 square metres of office space in the Azca property complex in Madrid, for 28.6 million euros.

The *Investments* heading increased by 5.2% compared to the previous year, reaching 705.0 million euros. This expansion is the net effect of investments (mainly Acerinox, Prosegur, Havas Advertising, Xfera and Princes Gate) and disinvestments (Sogecable and 0.59% in ACS) in the period.

Goodwill pending amortization at the end of the year stands at 126.9 million euros, with an increase of 69 million euros in 2002. This increase is mainly due to investments made in Acerinox and Prosegur, partially compensated for by amortizations and disinvestments made during the year.

Debtors increased from 11.6 million to 77.4 million, due to corporate income tax items arising in restructuring operations for the portfolio of securities, the profits from which will not be released to the P&L account until sold to third parties.

Treasury stock reflects the cost of purchasing 2,145,970 shares in Alba at a total cost of 44.1 million euros, representing 2.87% of the company share capital.

Financial accounts closed the year at 2.4 million euros after recording a sharp decrease from 249.6 million in the previous year, due to investments in the period and the reduction in bank debt.

Share capital stood at 74.7 million euros, with a 2.3 million euros decline compared to the previous year. This resulted from the retirement of 2,300,000 shares that was approved by the shareholders in the general meeting of May 22, 2002.

Reserves grew by 13.0% to 664.3 million euros, following the distribution of results for the previous year, which was partially compensated for by retirement of treasury stock and the conversion differences arising at investee companies.

Provisions decreased in 2002 by 29.0% to 74.6 million euros. This was due mainly to a reduction in the internal estimate of possible risk exposures covered by the allocation.

Current liabilities, which mainly include bank loans, decreased by 25.2% to 128.8 million euros, primarily as a result of the reduction in treasury items.

CONSOLIDATED BALANCE SHEETS
BEFORE THE DISTRIBUTION OF PROFITS

(in millions of €)

ASSETS	As of december 31, 2000	As of december 31, 2001	**As of december 31, 2002**
Properties under lease… … … … … … … … …	140.2	160.1	**187.1**
Other tangible fixed assets … … … … … … …	9.4	9.7	**9.9**
Gross tangible fixed assets … … … … … … …	149.6	169.8	**197.0**
Accumulated depreciation & provisions … …	(26.6)	(30.7)	**(35.3)**
Net tangible fixed assets … … … … … … … …	123.0	139.1	**161.7**
Listed securities … … … … … … … … … …	579.6	594.6	**634.9**
Unlisted securities … … … … … … … … … …	177.6	103.7	**94.2**
Other financial investments … … … … … … …	1.0	1.2	**1.7**
Provisions for the securities portfolio … … …	—	(28.3)	**(25.8)**
Investments … … … … … … … … … … … … …	758.2	671.2	**705.0**
Other intangible fixed assets … … … … … …	1.8	—	—
Total fixed assets … … … … … … … … … …	**883.0**	**810.3**	**866.7**
Goodwill … … … … … … … … … … … … …	**107.6**	**57.9**	**126.9**
Stocks … … … … … … … … … … … … … …	**1.0**	**0.1**	**0.3**
Debtors … … … … … … … … … … … … …	**5.2**	**11.6**	**77.4**
Treasury stock … … … … … … … … … … …	**24.3**	**33.0**	**44.1**
Financial accounts … … … … … … … … …	**77.7**	**249.6**	**2.4**
TOTAL ASSETS … … … … … … … … …	**1,098.8**	**1,162.5**	**1,117.8**

CONSOLIDATED BALANCE SHEETS
BEFORE THE DISTRIBUTION OF PROFITS

SHAREHOLDERS' EQUITY & LIABILITIES	As of December 31, 2000	As of December 31, 2001	**As of December 31, 2002**
	(in millios of €)		
Share capital	79.6	77.0	**74.7**
Reserves	623.0	588.1	**664.3**
Interim dividend	(4.7)	(4.6)	**(4.3)**
Profit for the year	93.5	218.8	**177.0**
Shareholders' equity	**791.4**	**879.3**	**911.7**
Minority interests	**1.0**	**0.8**	**0.7**
Provisions	**44.5**	**105.1**	**74.6**
Long-term creditors	**2.3**	**5.2**	**2.0**
Loans received	256.4	166.2	**103.1**
Other debts, accruals and deferred income	3.2	5.9	**25.7**
Current liabilities	**259.6**	**172.1**	**128.8**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,098.8**	**1,162.5**	**1,117.8**

PROFIT AND LOSS ACCOUNT

Alba made a *Net profit* of 177 million euros in 2002, compared to 218 million euros in the previous year. This reduction resulted from the net effect of two non-recurring items on the Profit and Loss Account, *Profit on the securities portfolio* and *Extraordinary income and provisions*, which are analysed below.

