ANNUAL REPORT 2008

ALBA
GRUPO MARCH

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BOARD OF DIRECTORS AND MANAGEMENT TEAM

BOARD OF DIRECTORS

CHAIRMEN

Mr. Juan March Delgado
Mr. Carlos March Delgado

VICE-CHAIRMEN

Mr. Pablo Vallbona Vadell – First Vice-Chairman
Mr. Isidro Fernández Barreiro – Second Vice-Chairman

CHIEF EXECUTIVE OFFICER

Mr. Santos Martínez-Conde Gutiérrez-Barquín

DIRECTORS

Mr. Nicholas Brookes
Mr. Fernando Casado Juan
Mr. Alfredo Lafita Pardo
Mr. Juan March de la Lastra
Mr. Enrique Piñel López
Mr. Manuel Soto Serrano
Mr. Francisco Verdú Pons

SECRETARY OF THE BOARD (NOT A DIRECTOR)

Mr. José Ramón del Caño Palop

BOARD OF DIRECTORS' COMMITTEES

AUDIT COMMITTEE

Mr. Manuel Soto Serrano	*Chairman*
Mr. Fernando Casado Juan	*Member*
Mr. Isidro Fernández Barreiro	*Member*
Mr. Enrique Piñel López	*Member*

NOMINATION AND REMUNERATION COMMITTEE

Mr. Carlos March Delgado	*Chairman*
Mr. Alfredo Lafita Pardo	*Member*
Mr. Francisco Verdú Pons	*Member*

MANAGEMENT TEAM

CHIEF EXECUTIVE OFFICER

Mr. Santos Martínez-Conde Gutiérrez-Barquín

DIRECTORS

Mr. José Ramón del Caño Palop
Mr. Luis Lobón Gayoso
Mr. Juan March de la Lastra
Mr. Ignacio Martínez Santos
Mr. Tomás Villanueva Iribas

TAX ADVISOR

Ms. Adriana Verduras de Mata

DEPARTMENT HEADS

Mr. Antonio Egido Valtueña
Mr. Javier Fernández Alonso
Mr. Diego Fernández Vidal
Mr. Alfredo Gadea Martín
Mr. Félix Montes Falagán
Mr. Andrés Temes Lorenzo

COMMUNICATION

Mr. Luis F. Fidalgo Hortelano

LETTER FROM THE CHAIRMEN OF THE BOARD OF DIRECTORS

DEAR SHAREHOLDERS:

We are very pleased, as always, to report to you on the progress and performance of Alba and its investee companies during 2008.

2008 was a year of exceptional turbulence in all financial markets, especially in its last few months. The Ibex 35 dropped 39.4%, ending the year at around 9,200 points, having dipped below 8,000 points in October and November. Stock indices plummeted across all the main markets, in many cases by more than 40% on an annual basis.

Market volatility was very high, giving rise to strong oscillations in prices and various single-day falls on a scale comparable with the stock market crashes of 1929 and 1987. Multiple bankruptcies and government interventions in the financial industry in several countries were the main catalysts of the uncertainty and lack of liquidity in the markets, which reached a peak with the bankruptcy of Lehman Brothers in mid-September, coinciding with the government takeover of AIG and the acquisition of Merrill Lynch by Bank of America.

Triggered in the summer of 2007 by the subprime mortgage collapse in the United States, in 2008 the crisis evolved into a crisis of confidence in the solvency of the financial system in general and, in 2009, into a major economic slowdown. Decisive intervention by leading governments and international bodies appears to have halted the deterioration in the financial industry, in some countries at the expense of almost completely nationalising it, while at the same time leading to large government deficits that may hamper future economic growth. It is important to emphasise, however, that these exceptional measures may have staved off the economic depression and deflation that seemed all too likely only a few months ago.

The economic and stock market situation continued to deteriorate during the first few months of 2009, with sharp falls in consumption and industrial activity and a rapid rise in unemployment. Nevertheless, the large-scale countermeasures can be expected start to take effect at a global level towards the end of this year and over the course of 2010.

Alba's Net Asset Value (NAV) decreased by 838 million euros over the period, ending the year at 3,614 million euros, 18.8% below the previous year's level. Despite the decrease, this is the third highest closing level in our Company's history, well above the levels recorded in the years prior to 2006. NAV per share at 31 December 2008 was 58.64 euros after deducting treasury shares, down 18.2% compared to the previous year. This slightly smaller decline in NAV per share than in total NAV is due to the purchase of own shares during the year.

At year-end the Alba share was trading at 27.25 euros, at a discount of 53.5% to the NAV per share before taxes. Over the year as a whole the Alba share price fell 41.1%, compared with the 39.4% fall in the Ibex 35 mentioned earlier and the 44.4% decline in the Eurostoxx 50. The worse performance of the share price compared to NAV per share translated into an increase in the discount to NAV, which in 2008 reached record levels.

Consolidated net profit was 361.4 million euros, 31.2% below the previous year's level of 525.3 million. Earnings per share reached 5.83 euros, down 29.4% on 2007. As has been customary in our Company, the purchase and cancellation of own shares resulted in better earnings per share than total earnings. The decrease in total net earnings and earnings per share is due to the absence of gains on asset disposals and the impairment losses on investment property and on the investment in Clínica Baviera.

Turning to the income statement, we note the increase in Share of profit of associates, reflecting the impact of the results of investees on Alba's performance. The figure edged up from 423.3 million euros in 2007 to 427.4 million in 2008 due to the increase in the stake in ACS and the strong earnings performance of ACS and Prosegur.

Further on the Annual Report you will find a more detailed analysis of the various items on Alba's income statement and balance sheet and details of the progress and performance of our investees during 2008.

What follows is a summary of the main corporate transactions that took place in the year under review.

During 2008 Alba made a number of venture capital investments, increased its investment in ACS, Acerinox and Clínica Baviera and made some divestments:

- The organisational structure of the venture capital business was finally established in 2008 and now consists of the private equity management firm Artá Capital, S.G.E.C.R., with Alba as majority partner, and the investment entities Deyá Capital, S.C.R., Deyá Capital II, S.C.R. and Deyá Capital III, F.C.R., all three managed by Artá Capital with the same philosophy and investment objectives. The three entities have committed funds of 400 million euros: 300 million from Alba, through Deyá Capital, and the remaining 100 million from co-investors through Deyá Capital II and III. In 2008 Artá Capital focused on searching for investment opportunities, leading to the acquisition of a 22.38% interest in Ros Roca Environment for 63.5 million euros and a 28.88% stake in OCIBAR for 9.9 million euros. Both these investments were made initially by Deyá Capital; subsequently, shares were transferred to Deyá Capital II and III, once these two entities had been formally constituted, according to the funds committed by each one.

- Alba's interest in ACS increased from 22.13% at the end of 2007 to 24.51% at the end of 2008 due to the cancellation by ACS of almost 10% of its own shares. At the end of 2008 ACS accounted for 68.5% of Alba's NAV, down slightly from 65.2% at the close of 2007.

- Alba's interest in Acerinox also increased, from 23.24% at year-end 2007 to 23.77% at year-end 2008, mainly due to the cancellation in 2008 of 2.0% of own shares held by Acerinox. As a percentage of Alba's NAV, the investment in Acerinox fell to 18.4% in December 2008, down from 20.9% at the end of the previous year, due to the worse performance of the Acerinox share compared to the rest of the portfolio.

- During 2008 Alba acquired an additional 0.90% of Clínica Baviera for 1.4 million euros, bringing its shareholding in this company to 16.36% at 31 December 2008. At that date the investment in Clínica Baviera represented 0.5% of Alba's NAV. Alba has recorded an impairment charge of 27.9 million euros against 2008 earnings for the investment in Clínica Baviera to reflect the difference between the estimated fair value at year-end and the carrying amount at that date.

- Divestments during the year totalled 185.1 million euros. Most notable was the sale of the interests in Isofotón and IslaLink for 150.0 and 15.8 million euros, respectively. In addition, as already mentioned, Deyá Capital transferred to Deyá Capital II and III 5.6% of Ros Roca for 16.5 million euros and 7.2% of OCIBAR for 2.5 million euros.

- In 2008 Alba purchased 492,586 own shares for a total of 15.7 million euros, representing 0.77% of its share capital. At the General Meeting held in May 2008 the shareholders agreed to cancel 1,710,000 shares, equivalent to 2.67% of the share capital. At year-end treasury shares totalled 768,577, equivalent to 1.23% of Alba's capital.

At Alba we have moderately positive expectations for our investees in 2009 at an operational and financial level, despite the acute global economic crisis, which has affected Spain very severely. We believe that 2009 will be a very difficult year in many respects for these companies, but we trust in their strengths to mitigate the effects of the crisis and eventually take advantage of the economic recovery, which many experts see starting towards the middle or end of 2010. Being applicable to Alba as much as to its investees, we firmly believe that the current difficult situation may offer attractive opportunities for organisations that are prepared to exploit them, always maintaining a mid to long-term perspective and exercising the necessary prudence. Alba's goal is to maintain its position as a controlling

shareholder of the companies in which it has invested, while remaining on the lookout for new investment opportunities.

Alba has consistently shown concern for compliance with corporate governance standards and best practices and has followed current recommendations, notably those contained in the Unified Code approved by the CNMV, as reflected in amendments to the Regulations of the General Meeting and the Board of Directors.

The corporate web site, which is fully compliant with current regulations, remains an excellent source of Company information for shareholders, investors and industry professionals.

The Annual Corporate Governance Report, which gives details about ownership structure and governance, risk control systems and monitoring of good governance recommendations, the Report provided for in article 116-bis of the Securities Market Law and the Directors' Remuneration Report have all been approved and are available to shareholders and investors, along with other additional reports by the Board committees.

As regards the distribution of profit for 2008, the Board of Directors recommends a final dividend of 0.375 euros per share, to be paid in the near future. Together with the interim dividends paid in November and December last year, this brings the full-year dividend to 0.75 euros per share. This represents a substantial increase in dividends compared to previous years, the aim being to combine shareholder dividends with cancellation of own shares to bring Alba's profit distribution policy into line with that of comparable companies at an international level. The Board also recommends a capital reduction via cancellation of treasury shares.

Other resolutions to be submitted to the shareholders in General Meeting concern the election of Directors, renewal of the authorisation to make market purchases of own shares, and authorisation to increase capital and issue fixed-income securities.

Lastly, we would like to thank all the employees of our group of companies for their professionalism, enthusiasm and commitment, and all of you for your trust and support.

Yours sincerely,

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

KEY FINANCIAL DATA

FINANCIAL HIGHLIGHTS

In millions of euros unless otherwise indicated	2008	2007	2006	2005
Share capital at year-end	62	64	65	66
Shareholders' equity at year-end	2,599	2,825	2,382	2,126
Ordinary shares in issue (thousands), average for the year	61,937	63,624	64,876	65,616
Net profit	361	525	918	444
Dividends	46	8	8	8
Net profit in euros per share (1)	5.83	8.26	14.15	6.77
Dividend in euros per share	0.75	0.12	0.12	0.12

(1) Calculated using the average number of shares outstanding during the year.

SHARE PRICE PERFORMANCE

	2008	2007	2006	2005
Closing share price (in euros per share)				
High	46.06	60.70	59.20	40.50
Low	20.54	41.25	36.50	25.65
Close	27.25	46.29	56.55	39.25
Stock market capitalisation at 31/12 (million euros)	1,700	2,967	3,681	2,609
Volume traded				
Number of shares (thousands)	33,483	40,245	21,084	27,233
Total (millions of euros)	1,182	2,103	952	935
Daily average (millions of euros)	4.7	8.3	3.8	3.7
Dividend yield (on closing price for the year)	2.75%	0.26%	0.21%	0.31%
P/E ratio (on closing price for the year)	4.67	5.60	4.00	5.80

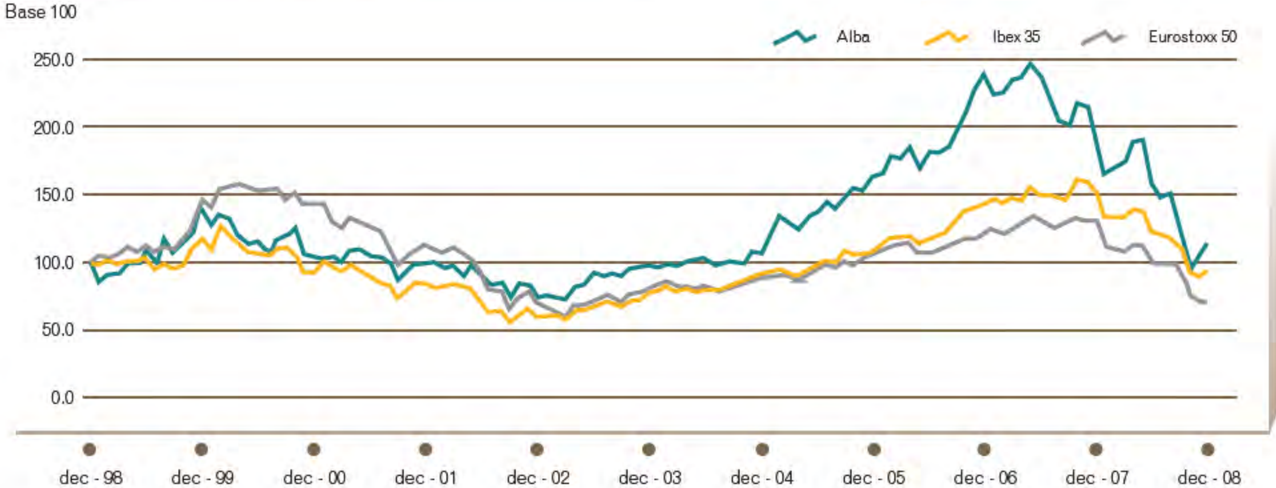
In 2008, the Alba share performed worse than in previous years, falling 41.1% compared to a 39.4% fall in the Ibex 35.

ALBA SHARE PRICE PERFORMANCE SINCE 31 DECEMBER 2007

Source: Bloomberg.

Nevertheless, the strong market performance of the shares of Alba over the last ten years (i.e. since December 1998) reflects the significant value created by our Company in the long term. Thus, the Alba share price increased 14.8% per year over the ten-year period considered, while the Ibex 35 fell 6.5% and the Eurostoxx 50, 26.8%. The graph shows the depth of the stock market plunge in 2008: in less than a year the gains of an entire decade were practically wiped out and the Eurostoxx 50 returned to the level of early 2003.

ALBA SHARE PRICE PERFORMANCE COMPARED TO IBEX 35 AND EUROSTOXX 50



Source: Bloomberg.

It is worth pointing out that Alba's NAV per share rose 72.8% over the period. The difference between the increase in NAV and the share price increase is attributable to the widening of the discount to NAV, especially in the last 18 months. The growth in NAV per share reflects strong value creation by our investees during the period, the successful investment decision made during the period and the positive effect for our shareholders of the purchase and cancellation of own shares.

NAV BEFORE TAXES PER SHARE COMPARED TO SHARE PRICE

Source: Bloomberg for share price.

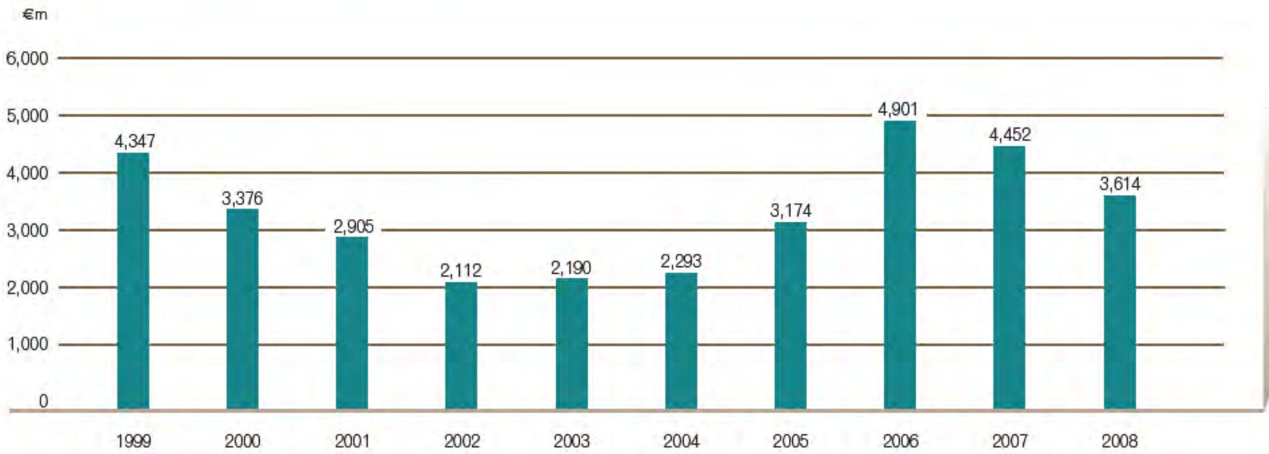
NET ASSET VALUE

In millions of euros unless otherwise indicated	2008	2007	2006	2005
Data at 31/12				
Net Asset Value (1)	3,614	4,452	4,901	3,174
Net Asset Value in euros per share (1)	58.64	71.68	75.82	48.38
Share price in euros per share	27.25	46.29	56.55	39.25
Discount to Net Asset Value	53.5%	35.4%	25.4%	18.9%

(1) Before taxes.

The changes in total Net Asset Value since 1999 can be seen below.

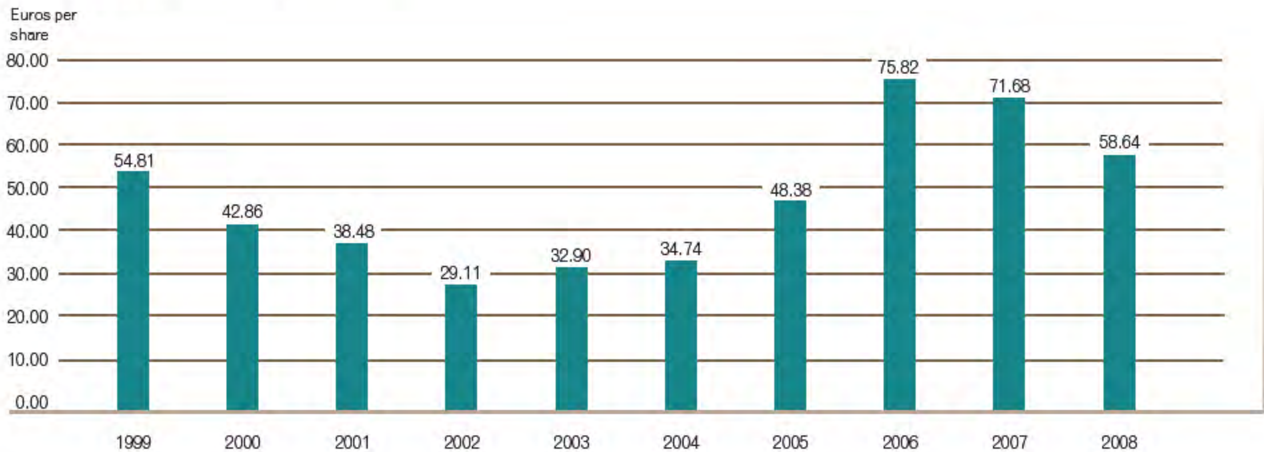
NET ASSET VALUE BEFORE TAXES (1) (31/12)



(1) After deducting the net financial debt.

The following chart shows changes in Net Asset Value per share, before taxes and after deducting own shares held, over the same period, measured at 31 December each year.

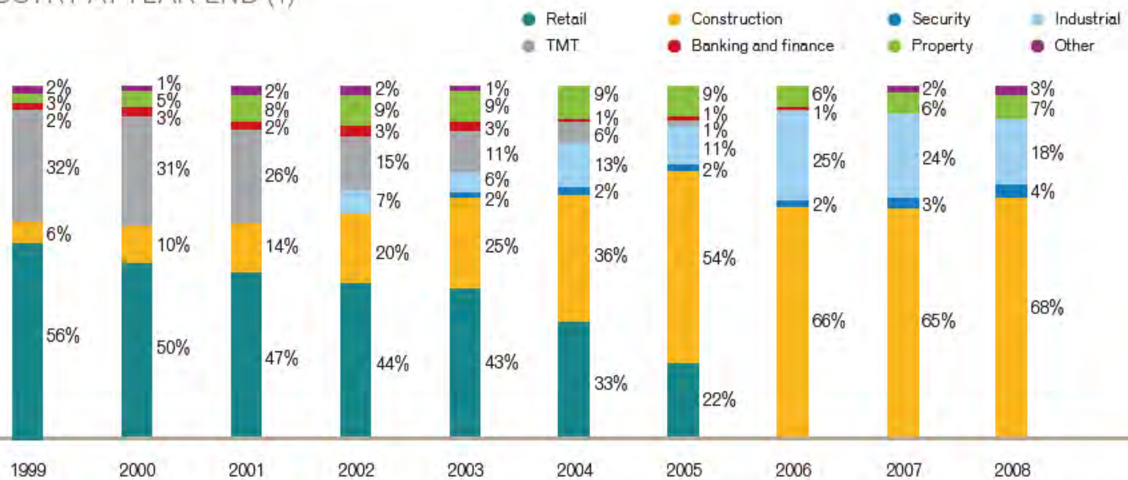
NET ASSET VALUE PER SHARE, BEFORE TAXES (31/12)



The following chart shows the changes in the industry breakdown of Alba's portfolio in the last ten years.

The breakdown of Alba's portfolio has significantly changed in recent years. Whereas at year-end 1998 Retail (Pryca - Carrefour) and TMT (Airtel - Vodafone) accounted for 79% of the portfolio, at the end of 2008 these sectors had disappeared completely from the portfolio, giving way to Construction and Services (ACS, 68%) and Industrial (Acerinox, 18%). The increase in the value and relative weight of ACS and Acerinox in the Alba portfolio is due to the increase in Alba's stake in these companies and ACS's excellent share price performance. In 2008, "Other" includes the investments in Clínica Baviera, Ros Roca and OCIBAR, the latter two through Deyá Capital.

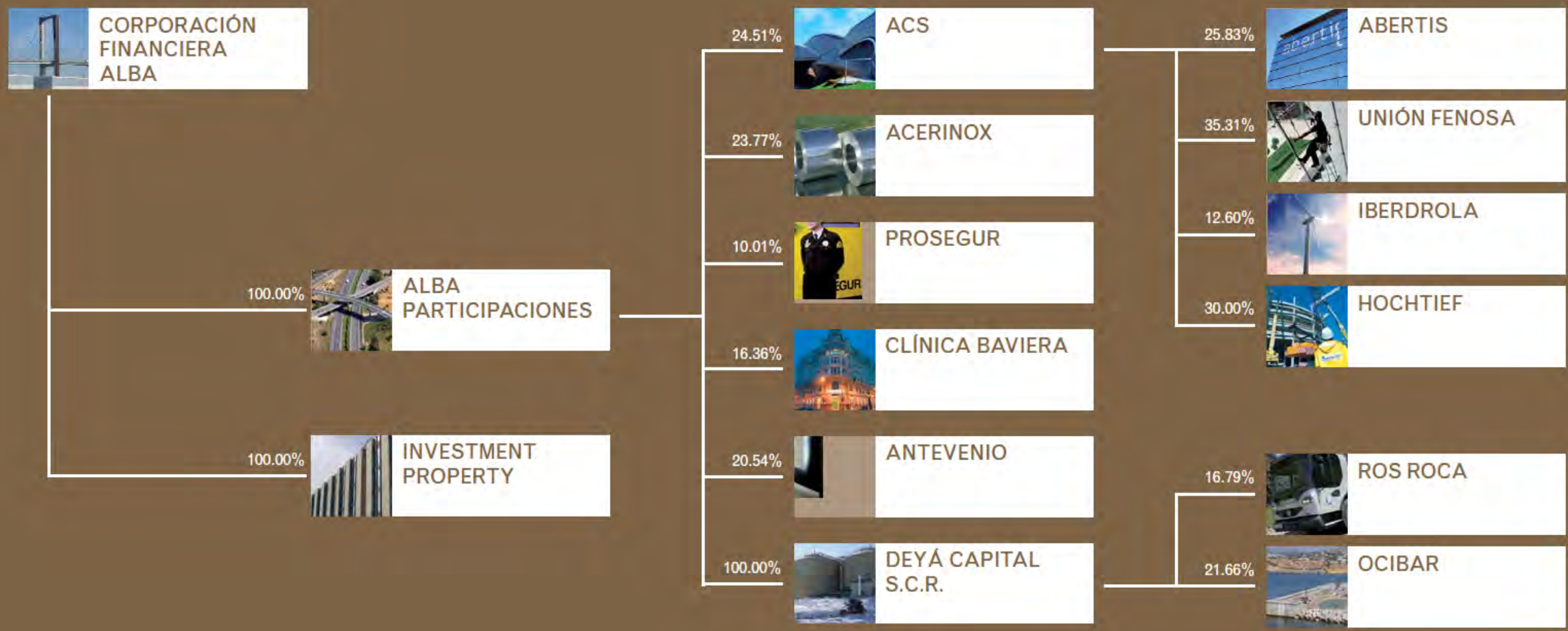
BREAKDOWN OF ALBA'S GROSS ASSET VALUE BY INDUSTRY AT YEAR-END (1)



(1) Gross Asset Value after deducting net financial debt and before taxes.

INVESTMENT PORTFOLIO

PORTFOLIO STRUCTURE AT 31 DECEMBER 2008



Portfolio value at 31 December 2008:

Listed companies	Shareholding (%)	Market value (1) Millions of euros	Market value (1) Euros per share	Main stock exchange on which traded
Acerinox (2)	24.51	687.2	11.37	Madrid
ACS (2)	23.77	2,549.5	32.65	Madrid
Antevenio (2)	20.54	4.8	5.50	Alternext París
Clínica Baviera (2)	16.36	18.9	7.10	Madrid
Prosegur (2)	10.01	144.7	23.43	Madrid
Total market value		**3,405.0**		
Total book value		2,394.7		
Unrealised capital gains		**1,010.3**		

Unlisted companies	Shareholding (%)	Book value Millions of euros
Ros Roca (3)	16.79	47.7
OCIBAR (3)	21.66	7.4
Other		0.4
Total book value		**55.6**

(1) Closing prices at the end of December.
(2) Investments accounted for using the equity method.
(3) Through Deyá Capital, S.C.R., a fully-owned subsidiary of Alba.

Details of portfolio performance over the last four financial years are given below:

SHAREHOLDING (%)

Listed companies	31/12/2008	31/12/2007	Change 08/07	31/12/2006	31/12/2005
Acerinox	**23.77**	23.24	0.53	20.80	11.18
ACS	**24.51**	22.13	2.38	21.14	17.93
Antevenio	**20.54**	20.54	-	28.80	28.80
Carrefour	-	-	-	-	2.53
Clínica Baviera	**16.36**	15.46	0.90	-	-
Prosegur	**10.01**	10.01	-	5.01	5.23
Spirent	-	-	-	0.62	0.58

Unlisted companies					
Celtel	-	-	-	0.45	0.45
IslaLink	-	74.68	(74.68)	-	-
Isofotón	-	26.09	(26.09)	-	-
March Unipsa	-	-	-	35.00	82.57
March Gestión de Fondos	-	-	-	35.00	35.00
March Gestión de Pensiones	-	-	-	35.00	35.00
OCIBAR	**21.66**	-	21.66	-	-
Ros Roca	**16.79**	-	16.79	-	-
Xfera	-	-	-	-	11.35

The increase in Alba's percent shareholding in Acerinox and ACS in 2008, due to the cancellation of treasury shares by these two companies during the year, reinforced Alba's position as their largest shareholder.