Net profits from holdings consolidated by the equity method showed notable strength in the year, with 34.1% growth to 103.8 million euros. The positive performance in this the most important recurring P&L heading was due both to satisfactory developments in results at investee companies, of which detailed comment appears in another section of this report, and the inclusion of new investments in the year, mainly Acerinox and Prosegur.

Rental income continued the positive trend registered in previous years, increasing by 22.4% to 12.0 million euros. This resulted from the entry into commercial use of the new acquisitions mentioned earlier and the rise in office prices, enabling an upward revision to rents in contracts expiring.

Profits on the securities portfolio amounted to 81.5 million euros, mainly reflecting the capital gains obtained in the final phase of divesting Sogecable. This item was positive in the previous year, at 272 million euros.

Under *Extraordinary income and provisions*, there was a positive balance of 29.1 million euros, compared to the negative figure of 100.4 million euros in 2001. This was due to a reduction in provisions allocated.

Overheads reached 11.1 million euros, while *Financial expenses (net)* presented a positive balance of 2.0 million euros this year. This resulted from income—mainly comprising dividends from companies that are not consolidated—exceeding the cost of bank loans.

Depreciation charges for the year totalled 5.0 million euros, a 22.0% increase due to the property acquisitions in the last two years.

Amortization of goodwill for the year was 34.0 million euros, that is, a 22.7% increase compared to the figure of 27.7 million in 2001. The most significant items are for amortization of goodwill from the acquisition of holdings in Acerinox and Prosegur.

The *Corporate Income Tax* charge was 2.6 million euros.

CONSOLIDATED PROFIT AND LOSS ACCOUNTS (1)

(in millions of €)

	2000	2001	**2002**
Net profit from holdings consolidated by equity method …	79.7	77.4	**103.8**
Rental income … … … … … … … … … … … … … …	7.5	9.8	**12.0**
Profit on real estate transactions … … … … … … … …	6.9	3.4	**1.2**
Profit from the securities portfolio… … … … … … … …	104.7	272.0	**81.5**
Extraordinary income and provisions … … … … … … …	(4.1)	(100.4)	**29.1**
Subtotal … … … … … … … … … … … … … … … …	**194.7**	**262.2**	**227.6**
Overheads… … … … … … … … … … … … … … … …	(10.2)	(10.5)	**(11.1)**
Financial expenses (net) … … … … … … … … … … …	(7.6)	2.0	**2.0**
Depreciation … … … … … … … … … … … … … … …	(4.2)	(4.1)	**(5.0)**
Amortization of goodwill … … … … … … … … … … …	(75.7)	(27.7)	**(34.0)**
Corporate income tax … … … … … … … … … … … …	(3.6)	(3.3)	**(2.6)**
Subtotal … … … … … … … … … … … … … … … …	**(101.3)**	**(43.6)**	**(50.7)**
Minority interests… … … … … … … … … … … … …	**0.1**	**0.2**	**0.1**
NET PROFIT … … … … … … … … … … … … …	**93.5**	**218.8**	**177.0**

(1) The accounts for these years include consolidation by the equity method of the principal corporate holdings. Details on consolidation criteria and scope are included in the Annual Accounts that appear at the end of this Annual Report.
These Profit and Loss accounts are presented according to management criteria, which explains the differences that result in certain headings with respect to the data included in the Annual Accounts.

SECURITIES PORTFOLIO AS OF DECEMBER 31, 2002

LISTED COMPANIES	Percent stake	Market value of shares (1) Millions of €	Market value of shares (1) € per share	Main quoting exchange
Acerinox (c) … … … … … … …	6.33	145.8	35.0	Madrid
ACS (c) … … … … … … … …	22.34	438.6	30.7	Madrid
Carrefour (c) … … … … … … …	3.27	992.7	42.4	Paris
Havas (c) … … … … … … … …	4.30	48.5	3.7	Paris
Prosegur (c) … … … … … … …	5.23	31.3	9.7	Madrid
Spirent … … … … … … … … …	0.68	1.7	0.3	London
Vodafone … … … … … … … …	0.23	269.4	1.7	London
Total market value … … … …		**1,928.0**		
Total book value … … … … …		**634.9**		
Goodwill … … … … … … … …		**126.9**		
Unrealised capital gains … …		**1,166.2**		

UNLISTED COMPANIES	Percent stake	Value on Alba's books Millions of €
Banco Urquijo … … … … … … … … … …	10.0	23.7
March Gestión de Fondos (c) … … … … …	35.0	1.3
March Gestión de Pensiones (c) … … … …	35.0	1.0
MSI … … … … … … … … … … … … … …	2.7	15.7
Quavitae (c) … … … … … … … … … … …	20.0	3.4
Unipsa (c) … … … … … … … … … … … …	82.6	2.9
Xfera … … … … … … … … … … … … …	7.1	33.8
Others (2) … … … … … … … … … … … …	n,a,	12.4
Total book value … … … … … … … … …		**94.2**
Real estate … … … … … … … … … … …		**155.2**

(1) Market prices and exchange rates as of the last business day of December.
(2) Includes, amongst others, the holdings in Batmap (17.7%), Broadnet (3.9%), I-Network (28.6%), Palio (17.0%), Peoplecall (9.0%) and Princes Gate.
(c) Holdings consolidated by equity method.

Set out below are the changes in the securities portfolio in 2002:

	Percent stake		
LISTED COMPANIES	12/31/01	**12/31/02**	Change
Acerinox	1.89	**6.33**	4.44
ACS	22.93	**22.34**	(0.59)
Carrefour	3.29	**3.27**	(0.02)
Havas	3.97	**4.30**	0.33
Prosegur	0.0	**5.23**	5.23
Sogecable	5.01	**0.0**	(5.01)
Spirent	0.58	**0.68**	0.10
Vodafone	0.23	**0.23**	—
UNLISTED COMPANIES			
Banco Urquijo	10.0	**10.0**	—
March Gestión de Fondos	35.0	**35.0**	—
March Gestión de Pensiones	35.0	**35.0**	—
MSI	2.7	**2.7**	—
Quavitae	20.0	**20.0**	—
Unipsa	82.6	**82.6**	—
Xfera	7.1	**7.1**	—

The increase in the holdings of Acerinox and Prosegur results from Alba’s entry into new sectors through investing in listed companies.

The reduction in the Carrefour holding is due to the dilution generated by the share issue of the retail group, relating to its public tender offer for further shares in Centros Comerciales Carrefour.

In addition, as part of the customary portfolio turnover process, Alba completed its process of divesting Sogecable in the year.

SECTORIAL DIVERSIFICATION

Adding Alba's other assets and liabilities to the securities portfolio, all valued according to criteria consistent with those usually used by analysts, yields the following sectorial breakdown of the company's investments, based on the portfolio breakdown and prices at the end of each year (in %):

	Percentage		
	2000	2001	**2002**
— Distribution and retail	53	47	**47**
— Construcción	11	14	**21**
— Telecommunications	21	18	**13**
— Real estate	5	7	**10**
— Industrial	—	1	**7**
— Banking and financial services	3	2	**3**
— Media	12	8	**2**
— Security	—	—	**1**
— Others	1	1	**1**
— Net debt	–6	2	**–5**
	100	100	**100**

After 2001, which was considered to be the worst in the stainless steel industry's recent history, the first half of 2002 saw a gradual recovery in demand and prices for cold-rolled. In long and heavy-plate products in contrast, the pronounced weakness in demand persisted.

From the industrial perspective, with the entry into operation of the North American Stainless (NAS) steelworks and the acquisition of 64% of the South African producer Columbus Stainless, Acerinox has become the world's third-ranking stainless steel producer, with installed capacity of 2.5 million metric tonnes and three integrated plants in different continents: Europe, the Americas and Africa. This capacity is complemented by an extensive commercial structure with global coverage that includes service centres, warehouses and offices.

The acquisition of 64% of Columbus was implemented through a capital increase by Acerinox, in which it issued 5.8 million shares at 40 euros per share that were fully subscribed by the three Columbus shareholders.

Already, in the first year under Acerinox management Columbus has moved into profitability for the first time. This profitability is anticipated to increase sharply with a 110 million euros investment programme in improvements and capacity expansion.

With regard to the NAS plant, now that the steelworks have entered into operation a long product mill is being built and should enter service this year. In addition, a third cold-rolling line is due to begin operating in 2004. These two new investments together are worth 250 million US dollars and should improve the balance of operations at the plant, which is set as a result to become the most comprehensive and probably most competitive worldwide.