The increase in the ownership interest in Clínica Baviera is due to the acquisitions made during the year, as a result of which Alba consolidated its status as Clínica Baviera's second largest shareholder.

The stakes in Ros Roca and OCIBAR were acquired in February and April 2008, respectively, pursuant to the investment agreements reached at the end of 2007, as already mentioned. The above table shows only the shareholdings held by Alba through Deyá Capital and does not include the shareholdings of Deyá Capital II or III.

INDUSTRY DIVERSIFICATION

If all the other assets and liabilities of Alba are added to its equity investments, valued in all cases on the same basis as used by equity analysts who follow the Company, the distribution of Alba's investments by industry, based on year-end portfolio composition and share prices (in %), is as follows:

	Percent of total Gross Asset Value			
	2008	2007	2006	2005
Construction and Services	**68**	65	66	54
Retail	**-**	-	-	22
Industrial	**18**	24	25	11
Property	**7**	6	6	9
Security	**4**	3	2	2
Telecommunications	**-**	-	-	1
Banking and Finance	**-**	-	1	1
Other	**3**	2	-	-
	100	100	100	100

In millions of euros				
Gross Asset Value	**3,727**	4,866	4,852	3,205
Net Asset Value before taxes	**3,614**	4,452	4,901	3,174

Construction and Services, Security and Property gained in relative weight during the year, while Industrial and Other decreased as a result of investments and divestments and relative changes in the investees' share price. The biggest changes in the relative weight of the various sectors in 2008 were the decrease in the Industrial sector, as the result of the stock market performance of Acerinox and the divestment of Isofotón, and the increase in the Other sector, due to the investments made by Deyá Capital in Ros Roca and OCIBAR.

The 68% of investment in the Construction sector includes the investment in ACS. In practice, however, the broad diversification of ACS's activities significantly reduces the seemingly high concentration in Construction. Analysing Alba's portfolio in more detail, the 68% invested in Construction can be subdivided among the various industries in which ACS operates. The following table provides a rough indication of the breakdown of this percentage, based on estimates of the contribution of each subsector to ACS's 2008 consolidated net profit:

Industrial Services	19%
Construction	17%
Energy	17%
Environment and Logistics	9%
Concessions	6%
	68%

REVIEW OF CONSOLIDATED FINANCIAL PERFORMANCE

THE CONSOLIDATED FINANCIAL INFORMATION HAS BEEN PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS).

MORE DETAILED INFORMATION CAN BE FOUND IN THE CONSOLIDATED FINANCIAL STATEMENTS AND NOTES THERETO, AUDITED BY ERNST & YOUNG, S.L., IN THE FINAL SECTION OF THIS REPORT.

BALANCE SHEET

The changes in Alba's key balance sheet items during 2008 are detailed below:

Investment property, which includes leased properties, stands at 249.8 million euros, down from 275.3 million in 2007. The decrease is due mainly to a 26.4 million euro charge against the value of the properties, based on appraisals carried out by independent experts, which is recognised in the income statement under *Change in the fair value of investment property.*

Property, plant and equipment has fallen from 34.7 million to 11.0 million euros following the sale of the 74.68% interest in IslaLink in July 2008, which was consolidated using the full consolidation method.

Investments in associates is down 387.8 million euros, from 2,782.5 million to 2,394.7 million. The decrease is due mainly to the cancellation of own shares in ACS and Acerinox, the dividends received during the year, the impairment charge of 27.9 million euros reflecting the decrease in the fair value of the investment in Clínica Baviera compared to its consolidated carrying amount, various adjustments made by investees to their equity and the consolidation of investees' results.

Non-current available-for-sale financial assets is down 94.8 million euros due to the sale of the 26.09% stake in Isofotón for 150.0 million euros, partly offset by the acquisition, through Deyá Capital, of the interests in Ros Roca and OCIBAR for 47.7 and 7.4 million euros, respectively.

Deferred expenses, totalling 16.9 million euros in 2007, related entirely to the interest in IslaLink, which was sold in 2008, as mentioned.

Financial assets held for trading are down from 49.2 to 6.0 million euros due to the divestment of short-term liquid financial assets and their lower market value at year-end.

Other current assets has increased from 10.4 to 280.3 million euros, mainly due to the positive cash balances.

Share capital stands at 62.4 million euros, down 1.7 million euros compared to the previous year. The decrease is due to the cancellation of 1,710,000 shares, as approved by the shareholders at the General Meeting held on 28 May 2008.

Reserves are down from 2,331.2 to 2,225.9 million euros, mainly because of charges to the reserves of investees, which were almost entirely offset by the distribution of the previous year's profit. The charges to the reserves of investees are due mainly to purchases of treasury shares and the valuation of financial instruments.

Treasury shares includes the cost of own shares held at 31 December 2008, amounting to 28.4 million euros and representing 1.23% of the Company's share capital (768,577 shares).

Profit for the year is 361.4 million euros.

For all the reasons just given, *Shareholders' equity* at year-end is 2,598.9 million euros, down 8.0% on the previous year.

At year-end 2008, *Provisions* stood at 11.4 million euros. This includes provisions recorded to cover probable or known expenses, losses or liabilities arising from litigation in progress relating to the Company's business.

Other non-current liabilities of 23.8 million euros in 2007 related entirely to the activity of IslaLink.

Short-term payables, which include both bank loans and other payables, have decreased to 271.8 million euros as a result of the reduction in bank borrowing, despite the investments made during the year and the new dividend policy.

CONSOLIDATED BALANCE SHEETS BEFORE PROFIT DISTRIBUTION

ASSETS

Millions of euros	At 31 december 2008	At 31 december 2007	At 31 december 2006
Investment property	249.8	275.3	276.8
Property, plant and equipment	11.0	34.7	12.5
Tangible fixed assets, net	260.8	310.0	289.3
Investments in associates	2,394.7	2,782.5	1,947.9
Non-current available-for-sale financial assets	55.6	150.4	76.7
Other financial investments	136.7	3.8	1.9
Total financial investments	2,587.0	2,936.7	2,026.5
Total fixed assets	2,847.8	3,246.7	2,315.8
Deferred expenses	-	16.9	-
Current available-for-sale financial assets	-	0.7	16.7
Financial assets held for trading	6.0	49.2	261.4
Other current assets	280.3	10.4	2.0
TOTAL ASSETS	3,134.1	3,323.9	2,595.9

CONSOLIDATED BALANCE SHEETS BEFORE PROFIT DISTRIBUTION

EQUITY AND LIABILITIES

Millions of euros	At 31 december 2008	At 31 december 2007	At 31 december 2006
Share capital	62.4	64.1	65.1
Reserves	2,225.9	2,331.2	1,420,9
Treasury shares	(28.4)	(96.5)	(18,8)
Interim dividend paid	(23.1)	(3.8)	(3,9)
Profit for the year	361.4	525.3	918,3
Minority interests	0.7	4.8	-
Shareholders' equity	2,598.9	2,825.1	2,381,6
Provisions	11.4	24.3	41,0
Other non-current liabilities	-	23.8	-
Long-term payables	252.0	2.0	2,1
Financial debt	251.6	410.3	147,9
Other short-term debt	20.2	38.4	23,3
Short-term payables	271.8	448.7	171,2
TOTAL EQUITY AND LIABILITIES	3,134.1	3,323.9	2,595,9

INCOME STATEMENT

In 2008 Alba obtained a *Net profit* of 361.4 million euros, down 31.2% from 525.3 million euros the previous year. This decrease is due mainly to reduced gains on asset disposal and the impairment adjustment of the carrying amount of investment properties and the investment in Clínica Baviera. Earnings per share were down 29.4% from 8.26 euros to 5.83 euros.

Income from *Share of profit* of associates increased from 423.3 to 427.4 million euros as a result of earnings growth at ACS and Prosegur and the increased shareholding in ACS due to the cancellation by ACS of own shares held in treasury.

Lease income from investment property was 16.6 million euros, up 7.8% compared to the previous year. At 31 December 2008 the occupancy rate reached 96.1%.

According to appraisals by independent experts, the value of Alba's investment property decreased by 26.4 million euros during 2008. This amount has been charged to *Change in the fair value of investment property*. For properties held for the full year, this represents a decrease in value of 9.3% at the reporting date compared to the end of the previous year. At 31 December 2008 the fair value of investment property was 249.8 million euros.

The increase in *Net financial* costs from 2.2 to 15.1 million euros is due to the increase in average borrowing over the period and the decrease in finance income.

Profit/(loss) on assets shows a loss of 32.9 million euros, compared to a profit of 72.1 million the previous year, mainly explained by a charge of 27.9 million euros reflecting the decrease in the value of Clínica Baviera below its carrying amount. In 2007 this item included 48.5 million euros of capital gains from the sale of the stakes in March Unipsa Correduría de Seguros, March Gestión de Fondos and March Gestión de Pensiones and 23.6 million euros of capital gains on the sale of several real estate assets.

Operating expenses are down from 18.6 million euros in 2007 to 16.9 million euros in 2008 due to the sale of the interest in IslaLink. These operating expenses represent 0.47% of NAV before taxes at 31 December 2008.

Depreciation and amortisation is 1.0 million euros, down from 2.6 million euros the previous year, due to the sale of the interest in IslaLink.

The balance of *Provisions* is positive in the amount of 10.2 million euros due to the cancellation of provisions made in previous years for losses or responsibilities arising from litigation relating to the Company's business, there being no longer any reason to maintain the provisions.

CONSOLIDATED INCOME STATEMENTS (1)

Millions of euros	2008	2007	2006
Share of profit/(loss) of associates	427.4	423.3	365.6
Lease income and other items	16.6	15.4	15.6
Change in the fair value of investment property	(26.4)	37.2	16.8
Financial income	5.2	16.5	22.3
Profit/(loss) on assets	(32.9)	72.1	555.3
Sum	389.9	564.5	975.6
Operating expenses	(16.9)	(18.6)	(34.6)
Financial costs	(20.3)	(18.7)	(6.6)
Amortisation and depreciation	(1.0)	(2.6)	(0.9)
Provisions for liabilities and charges	10.2	-	(15.4)
Corporate income tax	0.4	-	0.2
Minority interests	(2.5)	0.4	-
Sum	(30.1)	(39.5)	(57.3)
Profit/(loss) from discontinued operations	1.6	0.4	-
NET PROFIT	361.4	525.3	918.3
Net earnings per share (euros)	5.83	8.26	14.15

(1) Items are grouped in these income statements according to management criteria and so do not necessarily coincide with the figures in the financial statements.

INFORMATION ABOUT EQUITY INVESTMENTS

ACERINOX

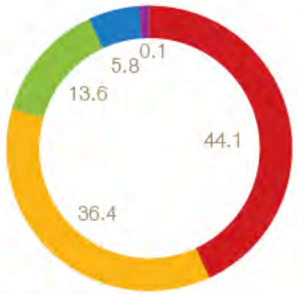
COMPANY DESCRIPTION

Acerinox is one of the world's leading stainless steel manufacturers.

The Company has three flat product plants (Algeciras, Spain; North American Stainless in Kentucky, the United States; and Columbus Stainless in Middelburg, South Africa); three long product plants (Roldán and Inoxfil in Spain and NAS Long Products in the U.S.); and an extensive sales network, with warehouses and service centres in more than 25 countries.

Acerinox is currently building a new stainless steel production plant in Johor Bahru (Malaysia), which will allow the Company to improve its access to Asian markets. This plant is expected to come into operation in 2011.

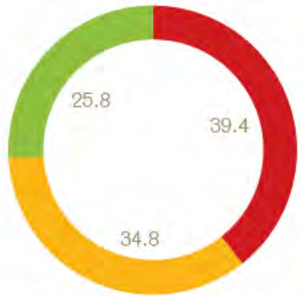
BREAKDOWN OF SALES BY REGION



Total 2008: €5,051M

- Europa **44.1%**
- America **36.4%**
- Asia **13.6%**
- Africa **5.8%**
- Oceania **0.1%**

BREAKDOWN OF MELTING SHOP PRODUCTION BY COMPANY



Total 2008: 2,044 thousands tonnes

- Acerinox **39.4%**
- NAS **34.8%**
- Columbus **25.8%**

KEY OPERATING DATA

Annual output in thousands of tonnes	2008	2007	2006
Raw steel	2,044	2,310	2.588
Hot-rolled products	1,796	2,040	2.249
Cold-rolled products	1,305	1,455	1.595
Long products	202	197	252
Number of employees (31/12)	7,510	7,450	7.204

KEY FINANCIAL DATA

In millions of euros unless otherwise indicated	2008	2007	2006
Sales	5,051	6,901	5,637
EBITDA	300	655	958
EBIT	48	526	858
Net results	(10)	312	503
Net earnings per share (euros)	(0.04)	1,20	1.94
Dividend and issue premium per share (euros)	0.45	0.45	0.34
ROE (%)	n.s.	13.5	22.1
Total assets	3,727	4,446	4,859
Net financial debt	939	923	1,254
Shareholders' equity	2,021	2,308	2,280
Debt / Equity (%)	46.5	40.0	55.0

REVIEW OF THE COMPANY'S OPERATIONS DURING 2008

2008 was undoubtedly the most complicated year in recent memory for stainless steel manufacturers, marked by two strong negative trends: a sharp fall in the nickel price and a collapse in industrial activity and consequently in end-users' demand for stainless steel, especially in the second half of the year.

The nickel price fell 58.1% in 2008, from $25,805/ tonne to $10,810/ tonne. This sharp fall was a continuation of the negative trend that followed the peak in May 2007, when the nickel price reached an all-time high of $54,200/ tonne. A low of $8,810/ tonne was reached in October 2008. The closing price at 31 December 2008 is down 80.1% from the May 2007 peak. The nickel price has remained weak in the first few months of 2009.

As in the second half of 2007, the sharply downward trend in the nickel price in 2008 led to a substantial drop in orders to stainless steel manufacturers, while stockists unloaded their inventories, driving down stainless steel prices in all markets. This situation of weak demand and low prices persisted throughout the year, worsening in the second half under the impact of the slump in industrial production at the global level, and has affected all the world's markets.

Demand slowed down in all world markets in 2008, especially in the second half.

According to Acerinox, deliveries of cold-rolled products in Europe by European manufacturers increased by 3.8%, while imports from other markets decreased 25.0% due to the declining demand and stainless steel prices in the European market. In long products, deliveries by European producers fell 7.9%, while imports from outside Europe fell 10.5%. Apparent consumption of flat products remained stable in 2008 in the twenty seven countries that form the European Union, with barely a 0.1% increase in the year.

In Spain the situation was aggravated by the structure of the local market, which is heavily dependent on the construction industry. Although sales declined across almost all industries over the year, the ones worst affected by the fall in demand were home appliances and automotive. Deliveries of cold and hot-rolled flat products fell 15.1% and 4.2%, respectively, over the year. In long products the fall was 9.0% compared to 2007. Apparent consumption of flat products in Spain decreased by 13.1% in 2008.

The demand decline was particularly steep in the United States, with a 20.2% reduction in the apparent consumption of flat products in 2008.

As a result of the decline in demand, world stainless steel production fell 6.9% in 2008, with falls of 4.9% in Europe, 7.3% in Asia and 11.1% in America.

In 2008 around 57.9% of world stainless steel production was concentrated in Asia, according to estimates made by the International Stainless Steel Forum. For the first time in several years, however, Asia ex-China saw a 10.3% decline in its stainless steel production, caused by shrinking domestic demand and a fall in exports to the European and U.S. markets. Even in China, which has been the region's main driving force in recent years, production was down 3.6% on the previous year, with capacity utilisation reaching very low levels during the last quarter of the year.
In this clearly adverse context Acerinox's production levels were below those of previous years. Raw steel production was 2.0 million tonnes, 11.5% less than in 2007, while hot-rolled production was 1.8 million tonnes, down 12.0%. Higher value added cold-rolled production was down 10.3% at 1.3 million tonnes. Long products reached 202 tonnes in 2008, an increase of 2.7% compared to the previous year.

In 2008 the Acerinox group posted a consolidated turnover of 5,051 million euros (-26.8%), an EBITDA of 300 million (-60.2%) and a net loss of 10 million euros, as against a profit of 312 million in 2007. These are the group's first annual losses since 1977. The sector deterioration over the year is reflected in Acerinox's half-yearly results, with a net profit of 155 million euros in the first half and a net loss of 165 million euros in the second. The second-half results are affected by the recognition of a provision of 128 million euros for the write-down of inventories to net realisable value.

Acerinox has shareholders' equity of 2,021 million euros and net debt of 939 million euros, representing 3.1 times consolidated EBITDA for 2008. It is worth pointing out that, despite difficult market conditions, net debt increased by only 1.8% during the year. Around 66% of the net debt is long-term.

Acerinox made investments totalling 342 million euros in 2008, notably in the production plants in the United States (165 million euros) and Spain (93 million euros).

On 6 March 2008 Acerinox announced the construction of a new stainless steel production plant in Johor Bahru (Malaysia), in collaboration with Nisshin Steel and Metal One. Acerinox has a 67% interest in the project, Nisshin Steel 30% and Metal One the remaining 3%.

Once completed, the Johor Bahru plant will have an annual production capacity of one million tonnes of raw steel and 600,000 tonnes of cold-rolled products, for a total investment of approximately 1,500 million dollars. The first phase, already approved, entails investments totalling 320 million dollars and is expected to come into operation in 2011, with cold rolling capacity of 180,000 tonnes. The construction of this new plant will significantly improve Acerinox's geographic coverage, providing easier access to Asian markets, which are growing faster than Europe or America.

The following table provides summarised production and financial data on the main companies in the Acerinox group:

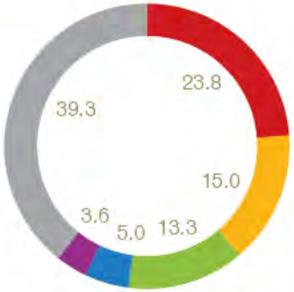
Data for 2008	Acerinox	NAS	Columbus	TOTAL	Change over 2007
Annual output in thousands of tonnes					
Raw steel	806	709	528	**2,044**	(11.5%)
Hot-rolled products	674	602	519	**1,796**	(12.0%)
Cold-rolled products	538	464	303	**1,305**	(10.3%)
Long products	119	84	-	**202**	+ 2.7%
Financial information (1)					
SAles	1,957	1,803	1,067	**5,051**	(26.8%)
Net profit after tax (2)	(35)	102	10	**(10)**	n.m.
Number of employees (31/12) (3)	2,667	1,377	1,920	**7,510**	+ 0.8%

(1) In millions of euros.
(2) Net profit includes a provision in the amount of 128 million euros for a reduction in the realisable value of inventories.
(3) The total number of employees includes the employees of Roldán, Inoxfil and the Spanish and foreign sales companies, amounting to 1,546 people at 31 December 2008.

SHAREHOLDER STRUCTURE

During 2008 Alba's interest in Acerinox increased by 0.53%, mainly due to the cancellation by Acerinox of 2.0% of treasury shares, pursuant to a resolution of the Annual General Meeting on 27 May 2008 and, to a much lesser extent, the investment by Alba of 2.0 million euros in the acquisition of additional shares. As a result, Alba has consolidated its position as the largest shareholder of Acerinox, with a 23.77% stake at 31 December 2008 and three representatives on the Acerinox Board of Directors: Mr. Juan March de la Lastra, Mr. Santos Martínez-Conde Gutiérrez-Barquín and Mr. Fernando Mayans Altaba.

ACERINOX SHAREHOLDER STRUCTURE AT 31/12/2008



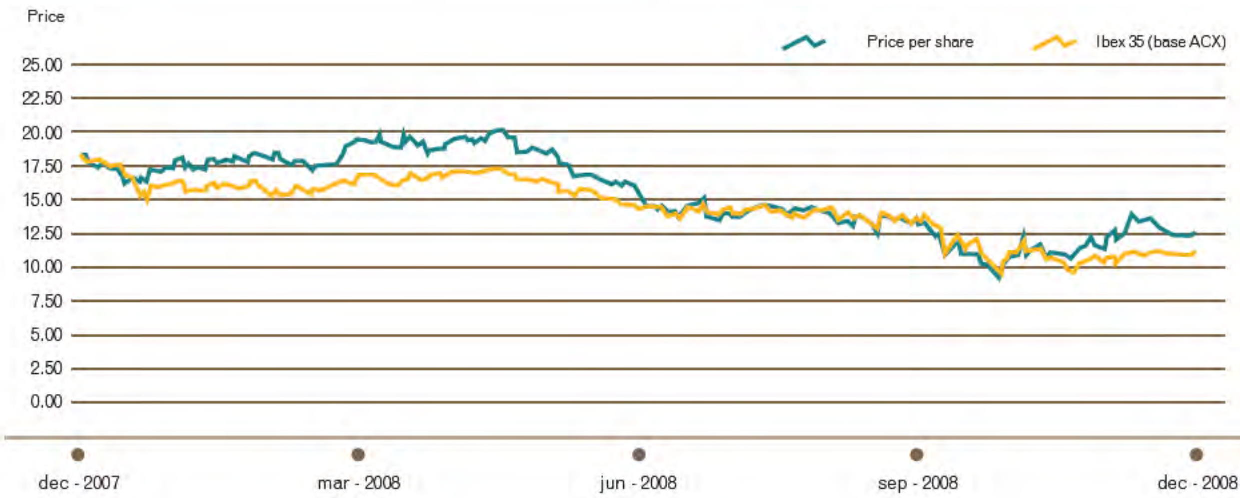
- Alba **23.8%**
- Nishin Steel **15.0%**
- Omega Capital **13.3%**
- Casa Grande Cartagena **5.0%**
- Metal One **3.6%**
- Free-float **39.3%**

Source: CNMV.

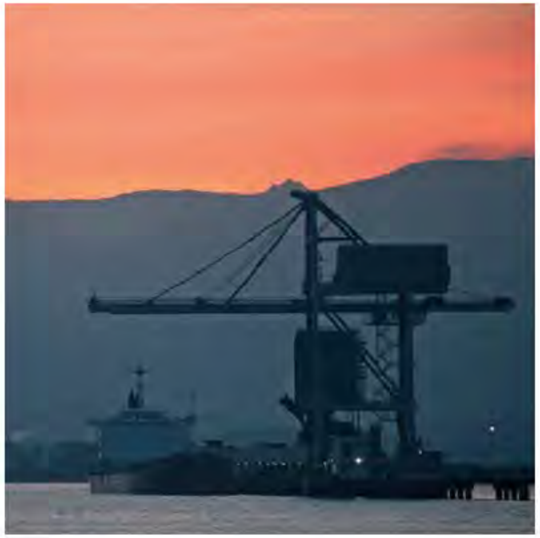
ACERINOX SHARE PRICE PERFORMANCE

The Acerinox share price fell 31.9% over the year, compared to the 39.4% fall in the Ibex 35, ending the year at 11.37 euros per share. This performance is attributable to the Company's results in a year characterised by a sharp fall in the nickel price and in the demand for stainless steel in all markets.

ACERINOX SHARE PRICE PERFORMANCE SINCE 31 DECEMBER 2007



Source: Bloomberg.



HISTORICAL STOCK MARKET DATA

	2008	2007	2006
Share price in euros per share (closing prices)			
High	18.17	23.29	24.00
Low	8.42	16.74	11.73
Close	11.37	16.83	23.05
Number of shares in issue (thousands)	254,300	259,500	259,500
Stock market capitalisation at 31/12 (million euros)	2,891	4,367	5,981
Volume traded			
Total number of shares (thousands)	500,288	635,223	576,489
Daily average: In thousands of shares	1,970	2,511	2,270
As % of total shares in issue	0.77%	0.97%	0.87%
In millions of euros	28	48	34
Dividend yield (on closing price for the year)	3.96%	2.67%	1.96%
P/E ratio (on closing price for the year)	n.m.	14.0 x	11.8 x

www.acerinox.es

ACS

COMPANY DESCRIPTION

ACS is the largest construction and services company in Spain by sales and stock market capitalisation, with a very significant presence in other industries that are key to the economy, such as infrastructure and energy.

ACS was created in 1997 from the merger of OCP, Ginés Navarro and Auxini. The acquisition of a significant shareholding in Dragados in 2002 and the subsequent merger of ACS and Dragados in 2003 made the ACS Group the market leader in Spain and one of the top companies in Europe in construction, industrial services and concessions.

While integrating with other companies in construction, industrial services and concessions, which are its traditional core businesses, ACS has in recent years redoubled its efforts to strengthen its position in the energy sector and has sought to expand its traditional businesses internationally

KEY FINANCIAL DATA

In millions of euros unless otherwise indicated	2008	2007	2006
Sales	16,010	15,345	14,067
EBITDA	1,480	1,380	1,270
EBIT	1,097	1,057	972
Net profit	1,805	1,551	1,250
Net earnings per share (euros)	5.43	4.51	3.58
Dividend per share (euros)	2.05	1.75	1.25
ROE (%)	38.8	49.8	45.5
Total assets	51,398	49,593	25,183
Net financial debt	9,356	7,939	8,746
Shareholders' equity	9,913	10,441	3,256
Debt / Equity (%)	94.4	76.0	268.6

Note: Pro forma figures considering Unión Fenosa as an available-for-sale financial asset in 2007 and 2008.

ACS's activities are divided into four large business areas: Construction, Industrial Services and Energy, Environment and Logistics, and Concessions.

CONSTRUCTION

This business area encompasses civil engineering and residential and non-residential construction. ACS is one of Europe's largest construction companies by sales and profitability, with particular strength in civil engineering, which in 2008 accounted for 62% of sales revenue and 77% of the order backlog at the end of the year. In civil engineering ACS's Construction business area participates in the design, tender, financing and execution of concessions. In the last few months of 2008 ACS was awarded three large construction projects on a concession basis, adding more than 1,000 million euros to the Company's civil engineering order backlog outside Spain: the Autoroute 30 toll road in Montreal (Canada), Interstate 595 in Florida (U.S.) and the Baixo Alentejo motorway in Portugal. Construction activities are carried out through Dragados and its subsidiaries.

INDUSTRIAL SERVICES AND ENERGY

ACS has extensive experience throughout the industrial services value chain, from promotion, applied engineering and new project construction to industrial infrastructure maintenance in industries such as energy, communications and control systems. Industrial Services are classified in two broad areas: Industrial Installations and Maintenance (68% of sales and 64% of the backlog in 2008), which includes networks, specialised installations and control systems; and Integrated Projects (32% of sales and 36% of the backlog in 2008), which includes EPC projects and renewables. These services include the development and maintenance of electricity generating facilities and electricity, gas and water distribution networks, conventional and high-speed railways, large gas and oil industry projects, combined cycle plants, regasification and renewable energy plants, technology systems related to telecommunications, road and rail traffic, public lighting and industrial control, etc. Notable investments in this area include wind and solar thermal power projects. At 31 December 2008 ACS was involved in renewable projects in operation or under construction totalling 1,449 MW of installed capacity and had projects in development representing a further 2,049 MW. ACS was also awarded the Castor project, involving the construction of a strategic storage facility for national gas reserves in exhausted oil wells on the East coast of Spain, at an investment of more than 1,400 million euros. The main companies in this business area are Cobra, DINSA and their subsidiaries.

ENVIRONMENT AND LOGISTICS

This business area encompasses three different business lines, all of which operate under concessions or long-term contracts:

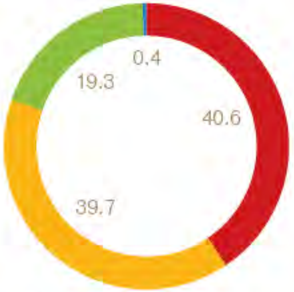
- **Environmental Services** (Urbaser), specialising in the management and treatment of urban and industrial waste and water management.
- **Facility Management** (Clece), which engages in a wide range of activities such as comprehensive building and facility maintenance, gardening and reforestation, airport services, and management of advertising spaces on large buildings and vehicles.
- **Port and Logistic Services** (Dragados SPL), operates mainly in port management and handling, shipping agency, dry dock management, combined transport and logistics in general.

CONCESSIONS

Through Iridium, ACS has shareholdings in various toll road concessionaires in Spain, Chile, Greece, Ireland, Portugal, United Kingdom and South Africa; and in railway and public facility concessionaires in Spain. The ACS Group is a world leader in the promotion, financing, construction, management and operation of new transport infrastructures. In 2008 ACS sold various assets in the Concessions area: the holding company for ACS's investments in the Chilean toll roads Autopista Central (50%) and Rutas del Pacífico (48%) was sold to Abertis and a private equity company belonging to Grupo Santander for 728 million euros; 100% of Desarrollo de Concesiones Aeroportuarias (DCA), a company that includes various airport concessions in Chile, Colombia, Jamaica and Mexico, was sold to Abertis for 271 million euros; and the 6.7% stake in the Scutvias Autostrade da Beira Interior toll motorway in Portugal was sold to the local construction firm Soares da Costa for 56 million euros.

Meanwhile, ACS retains a 25.8% stake in the motorway concession operator Abertis, which has significant business interests in telecommunications, car parks and airports.

BREAKDOWN OF SALES BY BUSINESS SEGMENT



Total 2008: €16,010 m

- Construction **40.6%**
- Industrial Servicesand Energy **39.7%**
- Environment and Logistics **19.3%**
- Concessions **0.4%**

BREAKDOWN OF NET PROFIT BY BUSINESS SEGMENT

Total 2008: €1,805 m

- Construction **25.0%**
- Industrial Servicesand Energy **28.0%**
- Environment and Logistics **13.0%**
- Concessions **9.0%**
- Corporation and Others **25.0%**

Note: Chart based on the contribution of the different businesses to sales and consolidated net profit. In net profit, "Concessions" includes the contribution of Abertis to net profit after deducting the associated finance charge, while "Corporation and Others" includes the interest in Unión Fenosa (which is accounted for as a current available-for-sale financial asset) and extraordinary income.

On 30 July 2008 ACS reached an agreement for the sale of its stake in Unión Fenosa to Gas Natural for 7,590 million euros, of which 1,675 million was received at the beginning of August 2008 and the rest at the end of February 2009.

KEY PERFORMANCE INDICATORS BY BUSINESS SEGMENT

Millions of euros	2008	2007	2006
Construction			
Turnover	6,625	7,353	6,750
Net profit	275	310	282
Order backlog	11,023	12,011	10,661
Industrial Services and Energy			
Turnover	6,477	5,489	4,748
Net profit	317	265	223
Order backlog	6,244	5,854	5,087
Environment and Logistics (1)			
Turnover	3,148	2,835	2,657
Net profit	145	132	129
Order backlog	16,839	14,458	14,171
Total number of Employees	141,002	132,048	123,652

(1) The 2006 figures include Continental Auto.

REVIEW OF THE COMPANY'S OPERATIONS DURING 2008

Despite the economic crisis, ACS's various divisions turned in an excellent operating performance in 2008. Group comparable sales reached 16,010 million euros, up 4.3% on the previous year, while net profit rose 16.4% to 1,805 million euros. The increase in earnings per share (20.5%) is greater than the increase in net profit on account of the purchase and cancellation of own shares.

Construction posted sales of 6,625 million euros, a decrease of 9.9% compared to 2007. Of this total, 4,117 million (62.1%) was from civil engineering projects and 2,508 million (37.9%) from residential (15.4%) and non-residential (22.5%) construction projects. International sales of 816 million euros accounted for 12.3% of the total, up 88.6% compared to 2007. The net profit of the Construction division was 275 million euros, down 11.4% compared to the previous year. The order backlog decreased 8.2% in 2008 to 11,023 million euros. Growth of 13.5% in international orders and 6.3% in civil engineering mitigated the sharp fall in non-residential and (especially) in residential building. International activities accounted for 23.1% of the total backlog at the end of 2008.

Industrial Services and Energy maintained the same strong rate of growth in 2008 as in previous years, driven by activities in all areas, especially in Integrated Projects and in the Special Facilities area within Industrial Installations and Maintenance. Turnover was 6,477 million euros, 18.0% higher than in 2007, while net profit was 317 million, up 19.5%. Installations and Comprehensive Maintenance accounted for 68.4% of total sales in 2008 and Integrated Projects, the remaining 31.6%. Around 34.2% of 2008 sales were international, compared to 31.1% in 2007. The order backlog grew 6.7% in 2008 to 6,244 million euros, of which 2,066 million (33.1%) related to international projects.

The Environment and Logistics area reported sales of 3,148 million euros in 2008, 13.4% from outside Spain, representing an increase of 11.1% compared to the previous year. Net profit increased 9.9% in 2008 to 145 million euros. The distribution of 2008 sales among the various activities in this area was as follows: Environmental Services (Urbaser), 46.8% of the total; Facility Management (Clece), 29.9% of the total; Port and Logistic Services (Dragados SPL), the remaining 23.3%. The order backlog grew 16.5% in 2008 to 16,839 million euros, of which 28.1 million related to international markets.

The Concessions area achieved sales of 66 million euros and net profit of 641 million euros thanks to the sale of concession assets already mentioned. Given the nature of its business (concession development and operation), the results of this area do not reflect the value of its assets and projects, which will only contribute significant profits to the ACS group as projects mature or assets are sold.

Unión Fenosa contributed 787 million euros to the ACS group's net profit for 2008 through "Profit/(loss) from discontinued operations", as this interest was classified in "Current available-for-sale financial assets" under the sale agreement reached with Gas Natural in July 2008.

The gross contribution of Abertis was 130 million euros using the equity method, 8.3% less than the previous year. Iberdrola's contribution to ACS's results was 111 million euros, up 14.8% on 2007, via accrued dividends accounted for as finance income. Hochtief contributed gross profit of 44 million euros using the equity method, up 43.6% on the previous year. The net financial costs associated with these investments in 2008 were 268 million euros.

Order intake increased over the year, so that the ACS group order book ended the year at 34,106 million euros, up 5.5% on the previous year, despite the difficult economic conditions.

During 2008 ACS made investments totalling 2,969 million euros. The 1,158 million euros of investments in Industrial Services and Energy included 455 million euros in various wind farms and 416 million in various solar thermal plants. The investments in Environment and Logistics, Concessions and Construction amounted to 351, 185 and 101 million euros, respectively. In addition, ACS made corporate investments totalling 1,174 million euros, including various investments in Abertis, Hochtief, Iberdrola and

Unión Fenosa. Divestments totalled 2,798 million euros, including the sale of 9.99% of Unión Fenosa for 1.675 million euros and the sale of concession assets already mentioned. As a result of these investments and divestments, ACS's net debt at the end of 2008 stood at 9,355 million euros, 6,422 of which was financing without recourse to the shareholders. Around 49.2% of the debt raised without recourse to shareholders is linked to the acquisition of shares in Hochtief and Iberdrola. If the sale of the remaining 35.3% of Unión Fenosa, completed at the end of February 2009, is included in the calculation, the consolidated net financial debt of ACS would be reduced to 6,152 million euros, 3.6 times the 2008 consolidated EBITDA plus dividends received from investees.

SHAREHOLDER STRUCTURE

Alba increased its shareholding in ACS by 2.38% in 2008 as a result of the cancellation by ACS of treasury shares representing 9.88% of its share capital during the year: 4.95% in the Ordinary General Meeting held on 25 May and a further 4.93% in the Extraordinary General Meeting held on 3 December. Alba reinforced its position as the largest shareholder of ACS by this increase. At 31 December 2008 Alba held 24.51% of ACS's equity capital and had four representatives on the Company's Board of Directors: Mr. Pablo Vallbona Vadell, Mr. Juan March De la Lastra, Mr. Santos Martínez-Conde Gutiérrez-Barquín and Mr. Francisco Verdú Pons.

ACS SHAREHOLDER STRUCTURE AT 31/12/2008

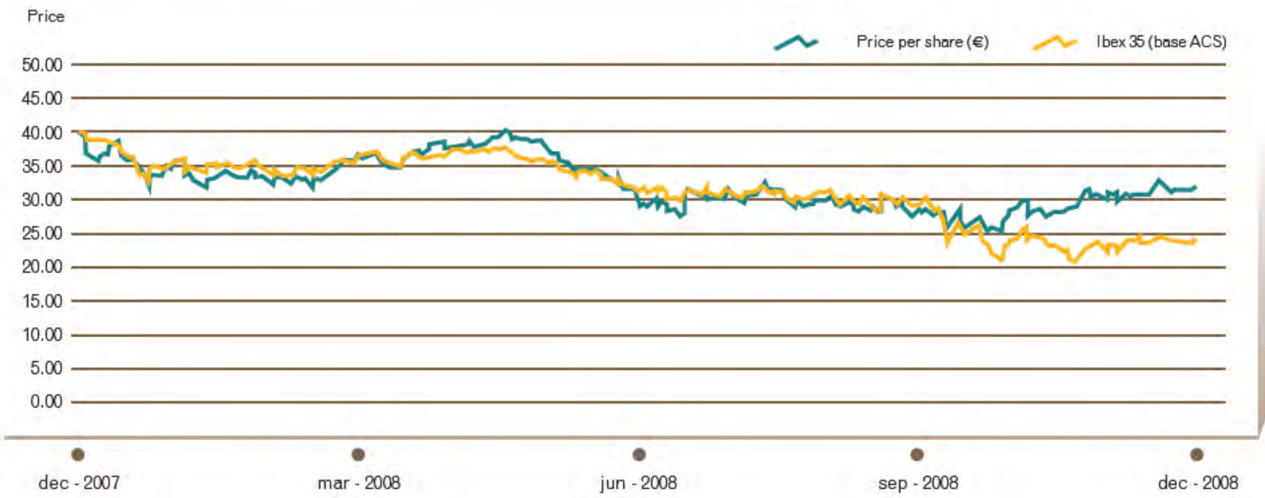
- Alba **24.5%**
- Alcor **12.5%**
- Inv. Vesan **11.0%**
- Iberostar **5.0%**
- Free-float **47.0%**

Source: CNMV.

ACS SHARE PRICE PERFORMANCE

During 2008 the ACS share price fell 19.7% to 32.65 euros per share, compared to the 39.4% fall in the Ibex 35. Considering the overall behaviour of the markets during the year, in which the construction, property and financial industries suffered particularly badly, ACS's share price performance can be considered satisfactory. It is worth noting that ACS allocated 1,274 million euros to shareholder remuneration in 2008, including dividend payouts and own share purchases..

ACS SHARE PRICE PERFORMANCE FROM 31 DECEMBER 2007 TO 31 DECEMBER 2008



Source: Bloomberg.

HISTORICAL STOCK MARKET DATA

		2008	2007	2006
Share price in euros per share (closing prices)				
High		40.64	50.95	43.70
Low		25.80	32.10	26.62
Close		32.65	40.65	42.71
Number of shares in issue (thousands) (1)		335,390	352,873	352,873
Stock market capitalisation at 31/12 (million euros)		10,950	14,344	15,071
Volume traded				
Total number of shares (thousands)		443,988	521,558	341,195
Daily average:	In thousands of shares	1,755	2.061	1,343
	As % of total shares in issue	0.51%	0.58%	0.36%
	In millions of euros	58	89	43
Dividend yield (on closing price for the year)		6.28%	4.31%	2.93%
P/E ratio (on closing price for the year)		6.0 x	9.0 x	11.9 x

(1) The Extraordinary General Meeting of ACS held on 3 December 2008 approved the cancellation of own shares representing 4.93% of the share capital. This cancellation did not take effect until January 2009, reducing the number of shares in issue to 318.6 million.

Through its shareholding in ACS, Alba has an indirect interest in three listed companies: Abertis, Hochtief and Iberdrola. In July 2008 ACS reached an agreement for the sale of its 45.3% stake in Unión Fenosa to Gas Natural for 7,590 million euros: an initial 9.99% was sold on 1 August 2008 and the remaining 35.31% on 26 February 2009. El valor de mercado de estas participaciones asciende a 5.344 millones

In millions of euros	Abertis	Hochtief	Iberdrola
Business activity	Infrastructure concessions	Construction	Utilities
ACS shareholding (31/12) (1)	25.8%	30.0%	7.5%
Market capitalisation (31/12)	8,446	2,360	32,715
Sales 2008	3,679	19,103	25,196
EBITDA 2008	2,256	703	6,412
Net profit 2008	618	175	2,861

(1) Direct shareholdings. ACS has an additional 5.1% interest in Iberdrola through derivative instruments. ACS exercised the option on 4.9% of Hochtief at the end of 2008.

The market value of these investments was 5,344 million euros at the end of the year, as detailed below:

In millions of euros	Market capitalisation	ACS direct shareholding	Value of ACS shareholding
Abertis	8,446	25.8%	2,182
Hochtief	2,360	30.0%	708
Iberdrola	32,715	7.5%	2,454
			5,344

A summary of these three companies' performance in 2008 is given below.

www.grupoacs.com

ACS

ABERTIS

Abertis is the leader in transport and telecommunications infrastructure management in Europe. At 31 December 2008 it operated 3,308 kilometres of toll roads in Spain and France and Spain's leading network of sites for the broadcasting of radio and television signals. It also had a growing presence in satellite communications through Eutelsat and Hispasat. Through TBI, Abertis operates airports in London Luton, Belfast, Cardiff, Stockholm and Orlando Sanford, as well as three airports in Bolivia, and has interests in fifteen airports in Mexico, Jamaica, Chile and Colombia, handling more than 61.1 million passengers in 2008. Through its subsidiary SABA it manages 106,000 parking places in six countries, mainly Spain, Italy and Portugal.

Consolidated revenue from the toll road business grew 0.2% in 2008 to 2,756 million euros, affected by the decline in traffic (-3.6%), which was offset by the toll review. The telecommunications division reported revenue growth of 9.1% to 431 million euros, thanks to growth in the audiovisual business in Spain, driven by the increase in DTT coverage and analog coverage by some channels and the increase in wholesale services to operators. Passenger numbers in the airports managed by Abertis increased by 3.6%, while revenue increased 0.3% to 300 million euros under the impact of the weakness of the pound (+7.3% at a constant exchange rate). Sales revenue in the car parks business grew 3.0% to 135 million euros.

Corporate transactions carried out during the year included: the acquisition of 57.7% of the investment vehicle that controls 50% of the Chilean toll roads Autopista Central and Rutas del Pacífico for 420 million euros; the acquisition of the airport management company DCA (which has 15 airports in four Latin American countries) for 276 million euros; and the acquisition of 33.4% of the Spanish satellite operator Hispasat for 262 million euros to become Hispasat's largest shareholder. In addition, in December Abertis reached an agreement with the Citigroup infrastructure fund for the purchase of three Itinere assets – 50% of Avasa (Bilbao-Zaragoza motorway), 50% of Rutas del Pacífico (Chile) and 50% of Elqui (Chile) – for 621 million euros. This agreement is currently being negotiated and will allow Abertis to become the majority shareholder of the three abovementioned concessionaires, foreseeably by May 2009.

On the other hand, the consortium led by Abertis did not extend its proposal for the Pennsylvania Turnpike in the United States beyond the 30 September expiry date, as conditions were not appropriate. The project involved the privatisation of 801 kilometres of toll highway in the State of Pennsylvania through a 75-year concession and would have been one of the biggest ever motorway privatisations in the United States. The consortium's offer was close to 12,800 million dollars and would have entailed heavy borrowing by Abertis and its partners Citigroup Infrastructure Fund and Criteria.

In 2008 Abertis reported net profit of 618 million euros on revenues of 3,679 million.

ACS is represented on Abertis's Board of Directors by Mr. Pablo Vallbona Vadell, Alba's First Vice-Chairman.

KEY FINANCIALS

In millions of euros	2008	2007	2006
Shareholders' equity	**4,779**	5,020	4,447
Turnover	**3,679**	3,620	3,335
EBITDA	**2,256**	2,269	2,099
Net profit	**618**	682	530
Stock market capitalisation (a 31-12)	**8,446**	14,071	13,680

www.abertis.com

ACS

HOCHTIEF

In March 2007 ACS acquired a 25.1% stake in the German construction company Hochtief for 1,267 million euros, which it increased before the end of the year with the acquisition of a further 4.9% through derivative contracts. ACS recently exercised these derivatives, bringing its direct shareholding to 30.0%.

Hochtief is one of the world's largest construction and infrastructure development groups, with a broad international presence. It is the largest construction company in Europe and fourth largest in the world by revenue, the world's number one in international sales, and one of the world's top ten developers and operators of infrastructure concessions.

Hochtief is divided into six divisions based on business activity and geographical area:

The **Americas** division comprises construction activities (mainly building) in the United States, via its subsidiary Turner, and to a lesser extent Canada (Aecon) and Brazil (Hochtief do Brasil).

The **Europe** division includes civil and structural engineering in Germany and Central and East European countries. In these markets Hochtief specialises in large infrastructure projects (ports, bridges, tunnels, etc.) and commercial properties and healthcare facilities.

The **Asia Pacific** division is centred on Australia, where it operates through its listed subsidiary Leighton Holdings. Its activities include construction (civil engineering and building), services, concessions and mine operation and management (in which Leighton Holdings is the global leader).

The **Concessions** division includes investments and management contracts in concession projects such as airports, toll roads, bridges, tunnels, schools, hospitals, prisons and public sector buildings. Hochtief Concessions is one of the world's leading airport managers, currently managing airports in Athens, Budapest, Dusseldorf, Hamburg, Sidney and Tirana, handling more than 90 million passengers in 2008.

The **Real Estate** division encompasses urban property development projects and comprehensive building maintenance and management services.

The **Services** division is focused on the provision of integrated plant and facility management and maintenance services, including energy management and saving services for buildings and facilities. The divisions' contributions to the Hochtief group's consolidated sales were as follows: Americas 42.4%, Asia Pacific 36.3%, Europe 12.7%, Real Estate 4.2%, Services 3.6% and Concessions 0.9% (this latter limited by an accounting and consolidation effect: in fact, Concessions accounted for 19.7% of group profit before taxes). In terms of profit before taxes, the lion's share came from Asia Pacific, Americas and Concessions, while Europe continued to show losses in 2008, through significantly smaller than the previous year, mainly due to the restructuring of the division's building activities in Germany.

KEY FINANCIALS

In millions of euros	2008	2007	2006
Shareholders' equity	2,861	3,001	2,346
Turnover	19,103	16,452	15,508
EBITDA	703	435	546
Net profit	175	141	89
Stock market capitalisation (a 31-12)	2,360	6,407	3,864

www.hochtief.com

ACS

IBERDROLA

In September 2006 ACS acquired an initial stake in Iberdrola, which it increased in 2007 and 2008. ACS currently has a total shareholding of 12.6% in Iberdrola, of which 7.5% is held directly in shares and 5.1% indirectly through derivatives, and is the Company's largest shareholder.

Iberdrola is Spain's largest electricity company, with total installed capacity of 26,369 MW, net production of 67,626 GWh, energy billed to end users of 105,007 GWh and 10.2 million electricity and gas connection points under management. If international activities are included, total installed capacity amounts to 43,311 MW, net production to 141,268 GWh, energy billed to 181,794 GWh, and the number of connection points under management to more than 27.6 million worldwide, including gas and electricity. Iberdrola is the largest Spanish energy company by market capitalisation.

In September 2008 Iberdrola completed the acquisition of 100% of the U.S. company Energy East for 6,091 million dollars, including the assumption of 2,869 million dollars of debt. The financing of this acquisition was completed soon after it was announced, in June 2007, by means of a capital increase of approximately 3,400 million euros.

The 2008 results are affected by the fact that this was the first complete year with ScottishPower as a member of the Group and, to a lesser extent, by the integration of Energy East in the last quarter of the year. Highlights include the strong growth of Iberdrola Renewables and the contribution of ScottishPower to group performance (accounting for 31.7% of total turnover and 23.5% of total EBITDA), despite the decline of sterling against the euro. The energy business in Spain, which includes the electricity generation, distribution and marketing activity and the gas business, experienced good growth, especially in generation as a result of the increase in the pool price during the year. Earnings growth in Latin America was low on account of the depreciation of the local currencies against the euro, higher depreciation and amortisation expense, and tariff reductions in Brazil. Income from non-energy businesses fell significantly, mainly due to the slowdown in the property businesses in Spain, while the Engineering and Construction activities succeeded in maintaining high activity levels, especially in international markets.

KEY FINANCIALS

In millions of euros	2008	2007	2006
Shareholders' equity	**25,708**	27,832	10,567
Turnover	**25,196**	17,468	11,017
EBITDA	**6,412**	5,538	3,890
Net profit	**2,861**	2,354	1,660
Stock market capitalisation (a 31-12)	**32,715**	51,934	29,859

www.iberdrola.es

CLÍNICA BAVIERA

COMPANY DESCRIPTION

Clínica Baviera is the leading provider in Spain of ophthalmological services for the correction of eye conditions such as myopia, astigmatism or presbyopia. At 31 December 2008 Clínica Baviera had 54 eye care clinics and counselling centres, of which 39 were in Spain, 13 in Germany, Austria and the Netherlands (through the subsidiary Care Vision), and two in Italy; and a team of 135 ophthalmic surgeons.

Clínica Baviera also offers aesthetic and cosmetic surgery services through Clínica Londres. At year-end 2008 Clínica Londres had 13 centres in Spain, at which it provides services including cosmetic medicine, plastic surgery and obesity treatment.

In 2008 Clínica Baviera accelerated its international expansion through the acquisition of Care Vision (a company with eye care clinics in Germany, Netherlands and Austria) and the opening of a second eye care centre in Milan (Italy).

The Company has been listed since 3 April 2007.

KEY FINANCIALS

in millions of euros unless otherwise indicated	2008	2007	2006
Sales	88	78	59
EBITDA	17	23	21
EBIT	11	18	18
Net profit	7	12	12
Earnings per share (euros	0.43	0.74	0.72
Dividend per share (euros)	0.00	0.47	0.46
ROE (%)	34.2	62.7	63.4
Total assets	64	45	43
Net financial debt	16	(3)	(7)
Shareholders' equity	19	20	19
Debt / Equity (%)	81.9	(13.6)	(36.3)

Note: In 2006 Clínica Baviera's financial year ended on 30 November. In 2007 the closing date was changed to 31 December.

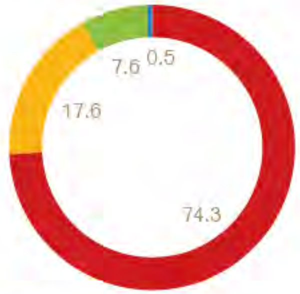
REVIEW OF THE COMPANY'S OPERATIONS DURING 2008

In 2008 Clínica Baviera carried out more than 63,000 eye operations and attended to nearly 73,000 patients. It currently has an estimated market share of nearly 30% in laser eye surgery in Spain. In 2008 Clínica Baviera slightly reduced the rate of organic growth compared to recent years, opening four new eye care centres, three in Spain and one in Italy. In contrast, the acquisition of Care Vision entails a considerable leap in its international expansion strategy, bringing significant market share gains in key countries such as Germany and the Netherlands. The acquisition price was 8 million euros, plus future payments of up to 10 million euros, depending on the Company's performance.

The economic crisis has affected Clínica Baviera through the decline in demand and the consequent decrease in sales and margins. Clínica Baviera's strategy for 2009 in ophthalmic services in Spain is focused on consolidating and increasing its market share, growing the business of laser vision correction for presbyopia and intraocular surgery, and maintaining margins through cost containment. Outside Spain, the Company's objectives in Care Vision are to complete the subsidiary's integration in the group and consolidate the new centres opened in 2008. In Italy the goal is to increase brand awareness and number of patients in order to improve profitability. During 2009 Clínica Baviera plans to open two new clinics in Spain and another five in the markets served by Care Vision.

In the aesthetics business, Clínica Londres has significantly expanded its network of cosmetic and medical surgery and treatment centres in Spain, having opened three new clinics in 2008, bringing the total to 13 at the end of the year. Clínica Baviera's strategy for 2009 in the aesthetic medicine business is determined by the weakness of demand and is focused primarily on recovering margins and implementing efficient marketing policies, there being no plans to open new clinics. The long-term goal is to make Clínica Londres the leader in aesthetic medicine in Spain.

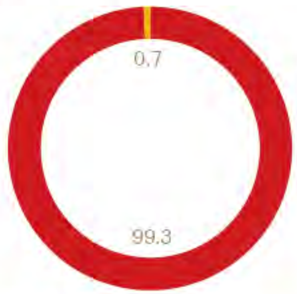
SALES BY BUSINESS SEGMENT



Total 2008: €88 m

- CB Spain **74.3%**
- CB London **17.6%**
- Care Vision **7.6%**
- CB Italy **0.5%**

EBITDA BY BUSINESS SEGMENT



Total 2008: €17 m

- CB Spain **99.3%**
- Care Vision **0.7%**

(*) Both Clínica Baviera Italia and Clínica Londres have negative EBITDA as a result of the expansion process and the business slowdown.

The ophthalmic surgery area accounts for the bulk of the Clínica Baviera group's turnover, with sales of 73 million euros in 2008, up 10.2% compared to the previous year, thanks to the integration of Care Vision and the first contributions from the Italian operations. If we consider Clínica Baviera España on its own, total revenues decreased 0.6% in 2008 to 65 million euros. This slight fall is due to the worse performance of the clinics in existence at the beginning of 2007 (like-for-like sales down 6.3%) which was almost completely offset by the income from the new clinics opened in 2007 and 2008, which contributed 8.5% of total 2008 sales.

The EBITDA of the ophthalmic surgery area fell 21.1% in 2008 to 18 million euros under the impact of the 16.3% decline in Spain and the start-up losses in Italy, while the contribution of Care Vision to EBITDA this year was almost nil. Focusing on the activities in Spain, the EBITDA margin fell from 34.3% in 2007 to 28.9% in 2008 as a result of higher consumption due to the increase in intraocular surgery, which has a higher cost per lens, and higher staff costs associated with the more recent openings.

The aesthetic surgery area is currently in a phase of consolidation, following the substantial increase in number of clinics since 2006. Revenues from this business increased 22.7% in 2008 to 15 million euros, thanks to the contribution of the newly opened clinics, despite a slight fall of 1.5% in like-for-like sales in the clinics already in existence in December 2006. The 2008 EBITDA is slightly negative, on account of the start-up costs of the new clinics. Overall, Clínica Baviera's sales were up 12.2% at 88 million euros, EBITDA up 23.8% at 17 million euros and net profit up 44.0% at 7 million euros.

A total of 8 million euros was invested in organic growth in 2008, through the opening of new clinics (52.9% of the total) and new equipment and alterations to existing clinics (the remaining 47.1%). Some 79.2% of the investment went to ophthalmic services (65.8% in Spain and 13.4% in Care Vision) and the remaining 20.8% to the cosmetic surgery area. As already mentioned, the acquisition of Care Vision itself entailed an investment of 8 million euros.

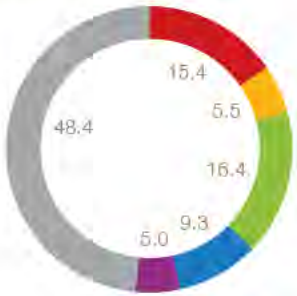
Clínica Baviera's high rate of cash generation allowed it to maintain a strong financial position, with net debt of 16 million euros at 31 December 2008, less than one times 2008 consolidated EBITDA, despite the investments made during the year and the payment of a dividend totalling more than 7 million euros out of 2007 earnings.