The 37% rise in sales to 2.5 billion euros, together with margin improvements, allowed a net profit figure of 175 million euros. This represents 103% growth on the preceding year.

The EBITDA/sales margin of 16.3% once again leaves Acerinox as the most efficient producer in the industry.

Furthermore, cash flow generation has allowed it to keep its gearing ratio at a modest 22.2%, despite large investments of 452 million euros in the year and the expansion in working capital due to increased raw material and product prices.

The dividend for the year increased to 1.14 euros per share, which at current prices represents a dividend yield of above 3%.

Key figures
(in millions of euros unless otherwise indicated)

	2000	2001	**2002**
Shareholders' equity … … … … … … … … …	1,218	1,250	**1,601**
Gearing … … … … … … … … … … … … …	21.3%	17.9%	**22.2%**
Sales … … … … … … … … … … … … … …	1,957	1,821	**2,500**
EBITDA … … … … … … … … … … … …	509	208	**406**
Net profit … … … … … … … … … … … …	288	86	**175**
ROE … … … … … … … … … … … … … …	23.6%	6.9%	**11.0%**
Dividend per share (€) … … … … … … … …	1.08	1.08	**1.14**
Stock market capitalization (at 12/31) … … …	1,925	2,253	**2,302**

www.acerinox.es

Construction remained one of the most dynamic industries in the Spanish economy for the fifth year running, with estimated real growth of 4.6% compared to just 2% for overall GDP.

In this favourable setting, the ACS Group achieved 16.6% growth in construction work. Together with the margin improvements obtained, thanks to a tight rein on overheads and optimization of working capital management in financial items, this allowed net profit to advance by 20.3%.

The service businesses, which represent 50.7% of turnover and are by their nature less cyclical, also registered considerable growth of 9% in sales and 17.7% in net profit. Of particular interest were the environmental businesses, in which growth in waste processing and recycling led to a 21.7% expansion in revenues and 31.3% in net profit.

Accordingly, consolidated turnover grew by 12.7% to 4.42 billion euros. Net profit was 181 million euros, 21.6% above the preceding year. This expansion in earnings increased the return on equity from 17.3% to 19.2%.

Capital expenditure totalled 1.051 billion euros. Most notably in both quantitative and qualitative terms, this included the acquisition of 23.5% in the Dragados Group, Spain's leading construction and service firm, for 900 million euros.

There was strong internal cash flow generation of 250 million euros in 2002, as well as a 349 million reduction in working capital, equal to 30 days' sales. This enabled ACS to make its investments with modest debt levels and without a dilutive effect on profits. Net debt ended the year at 594 million euros, of which 211 million euros corresponded to non-recourse project finance.

In addition to the initial acquisition of 23.5% of Dragados, in March 2003 ACS bought a further 10% in a public tender offer at the same price of 22.22 euros per share, representing investment of 383 million euros.

The future merger of the two companies will create Spain's first-ranking construction and service group and a European industry leader. We should also underline the good fit between their different business areas, as well as the foreseeable synergies it should generate and the financial strength of the resulting group.

The order book at December 31 totalled 7.423 billion euros, representing 21.4 months of operations.

Key figures
(in millions of euros unless otherwise indicated)

	2000	2001	**2002**
Shareholders' equity	815	911	**980**
Net debt	213	131	**594**
Groos turnover	3,410	3,921	**4,420**
Ordinary profit	173	222	**259**
Net profit	121	149	**181**
ROE	15.5%	17.3%	**19.2%**
Dividend per share (€)	0.50	0.60	**0.72**
Stock market capitalization (at 12/31)	1,608	1,755	**1,963**

www.grupoacs.com

CARREFOUR

Carrefour is the second retail company in the world and ranks first in Europe. It bases its policy on proximity to the client and competitive prices, as well as product and service quality. At present, the group has 9,632 group-owned and franchised outlets and employs over 396,000 people. During 2002 Carrefour group hypermarkets rang up over 1.2 billion transactions.

In a year marked by economic uncertainty and a slowdown in consumer spending, Carrefour fulfilled the objectives it set itself at the beginning of the year. In addition, thanks to a proactive sales strategy based on price and service quality, the group won market share in most of the countries where it is present.

Accordingly, net sales at the Carrefour group totalled 68.729 billion euros, some 4.6% above those of 2001 at constant exchange rates. The impact of Latin American currency depreciations resulted in euro-denominated sales figures decreasing by 1.1% compared to the previous year.

Thanks to the cost control strategy implemented by Carrefour, overheads declined by 2.6% compared to 2001, to 16.6% of sales compared to 16.9% the year before.

Group net ordinary profit increased by 15.1% year-on-year to 1.389 billion euros. Net profit attributable to the group after extraordinary items totalled 1.374 billion, equalling 8.6% growth.

In 2002, the Carrefour group implemented over 2.4 billion euros of investments. It opened 43 hypermarkets, 77 supermarkets and 338 discount stores, so ending the year with 5,531 group-owned stores. These openings increased Carrefour's retail space by over a million square metres, to 12.8 million square metres at the end of the year.

In the second half of 2002, Carrefour launched a public offer to buy 20% of the equity it did not control in its Spanish subsidiary, Centros Comerciales Carrefour. This transaction was successfully completed at the end of 2002 and gives the company control of 97% of its business in Spain, a strategically important country. It is also a continuation of Carrefour's policy to acquire full control of operations in its key markets.

Key figures
(in millions of euros unless otherwise indicated)

	2000	2001	**2002**
Shareholders' equity	7,610	6,986	**6,163**
Sales (excluding VAT)	64,802	69,486	**68,729**
EBITDA	4,410	4,528	**4,675**
EBITA	2,725	2,826	**3,025**
Net ordinary profit			
– Before amortization of goodwill	1,377	1,575	**1,699**
– After amortization of goodwill	1,050	1,207	**1,389**
Net profit	1,066	1,266	**1,374**
Earnings per share (€/share)	1.51	1.70	**1.95**
Stock market capitalization (at 12/31)	47,576	41,531	**30,386**

www.carrefour.com

Havas is the sixth-ranking advertising and communications agency in the world. It has a strong presence in Europe, which represents 49% of sales, and North America, which accounts for 44%. The group provides traditional advertising services—in which it recently obtained the accounts of Yahoo, KPMG and Reckitt Benckiser—and purchasing of media advertising space, an area in which it has won important clients like Banco Santander Central Hispano, DHL and Turespaña. Havas also provides consultancy services in other marketing areas, such as client public relations management and direct marketing.

Advertising demand in the main world economies deteriorated in 2002. Together with the economic slowdown and geopolitical uncertainties, this situation negatively affected market prices in the sector throughout the year.

In this context, Havas released a negative organic growth figure of –5.8%. This was in line with the sector average and left sales at 1.987 billion euros. Despite revenues contracting, the cost reduction process implemented in 2001 enabled Havas to improve its operating margins before extraordinary items from 10.4% to 11.5% and so it registered 229 million euros operating profit.

Net profit improved significantly compared to 2001, thanks to an improvement in extraordinary items, moving from a 58 million euros loss to 23 million euros profit in 2002. Before amortization of goodwill from acquisitions in previous years, profit at Havas increased from 11 million euros in 2001 to 95 million euros in 2002.

Net debt in the year fell from 703 million euros in December 2001 to 664 million euros in 2002. This was due to larger cash flow via margin improvements, the implementation of a plan to reduce working capital and the decision to limit acquisition activity.

Key figures
(in millions of euros unless otherwise indicated)

	2000	2001	**2002**
Shareholders' equity … … … … … … … … …	1,165	1,381	**1,040**
Sales (1) … … … … … … … … … … … … …	2,284	2,241	**1,987**
EBIT (1) … … … … … … … … … … … … …	318	233	**229**
Net profit			
– Before goodwill and extraordinaries … …	124	11	**95**
– After goodwill and extraordinaries … …	89	(58)	**23**
Earnings per share (€/share)… … … … … …	0.60	0.04	**0.31**
Stock market capitalization (at 12/31) … …	4,546	3,457	**1,128**

(1) Pro-forma EBIT and sales for 2000 include results of Snyder for the entire year.

www.havas.com

For Prosegur, 2002 was the first full year since the acquisition of Juncadella, a leading company in the security industry in Latin America, and Cinieri, a French security company, both of which were purchased in 2001. The year, therefore, saw the integration of these two companies. The process is proceeding satisfactorily and is focused mainly on modernizing management and improving operating ratios.

In 2002, the company maintained its policy of seeking to win market share in the main countries where it operates via both organic and acquisition-driven growth. Accordingly, in France Prosegur acquired the surveillance company Bac Securité, which operates mainly in the Paris area, while in Portugal it bought Nadifil, a surveillance company focusing primarily on Lisbon. Given its strategy of focusing on key markets, it sold its Swiss surveillance subsidiary in the year.