On 25 March 2009 Clínica Baviera announced that the 2008 profit would be allocated to voluntary reserves to increase the Company's capital strength at a time of international expansion. In line with previous years, it is foreseeable that the Company would resume dividend payments if the 2009 budget is met.

SHAREHOLDER STRUCTURE

At 31 December 2008 Alba had a 16.36% interest in Clínica Baviera and was the second largest shareholder after Messrs. Julio and Eduardo Baviera. Alba is represented on Clínica Baviera's Board of Directors by Mr. Luis Lobón Gayoso.

CLÍNICA BAVIERA SHAREHOLDER STRUCTURE AT 31/12/2008



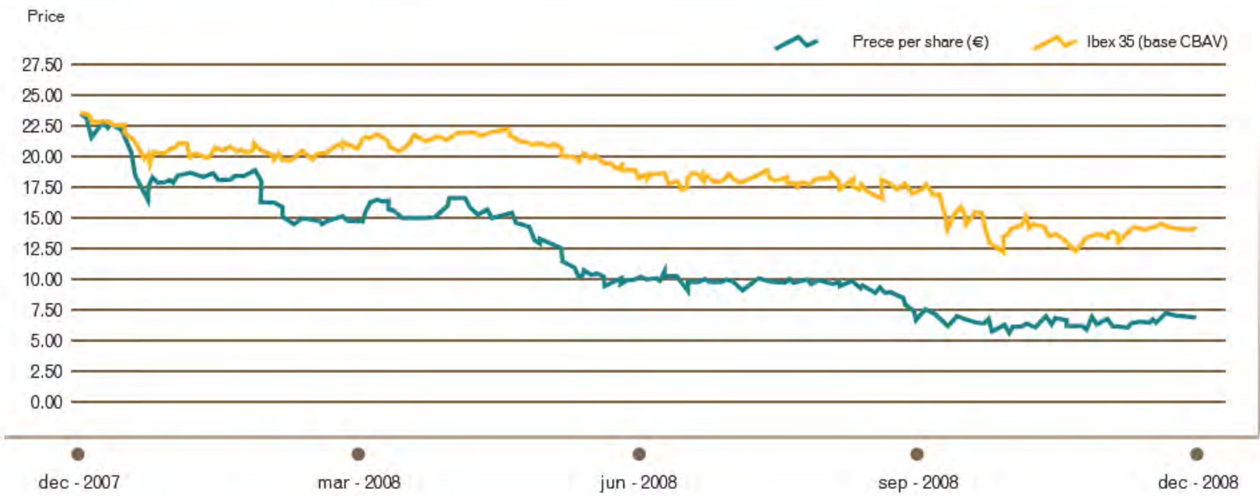
- Investments Ballo Holdings **15.4%**
- Inversiones Telesan **5.5%**
- Alba **16.4%**
- Inversiones Dario 3 **9.3%**
- South American Farming **5.0%**
- Free-float **48.4%**

Source: CNMV.

CLÍNICA BAVIERA SHARE PRICE PERFORMANCE

The Clínica Baviera share started trading on 3 April 2007 at a price of 18.40 euros. That same year the price rose 29.4% compared to the initial offering price. In 2008 the Clínica Baviera share price suffered a steep decline of 70.2%, ending the year at 7.10 euros per share. This substantial fall is attributable to the downward trend in the markets as a whole and the exposure of Clínica Baviera's businesses to the economic cycle and the reduction in discretionary consumption, leading to weak earnings performance in 2008 and high uncertainty regarding 2009 earnings.

CLÍNICA BAVIERA SHARE PRICE PERFORMANCE SINCE 31 DECEMBER 2007



Source: Bloomberg.

HISTORICAL STOCK MARKET DATA

		2008	2007
Share price in euros per share (closing prices)			
High		23.26	27.50
Low		5.97	19.50
Close		7.10	23.81
Number of shares in issue (thousands)		16,308	16,308
Stock market capitalisation at 31/12 (million euros)		116	388
Volume traded			
Total number of shares (thousands)		8,474	22,259
Daily average:	In thousands of shares	33	118
	As % of total shares in issue	0.21%	0.73%
	In thousands of euros	456	2,809
Dividend yield (on closing price for the year)		0.00%	1.97%
P/E ratio (on closing price for the year)		16.5 x	32.2 x

www.clinicabaviera.com

PROSEGUR

COMPANY DESCRIPTION

Prosegur is the leader in Spain in private security services, with a significant presence in other countries in Europe and Latin America. At present, Prosegur has more than 600 facilities in 11 countries, 82,000 employees and a fleet of 4,700 vehicles.

The Company offers a wide range of services to corporate clients and private individuals, including active surveillance, telemonitoring and telesurveillance, intrusion protection, fire protection, cash management, ATM management, cash and valuables in transit, and consulting and training.

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KEY FINANCIAL DATA

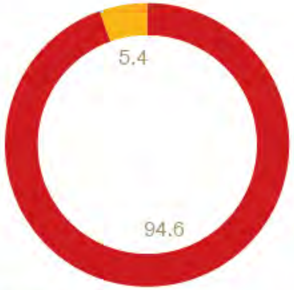
In millions of euros unless otherwise indicated	2008	2007	2006
Sales	2,052	1,842	1,628
EBITDA	259	210	148
EBIT	205	162	105
Net profit	127	98	58
Net earnings per share (euros)	2.06	1.59	0.93
Dividend per share (euros)	0.81 (1)	0.71	0.65
ROE (%)	33.4	29.4	18.1
Total assets	1,442	1,358	1,123
Net financial debt	143	229	218
Shareholders' equity	454	382	335
Debt / Equity (%)	33.7	59.9	65.1

(1) Estimated.

REVIEW OF THE COMPANY'S OPERATIONS DURING 2008

Prosegur ended 2008 with total consolidated sales of 2,052 million euros, up 11.4% on the previous year. Excluding the effect of acquisitions and disposals, comparable organic growth was 11.9% (13.1% if we exclude the effect of exchange rates). Consolidated net profit rose 29.2% to 127 million euros, accompanied by a significant improvement in operating margins, continuing the trend of previous years.

BREAKDOWN OF SALES BY BUSINESS SEGMENT



Total 2008: €2,052 m

- Corporate Security **94.6%**
- Residential Security **5.4%**

BREAKDOWN OF SALES BY GEOGRAPHY

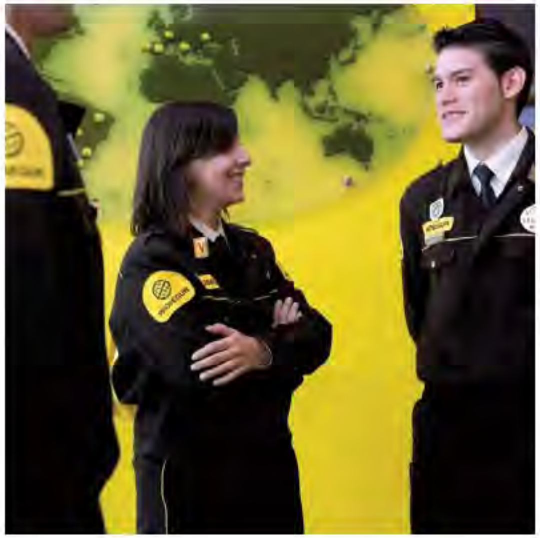
Total 2008: €2,052 m

- Spain **50.7%**
- Otther european countries **13.1%**
- Latin America **36.2%**

Source: CNMV.

The Corporate Security business, which comprises security and cash-in-transit, accounts for the bulk of Prosegur group sales, with turnover of 1,941 million euros in 2008, up 11.3% on the previous year. This growth is due to strong performance in virtually all countries and businesses and the acquisitions made in 2008 and previous years. The Residential Security area, which consists mainly of the home alarms business, posted revenues of 111 million euros, up 12.8% on the previous year.

By geography, sales growth was strongest in Latin America, with a 19.6% increase, compared to 10.1% growth in Spain and a 2.8% decline in the rest of Europe due to the deconsolidation of the Italian operations. Excluding Italy, the businesses in the rest of Europe had revenue growth of 13.1%. Europe, with total turnover of 1,307 million euros, accounted for 63.7% of group sales.



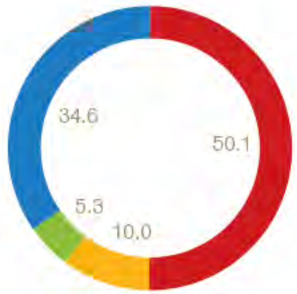
For the business in Latin America 2008 was a very satisfactory year. Sales in Brazil grew 8.8% to 350 million euros. The Argentina area and Peru had revenue growth of 35.0% and 32.0%, respectively, while in Chile the growth was 6.0%. If we exclude the impact of exchange rates, revenues increased 9.5% in Brazil, 44.0% in the Argentina area, 12.5% in Chile and 31.3% in Peru. The activities in Colombia and Mexico, which were started in 2007, contributed revenues of 32 and 7 million euros, respectively.

Operating investments amounted to 102 million euros in 2008, 41.1% more than in 2007.

SHAREHOLDER STRUCTURE

At 31 December 2008 Alba had a 10.01% interest in the share capital of Prosegur and was represented on the Company's Board of Directors by Mr. Isidro Fernández Barreiro.

PROSEGUR SHAREHOLDER STRUCTURE AT 31/12/2008



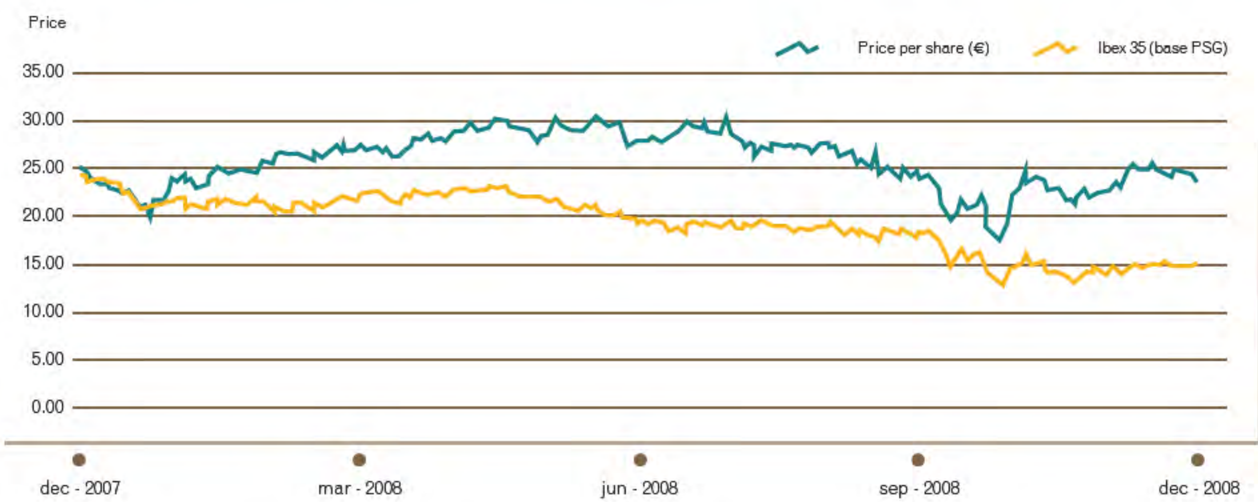
- Gubel **50.1%**
- Alba **10.0%**
- AS Inversiones **5.3%**
- Free-float **34.6%**

Source: CNMV.

PROSEGUR SHARE PRICE PERFORMANCE

During 2008, the Prosegur share fell slightly (-4.0%) to 23.43 euros per share. Compared to the widespread sharp falls in equity markets, the Prosegur share performed remarkably well.

PROSEGUR SHARE PRICE PERFORMANCE SINCE 31 DECEMBER 2007



Source: Bloomberg.

HISTORICAL STOCK MARKET DATA

		2008	2007	2006
Share price in euros per share (closing prices)				
High		30.06	29.72	26.10
Low		17.16	22.51	18.30
Close		23.43	24.40	24.70
Number of shares in issue (thousands)		61,712	61,712	61,712
Stock market capitalisation at 31/12 (million euros)		1,446	1,506	1,524
Volume traded				
Total number of shares (thousands)		38,198	38,847	40,865
Daily average:	In thousands of shares	150	154	161
	As % of total shares in issue	0.24%	0.25%	0.26%
	In millions of euros	4	4	4
Dividend yield (on closing price for the year)		3.46% (1)	2.92%	2.63%
P/E ratio (on closing price for the year)		11.4 x	15.3 x	26.6 x

(1) Estimated.

www.prosegur.es

ANTEVENIO

COMPANY DESCRIPTION

Antevenio is one of the leading Internet advertising companies in Spain, offering banner and specialised website management services, contextual advertising, database management, e-mail direct marketing, etc. Despite a possible slowdown in 2009, the online advertising industry is expected to continue to grow strongly over the next few years.

During 2008 Antevenio underwent strong organic growth and successfully completed the integration of the two companies acquired in 2007, namely Netfilia in Spain and Webnation in Italy (now Antevenio Italia). Antevenio continues to analyse opportunities to expand organically and through acquisitions, thanks to the strong financial position it has achieved as a result of the listing on Alternext in 2007 and the cash flow from existing businesses.

Sales revenue grew 40.3% to 20.4 million euros, while EBITDA grew 55.7% to 3.6 million euros. Profit before tax was 3.6 million euros, up 51.8% compared to the previous year. Net profit grew less rapidly, at 22.0%, to 2.3 million euros, on account of the higher tax charge, as the Company had used up almost all the tax losses carryforwards from its first years of operation.

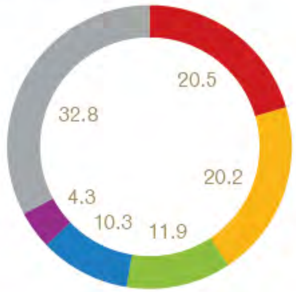
KEY FINANCIALS

Shareholders' equity	2008	2007	2006
Turnover	14.2	11.7	2.2
Turnover	20.4	13.7	7.9
EBITDA	3.6	2.3	1.0
Net profit	2.3	1.9	1.0

SHAREHOLDER STRUCTURE

At 31 December 2008 Alba was Antevenio's largest shareholder, with 20.54% of the share capital. Alba is represented on Antevenio's Board of Directors by Mr. Javier Fernández Alonso.

ANTEVENIO SHAREHOLDER STRUCTURE AT 31/12/2008



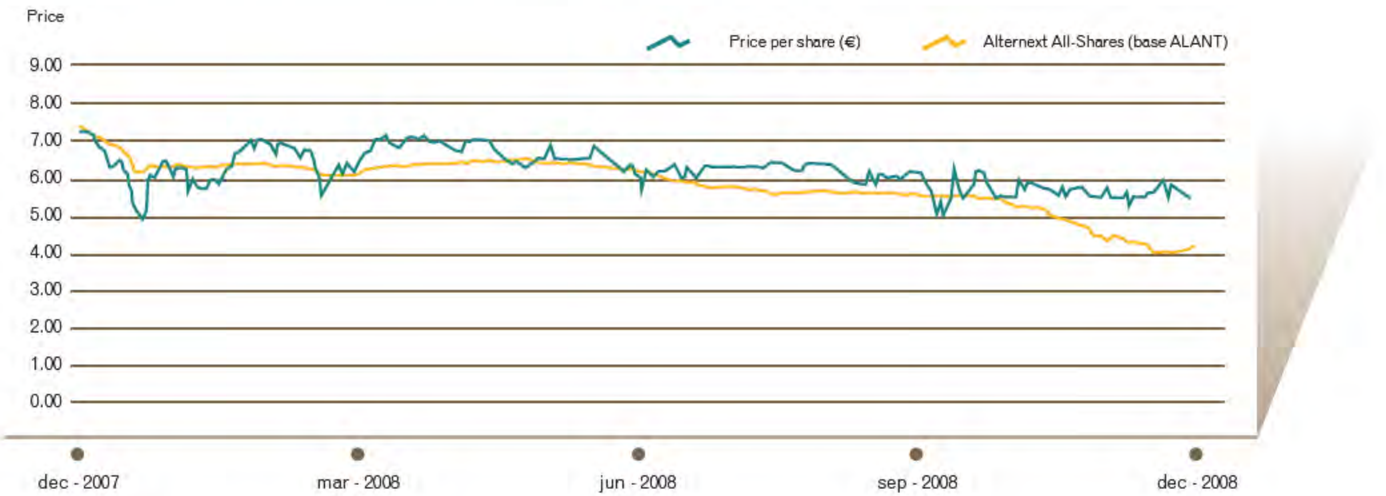
- Alba **20.5%**
- Advertising Antwerpen **20.2%**
- Joshua Novick **11.9%**
- E-Ventures Capital **10.3%**
- Otros **4.3%**
- Free-float **32.8%**

Source: Antevenio.

ANTEVENIO SHARE PRICE PERFORMANCE

The Antevenio share fell 24.0% in 2008, ending the year at 5.50 euros per share. Antevenio is listed on Alternext, a European market headquartered in Paris and part of NYSE-Euronext, specialising in small and mid-cap companies.

ANTEVENIO SHARE PRICE PERFORMANCE SINCE 31 DECEMBER 2007



Source Bloomberg.

HISTORICAL STOCK MARKET DATA

		2008	2007
Share price in euros per share (closing prices)			
High		7.24	9.00
Low		5.50	6.41
Close		5.50	7.24
Number of shares in issue (thousands)		4,207	4,207
Stock market capitalisation at 31/12 (million euros)		23	30
Volume traded			
Total number of shares (thousands)		548	1,890
Daily average:	In thousands of shares	3	9
	As % of total shares in issue	0.06%	0.20%
	In thousands of euros	15	54
Dividend yield (on closing price for the year)		0.00%	0.00%
PER (on closing price for the year)		10.1 x	14.9 x

www.antevenio.com

ROS ROCA ENVIRONMENT

With an experience of more than 50 years, Ros Roca is specialised in manufacturing capital goods and designing and developing engineering systems and processes applied to the environment. Ros Roca is currently a world leader in each of its businesses and exports to more than 70 countries. The Ros Roca long term vision is based on and absolute respect for the environment and the development of environmental engineering solutions that will improve people's quality of life.

Besides manufacturing capital goods covering the entire waste collection and treatment cycle (truck-mounted compactor collectors, street cleaning machinery and sewer cleaning equipment), in recent years Ros Roca has also, in its own R&D departments, developed modern systems for the treatment of all types of waste, including waste selection, composting and transfer plants and advanced, environmentally clean technologies for bio-anaerobic digestion plants and slurry treatment plants for the production of electricity and biogas. Ros Roca also develops pneumatic waste collection systems.

Its headquarters and main production centre are in Tárrega (Lérida) and it has subsidiaries and production centres in the United Kingdom, France, Germany and Brazil.

The decrease in revenues and EBITDA in 2008 is mainly due to the impact of the depreciation of the pound against the euro on the consolidation of the UK-based subsidiary Dennis Eagle; the sharp increase in commodity prices, especially steel, which has been difficult to pass on to customers; and the expected absence of public tender processes for urban waste collection and cleaning projects in large cities. All this against the background of a deepening economic recession and growing financial and economic uncertainty in the last few months of 2008.

In February 2008 Deyá Capital S.C.R., a fully owned subsidiary of Alba, acquired 22.38% of the share capital of Ros Roca Environment for 63.5 million euros. This entire amount was used for a capital increase in Ros Roca to finance the acquisition of Dennis Eagle, the leading UK waste collection equipment manufacturer. Through the acquisition of Dennis Eagle, Ros Roca doubled in size and created the global leader in waste collection and cleaning equipment, with great potential for synergies.

In September 2008 Deyá Capital transferred 5.60% of its interest in Ros Roca to Deyá Capital II S.C.R. and Deyá Capital III F.C.R., in accordance with the co-investment policy of Artá Capital S.G.E.C.R.'s three investment vehicles. At 31 December 2008 Deyá Capital's interest in Ros Roca was 16.79%.

KEY FINANCIALS

In millions of euros	2008	2007	2006
Shareholders' equity (1)	**73.5**	13.5	27.6
Turnover	**346.6**	358.7	334.0
EBITDA	**30.3**	40.8	33.0
Net profit	**4.6**	4.1	4.1

(1) Excludes exchange rate differences.

www.rosroca.com

OCIBAR

OCIBAR specialises in developing and operating yatch marinas on a concession basis and currently has three concessions in the Balearic Islands: Port Adriano in Toro (Calviá, Majorca), Ibiza Magna and various jetties in the port of Ibiza.

In addition, in April 2007 OCIBAR was granted the concession for the construction and operation of an expansion to the Port Adriano marina. This expansion includes 82 berths for vessels between 20 and 60 meters in length and a retail area covering more than 4,000 square meters. The expansion is currently under construction, with a budget of more than 75 million euros in civil engineering works alone, and is expected to come into operation in mid-2010. Once completed, Port Adriano will be one of the main marinas for mega-yatchs in the Mediterranean Sea, easing the traditional shortage of berths for yachts this size in the Balearics and, to some extent, along the Mediterranean coast.

On 21 April 2008 Deyá Capital, S.C.R., a fully owned subsidiary of Alba, acquired 28.88% of the share capital of OCIBAR for 9.9 million euros. A large part of this sum was used for a capital increase in OCIBAR aimed at reinforcing its financial capacity during the construction of the Port Adriano expansion. In September 2008 Deyá Capital transferred 7.22% of its interest in OCIBAR to Deyá Capital II S.C.R. and Deyá Capital III F.C.R., in accordance with the co-investment policy of Artá Capital S.G.E.C.R.'s three investment vehicles. At 31 December 2008 Deyá Capital's interest in OCIBAR was 21.66%, making it the second largest shareholder of the Company.

This investment was executed simultaneously to the agreement for the financing of the project through a syndicated loan of up to 87 million euros without recourse to the shareholders of OCIBAR. OCIBAR's results to date are not very significant from the point of view of the investment made by Artá Capital, as the project consists essentially of the construction of the marina expansion and the revenue it will generate once completed.

HISTORICAL STOCK MARKET DATA

In millions of euros	2008	2007	2006
Shareholders' equity	**5.8**	(0.3)	2.2
Turnover	**5.1**	4.2	4.3
EBITDA	**2.3**	1.7	1.6
Net profit	**0.0**	(1.8)	0.2

Note: Turnover and EBITDA of concessions currently in operation. Figures for 2007 and 2008 are affected by the expansion expenses and the capitalisation of those expenses. The 2008 data are preliminary and are currently under review by the Company's auditor.

www.portadriano.com

INVESTMENT PROPERTY

Alba's property investments, consisting mainly of office buildings in Madrid and Barcelona, had a combined floor area of approximately 82,000 square meters at the end of 2008, there having been no significant changes during the year.

These properties are recognised at their fair value, updated annually based on an appraisal report submitted by C.B. Richard Ellis. The fair value of these assets at 31 December 2008 was 249.8 million euros, down 9.3% on year-end 2007. This decrease is due mainly to the worsening situation of the economy in general and the property market in particular.

Lease income was 16.6 million euros in 2008, up 9.4% on the previous year. Gross yield, calculated using the fair value at year-end, increased from 5.5% in 2007 to 6.6% in 2008. The direct costs of the property business decreased 9.3% in 2008 to 2.9 million euros. No properties were bought or sold during the year. As usual, investments of 0.9 million euros were made in improvements, both at a structural level and in fixtures and fittings.

The occupancy of Alba's properties remained very high throughout the year, ending the year at 96.1%.

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INFORME DE AUDITORÍA DE CUENTAS ANUALES CONSOLIDADAS

A los Accionistas de
Corporación Financiera Alba, S.A.

Hemos auditado las cuentas anuales consolidadas de Corporación Financiera Alba, S.A. y Sociedades dependientes (el Grupo), que comprenden el balance de situación consolidado al 31 de diciembre de 2008 y la cuenta de resultados consolidada, el estado de flujos de efectivo consolidado, el estado de cambios en el patrimonio neto consolidado y la memoria correspondientes al ejercicio anual terminado en dicha fecha, cuya formulación es responsabilidad de los administradores de la Sociedad dominante. Nuestra responsabilidad es expresar una opinión sobre las citadas cuentas anuales consolidadas en su conjunto, basada en el trabajo realizado de acuerdo con normas de auditoría generalmente aceptadas en España, que requieren el examen, mediante la realización de pruebas selectivas, de la evidencia justificativa de las cuentas anuales consolidadas y la evaluación de su presentación, de los principios contables aplicados y de las estimaciones realizadas. Nuestro trabajo no incluyó la auditoría de las cuentas anuales del ejercicio 2008 de determinadas sociedades asociadas (ver Nota 2.4 de la memoria), cuyos activos y contribución al resultado neto consolidado del ejercicio ascienden a 2.360.047 y 425.820 miles de euros, respectivamente. Las mencionadas cuentas anuales de dichas sociedades asociadas fueron auditadas por otros auditores (ver Nota 2.4 de la memoria) y nuestra opinión expresada en este informe sobre las cuentas anuales consolidadas de Corporación Financiera Alba, S.A. y Sociedades dependientes se basa, en lo relativo a dichas sociedades asociadas, principalmente en los informes de los otros auditores.

De acuerdo con la legislación mercantil, los administradores de la Sociedad dominante presentan, a efectos comparativos, con cada una de las partidas del balance de situación consolidado, de la cuenta de resultados consolidada, del estado de flujos de efectivo consolidado, del estado de cambios en el patrimonio neto consolidado y de la memoria, además de las cifras del ejercicio 2008, las correspondientes al ejercicio anterior. Nuestra opinión se refiere exclusivamente a las cuentas anuales consolidadas del ejercicio 2008. Con fecha 10 de abril de 2008 emitimos nuestro informe de auditoría acerca de las cuentas anuales consolidadas del ejercicio 2007 en el que expresamos una opinión favorable.

En nuestra opinión, basada en nuestra auditoría y en los informes de los otros auditores (ver Nota 2.4 de la memoria) las cuentas anuales consolidadas del ejercicio 2008 adjuntas expresan, en todos los aspectos significativos, la imagen fiel del patrimonio consolidado y de la situación financiera consolidada Corporación Financiera Alba, S.A. y Sociedades dependientes al 31 de diciembre de 2008 y de los resultados consolidados de sus operaciones, de sus flujos de efectivo consolidados y de los cambios en el patrimonio neto consolidado correspondientes al ejercicio anual terminado en dicha fecha y contienen la información necesaria y suficiente para su interpretación y comprensión adecuada, de conformidad con las normas internacionales de información financiera adoptadas por la Unión Europea que guardan uniformidad con las aplicadas en el ejercicio anterior.

Domicilio Social: Pl. Pablo Ruiz Picasso, 1, 28020 Madrid
Inscrita en el Registro Mercantil de Madrid al
Tomo 12749, Libro 0, Folio 215, Sección 8ª,
Hoja M-23123, Inscripción 116, C.I.F. B-78970506

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El informe de gestión consolidado adjunto del ejercicio 2008 contiene las explicaciones que los administradores de la Sociedad dominante consideran oportunas sobre la situación de Corporación Financiera Alba, S.A. y Sociedades dependientes, la evolución de sus negocios y sobre otros asuntos y no forma parte integrante de las cuentas anuales consolidadas. Hemos verificado que la información contable que contiene el citado informe de gestión consolidado concuerda con la de las cuentas anuales consolidadas del ejercicio 2008. Nuestro trabajo como auditores se limita a la verificación del informe de gestión consolidado con el alcance mencionado en este mismo párrafo y no incluye la revisión de información distinta de la obtenida a partir de los registros contables de las sociedades consolidadas.

INSTITUTO DE
CENSORES JURADOS
DE CUENTAS DE ESPAÑA

Miembro ejerciente:
ERNST & YOUNG, S.L.