In 2002, Prosegur also participated in the withdrawal from circulation of the peseta and escudo and the launch of the euro. This process began in 2001 with the predistribution of the single currency and represented the largest logistics operation that Prosegur had ever undertaken. It was successfully implemented according to plan.

Prosegur recorded 1.101 billion euros in billings in the year, some 22% above the figure in 2001. Apart from the positive performance of different business lines, the above-mentioned acquisitions of Juncadella and Cinieri in 2001 and Nafidil and Bac Securité in 2002 also contributed to this satisfactory revenue performance, as did the introduction of the euro.

Net profit increased by 11% compared to 2001, to 41 million euros. The results of the company were in line with both initial forecasts for the period and its strategic plan.

It is worth highlighting that debt decreased by 73 million euros in the year. The gearing ratio, accordingly, fell from 154% at the end of 2001 to 91% at the end of 2002.

Prosegur has unveiled a new strategic plan for the period 2003-2005 that targets 27% compound annual growth in net profit.

Key figures
(in millions of euros unless otherwise indicated)

	2000	2001	**2002**
Shareholders' equity	158	168	**203**
Sales	682	901	**1,101**
EBITDA	70	104	**138**
Net profit (1)	51	37	**41**
Dividend per share (€)	0.23	0.23	**0.22**
Stock market capitalization (at 12/31)	720	908	**599**

(1) Includes extraordinary items in 2000 of 38 million euros resulting mainly from the sale of Umano.

www.prosegur.es

In 2002, Vodafone consolidated its position in the world's leading mobile telephony markets, achieving solid growth in client numbers and improving operating margins.

The group acquisition strategy focused on increasing its shareholdings in companies in which it already held a controlling stake such as its investments in Spain, Germany, the Netherlands, Portugal and Sweden. In its businesses in these countries it now controls or expects to control 100% of capital.

With regard to new products, Vodafone launched "Vodafone live!", which enables subscribers to use e-mail, play videogames and send photographs from their mobile phone. It also began operating 'Vodafone Remote Access', which offers a wireless internet connection for personal computers. In addition, in 2003 it plans to launch an innovative service enabling short video clips to be downloaded to mobile phones. In the first few months of its launch, "Vodafone live!" has attracted a million subscribers, primarily in Germany, Italy and the UK.

From the operating perspective, Vodafone increased its client base by 12 million subscribers in 2002 to 112 million in December. The company achieved 15% growth in sales in the first six months of the year to 16.517 billion pounds (25.849 billion euros). The EBITDA margin also improved significantly, from 35.4% in the first half of 2001 to 39.0% in the first half of 2002, equalling 6.203 billion pounds (9.708 billion euros) in the six-month period.

Group profits were negatively affected by large goodwill amortization expenses, which are a result of the numerous past acquisitions. After this amortization, Vodafone recorded a net loss in the first six months of the year of 4.336 billion pounds, compared to 2.234 billion pounds before these write-offs.

Vodafone's net debt contracted to 10.7 billion pounds in September 2002, which equals one times EBITDA. Thanks to this debt level, the group has been awarded a rating of "A" by the credit-rating agencies, which is above that of its industry competitors.

Key figures (in millions of £ unless otherwise indicated)	4/1/2000- 3/31/2001 (1)	4/1/2001- 3/31/2002 (1)	**4/1/2002- 9/30/2002 (1)**
Clients (millions) … … … … … … … … …	83	101	**112 (2)**
Shareholders' equity … … … … … … … …	145,007	130,573	**125,912**
Sales … … … … … … … … … … … … … …	22,230	29,799	**16,517**
EBITDA (3) … … … … … … … … … … …	7,016	10,093	**6,203**
EBIT (4) … … … … … … … … … … … …	4,782	6,400	**4,107**
Net profit			
– Before goodwill and extraordinaries … …	2,173	3,498	**2,234**
– After goodwill and extraordinaries … …	(9,885)	(16,155)	**(4,336)**
Dividend per share (p/share) … … … … …	3.54	5.15	**3.28**
Stock market capitalization (millions of £) (5)	125,000	88,413	**56,546**
Stock market capitalization (millions of €) (5)	206,000	145,218	**89,982**

(1) The Vodafone financial year ends March 31, for which reason the last column corresponds to six months only.
(2) Clients at 12/31.
(3) Earnings before interest, tax, depreciation and amortization. Proportional consolidation.
(4) Earnings before interest and tax. Proportional consolidation.
(5) Stock market capitalization at 3/31 or 9/30.

www.vodafone.com

UNIPSA

In 2002, UNIPSA continued its trend of recent years, enabling it to consolidate its position among Spain's leading insurance brokers. The company brokered premium volumes of 186.4 million euros, equalling an 11.1% increase. Revenues for services provided by all group companies rose to 16.6 million euros, so representing 22.4% growth. This exceeds the expansion in premiums brokered thanks to the increase in the average operating margin.