2009 01/09/06802
Año Nº

COPIA GRATUITA

Este informe está sujeto a la tasa aplicable establecida en la Ley 44/2002 de 22 de noviembre.

ERNST & YOUNG, S.L.
(Inscrita en el Registro Oficial de Auditores de Cuentas con el Nº S0530)

Francisco V. Fernández Romero

10 de abril de 2009

AUDIT REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS
Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

Report to the shareholders of Corporación Financiera Alba, S.A.

We have audited the consolidated financial statements of Corporación Financiera Alba, S.A. and subsidiaries (the "Group"), comprising the consolidated balance sheet at 31 December 2008 and the consolidated income statement, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes for the year then ended, which have been authorised for issue by the directors of the parent company. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards in Spain, which require examination, by means of selective tests, of the documentation supporting the consolidated financial statements and evaluation of their presentation, of the accounting policies applied and of the estimates made. Our work did not include the auditing of the financial statements for 2008 of certain associates (see Note 2.4 of the notes to the consolidated financial statements), whose assets and contribution to consolidated net profit for the year amount to 2,360,047 and 425,820 thousand euros, respectively. The financial statements of said associates were audited by other auditors (see Note 2.4 of the notes to the consolidated financial statements) and the opinion given here with respect to the consolidated financial statements of Corporación Financiera Alba, S.A. and subsidiaries is based, as regards said associates, mainly on the reports of said other auditors.
In accordance with company law, for each line item in the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and related notes, the figure for 2007 is stated alongside the figure for 2008 for comparison purposes. Our opinion refers exclusively to the consolidated financial statements for 2008. On 10 April 2008 we issued our report on the Group's financial statements for 2007, in which we gave a favourable opinion.
In our opinion, based on our audit and the reports of the other auditors (see Note 2.4 of the notes to the consolidated financial statements), the consolidated financial statements for 2008 give a true and fair view of the consolidated equity and consolidated financial position of Corporación Financiera Alba, S.A. and subsidiaries at 31 December 2008 and of their consolidated profit, cash flows and changes in equity for the year then ended, and contain sufficient information to allow them to be properly interpreted and understood, in accordance with International Financial Reporting Standards as adopted by the European Union, which are consistent with those applied the previous year.

The accompanying consolidated management report for 2008 contains such explanations as the directors of the parent company have considered appropriate regarding the state of the Group's affairs, the progress of its business and other matters and is not part of the consolidated financial statements. We have verified that the accounting information contained in the Group management report is consistent with the Group financial statements for 2008. Our work as auditors is confined to verifying that the consolidated management report is consistent with the consolidated financial statements; it does not include verifying any information other than that obtained from the consolidated companies' accounting records.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS OF CORPORACIÓN FINANCIERA ALBA, S.A. AND SUBSIDIARIES FOR 2008

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2008 AND 2007

ASSETS

	Notes	In thousands of euros 2008	2007
Investment property	5	249,750	275,266
Property, plant and equipment	6	11,021	34,747
Intangible assets		93	2,065
Investments in associates	7	2,394,717	2,782,522
Available-for-sale financial assets	8	55,560	150,417
Other financial assets	9	136,742	3,804
Other non-current assets	4.l	-	16,895
Non-current assets		**2,847,883**	**3,265,716**
Trade and other receivables	10	94,147	3,729
Current tax assets	19	642	1,440
Available-for-sale financial assets	8	17	648
Financial assets held for trading	11	6,011	49,179
Cash and cash equivalents	12	185,395	3,218
Current assets		**286,212**	**58,214**
TOTAL ASSETS		**3,134,095**	**3,323,930**

SHAREHOLDERS' EQUITY AND LIABILITIES

	Notes	In thousands of euros 2008	2007
Share capital	13	62,390	64,100
Retained earnings		3,126,093	2,854,295
Treasury shares	13	(28,361)	(96,479)
Other reserves	13	(538,811)	2,103
Interim dividend	3	(23,151)	(3,776)
Shareholders' equity		**2,598,160**	**2,820,243**
Minority interests		704	4,847
Total Shareholders' equity		**2,598,864**	**2,825,090**
Bank borrowings	9	250,000	-
Other financial liabilities	9	1,976	2,006
Provisions	15	11,423	24,297
Other non-current liabilities	4.l	-	23,819
Non-current liabilities		**263,399**	**50,122**
Trade and other payables	16	14,534	38,353
Current tax liabilities	19	5,739	-
Bank borrowings	17	251,559	410,365
Current liabilities		**271,832**	**448,718**
TOTAL EQUITY AND LIABILITIES		**3,134,095**	**3,323,930**

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

		In thousands of euros	
	Notas	2008	2007
Share of profit or loss of associates	7	427,413	423,277
Lease income	22	16,582	15,382
Changes in the fair value of investment properties	5	(26,407)	37,199
Profit/(loss) on disposal of financial assets	7, 8 y 11	(4,995)	45,129
Profit/(loss) on disposal of investment properties	5	-	26,944
Impairment loss on financial assets	7	(27,919)	-
Staff costs	23.a)	(9,998)	(10,133)
Other operating expenses	22	(6,877)	(8,476)
Amortisation and depreciation		(957)	(2,610)
Net provisions	15	10,181	-
Operating profit / (Loss)		**377,023**	**526,712**
Financial revenue	23.b)	5,237	16,510
Finance costs and exchange differences		(20,305)	(18,736)
Net financial income / (Expense)		**(15,068)**	**(2,226)**
Profit / (Loss) before tax from continuing activities		**361,955**	**524,486**
Corporate income tax expense	19	385	(37)
Profit / (Loss) from continuing activities		**362,340**	**524,449**
Profit/(loss) after taxes from discontinued operations	2.3	1,592	441
Consolidated Profit / (Loss) for the year		**363,932**	**524,890**
Profit/(loss) attributable to minority interests		2,541	(371)
Consolidated Profit / (Loss) for the year attributable to the Group		**361,391**	**525,261**
Average number of shares outstanding during the year (excluding treasury shares)		61,936,656	63,623,951
Basic and diluted earnings per share (euros/share)		5.83	8.26

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

In thousands of euros

	Share capital	Reteined earnings	Treasury shares	Other reserves	Interim dividend	Shareholders' equity	Minority interests	Total shareholders' equity
Balance at 1 January 2007	**65,100**	**2,384,967**	**(18,825)**	**(45,782)**	**(3,879)**	**2.381.581**	**-**	**2,381,581**
Fair value gain/(loss) on available-for-sale financial assets transferred to profit or loss	-	-	-	(9,411)	-	(9,411)	-	(9,411)
Changes in consolidated equity of associates (Note 7)	-	-	-	85,273	-	85,273	-	85,273
Other	-	(50)	-		-	(50)	4,476	4,426
Total income and expense for the year recognised directly in equity	**-**	**(50)**	**-**	**75,862**	**-**	**75,812**	**4,476**	**80,288**
Profit for the year		525,261	-	-	-	525,261	371	525,632
Total income and expenses for the year	**-**	**525,211**	**-**	**75,862**	**-**	**601,073**	**4,847**	**605,920**
Interim dividend for the previous year	-	(3,879)	-	-	3,879	-	-	-
Dividends paid during the year	-	(3,843)	-	-	(3,776)	(7,619)	-	(7,619)
Redemption of capital	(1,000)	(48,161)	49,161	-	-	-	-	-
Purchase of own shares	-	-	(126,815)	-	-	(126,815)	-	(126,815)
Reclassification of Available-for-sale assets to Investments in associates	-	-	-	(27,977)	-	(27,977)	-	(27,977)
Balance at 31 December 2007	**64,100**	**2,854,295**	**(96,479)**	**2,103**	**(3,776)**	**2,820,243**	**4,847**	**2,825,090**
Changes in consolidated equity of associates (Note 7)	-	-	-	(540,914)	-	(540,914)	-	(540,914)
Profit for the year	-	361,391	-	-	-	361,391	2,541	363,932
Total income and expenses for the year	**-**	**361,391**	**-**	**(540,914)**	**-**	**(179,523)**	**2,541**	**(176,982)**
Interim dividend for the previous year	-	(3,776)	-	-	3,776	-	-	-
Dividends paid during the year	-	(3,717)	-	-	(23,151)	(26,868)	-	(26,868)
Redemption of capital	(1,710)	(82,100)	83,810	-	-	-	-	-
Purchase of own shares	-	-	(15,692)	-	-	(15,692)	-	(15,692)
Other	-	-	-		-	-	(6,84)	(6,684)
Balance at 31 December 2008	**62,390**	**3,126,093**	**(28,361)**	**(538,811)**	**(23,151)**	**2,598,160**	**704**	**2,598,864**

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

(Note 28)

	Notes	(In thousands of euros 2008	2007
Operating activities			
Profit/(loss) for the year		361,391	525,261
Depreciation and amortisation		957	2,610
Changes in the fair value of investment properties	5	26,407	(37,199)
Share of the profit/(loss) of associates	7	(427,413)	(423,277)
Profit/(loss) on disposal of financial assets	7, 8 and 11	32,914	(45,129)
Profit/(loss) on disposal of investment properties	5	-	(26,944)
Provisions for liabilities and charges	15	(10,181)	-
Purchases of equity investments		(57,829)	(569,727)
Sales of equity investments		20,758	68,578
Purchases of investment properties		(931)	(3,606)
Sales of investment properties		-	69,210
Sales of financial assets held for trading		37,192	200,272
Finance income	23.b)	(1,408)	(16,510)
Finance costs		20,305	18,736
Dividends received		173,877	128,451
Corporate income tax paid	19	4,136	37
Payment of expenses accrued in previous years		(17,408)	-
Net cash from operating activities		**162,767**	**(109,237)**
Investing activities			
Purchases of own shares	13	(15,692)	(126,812)
Other items		(7,765)	3,151
Net cash from investing activities		**(23,457)**	**(123,661)**
Financing activities			
Dividends paid	3	(26,868)	(7,622)
Net interest paid		(21,566)	(18,736)
Movements in bank borrowings		91,301	262,453
Net cash from financing activities		**42,867**	**236,095**
Increase / (Decrease) in net cash		**182,177**	**3,197**
Cash and cash equivalents at 01/01 (nota 12)		**3,218**	**21**
Cash and cash equivalents at 31/12 (nota 12)		**185,395**	**3,218**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. BUSINESS ACTIVITIES

Corporación Financiera Alba, S.A. ("Alba") is a holding company that has controlling and minority interests in companies operating in various industries, as detailed below. Its basic activities also include property leasing and private equity investment.

Given the nature of its business activities, Alba has no environmental liabilities, expenses, assets, provisions or contingencies that could be significant in relation to its net assets, financial situation or results. For that reason, these notes to the consolidated financial statements contain no specific disclosures on environmental matters.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1. ACCOUNTING POLICIES

The consolidated financial statements of Alba for the year ended 31 December 2008 were prepared and authorised for issue by the Board of Directors at its meeting held on 25 March 2009 and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, as required by Regulation (EC) 1606/2002 of the European Parliament and Council, of 19 July, and subsequent amendments thereto, so as to give a true and fair view of the consolidated net assets and financial position of Alba at 31 December 2008 and of its consolidated results of operations, changes in net assets and cash flows for the year then ended.

The accounting principles and valuation rules used are described in Note 4 to these consolidated financial statements. No obligatory accounting principle or valuation rule that might have a material impact on these consolidated financial statements has been omitted in their preparation.

For comparison purposes, alongside each figure for 2008 in these consolidated financial statements the directors of the parent company have presented the corresponding figure for the previous year.

The consolidated financial statements are presented in thousands of euros unless indicated otherwise.

2.2. USE OF JUDGMENTS AND ESTIMATES IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

In preparing certain information included in these consolidated financial statements the directors have used judgements and estimates based on assumptions that affect the application of accounting principles and rules and the carrying amounts of assets, liabilities, income, expenses and commitments. The most significant estimates used in preparing these consolidated financial statements concern:

- Impairment losses and the useful lives of tangible assets (Notes 4.b and 6).
- The testing of consolidation goodwill for impairment (Note 4.c).

The estimates and assumptions used are reviewed regularly. If estimates were to change as a result of such reviews or future events, the effect of the change would be recorded in the consolidated income statement for that period and successive periods, in accordance with IAS 8.

2.3. SUBSIDIARIES

Subsidiaries are companies that form a single decision-making unit with the parent company, i.e. companies over which the parent company has control, control being understood as the power to govern a company's financial and operating policies. The company understands control to exist when it holds a majority of the voting rights in a company, has the power to appoint or remove a majority of the directors, controls a majority of the voting rights under agreements with other shareholders, or has appointed a majority of the directors exclusively through its votes.

On acquisition of a subsidiary, the subsidiary's assets and liabilities are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. any discount on acquisition) is credited to profit and loss in the period of acquisition.

The interest of minority shareholders in the Group's net assets and profit for the year is presented under the headings "Minority interests" in the consolidated balance sheet and "Profit attributable to minority interests" in the consolidated income statement.

In accordance with International Financial Reporting Standards, the Group companies have been consolidated by the full consolidation method and all their assets, liabilities, income, expenses and cash flows have been included in the consolidated financial statements, after adjustments and eliminations relating to intragroup transactions.

The information for 2008 and 2007 is shown below:

		% ownership interest			At 31/12/08		At 31/12/07	
Subsidiary	Activity	At 31/12/08	At 31/12/07	Net carrying amount before consolidation	Shareholders equity before profit distribution	Profit / (Loss)	Shareholders equity before profit	Profit / (Loss)
Alba Participaciones, S.A. Castelló, 77, 5ª planta, 28006-Madrid	Securities investment	100.00	100.00	117,633	1,937,456	199,245	1,781,859	179,665
Deya Capital, S.C.R. de Régimen Simplificado, S.A. Pza. Marqués de Salamanca, 10, 28006-Madrid	Private equity company	100.00	100.00	81,600	81,521	(7,381)	151,200	(55)
Artá Capital, Sociedad Gestora de Entidades de Capital Riesgo, S.A. Pza. Marqués de Salamanca, 10, 28006-Madrid	Private equity fund management company	62.50	62.86	188	(5,040)	6,776	70	(136)
Islalink, S.A. c/Velázquez, 35, 28001-Madrid	Telecommunications	-	74.68	-	-	-	20,508	(1,214)

In 2007 Alba acquired a 74.68% interest in Islalink, S.A. and formed Deyá Capital, S.C.R. de Régimen Simplificado, S.A. and Artá Capital, Sociedad Gestora de Entidades de Capital Riesgo, S.A. The interest in Islalink, S.A. was valued at the carrying amount of its net assets. The 74.68% stake in Islalink, S.A. was sold in 2008, with a gain of 1,592 thousand euros, which is shown in "Profit/(loss) from discontinued operations" in the accompanying income statement.

Ernst & Young is the auditor of Deyá Capital, S.C.R. de Régimen Simplificado, S.A. and of Artá Capital, S.G.E.C.R., S.A.

2.4. ASSOCIATES

Associates are companies over which Alba has significant influence, even if it holds less than 20% of the voting power. In order to ascertain the existence of significant influence, the parent company takes into account, among other factors, representation on the Board of Directors, participation in policy making and the duration of the shareholding.

The information for 2008 and 2007 is shown below:

			% ownership interest	
Associate	Registered address	Activity	At 31/12/08	At 31/12/07
Acerinox, S.A.	Santiago de Compostela, 100, (Madrid)	Manufacture and sale of stainless steel products	23.77	23.24
ACS, Actividades de Construcción y Servicios, S.A.	Avda. de Pío XII, 102 (Madrid)	Construction and services	24.51	22.13
Antevenio, S.A.	Marqués de Riscal, 11 (Madrid)	Internet advertising	20.54	20.54
Prosegur, Compañía de Seguridad, S.A.	Pajaritos, 24 (Madrid)	Security, cash transport and alarms	10.01	10.01
Clínica Baviera, S.A.	Paseo de la Castellana, 20 (Madrid)	Ophthalmic and cosmetic medical services	16.36	15.46

During 2008 Alba's stake in ACS, Actividades de Construcción y Servicios, S.A. increased by 2.38% as a result of a 10% reduction in ACS's capital due to cancellation of own shares. The interest in Acerinox, S.A. also increased by 0.53% as a result of the purchase by Alba of an additional 0.05% of Acerinox's shares and a 2% capital reduction by Acerinox through cancellation of own shares. The stake in Clínica Baviera, S.A. increased by 0.9%.

Duringn 2007 the group acquired an additional 5.01% of Prosegur, Compañía de Seguridad, S.A. As a result, the investment in Prosegur was reclassified from "Available-for-sale financial assets" to "Investments in associates", as the abovestated requirements were met.

ACS, Actividades de Construcción y Servicios, S.A. is audited by Deloitte; Acerinox, S.A. by KPMG Auditores, S.L.; Clínica Baviera, S.A. by Ernst & Young; and Prosegur, Compañía de Seguridad, S.A. by PriceWaterhouseCoopers.

3. DISTRIBUTION OF PROFIT

The proposed distribution of profit for 2008 which the Board of Directors will submit to the General Meeting for approval and the distribution of profit for 2007 approved by the General Meeting are as follows:

During 2007	2008	2007
Profit for the year	361,391	525,261
Distributable profit		
Profit for the year of the parent company	36,724	125,593
Retained earnings	145,070	-
Total	**181,794**	**125,593**
Distribution		
To retained earnings	136,094	118,090
To dividends	45,700	7,503
Total	**181,794**	**125,593**

The dividends paid by the parent company in 2008 and 2007 were as follows:

	No. of shares with dividend rights	Dividend €/Share	Thousands of euros
Year 2008			
2nd interim dividend for 2008	61,705,854	0.315	19,438
1st interim dividend for 2008	61,886,533	0.060	3,713
Final dividend for 2007	61,955,000	0.060	3,717
Year 2007			
Interim dividend for 2007	62,926,419	0.060	3,776
Final dividend for 2006	64,100,000	0.060	3,846

The directors will recommend a final dividend of 0.375 euros per share for shares in issue at the date of the dividend payment.

The statement of liquidity required by article 216 of the Consolidated Text of the Law on Public Limited Companies is presented in the Notes to the individual financial statements of the parent company.

4. VALUATION RULES

The principal valuation rules used in preparing the consolidated financial statements are as follows:

A) INVESTMENT PROPERTY (NOTE 5)

Investment properties, consisting of buildings for lease, are carried initially at cost, including transaction costs. Subsequently they are carried at their fair value, as calculated by independent experts, according to the following definition: "Fair value is the price at which the property could be sold through a private contract between a willing seller and an independent buyer at the valuation date if the property were to be offered publicly on the market, market conditions enabled the sale to be carried out in an orderly fashion and a normal period of time were available for the sale to be negotiated, given the nature of the property".

Changes in fair value are included in the income statement for the period in which they occur. Investment property is not depreciated.

B) PROPERTY, PLANT AND EQUIPMENT (NOTE 6)

In application of IFRS 1, "First-time adoption of international financial reporting standards", owner-occupied property was recorded at 1 January 2004 at its fair value, as calculated by independent experts as defined in the previous paragraph, this amount being treated henceforth as the cost of acquisition. This increase in value was credited to consolidated equity.

The rest of the property, plant and equipment is measured at cost, not including interest or exchange differences. Any expansion, modernisation or improvement costs that result in an increase in productivity, capacity or efficiency or extend an asset's useful life are capitalised as an increase in the asset's cost.

The straight-line depreciation method is used, distributing the book value of the asset over its estimated useful life in accordance with the following percentages:

	Depreciation rate
Buildings and other constructions	2 to 6
Machinery and installations	8 to 24
Transport equipment	16
Furniture and fixtures	10
Computer hardware	25

If the carrying value of an asset exceeds its recoverable amount, the asset is considered to be impaired and the carrying value is reduced to the recoverable amount. At 31 December 2008 and 2007 there were no assets that could be considered impaired.

C) INVESTMENTS IN ASSOCIATES AND GOODWILL (NOTE 7)

These items are accounted for using the equity method. Under this method, the investments are carried at cost, which includes Alba's share of the associates' net assets, plus any goodwill that has not been allocated to specific items of the associate. Goodwill is subject to annual impairment testing and is not amortised.

Dividends received from associates are recognised by reducing the cost of the investment. Alba's share of associates' results are included, net of their tax effect, under "Share of profit/(loss) of associates" in the accompanying income statement.
Movements in the equity of associates are likewise recognised in the equity of Alba.

The fair value of the equity interest has been estimated in order to assess the need to adjust the carrying amount of the investment. In accordance with IAS 36, fair value is the higher of the asset's quoted market price at year-end and its value in use. In the case of ACS, Actividades de Construcción y Servicios, S.A., Prosegur, Compañía de Seguridad, S.A. and Antevenio, S.A. the quoted market price was considered greater than the carrying amount.

In the case of Acerinox, S.A. and Clínica Baviera, S.A. fair value is the value in use, calculated using the discounted cash flow method, subsequently deducting the value of net debt and minority interests.

c.1) Acerinox, S.A.

The projection period used is 2009 to 2011. The residual value has been calculated based on the flow of the last projected year with a growth rate (g) of 2.0%.

The projected cash flows have been discounted at a rate of 8.1%, based on the average weighted cost of capital (WACC).

The following hypotheses have been used to calculate the discounted cash flows:

- Capital structure: 80% equity and 20% debt.
- Required rate of return (Ke): 9.2%
- Cost of debt after tax: 10-year euro swap rate + 150 bps = 3.8%
- Levered Beta: estimated at 0.80 with respect to the Ibex 35, based on historical data for Acerinox
- Estimated fair value: 12.70 euros/share

c.2) Clínica Baviera, S.A.

The projection period used is 2009 to 2011. The residual value has been calculated based on the flow of the last projected year with a growth rate (g) of 2.5%.

The projected cash flows have been discounted at a rate of 8.5%, based on the average weighted cost of capital (WACC).

The following hypotheses have been used to calculate the discounted cash flows:

- Capital structure: 90% equity and 10% debt.
- Required rate of return (Ke): 9.1%
- Cost of debt after tax: 10-year euro swap rate + 125 bps = 3.7%
- Levered beta: estimated at 0.72, based on analyst reports issued at the time of the public offering
- Estimated fair value: 12 euros/share

D) AVAILABLE-FOR-SALE FINANCIAL ASSETS (NOTE 8)

These include investments in companies in which Alba does not have significant influence or which have been acquired by a private equity company.

Available-for-sale financial assets are recognised at fair value, with changes in value being recorded in "Other reserves" in the accompanying balance sheet. When an investment is sold, the accumulated gain or loss is transferred to the income statement.

The fair value of investments for which there is no active market and of unlisted companies is determined using the discounted cash flow method or comparable multiples, whichever is most appropriate in each case.

Where the fair value of an available-for-sale financial asset is 40% or more less than its cost and this situation continues for 18 months, the asset is assumed to be impaired. Where an asset is found to be impaired, the amount recorded in reserves is transferred to the income statement.

E) FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING (NOTES 11 AND 16)

These are assets and liabilities acquired with the intention of selling them in the short term and derivatives that do not qualify for hedge accounting. Changes in the fair value of these assets are taken to profit and loss. In the case of listed companies, fair value is the market price at the balance sheet date.

F) TREASURY SHARES (NOTE 13)

Treasury shares are recorded as a reduction of shareholders' equity. No profit or loss is recognised for the purchase, sale, issuance, redemption or cancellation of equity instruments of Alba.

G) PROVISIONS (NOTE 15)

Provisions are recognised when the Group has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate. Where discounting is used, the increase in the provision arising from the passage of time is recognised as a finance cost.

H) CORPORATE INCOME TAX (NOTE 19)

The tax expense for the year is calculated as the sum of current tax, which is the result of applying the appropriate tax rate to taxable income for the year less allowances and deductions, and any changes in deferred tax assets and liabilities during the year. It is recognised in the income statement, except when it relates to items charged or credited directly to equity, in which case the corresponding tax is also recognised in equity, and except in business combinations, where it is recorded as an increase or decrease in goodwill.

Deferred tax liabilities from the revaluation of property and financial assets have been offset, in accordance with IAS 12, against the deferred tax assets that Alba is entitled to offset from prior years' operations.

Net deferred tax assets are only recognised when it is likely that sufficient taxable profit will be available in the future to allow the assets to be recovered.

I) ALTERNATIVE PENSION PLAN SYSTEMS

Alba has outsourced two alternative defined contribution pension plan systems. The beneficiaries of these alternative pension plans will be employees of Corporación Financiera Alba, S.A. or of a subsidiary who retire on reaching retirement age.

The main assumptions used to calculate the value of these commitments are:

Mortality and survival tables	PERM/F 2000 NP and GRM/F 80-2
The interest rate included in the policies	4.00% - 6.00%
Rate of increase in inflation	2.00%
Rate of increase in salaries	2.50%
Rate of increase in social security bases	2.00%
Retirement age	65

The results of the actuarial valuation are shown below.

	31/12/08	31/12/07
Pensions in payment	7,728	7,888
Pension obligations towards current employees	43,038	40,027
Vested	34,867	32,264
Unvested	8,171	7,763
Pension obligations to be met	42,595	40,152
Fair value of plan assets (policies)	42,980	41,541

The contributions to the two plans are recognised in the accompanying income statement and a breakdown is given in Note 23.a.

J) EQUITY-INSTRUMENT-BASED PAYMENTS (NOTE 25)

The Company classifies its employee and executive share option plan as cash-settled. The staff cost is determined based on the fair value of the liability, with reference to the date on which the recognition requirements are met. It is recognised as the services are provided over the course of the three-year vesting period. Subsequently, until settlement, the liability is valued at fair value, calculated as the difference between the quoted market price at year-end and the option exercise price, any change in fair value being recognised in the income statement.

K) RECOGNITION OF INCOME AND EXPENSES

Income and expenses are recognised when the goods and services they represent are delivered or provided, independently of the period in which the associated payment is made, and always having regard to the substance of the transaction.

L) OTHER NON-CURRENT ASSETS AND LIABILITIES

Capacity exchange agreement at 31 December 2007.
The principal activity of the subsidiary Islalink, S.A. consists of the construction and operation of undersea fibre optic networks for the transport of voice, data, Internet and television signals. Its first project connects Palma de Majorca with Valencia via a 24-pair fibre optic cable. In 2002 Islalink, S.A. entered into a service agreement with another telecom operator whereby the two companies agreed to exchange cable capacity. The contract has a term of 14 years and the consideration for the exchange amounted to 31.5 million euros. This amount was billed in full by both parties in 2002. The amount billed by Islalink was recognised in full as "Deferred income" and the amount billed by the other company, as "Deferred expenses". There were no gains or losses to the Company from this transaction. The deferred income and expense is recognised in profit or loss on a straight line basis over the term of the contract. The total amount of "Other non-current assets" and 16,895 thousand euros of "Other non-current liabilities" in the accompanying balance sheet At 31 December 2007 relate to deferred income and expense from this transaction.

5. INVESTMENT PROPERTY

This item consists of property held to earn rental income. At 31 December 2008 and 2007 these properties were valued by C.B. Richard Ellis, S.A., a firm that specialises in appraising this kind of investment. The valuation was carried out in accordance with the Appraisal and Valuation Standards and the property observation checklist published by the Royal Institution of Chartered Surveyors of Great Britain and is based on the discounted cash flow method and the sales comparison method.

The geographical distribution of the fair value is as follows:

	2008	2007
Madrid	201,500	221,950
Barcelona	40,500	45,000
Palma de Mallorca	5,600	5,900
Rest	2,150	2,416
Balance at 31 December	**249,750**	**275,266**

The movements in investment property are as follows:

Balance at 1-1-07	276,841
Increases	3,606
Decreases	(42,380)
Change in fair value	37,199
Balance at 31-12-07	**275,266**
Increases	891
Change in fair value	(26,407)
Balance at 31-12-08	**249,750**

The increases in 2008 relate to improvements made during the year. The increases in 2007 relate to the purchase of an office building in Madrid and improvements carried out. The decreases relate to the sale of an office building in Madrid, a warehouse in Palma de Mallorca and an office building in Tarragona, yielding a gain of 26,944 thousand euros.

The most significant data regarding the leasable area at 31 December are as follows:

	2008	2007
Floor area above grnd level (square meters)	82,592	83,182
Leased floor area (square meters)	79,354	81,318
Leased area as % total floor area	96.1%	97.8%

The expenses relating to unoccupied space are not significant enough to be worth breaking down.

These assets are adequately insured against the risks to which they are subject.

6. PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment were as follows:

	Buildings	Other PPE	Total
Cost:			
Balance at 1-1-07	16,212	2,638	18,850
Increases	250	30,034	30,284
Balance at 31-12-07	**16,462**	**32,672**	**49,134**
Increases	24	16	40
Decreases	-	(29,809)	(29,809)
Balance at 31-12-08	**16,486**	**2,879**	**19,365**
Accumulated depreciation:			
Balance at 1-1-07	(4,409)	(1,923)	(6,332)
Increases	(901)	(7,154)	(8,055)
Balance at 31-12-07	**(5,310)**	**(9,077)**	**(14,387)**
Increases	(768)	(172)	(940)
Decreases	-	6,983	6,983
Balance at 31-12-08	**(6,078)**	**(2,266)**	**(8,344)**
Net PPE at 31-12-07	11,152	23,595	34,747
Net PPE at 31-12-08	10,408	613	11,021

The increases in 2007 were attributable mainly to the consolidation of Islalink, S.A., while the decreases in 2008 are due to the deconsolidation of Islalink, S.A., Alba's interest in this company having been sold.

On first-time application of International Financial Reporting Standards, Corporación Financiera Alba, S.A. recognised its headquarters building at fair value, in accordance with IFRS 1. The impact on reserves was 8,382 thousand euros.

Adequate insurance cover is provided for potencial risks to property, plan and equipment.

7. INVESTMENTS IN ASSOCIATES

The changes in this item in 2008 are as follows:

Sociedad	Consolidated value at 1/1/08	Profit/ (loss) of associate	Dividends received	Acquisitions/ (disposals)	Impairment	Transfer of available-for-sale asse	Consolidated value at 31/12/08	Quoted market value at 31/12/08
Acerinox, S.A.	824,130	(1,438)	(28,976)	(4,045) (*)	-	(22,594)	767,077	687,179
ACS, Actividades de Construcción y Servicios, S.A.	1,758,122	414,547	(206,923)	-	-	(518,324)	1,447,422	2,549,451
Antevenio, S.A.	2,426	474	-	-	-	-	2,900	4,752
Clínica Baviera, S.A.	58,488	1,119	(1,184)	1,256	(27,919)	-	31,760	18,947
Prosegur, Compañía de Seguridad, S.A.	139,356	12,711	(6,513)	-	-	4	145,558	144,680
Total	**2,782,522**	**427,413**	**(243,596)**	**(2,789)**	**(27,919)**	**(540,914)**	**2,394,717**	**3,405,009**

(*) This figure includes € 6,043 thousand relating to the repayment of share premium.

The changes in this item in 2007 are as follows:

Sociedad	Consolidated value at 1/1/07	Profit/ (loss) of associate	Dividends received	Acquisitions/ (disposals)	Impairment	Transfer of available-for-sale asse	Consolidated value at 31/12/07	Quoted market value at 31/12/07
Acerinox, S.A.	702,085	68,261	(19,912)	110,514(*)	(36,818)	-	824,130	1,015,144
ACS, Actividades de Construcción y Servicios, S.A.	1,239,603	342,895	(96,271)	149,827	122,068	-	1,758,122	3,174,125
Antevenio, S.A.	661	407	-	-	1,358	-	2,426	6,048
Clínica Baviera, S.A.	-	728	-	57,702	58	-	58,488	60,024
March Gestión de Fondos, S.G.I.I.C., S.A.	1,624	201	(180)	(1,645)	-	-	-	-
March Gestión de Pensiones, S.G.F.P., S.A.	1,012	28	-	(1,040)	-	-	-	-
March Unipsa Correduría de Seguros, S.A.	2,862	1,880	(1,991)	(2,751)	-	-	-	-
Prosegur, Compañía de Seguridad, S.A.	-	8,877	(2,865)	86,399	(1,393)	48,338	139,356	150,670
Totales	**1,947,847**	**423,277**	**(121,219)**	**399,006**	**85,273**	**48,338**	**2,782,522**	**4,406,011**

(*) This figure includes € 5,968 thousand relating to the repayment of share premium.

The changes in the consolidated equity of associates in 2008 and 2007 are due mainly to purchases of own shares, revaluations of available-for-sale financial assets and translation differences.

The profit or loss on disposal is recognised in “Profit/(loss) on disposal of investments” in the accompanying income statements, as shown below:

	2008	2007
Clínica Baviera, S.A.	(128)	-
March Unipsa, Correduría de Seguros, S.A.	-	39,669
March Gestión de Fondos, S.G.I.I.C., S.A.	-	3,307
Prosegur, Compañía de Seguridad, S.A.	-	2,452
March Gestión de Pensiones, S.G.F.P., S.A.	-	27
Total	**(128)**	**45,455**

The relevant information on the companies included in this item is as follows:

	Assets		Liabilities			Consolidated
For 2008	Current	Non-current	Current	Non-current	Tumover	profit (loss)
Acerinox, S.A.	1,881,894	1,844,841	793,836	912,349	5,050,571	(10,455)
ACS, Actividades de Construcción y Servicios, S.A.	36,778,952	14,619,413	30,415,654	11,069,671	16,009,990	1,805,036
Antevenio, S.A.	24,490	4,902	14,118	310	19,362	2,524
Prosegur, Compañía de Seguridad, S.A.	732,041	710,461	614,361	403,547	2,051,707	127,038
Clínica Baviera, S.A.	16,382	47,727	26,121	18,794	87,974	6,981
For 2007						
Acerinox, S.A.	2,884,330	1,561,976	1,460,567	678,139	6,900,833	312,304
ACS, Actividades de Construcción y Servicios, S.A.	14,972,593	34,620,851	17,691,663	21,460,746	15,344,899	1,551,115
Antevenio, S.A.	15,007	3,709	6,704	151	14,573	1,893
Prosegur, Compañía de Seguridad, S.A.	694,154	664,321	589,456	386,602	1,841,795	98,301
Clínica Baviera, S.A.	13,850	31,398	14,295	11,076	78,382	12,130

Notice of changes in shareholdings:

Notice of the acquisition, modification or transfer of shares in a company has been given if the resulting ownership percentage exceeds the threshold applicable at any given time.

In 2008, the Company gave such notice to:

Ros Roca Environment, S.L., that its equity interest had reached	22.39 %
Ocibar, S.A., that its equity interest had reached	28.88 %
Islalink, S.A., sale of	74.68 %
Isofotón, S.A., sale of	26.09 %
Ros Roca. Environment, S.L., sale of	5.60 %
Ocibar, S.A., sale of	7.22 %

In 2007, the Company gave such notice to:

Prosegur, Compañía de Seguridad, S.A., that its equity interest had reached	10.01 %
Clínica Baviera, S.A., that its equity interest had reached	5.00 %
Clínica Baviera, S.A., that its equity interest had reached	15.46 %
Islalink, S.A., that its equity interest had reached	74.68 %
Isofotón, S.A. that its equity interest had reached	26.09 %
March Unipsa Correduría de Seguros, S.A., sale of	35.00 %
March Gestión de Fondos, S.G.I.I.C., S.A. sale of	35.00 %
March Gestión de Pensiones, S.G.F.P., S.A., sale of	35.00 %

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The composition of this item at 31 December 2008 and 2007 is detailed below:

	2008		2007	
	% ownership interest	Fair value	% ownership interest	Fair value
Long term				
Ros Roca Environment, S.L.	16.79	47,713	-	-
Ocibar, S.A.	21.66	7,430	-	-
C. E. Extremadura, S.A.	2.55	417	2.55	417
Isofotón, S.A.	-	-	26.09	150,000
Total		**55,560**		**150,417**
Short term				
Other		17		648
Total		**17**		**648**

At 31 December 2008 the investments in Ros Roca Environment, S.L. and Ocibar, S.A. are stated at cost on the understanding that this is the best estimate of their fair value, given that they were acquired recently.

The profit or loss on disposal is recognised in "Profit/(loss) on disposal of investments" in the accompanying income statements, as shown below:

	2008		2007	
	%	Amount	%	Amount
Ros Roca Environment, S.L.	5.60	622	-	-
Ocibar, S.A.	7.22	72	-	-
Celtel International B.V.	-	-	0.45	8,865
Spirent	-	-	0.62	2,069
Other	-	416	-	738
Total		**1,110**		**11,672**

9. OTHER NON-CURRENT FINANCIAL ASSETS AND LIABILITIES

The composition of these items at 31 December 2008 and 2007 is detailed below:

	2008	2007
Other non-current financial liabilities		
Loans to third parties	135,000	-
Guarantees received from customers	1,742	1,872
Other financial assets	-	1,932
Balance at 31 December	**136,742**	**3,804**
Other non-current financial liabilities		
Bank borrowings	250,000	-
Guarantees given to public bodies	1,976	2,006
Balance at 31 December	**251,976**	**2,006**

"Loans to third parties" consists of the debt outstanding on the sale of the interest in Isofotón, S.A., which earns interest at the 1-year Euribor rate + 0.65 percentage points and matures in July 2013.

"Bank borrowings" consists of a fixed-rate loan secured by the pledge of 13,500,000 shares of ACS, Actividades de Construcción y Servicios, S.A., maturing in June 2011. At 31 December 2008 it is estimated that the fair value of this non-current liability does not differ significantly from its carrying amount.

10. TRADE AND OTHER RECEIVABLES

The composition of this item at 31 December 2008 and 2007 is detailed below:

	2008	2007
Accrued and unpaid dividends	78,573	-
Loans to third parties (note 9)	14,144	-
Sundry debtors	1,412	492
Trade receivables	18	902
Prepaid expenses	-	2,335
Balance at 31 December	**94,147**	**3,729**

11. FINANCIAL ASSETS HELD FOR TRADING

These consist of listed shares whose original currency is the euro. The impact on the consolidated income statement of the changes in the fair value of financial assets held for trading, based on year-end quoted prices, was 5,977 thousand at 31 December 2008 and 11,999 thousand euros at 31 December 2007.

12. CASH AND CASH EQUIVALENTS

The composition of this item at 31 December 2008 and 2007 is detailed below:

	2008	2007
Cash and banks	155,321	586
Deposits and short-term investments	30,074	2,632
Balance at 31 December	**185,395**	**3,218**

The components of this item earn interest at a floating rate based on the interbank rate.

13. EQUITY

At 31 December 2007, the Company's issued share capital was represented by 64,100,000 fully paid bearer shares with a par value of 1 euro each, all of which were publicly traded (Stock Exchange Interconnection System, SIBE). In June 2008, by resolution of the Ordinary General Meeting of 28 May 2008, 1,710,000 shares were cancelled. As a result, at the reporting date share capital was represented by 62,390,000 shares.

At the General Meeting held on 25 May 2004, the shareholders of Corporación Financiera Alba, S.A. granted the Board of Directors authority to increase share capital one or more times up to a maximum of 50% of share capital, against cash contributions, within a maximum period of five years. This authority has not been exercised to date.

Corporación Financiera Alba, S.A. is a member of the Banca March group. Banca March, S.A. is controlled by Juan, Carlos, Gloria and Leonor March Delgado, who jointly control 100% of Banca March S.A.'s share capital, without any one of them doing so individually as a result of either their shareholding or any agreement among them.

At year-end 2008, Banca March, S.A. and its shareholders jointly controlled (Concerted Action) 67.855% of Corporación Financiera Alba, S.A. Other significant shareholdings at 31 December 2008 are as follows:

BESTINVER GESTION, S.A., S.G.I.I.C.	4.975%
THE EGERTON EUROPEAN DOLLAR FUND LIMITED	1.655%

"Other reserves" in the accompanying balance sheets shows the changes in the consolidated equity of associates and breaks down as follows:

	2008	2007
Purchase of own shares	(191,389)	(97,231)
Translation differences	(35,289)	(81,556)
Valuation of financial instruments	(280,601)	174,646
Change in scope of consolidation and other changes	(31,532)	6,244
Total	**(538,811)**	**2,103**

Movements in treasury shares in 2008 and 2007 were as follows:

	No. of shares	Percentage of share capital	Average acquisition price (euros/share)	Thousands of euros
At 1 January 2007	456,686	0.70%	41.22	18,825
Purchased	2,529,305	3.94%	50.14	126,815
Cancelled (General Meeting 30-05-07)	(1,000,000)	(1.54%)	49.16	(49,161)
At 31 December 2007	**1,985,991**	**3.10%**	**48.58**	**96,479**
Purchased	492,586	0.77%	31.86	15,692
Cancelled (General Meeting 28-05-08)	(1,710,000)	(2.67%)	49.01	(83,810)
At 31 December 2008	**768,577**	**1.23%**	**36.90**	**28,361**

The purchases were made during the year in response to the considerable discount of Alba's trading price in relation to its net asset value.

14. CAPITAL MANAGEMENT POLICY

Alba manages its capital so as to provide its subsidiaries with sufficient economic resources to carry out their activities. Apart from managing the capital required to cover the risks incurred in its activity in a rational and objective manner, Alba also seeks to maximise the return to shareholders by maintaining an appropriate balance of equity and debt.

Alba's gearing ratio at year-end 2008 and 2007 was as follows:

	2008	2007
Bank borrowing	501,559	410,365
Cash and cash equivalents	(185,395)	(3,218)
Financial assets held for trading	(6,011)	(49,179)
Total net debt	**310,153**	**357,968**
Shareholders' equity	2,598,160	2,820,243
Shareholders' equity + net debt	2,908,313	3,178,211
Gearing ratio	10.66%	11.26%

15. PROVISIONS

The movements in provisions during 2008 and 2007 were as follows:

	2008	2007
Balance at 1 January	24,297	40,981
Increases	320	1,397
Decreases	(10,181)	-
Applications	(3,013)	(18,081)
Balance at 31 December	**11,423**	**24,297**

In both years the increases include updates to account for interest on provisions established in previous periods, which is recognised under "Finance costs and exchange differences" in the accompanying income statements.

The decreases in 2008 reflect the cancellation of losses or liabilities arising from litigation in relation to the Company's activities.

In both years the applications relate to payments made. The applications in 2007 include 16,250 thousand euros relating to Alba's liability under guarantees provided to Xfera, S.A.

16. TRADE AND OTHER PAYABLES

The composition of this item at 31 December 2008 and 2007 is detailed below:

	2008	2007
Other financial liabilities	11,504	7,146
Accrued wages and salaries	1,929	19,620
Trade payables	861	2,465
Accruals and deferred income	106	3,823
Other	134	5,299
Balance at 31 December	**14,534**	**38,353**

In 2007 "Accrued wages and salaries" includes the accrued amount of a multi-year extraordinary bonus linked to the market value of the Company's equity.

17. CURRENT BANK BORROWINGS

These consist of credit lines with a maturity of one year. A breakdown by maturity is given below:

	Balance drawn		
Bank	At 31/12/08	At 31/12/07	Maturity
BBVA	138,677	166,904	13/4/09
Barclays	53,019	57,981	22/6/09
Unicaja	49,610	49,477	13/1/09
Caixanova	7,000	-	5/6/09
Banca March	3,253	195	19/6/09
Banco Santander	-	75,618	2/4/09
Sabadell	-	40,566	4/10/09
La Caixa	-	19,624	
Total	**251,559**	**410,365**	
Limit granted	**652,000**	**665,000**	

Interest is generally payable quarterly.

The Unicaja facility has been renewed until February 2010. The remaining credit facilities are expected to be renewed at maturity.

18. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board of Directors of Corporación Financiera Alba, S.A. has approved the following risk management and control policies:

1. TYPES OF RISKS THE COMPANY FACES

Corporación Financiera Alba, S.A. engages in two types of business activity: (i) the holding of investments in listed and, in some cases, unlisted companies through its subsidiary Alba Participaciones, S.A. and (ii) investment in office properties for lease.

The most significant and common risk of the investee companies is the risk inherent in their own business, but also, if they are listed, changes in stock prices.

The risks with respect to investment properties are: loss of income if the buildings are unoccupied (especially if there is a large unoccupied floor area); changes in long-term interest rates; damage; default by lessees; and changes in market value.

Based on the abovementioned activities, the main risks affecting Alba can be grouped in the following categories:

1.1. CASH FLOW INTEREST RATE RISK

The Company is exposed to cash flow interest rate risk mainly through bank borrowings. Alba's policy will be to have a mix of short and long-term, fixed and floating-rate financing, as appropriate to the financial situation at any given time.

1.2. EXCHANGE RATE RISK

At present, Alba's activity is not affected by any significant exchange rate risk.

1.3. MARKET RISK

Market risk affects the most important asset on Alba's balance sheet, the investments in listed companies, through its subsidiaries. These investments are, and are expected to continue to be, mainly long-term and hedging would not be financially viable. In some cases, the Company also uses derivatives on listed shares.

The investment properties are affected by changes in market value, which the Company monitors through annual reports prepared by independent experts.

1.4. CREDIT RISK

Credit risk derives basically from the possibility that the lessors of buildings belonging to the Company will fail to meet their obligations under the lease agreements. Accordingly, Alba's policy is to do business exclusively with financially strong entities.

In transactions with derivatives on listed shares, there is also counterparty risk. Such transactions are therefore carried out only with highly solvent and reputable counterparties.

1.5. LIQUIDITY RISK

The Company's liquidity management is based on short-term instruments and cash to easily cover envisaged liquidity requirements.

2. RISK MITIGATION MEASURES

The most important asset on the Company's balance sheet is the investment in investee companies through its subsidiaries. The Company oversees its investees by monitoring both their business activity and performance (for which purpose it is represented on their Boards of Directors and sometimes also on their Executive Committees, Audit Committees and Nomination and Remuneration committees) and their share price performance (in the case of those that are publicly traded).

To guard against the abovementioned risks affecting its investment properties, the Company deals exclusively with highly solvent tenants and always checks the customer's ability to pay before entering into any business relationship. It also establishes the appropriate contractual provisions, requires guarantees from tenants, adjusts rents to market rates in the case of long lets, and takes out insurance, updated annually, to cover damage and third-party liability. Lastly, the Company continuously monitors its lease receivables, so that the risk of arrears is never significant, and carries out annual appraisals to track changes in market value.

3. IT AND INTERNAL AUDIT SYSTEMS

The Company has organisational resources to monitor and control risks and ensure legal compliance, notably a finance department, a legal department and a tax department. Each of these departments monitors risks and internal and external regulatory compliance in its particular area.

The Company also has processes for identifying and controlling its main operational, financial and legal risks. These process are duly documented in operating rules and instruction manuals. The Company has an integrated IT system, based on modern technology, to enable it to prepare timely and reliable financial information and the operational data it needs in order to manage its businesses effectively. The Company's budgeting system allows it to set quantitative objectives in advance within a strategic framework and analyse the causes of any significant deviations between actual and budgeted results.

Lastly, the Audit Committee is responsible for ensuring that the Company has an adequate system for monitoring and controlling risks and that the system works effectively. The external auditor has pronounced this system to be adequate.

19. TAX MATTERS

Alba Participaciones, S.A. qualifies as a foreign security holding company and together with Corporación Financiera Alba, S.A. and Deyá Capital, S.C.R. de Régimen Simplificado, S.A. is taxed as a group. Artá Capital, S.G.E.C.R., S.A. is taxed individually.

A reconciliation of taxable income to accounting profit is given below:

	2008	2007
Consolidated profit for the year attributable to the parent company	361,391	525,261
Permanent differences due to consolidation adjustments	(126,028)	(220,004)
Aggregate profit/(loss) of the Group companies	235,363	305,257
Permanent differences		
Corporate income tax	(385)	102
Intra-group dividends	(28,000)	(70,003)
Adjustment for currency correction	-	(5,266)
Adjustments to reserves for first-time application of the New General Chart of Accounts	3,903	-
Other	(9)	196
Temporary differences		
Contribution to alternative pension plan systems and insurance premiums	(863)	47
Intra-group transactions	-	(28)
Other provisions	15,477	388
Initial taxable income	225,486	230,693
Offset of tax losses	(182,465)	(24,484)
Taxable income	43,021	206,209
Corporate income tax (30%)	12,906	-
Corporate income tax (32.5%)	-	67,018
Deductions from tax	(10,050)	(67,018)
Tax payable	2,856	(0)

In 2008 Alba received a refund of 3,259 thousand euros relating to a claim brought before the tax authorities regarding corporate income tax for 1991. This amount plus the corporate income tax charge of Artá Capital, S.G.E.C.R., S.A. has resulted in the recognition of 385 thousand euros of income under the "Corporate income tax expense" heading in the income statement for 2008.

Reinvested capital gains for which the minimum investment term has not yet expired are as follows:

	Profits assigned to reinvestment (art. 42 L.I.S.)	Sale proceeds	Reinvestment period	Expiration deadline
Year 2008	686	15,758	2008	2013
Year 2007	88,985	122,329	2007	2012
Year 2006	19,280	27,390	2006 and 2007	2012

Unused deductions and unused tax losses of the consolidated tax group:

	31/12/08	31/12/07	
Year of expiry	Deductions from tax	Negative taxable income	Deductions from tax
2017	-	-	8,364
2018	71,988	66,027	-
2019	-	116,256	-
Total	**71,988**	**182,283**	**8,364**

Some deferred tax liabilities are not recorded because they are offset against the abovementioned tax assets, as detailed below:

Deferred tax for revaluations of:	2008	2007
Investment property and property, plant and equipment	111,530	137,937
Financial assets held for trading	-	3,903
	111,530	**141,840**

In 2007 the tax authorities audited and accepted the Company's tax returns for the years 2001 to 2003. The financial years from 2004 onward remain open to inspection. It is estimated that any additional tax liabilities that may arise as a result of such inspections will not be material.

The amount shown under the heading "Current tax assets" in the accompanying consolidated balance sheets relates to corporate income tax withheld from Group income. A breakdown of "Current tax liabilities" in the consolidated balance sheet at 31 December 2008 is given below:

For corporate income tax	2,859
For capital gains tax	2,266
For personal income tax	455
For VAT	159
Total	**5,739**

20. GUARANTEES ISSUED ON BEHALF OF THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

A breakdown of this item at 31 December is given below:

	2008	2007
Guarantees given for the sale of the stake in Banco Urquijo, S.A.	3,827	3,827
Other guarantees	432	472
Total	**4,259**	**4,299**

21. WORKFORCE

The average number of employees during each year, by category, was as follows:

	2008			2007		
	Men	Women	Total	Men	Women	Total
Graduates	16	2	18	15	2	17
Clerical staff	11	13	24	11	13	24
Other	3	-	3	3	-	3
Total	**30**	**15**	**45**	**29**	**15**	**44**

The average number of employees at year-end each year, by category, was as follows:

	2008			2007		
	Men	Women	Total	Men	Women	Total
Graduates	17	2	19	15	1	16
Clerical staff	9	14	23	8	14	22
Other	3	-	3	3	-	3
Total	**29**	**16**	**45**	**26**	**15**	**41**

22. SEGMENT INFORMATION

The following tables provide information about the income, profit or loss, assets and liabilities of the operating segments for the years ended 31 December 2008 and 2007.

There were no transactions between segments.

			In thousands of euros
	Segment information 2008		
	Property leasing	Securities investment	Total Group
Direct segment income and expenses			
Lease income and other items	16,582		16,582
Profit from disposals		(4,995)	(4,995)
Share of profit/(loss) of associates		427,413	427,413
Dividends received		659	659
Increase/(decrease) in fair value	(26,407)	(27,919)	(54,326)
Other direct operating expenses	(2,914)		(2,914)
Segment profit/(loss)	**(12,739)**	**395,158**	**382,419**
Income and expenses not assigned to segments			
Not provision expense			10,181
Staff costs			(9,998)
Ohet operating expenses			(3,963)
Amortisation and depreciation			(957)
Net finance costs			(15,727)
Profit / (loss) before taxes and minority interests			361,955
Corporate income tax			385
Profit / (loss) from discontinued operations			1,592
Minority interests			(2,541)
Net / (loss) for the year attributable to equity holders of the parent			**361,391**
Assets ans liabilities			
Segment assets	251,492	2,456,288	2,707,780
Unassigned assets			606,220
Total assets			**3,134,095**
Segment liabilities	1,976		1,976
Unsassigned liabiliies			533,255
Total liabilities			**535,231**

				In thousands of euros
	Segment information 2007			
	Property leasing	Securities investment	Undersea Cable	Total Group
Ingresos y gastos directos				
Lease income	15,382		4,181	19,563
Profit from disposals	26,945	45,128		72,073
Share of profit/(loss) of associates		423,277		423,277
Dividends received		7,232		7,232
Increase/(decrease) in fair value	37,199			37,199
Other direct operating expenses	(3,213)		(3,740)	(6,953)
Profit/(loss)	**76,313**	**475,637**	**441**	**552,391**
Revenue and expenses not assigned to segments				
Staff costs				(10,133)
Other operating expenses				(5,262)
Amortisation and depreciation				(2,610)
Net finance costs				(9,459)
Profit/(loss) before taxes and minority interests				524,927
Corporate income tax				(37)
Minority interests				371
Net profit/(loss) for the year attributable to equity holders of the parent				**525,261**
Assets and liabilities				
Segment assets	275,266	2,983,831	22,832	3,281,929
Unassigned assets				42,001
Total assets				**3,323,930**
Segment liabilities	2,002		6,024	8,026
Unassigned liabilities				490,814
Total liabilities				**498,840**

Alba operates entirely in Spain, so Group operations comprise a single geographical segment.

23.OTHER INCOME AND EXPENSES

The following tables show the composition of the various items included under this heading in 2008 and 2007.

A) STAFF COSTS

	2008	2007
Wages and salaries	7.896	7.234
Employer's social security contributions	461	503
Alternative pension plan systems	1.384	2.114
Insurance premiums	177	171
Other employee welfare costs	80	111
Balance at 31 December	**9.998**	**10.133**

B) FINANCE INCOME

	2008	2007
Dividends	659	7,232
Gain/(loss) on derivatives	(6,015)	8,879
Interest on loans	4,144	-
Management fee	3,829	-
Other finance income	2,620	399
Balance at 31 December	**5,237**	**16,510**

At 31 December 2008 and 2007 Alba had no significant positions in financial instruments.

24. RELATED PARTIES

In 2008 the following transactions were carried out:

Description of the transaction	Amount	Related party
With significant shareholders of the Company		
Finance costs	2,215	Banca March
Current account interest	637	Banca March
Financing agreements and loans	3,058	Banca March
Guarantees and avals	2,402	Banca March
Dividends	18,051	Acción Concertada Grupo Banca March
With other related parties		
Dividends	243,596	ACS, Acerinox, Prosegur y Clínica Baviera
Repayment of share premium	6,043	Acerinox
Collaboration agreements	300	Fundación Juan March
Operating lease contracts	332	March Gestión de Fondos, S.G.I.I.C., S.A. March Gestión de Pensiones, S.G.F.P., S.A. y CIMSA
Insurance premiums brokered	3,781	March Vida y March Unipsa

In 2008 the directors and senior managers received 7,514 thousand euros relating to an extraordinary bonus linked to the Company's share price performance and with a three-year vesting period. This amount accrued over the period 2005-2008 and was provided for in those years.