The business of the parent company, Unipsa, concentrates mainly on the industrial risk segment. The company brokered premiums of 75.9 million euros, representing 40.7% of the group total.

Holdings March Correduría de Seguros, Urquijo Correduría de Seguros and Carrefour Correduría de Seguros concentrate mainly on the individual risk segment and between them they brokered a total 53.4 million euros in premium volumes, representing 28.6% of the total.

Worth mentioning is the performance of the March Correduría de Seguros, at which the volume of premiums brokered increased by 18.9%, in a period when it integrated fully with the banking network through which it operates.

Carrefour Correduría de Seguros began telesales operations. It is currently preparing the rollout of the "insurance sales stands" in shopping complexes, which it expects to begin operating in 2003.

GDS Correduría de Seguros, which is active mainly in industrial and automotive risks, brokered 57.1 million euros in premiums. This equals 30.7% of the total.

Consolidated net profit in 2002 totalled 2.5 million euros, equalling 13.5% growth compared to the figure of 2.2 million euros in 2001.

Key figures
(in millions of euros)

	2000	2001	**2002**
Premium volume	144.6	167.7	**186.4**
Consolidated revenues	4.9	5.2	**5.8**
Profit before tax...	2.6	2.9	**3.3**
Group's share in net profit	2.0	2.2	**2.5**

www.unipsa.com

XFERA

Due to further delays in the arrival of UMTS technology, in 2002 Xfera left unchanged its decision to postpone the commercial launch of its mobile telephone services.

Given the changing overall industry conditions, compared to the setting in which the UMTS licences were awarded, the Spanish government—like its European counterparts—has eased the interpretation of commitments given by operators and allowed a significant adjustment in the level of guarantees.

In this respect, in December 2002 the government announced a reduction in the guarantees required from the four mobile operators, with the amount corresponding to Xfera decreasing to 468 million euros.

In parallel, the government is redefining the licence award conditions to adjust initial commitments to the current technological and financial context.

The company, furthermore, has taken measures to adapt to the new situation. It has modified agreements with equipment suppliers and adjusted personnel numbers to a level more in line with the new rollout plan.

Key figures
(in millions of euros)

	2000	2001	**2002**
Shareholders' equity … … … … … … … …	305	367	**373**
Fixed assets … … … … … … … … … … …	201	663	**672**
Capitalized expenses … … … … … … … …	64	281	**57**
Operating Profit (1) … … … … … … … …	34	13	**(18)**
Net Profit (1)… … … … … … … … … … …	0	(7)	**(124)**

(1) Operating profit and Net profit include revenues from capitalization of expenses.

www.xfera.com

OTHER COMPANIES

BANCO URQUIJO

In a general context of narrowing interest margins in the banking sector, due to falling interest rates, the crisis affecting stock markets for the third consecutive year impacted particularly on Banco Urquijo, given its specialisation in private banking and financial markets.

The Bank responded to the deterioration in the context by implementing a cost reduction and structural overhaul plan. This resulted in reducing the workforce by a net 154, to 961 employees.

As a result of the above, Urquijo recorded 10.3 million euros net profit, equal to a 39.5% decrease compared to the previous year.

MARCH GESTION DE FONDOS
MARCH GESTION DE PENSIONES

In 2002, for the third year running, financial markets suffered widespread declines due to deteriorating economic expectations among investors, accounting frauds in the US and international political tensions. This situation accentuated the transfer of funds from collective investment vehicles to other investments considered as safe havens, such as bank deposits and real estate assets.

Despite the unfavourable context, assets under management at the two businesses in 2002 increased by 14.9% to 547 million euros.

In order to add to its product range, in 2002 March Gestión de Fondos launched three new investment funds. Two of these had a guaranteed capital component, with another fund sharing similar characteristics having been added to these in the first few months of 2003.

With regard to financial market volatility, this once again prompted the withdrawal of capital by investors from higher-risk funds, in search of safer products such as money market or guaranteed capital funds, with the correspondingly negative effect on fees.

Despite both this and the interest rate decreases reducing financial income, both investment managers reported modest profits in 2002.