In 2007 the following transactions were carried out:

Description of the transaction	Amount	Related party
With significant shareholders of the Company		
Operating lease contracts	109	CIMSA
Compensation	4,000	CIMSA (a)
Interest on loans	2,045	Banca March
Financing agreements: loans	60,000	Banca March
Guarantees and avals	2,413	Banca March
Dividends and other distributions	2,204	Banca March
Current account interest	25	Banca March
Provision of services	221	March Vida
Sale of investments	48,444	Banca March

All the transactions with Banca March were entered into in the normal course of business and on market terms. Sale of investments refers to the sale of 35% of March Unipsa Correduria de Seguros, S.A., 35% of March Gestión de Fondos, S.G.I.I.C., S.A. and 35% of March Gestión de Pensiones, S.G.F.P., S.A.

(a) Compensation paid by Corporación Financiera Alba, S.A. to CIMSA, a March Group company, for early cancellation of a lease on an industrial building and transfer of the activity carried out in that building to other premises. The property was then sold under a compulsory purchase order involving a change of land use. Corporación Financiera Alba, S.A., obtained a profit of 27,372 thousand euros on the sale before compensation.

With other related parties		
Provision of services	4.632	Various (a)
Operating lease contracts	282	Various (b)
Dividends and other distributions	121.219	Various (c)
Collaboration agreements	300	Fundación Juan March

(a) Premiums on insurance contracts entered into on market terms in the normal course of business and brokered by March Unipsa, Correduría de Seguros, S.A.

(b) Leasing of offices to March Gestión de Fondos, S.G.I.I.C., S.A., March Gestión de Pensiones, S.G.F.P., S.A. and March Unipsa Correduria de Seguros, S.A.

(c) Dividends paid by ACS, Actividades de Construcción y Servicios, S.A., Acerinox, S.A., March Gestión de Fondos, S.G.I.I.C., S.A., March Unipsa Correduria de Seguros, S.A. and Prosegur, Compañía de Seguridad, S.A.

25. EXECUTIVE AND EMPLOYEE SHARE OPTION PLAN

On 28 May 2008 the General Meeting of shareholders of Alba approved a share option scheme for executive directors and senior managers of the Company. The scheme has a duration of three years, starting on 28 May 2008. The features of the scheme are as follows:

a) Compensation paid by Corporación Financiera Alba, S.A. to CIMSA, a March Group company, for early cancellation of a lease on an industrial building and transfer of the activity carried out in that building to other premises. The property was then sold under a compulsory purchase order involving a change of land use. Corporación Financiera Alba, S.A., obtained a profit of 27,372 thousand euros on the sale before compensation.

b) The beneficiaries of this option scheme are the executive directors and senior managers of Corporación Financiera Alba, S.A.

c) The maximum number of shares to be delivered under this scheme will be 435,000 and an equivalent number of treasury shares has been earmarked for this purpose.

d) The options are non-transferable except upon the death of the beneficiary.

e) The exercise price of each option will be 44.94 euros/share. At the beneficiary's discretion, options may also be settled wholly or partly by the Company's paying the beneficiary the difference between the weighted average trading price of Corporación Financiera Alba, S.A. shares during the month immediately preceding the date on which the three-year period from the grant date expires and the option exercise price. It is expected that the beneficiaries will opt to receive cash, so at the end of each accounting period the Company will estimate the corresponding financial liability, where necessary.

f) The options will be granted for nil consideration.

26. DIRECTORS' AND SENIOR MANAGERS' REMUNERATION

The Company and its subsidiaries have recorded the following remuneration earned by directors and senior managers of Corporación Financiera Alba, S.A.:

In 2008	No. of people	Salaries and other	Directors' remuneration Alba	Directors' remuneration Group companies	Alternative pensionplan systems and insurance
Proprietary directors	5	-	363	66	28
Independent non-executive directors	5	-	159	-	-
Executive directors	3	1,654	90	44	560
Senior management	4	1,197	-	36	357

In 2007	No. of people	Salaries and other	Directors' remuneration Alba	Directors' remuneration Group companies	Alternative pensionplan systems and insurance
Proprietary directors	4	-	314	54	14
Independent non-executive directors	5	-	180	-	-
Executive directors	3	1,365	108	-	1,516
Senior management	6	906	-	-	935

The figure for "Senior managers" includes the amount of accrued extraordinary bonus pay linked to the Company's share price performance, with a three-year vesting period.

No advances or loans have been extended to directors or senior managers.

In compliance with Article 127 ter.4 of the Law on Public Limited Companies (brought into effect by Law 26/2004 of 17 July, amending Law 24/1988 of 28 July on the Securities Market, and the Consolidated Text of the Law on Public Limited Companies), details of directors who hold interests or positions in companies whose principal activity is the same as, or substantially similar or complementary to, that of Alba are given below:

Name	Company	Activity	Ownership interest	Functions
Alfredo Lafita Pardo	Banco Guipuzcoano,S.A.	Banking	1.54%	Vice-Chairman
Alfredo Lafita Pardo	Diana, Sociedad de Capital Riesgo, S.A.	Venture capital	n.m.	Chairman
Juan March de la Lastra	Deyá Capital II, S.C.R. de Régimen Común, S.A.	Venture capital	-	Director
Santos Martínez-Conde Gutiérrez-Barquín	Deyá Capital II, S.C.R. de Régimen Común, S.A.	Venture capital	-	Chairman
Manuel Soto Serrano	Banco Santander, S.A.	Banking	n.m.	Fourth Vice-Chairman
Manuel Soto Serrano	Instituto per le Opere di Religione	Banking	-	Director
Manuel Soto Serrano	Cartera Industrial Rea, S.A.	Portfolio company	3.20%	Director and Secretary

27. AUDITORS' REMUNERATION

Fees payable to Ernst & Young totalled 63 thousand euros, relating entirely to the auditing of the 2008 individual and consolidated annual accounts of Alba and other Group companies. In 2007 the auditor's fees totalled 78 thousand euros, which breaks down into 76 thousand for the auditing of the 2007 individual and consolidated annual accounts of Alba and other Group companies and 2 thousand for non-audit services.

28. CASH FLOW STATEMENT

The cash flow statement has been prepared in accordance with International Accounting Standard 7.

The statement is divided into three sections

- Net cash flows from operating activities: this includes the operational cash flows of all the businesses managed by the Group.
- Net cash flows from investing activities: this includes the flows used in the purchase of treasury shares.
- Net cash flows from financing activities: this includes the inflows of cash from external sources of funding and the outflows of cash for repayment of external funding, payment of interest on borrowings and payment of dividends.

29. EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred since the balance sheet date.

30. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of accounting principles generally accepted in Spain may not conform with generally accepted accounting principles in other countries.

CERTIFICATION OF ACCOUNTS

Santos Martínez-Conde Gutiérrez-Barquín, managing director, and Ignacio Martínez Santos, finance director of Corporación Financiera Alba, S.A., certify that the consolidated financial statements for the year ended 31 December 2008, which have been presented to the Company's Board of Directors for authorisation, are complete and give a true and fair view of the consolidated net assets and financial position of the Group at 31 December 2008 and of the Group's consolidated results of operations, changes in equity and cash flows for the year then ended and that they incorporate the financial statements of all the subsidiaries and associates included in the scope of consolidation in accordance with applicable commercial and accounting regulations.

AUTHORISATION OF ACCOUNTS

These financial statements have been approved by the Board of Directors at its meeting held on 25 March 2009 and will be subjected to verification by the auditors and subsequent approval by the General Meeting of shareholders. They are issued on 39 sheets, all signed by the Company Secretary, and this last sheet, no. 39, signed by all the directors.

DECLARATION OF RESPONSIBILITY FOR THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The directors of Corporación Financiera Alba, S.A. declare that, to the best of their knowledge and belief, the individual and consolidated financial statements for 2008, authorised for issue at the Board meeting held on 25 March 2009 and prepared in accordance with applicable accounting principles, give a true and fair view of the consolidated net assets and financial position of Corporación Financiera Alba, S.A. and the consolidated group as a whole at 31 December 2008 and of the consolidated results of operations, changes in equity and cash flows for the year then ended, and that the individual and consolidated management reports give a fair analysis of the business performance and results and financial situation of Corporación Financiera Alba, S.A. and of the consolidated group as a whole, along with a description of the main risks and uncertainties to which they are exposed.

MANAGEMENT REPORT

CONSOLIDATED MANAGEMENT REPORT OF CORPORACIÓN FINANCIERA ALBA, S.A. AND SUBSIDIARIES FOR 2008

MANAGEMENT REPORT YEAR 2008

1. COMPANY BUSINESS AND FINANCIAL POSITION

The consolidated financial statements at 31 December give a true and fair view of the consolidated net assets and financial position of Alba at 31 December 2008 and of its consolidated results of operations, changes in equity and consolidated cash flows for the year then ended and were prepared and authorised for issue by the Company's directors.

Alba's principal activities during 2008 were:

- Management of controlling and minority interests in companies operating in various sectors of the economy.
- Development of and investment in start-up companies.
- Lease and sale of buildings.

2. SIGNIFICANT POST-BALANCE SHEET EVENTS

No significant events occurred in the period between year-end 2008 and authorisation of the financial statements.

3. COMPANY OUTLOOK

Alba's priority objective is to ensure that its investee companies maximise their profitability by improving their competitiveness and increasing their human, financial and technological potential. The Company's financial structure, size and flexibility will allow it to seize future investment opportunities as they arise.

4. RESEARCH AND DEVELOPMENT

The nature of the Company's businesses and the absence of manufacturing activity make direct R&D investment unnecessary.

5. PURCHASES AND SALES OF TREASURY SHARES

Movements in the number of treasury shares recorded in the accompanying consolidated balance sheets are shown below:

	No. of shares	Percent of share capital	Average purchase price	Thousands of euros
At 1 January 2007	456,686	0.70%	41.22	18,825
Purchases	2,529,305	3.94%	50.14	126,815
Cancellations (General Meeting 30-05-07)	(1,000,000)	(1.54%)	49.16	(49,161)
At 31 December 2007	**1,985,991**	**3.10%**	**48.58**	**96,479**
Purchases	492,586	0.77%	31.86	15,692
Cancellations (General Meeting 28-05-08)	(1,710,000)	(2.67%)	49.01	(83,810)
At 31 December 2008	**768,577**	**1.23%**	**36.90**	**28,361**

6. DISCLOSURES UNDER ARTICLE 116 BIS OF THE SECURITIES MARKET LAW

To meet the requirements of Article 116 bis of Law 24/1988 of 28 July on the Securities Market (as amended by Law 6/2007 of 12 April), at its meeting on 25 March 2009 the Board of Directors of Corporación Financiera Alba, S.A. agreed to approve and make available to the shareholders this report containing the disclosures required under the abovementioned provision.

A) STRUCTURE OF THE COMPANY'S CAPITAL, INCLUDING SECURITIES THAT ARE NOT ADMITTED TO TRADING ON A REGULATED EU MARKET, INDICATING, WHERE APPROPRIATE, THE VARIOUS CLASSES OF SECURITIES, THE RIGHTS AND OBLIGATIONS ATTACHING TO EACH CLASS OF SECURITY AND THE PERCENTAGE OF THE SHARE CAPITAL THAT EACH CLASS REPRESENTS.

In accordance with Article 5 of the Articles of Association, the issued share capital of Corporación Financiera Alba, S.A. consists of 62,390,000 fully paid shares, all of the same class, having a par value of one euro per share, represented by book entries. All the shares have the same rights and obligations attached to them, a minimum holding of 25 shares being required in order to attend and vote at General Meetings.

No securities have been issued that are not admitted to trading on a regulated EU market. In particular, no securities have been issued that are convertible into shares of Corporación Financiera Alba, S.A.

B) ANY RESTRICTIONS ON THE TRANSFER OF SECURITIES

The Articles of Association impose no restrictions on the free transfer of the Company's shares.

C) DETAILS OF PERSONS WITH SIGNIFICANT DIRECT OR INDIRECT HOLDINGS OF SECURITIES IN THE COMPANY

Significant shareholdings at 31 December 2008 were as follows:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
Banca March Group concerted action	19,580,878	22,753,954	67.855
Bestinver Management, S.A., S.G.I.I.C.		3,103,734	4.975
The Egerton European Dollar Fund Limited	1,019,883	0	1.634

Within "Banca March Group concerted action" (67.855%), the following holdings would in themselves qualify as significant shareholdings (including direct and indirect holdings):

Banca March, S.A.	31.385%
Mr. Carlos March Delgado	12.718%
Mr. Juan March Delgado	11.418%
Ms. Leonor March Delgado	3.750%
Ms. Gloria March Delgado	3.176%

D) ANY RESTRICTION ON VOTING RIGHTS

There are no restrictions on voting rights. The only restriction that could influence voting rights arises from the requirement that shareholders hold at least 25 shares in order to attend General Meetings (art. 18 of the Articles of Association).

E) SHAREHOLDERS' AGREEMENTS

Mr. Juan, Mr. Carlos, Ms. Leonor and Ms. Gloria March Delgado own 100% of the shares of Banca March, S.A., which has a significant ownership interest in Corporación Financiera Alba, S.A. On 24 May 2004 these four shareholders entered into a shareholders' agreement relating to Banca March, S.A. which also affects Corporación Financiera Alba, S.A., given that Banca March, S.A. is a significant shareholder of Corporación Financiera Alba, S.A.

This agreement, which is effective until 31 March 2015, is a continuation of the agreement entered into on 10 March 1980, which was amended on 4 May 1994.

Given their combined ownership interest in Corporación Financiera Alba, S.A., Banca March, S.A. and those of its shareholders who signed the agreement continue to have joint control of Corporación Financiera Alba, S.A.

The abovementioned agreement does not limit the transfer of shares of Corporación Financiera Alba, S.A., but it does affect the exercise of the voting rights attached to the shares that belong to the signatories to the agreement.

F) COMPANY RULES GOVERNING THE APPOINTMENT AND REPLACEMENT OF MEMBERS OF THE BOARD OF DIRECTORS OR EQUIVALENT GOVERNING BODY AND AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION.

f.1. Appointment and retirement of directors.

The procedures for the appointment, re-election, assessment and removal of directors are set forth in articles 33, 36 and 37 of the Articles of Association and articles 16 to 20 of the Board Regulations. They can be summarised as follows:

f.1.1. Appointment, re-election and ratification.

- Authority: Under the Law on Public Limited Companies (Consolidated Text approved by Legislative Royal Decree 1564/1989 of 22 December) and the Articles of Association, authority to appoint, re-elect and ratify directors belongs to the General Meeting. However, if one or more posts fall vacant as a result of the resignation or death of their holders, the Board is legally entitled to co-opt another person or other persons onto the Board, subject to confirmation at the first General Meeting following co-option.

- Requirements and restrictions for appointment: Directors do not have to be shareholders, except when co-opted, in which case they do. No person who is disqualified on any legal grounds may be appointed a director.

Nevertheless, independent non-executive directors must meet the conditions established in Article 8.B of the Board Regulations (based on the recommendations of the Unified Code on Good Corporate Governance, approved by the CNMV on 22 May 2006). Accordingly, a person may not be designated as an independent non-executive director if he or she:

a) Has been an employee of a group company within the last 3 years or an executive director of a group company within the last 5 years.

b) Receives from the Company or any group company any payment or benefit other than director's remuneration, unless the amount is insignificant.

c) Is or has been a partner of the external auditor or was responsible for the auditors' report on the listed company or any other company in its group within the last 3 years.

d) Is an executive director or senior manager of a different company in which an executive director or senior manager of the Company is a non-executive director.

e) Conducts or has conducted a significant business relationship with the Company or any company in its group within the last year, whether for his or her own account or as a significant shareholder, director or senior manager of an entity that conducts or has conducted such a relationship.

f) Is a significant shareholder, executive director or senior manager of an entity that receives or has received significant donations from the Company or any company in its group within the last 3 years.

g) Is a spouse or life partner or a relative up to the second degree of consanguinity of an executive director or senior manager of the Company.

h) Has not been named for appointment or renewal by the Nomination Committee.

i) Is in any of the situations referred to in a), e), f) and g) above in relation to any significant shareholder of the Company or any shareholder represented on its Board. In the case of the relationship referred to in g), the limitation shall apply not only to the shareholder, but also to its proprietary directors in the company in which it has an interest.

Proprietary directors who cease to qualify as such as a result of the sale by the shareholder of its shareholding in the Company may only be re-elected as independent non-executive directors if the shareholder they represented until then has sold all its shares in the Company.

A director who owns shares in the Company may qualify as an independent, provided all the abovementioned conditions are met and the director's shareholding is not significant.

Directors must undertake to fulfil their duties and obligations under the law, the Articles of Association and the Board Regulations.

- Tenure: Directors are elected for a term of four years, although outgoing directors may be re-elected one or several times. Directors who have been co-opted onto the Board will hold the post only until they are ratified (or not) at the first General Meeting following co-option.

An age limit for directors has not been considered necessary, although directors must offer to resign on reaching the age of 70.

- Procedure: Any proposal for the appointment, re-election and ratification of a director that the Board of Directors lays before the General Meeting and any appointment made by the Board itself by co-option must be preceded by the appropriate proposal or report by the Nomination and Remuneration Committee.

Directors who have been proposed for appointment, re-election or retirement shall refrain from attending or participating or voting in any Board or committee meetings in which such proposals are debated.

An appointment becomes effective once the director has accepted it, after which it is registered in the Companies Register.

f.1.2. Retirement and removal.

Directors shall retire when the term for which they were elected expires, unless re-elected, or when the General Meeting so decides by the authority vested in it by law or by the Articles of Association.

Directors must also offer to resign and –if the Board, having considered the necessary report by the Nomination and Remuneration Committee, so decides– tender their resignation in the following circumstances:

a) When they reach 70 years of age.

b) When they are disqualified on the grounds of conflict of interest or any other legal grounds.

c) When they are affected by circumstances that may harm the Company's good name and reputation; in particular, when they are prosecuted for a criminal offence or are subject to disciplinary action by the market supervisory authorities for a serious or very serious infraction.

d) When they are seriously reprimanded by the Audit Committee for failing to perform their duties as directors.

e) When the reasons for which they were appointed cease to apply; in particular, in the case of independent non-executive or proprietary directors, when they cease to qualify as such.

Independent directors may also be proposed for retirement in order to meet the proportionality criterion set out in Recommendation 8.2 of the Board Regulations in the event that the Company's capital structure changes as a result of a takeover bid, merger or similar corporate transaction.

Any director who retires from office before his or her term expires, whether due to resignation or for any other reason, should state the reasons for retirement in a letter, which should be sent to all the directors. Irrespective of whether such a retirement is reported to the CNMV as a significant event, the reason for it must be disclosed in the Annual Corporate Governance Report.

Once a non-executive director (independent or proprietary) has been elected by the General Meeting, the Board of Directors shall not propose early termination of the director's term of office except in exceptional cases, where the Board believes there is good reason to do so, subject to a report by the Nomination and Remuneration Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in the Board Regulations.

Directors must notify the Board of any criminal prosecution in which they are defendants and keep the Board informed of the progress of any such prosecution. If a director is charged with or prosecuted for any of the offences named in article 124 of the Law on Public Limited Companies, the Board will study the matter at the earliest opportunity and, giving due consideration to the circumstances, decide whether the director should stand down or not. All such decisions will be disclosed in the Annual Corporate Governance Report.

f.2. Amendments to the Articles of Association.

The procedure for amendments to the Articles of Association is regulated in article 144 of the Law on Public Limited Companies, which requires that amendments be approved by the shareholders in General Meeting, with the majorities stipulated in article 103 of the same law. The Articles of Association contain no special provisions in this respect.

The General Meeting Regulations specifically attribute to the General Meeting the power to amend the Articles of Association, without stipulating any majorities other than those required by law.

G) POWERS OF DIRECTORS, IN PARTICULAR ANY POWERS RELATING TO THE ISSUE OR BUYING BACK BY THE COMPANY OF ITS SHARES

The Managing Director has been delegated authority in staff matters and has broad powers of representation and recruitment.

At the General Meeting held on May 25, 2004, the shareholders gave the Board authority to issue shares in accordance with article 153.1. b) of the Law on Public Limited Companies. To date the Board of Directors has not used this authority.

Likewise, at the Ordinary General Meeting held on 25 May 2004 the shareholders gave the Board of Directors authority to issue bonds convertible into or exchangeable for shares of the Company. To date the Board of Directors has not used this authority.

As regards the purchase of own shares, at the Ordinary General Meeting held on 28 May 2008 the shareholders gave the Board of Directors authority, under article 75 and other related articles of the Law on Public Limited Companies, to purchase shares of Corporación Financiera Alba, S.A. The total number of own shares held by the Company and its subsidiaries may not exceed the legal limit, which is 5% of the capital, as stated in the First Additional Provision of the Law on Public Limited Companies. The current authority expires on 30 June 2009.

H) ANY SIGNIFICANT AGREEMENTS TO WHICH THE COMPANY IS PARTY THAT TAKE EFFECT, ALTER OR TERMINATE UPON A CHANGE OF CONTROL OF THE COMPANY FOLLOWING A TAKEOVER BID AND THE EFFECTS OF ANY SUCH AGREEMENTS (OTHER THAN AN AGREEMENT WHERE DISCLOSURE WOULD BE SERIOUSLY PREJUDICIAL TO THE COMPANY AND THE COMPANY HAS NO OTHER OBLIGATION TO DISCLOSE IT).

There are no significant agreements to which the Company is party that take effect, alter or terminate upon a change of control of the company following a takeover bid.

I) ANY AGREEMENTS BETWEEN THE COMPANY AND ITS DIRECTORS OR EMPLOYEES PROVIDING FOR COMPENSATION UPON RETIREMENT OR WRONGFUL DISMISSAL OR FOR LOSS OF OFFICE OR EMPLOYMENT THAT OCCURS BECAUSE OF A TAKEOVER BID..

The effects that may follow from the extinguishment of the service relationship that ties the employees of Corporación Financiera Alba, S.A. to the organisation vary depending on the employee and the type of contract. In general terms, however, the following are the most typical cases:

a) Employees: As a general rule, the employment contracts of employees who have an ordinary employment relationship with the Company (which is to say the majority of the Company's employees) contain no clause providing for compensation upon termination of employment. Therefore, these employees are entitled to the compensation payable under applicable employment law, depending on the grounds for termination of their contract.

b) Executive directors and senior managers: The contracts of executive directors and senior managers provide for compensation in the event of termination of the relationship at the Company's initiative. Such compensation shall be no less than the higher of the amount of the fund established to provide a complementary pension and one year's full salary, increased by one-twelfth of that amount for each year's service in the group.

7. RISK MANAGEMENT AND CONTROL POLICY

The Board of Directors of Corporación Financiera Alba, S.A. has approved the following risk management and control policies:

1. TYPES OF RISKS THE COMPANY FACES

The most significant common risk of the investee companies is the risk inherent in their own business, but also, if they are listed, changes in share prices.

As regards investment properties, the risks are: loss of income if the buildings are unoccupied (especially if there is a large unoccupied floor area); changes in long-term interest rates; damage; default by lessees; and changes in market value.

Based on the abovementioned activities, the main risks affecting Alba can be grouped in the following categories:

1.1. CASH FLOW INTEREST RATE RISK

The Company is exposed to cash flow interest rate risk mainly through bank borrowings. Alba's policy will be to have a mix of short and long-term, fixed and floating-rate financing, as appropriate to the financial situation at any given time.

1.2. EXCHANGE RATE RISK

At present, Alba's activity is not affected by any significant exchange rate risk.

1.3. MARKET RISK

Market risk affects the most important asset on Alba's balance sheet, namely the investments in listed companies, through its subsidiaries. These investments are, and are expected to continue to be, mainly long-term and hedging would not be financially viable. In some cases, the Company also uses derivatives on listed shares.

The investment properties are affected by changes in market value, which the Company monitors through annual reports prepared by independent experts.

1.4. CREDIT RISK

Credit risk derives basically from the possibility that the lessors of properties belonging to the Company will fail to meet their obligations under the lease agreements. However, Alba's policy it to do business exclusively with financially strong entities.

In transactions with derivatives on listed shares, there is also counterparty risk. Such transactions are therefore entered into exclusively with highly solvent and reputable counterparties.

1.5. LIQUIDITY RISK

The Company's liquidity management is based on short-term instruments and cash to easily cover projected liquidity requirements.

2. RISK MITIGATION MEASURES

The most important asset on the Company's balance sheet is the investment in investee companies through its subsidiaries. The Company oversees its investees by monitoring both their business activity and performance (for which purpose it is represented on their Boards of Directors and sometimes also on their Executive Committees, Audit Committees and Nomination and Remuneration committees) and their share price performance (in the case of those that are publicly traded).

To guard against the abovementioned risks affecting its investment properties, the Company deals exclusively with highly solvent tenants and always checks the customer's ability to pay before entering into any business relationship. It also establishes the appropriate contractual provisions, requires guarantees from tenants, adjusts rents to market rates in the case of long lets and takes out insurance, updated annually, to cover damage and third-party liability. Lastly, the Company continuously monitors its lease receivables, so that the risk of arrears is never significant, and carries out annual appraisals to track changes in market value.

3. IT AND INTERNAL AUDIT SYSTEMS

The Company has organisational resources to monitor and control risks and ensure legal compliance, notably a finance department, a legal department and a tax department. Each of these departments monitors risks and internal and external regulatory compliance in its particular area.

The Company also has processes for identifying and controlling its main operational, financial and legal risks. These process are duly documented in operating rules and instruction manuals. The Company has an integrated IT system, based on modern technology, to enable it to prepare timely and reliable financial information and the operational data it needs in order to manage its businesses effectively. The Company's budgeting system allows it to set quantitative objectives in advance within a strategic framework and analyse the causes of any significant deviations between actual and budgeted results.

Lastly, the Audit Committee is responsible for ensuring that the Company has the necessary risk monitoring and control system and that the system works effectively. The external auditor has pronounced this system to be adequate.

8. ANNUAL CORPORATE GOVERNANCE REPORT

In fulfillment of the stablished in the article 202.5 of the Law on Public Limited Companies in the phrasing given by the law 16/2007, the Annual Corporate Gobernance Report of Corporación Financiera Alba, S.A., that forms a part of the content of this Management Report, it is shown in a separated section.

BOARD APPROVAL

At its meeting on 25 March 2009 the Board of Directors of Corporación Financiera Alba, S.A. approved this Management Report, covering 13 pages, all signed by the Company Secretary and this last page by all the directors.

DECLARATION OF RESPONSIBILITY FOR THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The directors of Corporación Financiera Alba, S.A. declare that, to the best of their knowledge and belief, the individual and consolidated financial statements for 2008, authorised for issue at the Board meeting held on 25 March 2009 and prepared in accordance with applicable accounting principles, give a true and fair view of the consolidated net assets and financial position of Corporación Financiera Alba, S.A. and its group as a whole at 31 December 2008 and of the consolidated results of operations, changes in equity and cash flows for the year then ended, and that the individual and consolidated management reports give a fair analysis of the business performance and results and financial situation of Corporación Financiera Alba, S.A. and its group as a whole, along with a description of the main risks and uncertainties to which they are exposed.

ANNUAL CORPORATE GOVERNANCE REPORT

ANNUAL CORPORATE GOVERNANCE REPORT

PUBLIC LISTED COMPANIES

ISSUER DETAILS

REPORTING DATE: 31/12/2008

TAX ID (CIF): A-28060903

Company name: CORPORACIÓN FINANCIERA ALBA, S.A.

WARNING: The english version is only a translation of the original in Spanish for information purposes.
In case of a discrepancy, the Spanish original prevails.