QUAVITAE

In 2002, Quavitae maintained the strong growth seen in previous years. Turnover was 41 million euros, representing a 17.8% increase compared to 2001.

There was significant growth of 21.1% in invoicing for the Residence business line, to 20.6 million euros. In 2002, the Villa Sacramento residence was inaugurated in San Sebastian with 123 places. In the first half of 2003, one residence in Barcelona with 245 places, one in Palma de Mallorca with 237 places and another in Madrid with 143 places are also due to be inaugurated. Quavitae currently has 28 residences either built or in different stages of being completed.

Key figures
(in thousands of euros)

	2000	2001	**2002**
Shareholders' equity … … … … … … … …	15,853	16,866	**17,315**
Turnover … … … … … … … … … … … …	24,020	34,796	**40,978**
Net cash flow … … … … … … … … … …	2,110	2,651	**2,886**
Net profit … … … … … … … … … … … …	949	974	**486**

www.quavitae.es

MSI (MOBILE SYSTEMS INTERNATIONAL)

In 2002, MSI reported 74% growth in sales to 266 million dollars, with EBITDA growing by 146% to 69 million dollars, equal to a 26% margin. These increases were achieved thanks mainly to growth in client numbers in the different countries where it operates. MSI has almost a million clients in Africa.

Acquisitions in 2002 in particular included Link Africa. This is an international satellite telephony operator offering international calls to and from Africa. In Zambia a new group division, Celpay, has also begun operating. This manages the mobile phone payment system for MSI and is expected to receive a warm welcome, given the relative shortage of payments infrastructure in Africa.

Key figures
(in millions of dollars unless otherwise indicated)

	2000	2001	**2002***
Sales … … … … … … … … … … … … …	58	153	**266**
EBITDA … … … … … … … … … … … …	(17)	28	**69**
EBIT … … … … … … … … … … … … …	(34)	(7)	**16**
Net profit … … … … … … … … … … … …	(40)	(14)	**(24)**
Clients (1)… … … … … … … … … … … …	163,000	604,000	**991,000**

(1) Only includes the clients of each subsidiary in proportion to MSI's ownership interest in the subsidiary.
** Unaudited figures.*

Net rental income from property leases in 2002 totalled 12 million euros, equalling 22.4% growth on the previous year.

This increase is due to additions via the acquisition of new office space in the Master's I building in Madrid, as well as upward revisions in rental contracts that expired and were renewed in 2002.

It is interesting to note that this improvement took place at a time when office rental rates are beginning to decline, in accordance with the downtrend in the general economy and particularly the crisis among many new technology and telecommunication companies, which were among the main contributors to demand for office space in previous years. This enables us to face the real estate cycle's downturn without suffering a fall in revenues.

The following were the most important transactions in relation to the real estate portfolio in the year:

- The purchase of six floors of office space in the Master's I building, located in the Azca real estate complex in the most emblematic area of Madrid's business district. The transaction is for 6,550 square metres of office space and 113 parking places, all of which were rented at the time of the transaction. This investment totalled 28.6 million euros.
- The sale of a floor of offices at Calle Lagasca 88, Madrid, a subsidiary of Unipsa, Correduría de Seguros S.A. The transaction had a value of 3.2 million euros and brought a capital gain of 0.7 million euros.
- Sale of a bank branch at Calle Miguel Iscar, Valladolid, for 1.9 million euros, generating an accounting capital gain of 1.19 million euros.

• Rental contract with the company Retevisión, S.A. of a mixed-use building in Tres Cantos, Madrid, comprising 12,600 square metres and 136 parking places.

• Renegotiation and extension of rental contracts with the companies Champion (Carrefour) and Banco Urquijo in the office building at Calle Josefa Valcárcel 40, Madrid, for 6,000 square metres.

• A long-term rental contract with Punto Cash for a 6,950 square metre industrial property at Calle La Granja 8 in the Alcobendas industrial estate, Madrid. The tenant has renovated this property extensively in accordance with its requirements.

• After the end of 2002, Alba sold the Hotel Balmoral (Calas de Mallorca), to the Sol-Meliá hotel chain for 6.3 million euros.

After the most recent transaction, the portfolio of real estate for both rentals and own use currently represents an investment of 190 million euros, of which the market value is estimated at approximately 210 million euros.

In all, this covers total built area of 103,650 square metres, of which 76% is office space and the rest consists of mixed-use industrial buildings.

Also worth mentioning is that rental properties enjoyed a near-100% occupancy rate in 2002.