ANNUAL CORPORATE GOVERNANCE REPORT FORM FOR PUBLIC LISTED COMPANIES

For an explanation of the form and how to complete it, please read the instructions at the end of the form.

A. Ownership structure

A.1 Complete the following table with details of the company's share capital:

Date last changed	Share capital (euros)	Number of shares	Number of voting rights
28/05/2008	62,390,000.00	62,390,000	62,390,000

Indicate whether there are different share classes with different rights:

YES ☐ NO ☒

A.2 Give details of the direct and indirect owners of significant shareholdings in your company at the reporting date, excluding directors:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Banca March, S.A.	19,580,878	22,753,954	67.855
Bestinver Gestion, S.A., S.G.I.I.C.	0	3,103,734	4.975
The Egerton European Dollar Fund Limited	1,019,883	0	1.635
Banca March, S.A. (see Sections A.6 and G)	0	0	0.000

Name of indirect shareholder	Through: Name of direct shareholder	Number of direct voting rights	% of total voting rights
Banca March, S.A.	Igalca, S.A.	158,026	0.253
Banca March, S.A.	March de Patrimonios, S.A.	1,014,613	1.626
Banca March, S.A.	Shareholder agreement, see Section A.6.	21,581,315	34.591

State the most significant changes in the shareholder base during the year:

A.3 Complete the following tables with details of the members of the company's Board of Directors who hold voting shares in the company:

Name of director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
Carlos March Delgado	7,833,582	101,373	12.718
Juan March Delgado	4,220,299	2,903,356	11.418
Pablo Vallbona Vadell	6,937	0	0.011
Isidro Fernández Barreiro	0	0	0.000
Santos Martínez Conde Gutiérrez Barquín	343	0	0.001
Alfredo Lafita Pardo	3,000	0	0.005
Enrique Piñel López	12,426	0	0.020
Fernando Casado Juan	1,000	0	0.002
Francisco Servando Verdu Pons	0	0	0.000
Juan March de la Lastra	406,608	36,670	0.710
Manuel Soto Serrano	0	40,000	0.064
Nicholas Brookes	2,301	0	0.004

Name of indirect shareholder	Through: Name of direct shareholder	Number of direct voting rights	% of total voting rights
Juan March Delgado	M.B. de Inversiones, S.A.	1,676,551	2.687
Juan March Delgado	Fundación Instituto Juan March de Estudios e Investigaciones	653,706	1.048
Juan March Delgado	Fundación Juan March	399,541	0.640
Juan March Delgado	Surisla, S.A.	173,558	0.278
Carlos March Delgado	Concepción de la Lastra Ramos Paul	101,373	0.162
Manuel Soto Serrano	Ace Global, SICAV, S.A.	40,000	0.064
Total % of voting rights held by directors			24.953

Complete the following tables with details of directors of the company who hold share options of the company:

Name of director	No. of options held directly	No. of options held indirectly	No. of share equivalents	% of total voting rights
Pablo Vallbona Vadell	65,000	0	65,000	0.104
Santos Martínez Conde Gutiérrez Barquín	65,000	0	65,000	0.104
Juan March de la Lastra	65,000	0	65,000	0.104

A.4 Give details of any relationship of a family, commercial, contractual or corporate nature, known to the company, between significant shareholders, unless the relationship is not significant or arises from the normal course of business:

Type of relationship :
Family
Brief description :
Juan, Carlos, Leonor and Gloria March Delgado together own 100% of Banca March, S.A. and have entered into the shareholders' agreement described in Section A.6.

Name of related persons
DON CARLOS MARCH DELGADO
DON JUAN MARCH DELGADO
BANCA MARCH, S.A.

A.5 Where applicable, give details of any relationships of a family, commercial, contractual or corporate nature, known to the company, between significant shareholders and the company or its group, unless they are not significant or arise from the normal course of business:

A.6 Indicate whether the company has been notified of any shareholders' agreements that affect it as specified in article 112 of the Securities Market Law. If so, briefly describe each agreement and give details of the shareholders involved in it:

YES [X] NO [ ]

% of share capital affected :
67,855
Brief description of the agreement :
Juan, Carlos, Leonor and Gloria March Delgado together own 100% of the shares of Banca March, S.A., which has a significant shareholding in Corporación Financiera Alba, S.A. On May 24, 2004, these four shareholders entered into a shareholders' agreement relating to Banca March, S.A. which also affects Corporación Financiera Alba, S.A., given that Banca March, S.A. is a significant shareholder of Corporación Financiera Alba, S.A. This agreement, which is valid until March 31, 2015, is the renewed version of the agreement signed on March 10, 1980 and amended on May 4, 1994. Given their combined shareholding in Corporación Financiera Alba, S.A., Banca March, S.A. and those of its shareholders who signed the agreement continue to have joint control of Corporación Financiera Alba, S.A. The abovementioned agreement does not limit the transfer of shares of Corporación Financiera Alba, S.A., but it does affect the exercise of the voting rights of the shares held by the signatories to the agreement.

Parties to the shareholders' agreement
Leonor March Delgado
Gloria March Delgado
Carlos March Delgado
Juan March Delgado

State here whether the company knows of any concerted actions among its shareholders. If so, give a brief description:

YES [X] NO [ ]

% of share capital affected :
67,855
Brief description of the agreement :
As a result of the shareholders' agreement described in the box above, there is a concerted action between the abovementioned individuals and organisations

Parties involved in the concerted action
Concepción De la Lastra Ramos Paul
Leonor March Delgado
Gloria March Delgado
Banca March, S.A.
Compañia Insular Mercantil, S.A. (CIMSA)
Epyr, S.A
Agropecuaria el Aguila, S.A.
Surisla, S.A.
M.B. de Inversiones, S.A.
March Patrimonios, S.A.
Cibernética e Informática, S.A.
Exportaciones, Proyectos y Representaciones, S.A.
Igalca, S.A.
Menani, S.A.
Fundación Juan March
Fundación Instituto Juan March de Estudios e Investigaciones
Carlos March Delgado
Juan March Delgado

State expressly whether any of the abovementioned agreements or concerted actions were modified or terminate during the year:

YES ☐ NO ☒

A.7 Indicate whether any person or legal entity exercises, or has power to exercise, control over the company withi the meaning of article 4 of the Spanish Securities Market Law (*Ley del Mercado de Valores*). If so, give details:

YES ☒ NO ☐

Name
Banca March Group concerted action

Observations
Corporación Financiera Alba, S.A. is part of the Banca March Group, which owns more than 50% of the share capital of Corporación Financiera Alba, S.A. The Banca March Group is controlled by Juan, Carlos, Leonor and Gloria March Delgado, who jointly own 100% of the share capital of Banca March, S.A., without any one of them doing so individually. As indicated in Section A.6, there is a shareholders' agreement among the abovementioned persons, effective since May 24, 2004. At December 31, 2008, Banca March, S.A and its shareholders jointly (but none of them individually) controlled 67.855% of Corporación Financiera Alba, S.A.

A.8 Complete the following tables with details of company treasury stock:

At the reporting date:

Number of shares held directly	Number of shares held indirectly (*)	Total % of share capital
768,577	0	1.232

(*) Through:

Total	0

Give details, as required under Royal Decree 1362/2007, of any significant changes that have taken place during the year:

Gain/(loss) on disposal of treasury shares during the period (€ '000)	0

A.9 State the terms and conditions of the current authorisation to purchase or transfer treasury stock granted by the general meeting to the board of directors.

The General Meeting has authorised the related adquisitions of the Company treasury stock up to the maximum permitted amount and subject to applicable law.

The authorisation covers purchases by subsidiaries of Corporación Financiera ALBA within the limit indicated, as well as to apply the shares purchased in virtue with this authorisation and those granted previously to implementing remuneration plans for executive directors and senior officers involving the allotment of shares or stock options.

The purchase price will be the market price on the day of purchase or, where appropriate, the price authorised by the relevant stock exchange body.

Authorisations valid in 2008 were granted by the General Meetings of 30 May 2007 and 30 May 2008, expiring on 28 June 2008 and 30 June 2009, respectively.

A.10 Give details of any restrictions imposed by law or by the Articles of Association on the exercise of voting rights and any legal restrictions on the acquisition or transfer of the company's shares. Indicate whether there are any legal restrictions on the exercise of voting rights:

YES ☐ NO ☒

Maximum percentage of voting rights a shareholder may hold by law	0

Indicate whether the Articles of Association place any restriction on the exercise of voting rights:

YES ☐ NO ☒

Maximum percentage of voting rights a shareholder may exercise under the Articles of Association	0

Indicate whether there are any legal restrictions on the acquisition or transfer of the company's shares:

YES ☐ NO ☒

A.11 Indicate whether the General Meeting has approved measures to neutralise a takeover bid pursuant to Act 6/2007

YES ☐ NO ☒

Where appropriate, explain any measures approved and the terms on which the restrictions will be ineffective:

B. Structure of the company's board of directors and senior management

B.1 Board of Directors

B.1.1 State the maximum and minimum number of directors according to the Articles of Association.

Maximum number of directors	15
Minimum number of directors	7

B.1.2 Complete the following table with details of the directors:

Name of director	**Representative**	**Post on Board**	**Date first appointed**	**Date last appointed**	**Election procedure**
Carlos March Delgado	--	Chairman	22/06/1988	28/05/2008	Vote by shareholders in General Meeting
Juan March Delgado	--	Chairman	08/10/1973	31/05/2006	Vote by shareholders in General Meeting
Pablo Vallbona Vadell	--	First Vice Chairman	26/06/1990	31/05/2006	Vote by shareholders in General Meeting
Isidro Fernández Barreiro	--	Second Vice Chairman	28/05/1994	31/05/2006	Vote by shareholders in General Meeting
Santos Martínez Conde Gutiérrez Barquín	--	Managing Director	27/09/2006	30/05/2007	Vote by shareholders in General Meeting

Name of director	Representative	Post on Board	Date first appointed	Date last appointed	Election procedure
Alfredo Lafita Pardo	--	Director	22/06/1988	28/05/2008	Vote by shareholders in General Meeting
Enrique Piñel López	--	Director	28/05/1994	30/05/2007	Vote by shareholders in General Meeting
Fernando Casado Juan	--	Director	22/04/2008	28/05/2008	Vote by shareholders in General Meeting
Francisco Servando Verdu Pons	--	Director	26/05/1998	31/05/2006	Vote by shareholders in General Meeting
Juan March de la Lastra	--	Director	28/05/2008	28/05/2008	Vote by shareholders in General Meeting
Manuel Soto Serrano	--	Director	26/05/1999	30/05/2007	Vote by shareholders in General Meeting
Nicholas Brookes	--	Director	26/05/1999	30/05/2007	Vote by shareholders in General Meeting

Total number of directors	12

Give details of directors who departed from the Board during the period:

Name of director	Status at time of departure	Termination date
Alfonso Tolcheff Alvarez	Independent	23/01/2008

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

Executive Directors

Name of director	Committee which proposed the appointment	Position in the organisation
Pablo Vallbona Vadell	Nomination and Remuneration Committee	First Vice Chairman
Santos Martínez Conde Gutiérrez Barquín	Nomination and Remuneration Committee	Managing Director
Juan March de la Lastra	Nomination and Remuneration Committee	Director

Total number of executive directors	3
As % of total number of directors	25.000

Proprietary Directors

Name of director	Committee which proposed the appointment	Name of the significant shareholder the director represents or was nominated by
Carlos March Delgado	Nomination and Remuneration Committee	Banca March, S.A.
Juan March Delgado	Nomination and Remuneration Committee	Banca March, S.A.
Isidro Fernández Barreiro	Nomination and Remuneration Committee	Banca March, S.A.
Enrique Piñel López	Nomination and Remuneration Committee	Banca March, S.A.
Francisco Servando Verdu Pons	Nomination and Remuneration Committee	Banca March, S.A.

Total number of proprietary directors	5
As % of total number of directors	41.667

Independent Directors

Name of director

Alfredo Lafita Pardo

Profile

Government lawyer (on leave of absence); Vice Chairman of Banco Guipuzcoano, S.A.; Chairman of Diana Capital, S.G.E.C.R., S.A.; Director of Neuropharma, S.A.; Member of the Board of Governors of Fundación Acción Familiar

Name of director

Fernando Casado Juan

Profile

Professor of Business Economics; Director of Instituto de la Empresa Familiar; Member of the Real Academia de Ciencias Económicas y Financieras and of the Board of Directors of the Family Firm Institute (USA); He has been director of Fibanc, S.A., Secretary General of the European Group of Owner Managed and Family Enterprises, and member of the Executive Board of Family Business Network International (Switzerland)

Name of director

Manuel Soto Serrano

Profile

Degree in Economics and Business Studies; Fourth Vice Chairman of Banco Santander, S.A.; Non Executive Vice Chairman of Indra Sistemas, S.A.; Chairman of the Advisory Board of Mercapital, S.L.; Member of the Consultative Committee of Occidental Hoteles Management, S.A.; and Director of Inversiones Inmobiliarias Lar, S.A. Previously, he has been Chairman of Arthur Andersen World Council and Director for EMEA and India at Arthur Andersen

Name of director

Nicholas Brookes

Profile

Economist; Non Executive Chairman of De La Rue, plc; Director of Axel Johnson Inc.; Director of the Institute of Directors; Fellow of the Institute of Chartered Accountants. He has been CEO of Spirent, plc, Vice Chairman of Texas Instruments Inc. and Chairman of Materials and Controls Group

Total number of independent non-executive directors	4
As % of total number of directors	33.333

Other External Directors

State the reasons why these other external directors cannot be considered either proprietary or independent and indicate their ties with the company, its managers or its shareholders.

Give details of any changes in directors’ status during the period:

B.1.4 Explain, where appropriate, the reasons for the appointment of proprietary directors at the request of shareholders who hold less than 5% of the capital.

B.1.4 Explain, where appropriate, the reasons for the appointment of proprietary directors at the request of shareholders who hold less than 5% of the capital.

Indicate whether any formal request for representation on the Board of Directors by shareholders whose ownership interest is equal to or greater than that of other shareholders that have representatives on the Board was rejected during the year. If so, explain the reasons for which the request was rejected.

YES ☐ NO ☒

B.1.5 Indicate whether any director gave up his place before his or her term of office was ended. If so, indicate whether the director in question gave reasons to the Board and in what form. If the director gave reasons in writing to the entire Board, state at least the reasons given:

YES ☒ NO ☐

Name of director

Alfonso Tolcheff Alvarez

Reason for resignation

Resignation at own request.
Explained in a letter to the Board.
The reason was appointment to a position incompatible with membership of the Board.

B.1.6 State the authority delegated to the managing director(s), if any:

Name of director

Santos Martínez Conde Gutiérrez Barquín

Brief description

The managing director has been delegated authority in staff matters and has broad powers of representation and recruitment.

B.1.7 Name the directors of your company who hold posts as directors or managers of other companies belonging to the reporting company's group:

Name of director	Name of group entity	Post
Santos Martínez Conde Gutiérrez Barquín	Alba Participaciones, S.A.	First Vice Chairman, Managing Director
Santos Martínez Conde Gutiérrez Barquín	Artá Capital, S.G.E.C.R., S.A.	Chairman
Santos Martínez Conde Gutiérrez Barquín	Deyá Capital, S.C.R., S.A.	Chairman
Francisco Servando Verdu Pons	Alba Participaciones, S.A.	Chairman

Name of director	Name of Group entity	Post
Juan March de la Lastra	Artá Capital, S.G.E.C.R., S.A.	Director
Juan March de la Lastra	Deyá Capital, S.C.R., S.A.	Director

B.1.8 Give details of any directorships held by directors of your company in other, non-group companies listed on Spanish stock exchanges of which your company has been notified:

Name of director	Name of listed company	Post
Pablo Vallbona Vadell	ACS. Actividades de Construcción y Servicios, S.A.	Vice Chairman
Pablo Vallbona Vadell	Abertis Infraestructuras, S.A.	Vice Chairman
Isidro Fernández Barreiro	Prosegur. Compañia de Seguridad, S.A.	Vice Chairman
Santos Martínez Conde Gutiérrez Barquín	ACS. Actividades de Construcción y Servicios, S.A.	Director
Santos Martínez Conde Gutiérrez Barquín	Unión Fenosa, S.A.	Director
Santos Martínez Conde Gutiérrez Barquín	Acerinox, S.A.	Director
Alfredo Lafita Pardo	Banco Guipuzcoano, S.A.	Vice Chairman
Francisco Servando Verdu Pons	ACS, Actividades de Construcción y Servicios, S.A.	Director
Juan March de la Lastra	ACS. Actividades de Construcción y Servicios, S.A.	Director
Juan March de la Lastra	Acerinox, S.A.	Director
Manuel Soto Serrano	Indra Sistemas, S.A.	Second Vice Chairman
Manuel Soto Serrano	Banco Santander, S.A.	Fourth Vice Chairman

B.1.9 Indicate whether the company has established any rules regarding the number of directorships its members may hold. If so, give details:

YES ☐ NO ☒

B.1.10 In relation to Recommendation 8 of the Unified Code, indicate which of the following general company policies and strategies are subject to Board plenary approval:

Investment and financing policy	Yes
Design of the structure of the corporate group	Yes
Corporate governance policy	Yes
Corporate social responsibility policy	Yes
The strategic or business plan, management objectives and annual budgets	Yes
Remuneration and performance evaluation of senior managers	Yes
Risk control and management and periodic monitoring of internal information and control systems	Yes
Dividend policy and policy on treasury stock, especially as regards the limits on holdings of treasury stock	Yes

B.1.11 Complete the following tables with details of the total remuneration accruing to directors during the year:

a) As directors of the reporting company:

Remuneration item	€ '000
Fixed remuneration	1,598
Variable remuneration	668
Expenses	0
Allocations prescribed by the Articles of Association	0
Options on shares or other financial instruments	0
Other	0
Total	2,266

Other benefits	€ '000
Advances	0
Loans granted	0
Pension plans and pension funds: Contributions	530
Pension plans and pension funds: Commitments assumed	0
Life insurance premiums	58
Guarantees given by the company in favour of directors	0

b) As directors or managers of other companies belonging to the group:

Remuneration item	€ '000
Fixed remuneration	110
Variable remuneration	0
Expenses	0
Allocations prescribed by the Articles of Association	0
Options on shares or other financial instruments	0
Other	0
Total	110

Other benefits	€ '000
Advances	0
Loans granted	0
Pension plans and pension funds: Contributions	0
Pension plans and pension funds: Commitments assumed	0
Life insurance premiums	0
Guarantees given by the company in favour of directors	0

c) Total remuneration by type of director:

Type of director	Company	Group
Executive	1,744	44
Proprietary	363	66
Independent	159	0
Other external	0	0
Total	2,266	110

d) Directors’ remuneration in relation to profit attributable to the parent company

Total directors’ remuneration (€ ‘000)	2,376
Total directors’ remuneration / Profit attributable to the parent company (%)	0.7

B.1.12 Name the senior managers of the company who are not executive directors and state the total remuneration accruing to them during the financial year:

Name	Post
José Ramón del Caño Palop	Manager
Luis Lobón Gayoso	Manager
Tomás Villanueva Iribas	Manager
Ignacio Martínez Santos	Manager

Total senior managers’ remuneration (€ ‘000)	1,234

B.1.13 State in overall terms whether there are any guarantee or golden parachute clauses in favour of senior managers, including executive directors, of the company or the group in the event of dismissal or a change of ownership. State whether such clauses must be notified to and/or approved by the governing bodies of the company or the group:

Number of beneficiaries	6

	Board of Directors	**General Meeting**
Body which authorises the clauses	Yes	No

Are the clauses reported to the company in General Meeting?	No

B.1.14 Describe the process for setting directors' remuneration and indicate the relevant clauses of the Articles of Association.

Process for setting directors' remuneration and relevant clauses of the Articles of Association
The Articles of Association state that directors shall receive a fixed remuneration component established by the General Meeting when the annual accounts are approved. If in any given year there is no express agreement, the fixed remuneration for that year will be the same as was established the previous year. The Board will decide how the remuneration agreed by the General Meeting is distributed among its members, which may be in unequal amounts. Furthermore, in addition to the above and without prejudice to remuneration received as managers of the company, the remuneration of executive directors may consist of shares, or options on shares, of the company or incentives linked to the value of the company's shares, in the manner and on the terms determined by the General Meeting of Shareholders, subject to legal requirements. Actual directors' remuneration is decided based on a report from the Nomination and Remuneration Committee, which must make a recommendation as to the form and amount of annual remuneration, and annual remuneration reviews.

Indicate whether the Board of Directors in plenary session has reserved the right of approval over the following decisions.

On the proposal of the company's chief executive, the appointment and removal of senior officers and their compensation clauses.	Yes
Directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions.	Yes

B.1.15 Indicate whether the Board of Directors approves a detailed remuneration policy and, if so, indicate the points it specifies:

YES [X] NO [ ]

The amount of the fixed components, itemising, where necessary, Board and committee attendance fees, and an estimate of the resulting fixed annual remuneration	Yes

Variable components	Yes
Main characteristics of pension systems, with an estimate of their equivalent annual amount or cost	Yes
Conditions to be respected by the contracts of executive directors who perform senior management functions	Yes

B.1.16 Indicate whether the Board submits a report on the directors' remuneration policy to the vote of the General Meeting of Shareholders, on a consultative basis and as a separate point on the agenda. Where appropriate, explain the remuneration policy the Board has approved for future years, any significant changes with respect to the policy adopted during the year under review and an overview of how the remuneration policy was applied in that year. Specify the role played by the Remuneration Committee and, if external advice was taken, the identity of the outside consultants who provided it:

YES ☐ NO ☒

Points specified in the remuneration policy
The Report on remuneration policy specifies the following points: Fixed components Variable components Remuneration in the form of shares or stock options Annual bonuses or other non cash benefits Pension and insurance schemes Basic conditions of the contracts of executive directors who perform senior management functions.

Role played by the Remuneration Committee
The Nomination and Remuneration Committee issues an opinion on the Report on remuneration policy.

Was external advice taken?	

Identity of outside consultants

B.1.17 Give details of any directors who are also directors, managers or employees of companies that have significant shareholdings in the reporting company or other companies in its group:

Name of director	**Name of significant shareholder**	**Post**
Carlos March Delgado	Banca March, S.A.	Chairman
Juan March Delgado	Banca March, S.A.	Director

Name of director	Name of significant shareholder	Post
Pablo Vallbona Vadell	Banca March, S.A.	Executive Vice Chairman
Isidro Fernández Barreiro	Banca March, S.A.	Director
Enrique Piñel López	Banca March, S.A.	Director
Francisco Servando Verdu Pons	Banca March, S.A.	Managing Director
Juan March de la Lastra	Banca March, S.A.	Director

Give details of any significant relationships, other than those disclosed in the preceding paragraph, between directors and significant shareholders or other group companies:

B.1.18 Indicate whether the Board of Directors Regulations were amended in any way during the year:

YES ☐ NO ☒

B.1.19 Describe the procedures for the appointment, reappointment, assessment and removal of directors. Specify the competent bodies, formal procedures and criteria to be used in each procedure.

In relation to the appointment of directors, article 16 of the Board of Directors Regulations contains the following provisions:

1. Directors shall be appointed by the shareholders in General Meeting or, provisionally, by the Board of Directors in accordance with the provisions of the Law on Public Limited Companies, the Articles of Association and the Board Regulations.

2. Any appointment proposals submitted by the Board of Directors to the General Meeting and any appointment resolutions adopted by the Board itself in exercise of its legal power of co option must respect the provisions of the Board Regulations as regards the proportion of executive and non executive directors, and of proprietary and independent directors.

3. When a vacancy arises, the Chairman or any other director may propose candidates, who will be discussed by the Board of Directors. Any proposals for the appointment or renewal of directors submitted by the Board to the General Meeting of shareholders, and any provisional appointments by co option, must be approved by the Board:

a) At the proposal of the Nomination and Remuneration Committee, in the case of independent directors.
b) Subject to a report by the Nomination and Remuneration Committee in all other cases.

Under article 17 of the Board of Directors Regulations, any re election proposal the Board of Directors decides to submit to the General Meeting must go through a formal preparation process, in which the Nomination and Remuneration Committee will report, and the Board will deliberate, on the quality of the director’s work and dedication during the preceding term of office. This deliberation will take place in the absence of the director subject to re election.

As regards the Board assessment procedure, the assessment was conducted internally by the Nomination and Remuneration Committee and was approved by the Board itself.

With respect to the departure or retirement of directors, article 19 of the Board of Directors Regulations contains the following provisions:

1. Directors shall resign their office at the end of the term for which they were appointed or when so decided by the shareholders in General Meeting under the powers conferred upon the General Meeting by law or the Articles of Association.

2. Directors shall place their directorships at the disposal of the Board of Directors and, if the Board deems it desirable, shall formally tender their resignation in the following circumstances:

a) When they reach 70 years of age.
b) When they are disqualified on the grounds of conflict of interest or any other legal grounds.
c) When they are affected by circumstances that may harm the company's good name and reputation; in particular, when they are prosecuted for a criminal offence or are subject to disciplinary action by the market supervisory authorities for a serious or very serious infraction.
d) When they are seriously reprimanded by the Audit Committee for failure to perform their duties as directors.
e) When the reasons for which they were appointed cease to apply; in particular, in the case of independent or proprietary directors, when they cease to qualify as such.

3. Once a non executive director (independent or proprietary) has been elected by the General Meeting, the Board of Directors shall not propose early termination of the director's term of office except in exceptional cases, where the Board believes there is good reason to do so, subject to a report by the Nomination and Remuneration Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under any of the disqualifying grounds enumerated in article 8.1.B of these Regulations.

Independent directors may also be proposed for retirement in order to meet the proportionality criterion set out in Recommendation 8.2 of these Regulations in the event that the company's capital structure changes as a result of a takeover bid, merger or similar corporate transaction.

4. Directors must notify the Board of any criminal prosecution in which they are defendants and keep it informed of the progress of any such prosecution.

If a director is charged with or prosecuted for any of the offences named in Article 124 of the Law on Public Limited Companies, the Board will study the matter at the earliest opportunity and, giving due consideration to the circumstances, decide whether the director should stand down or not. All such decisions will be explained in full in the annual corporate governance report.

5. Any director who leaves office before his or her term expires, whether by resignation or for any other reason, will explain the reasons in a letter, which shall be sent to all members of the Board of Directors. Irrespective of whether such a retirement is reported to the CNMV as a significant event or not, the reason for the retirement shall be disclosed in the Annual Corporate Governance Report.

B.1.20 State the circumstances in which directors are required to resign.

Under the Board Regulations, directors are required to stand down and, if the Board so decides, tender their resignation in the following circumstances:

a) When they reach 70 years of age.
b) When they are disqualified on the grounds of conflict of interest or any other legal grounds.
c) When they are affected by circumstances that may harm the company's good name and reputation; in particular,

when they are prosecuted for a criminal offence or are subject to disciplinary action by the market supervisory authorities for a serious or very serious infraction.

d) When they are seriously reprimanded by the Audit Committee for failure to perform their duties as directors; and
e) When the reasons for which they were appointed cease to apply; in particular, in the case of independent or proprietary directors, when they cease to qualify as such.

B.1.21 Does the same person exercise the function of Chief Executive and Chairman of the Board of Directors? If so, describe the measures taken to limit the risks arising from the concentration of power in one person:

YES ☐ NO ☒

Indicate whether rules have been established to allow one of the independent non-executive directors to call a Board meeting or add new business to the agenda, coordinate and act as spokesperson for the external non-executive directors and lead the Board's assessment of its Chairman. If so, explain the rules.

YES ☐ NO ☒

B.1.22 Are qualified majorities, other than the legally stipulated majorities, required for any kind of decision?

YES ☐ NO ☒

Describe how resolutions of the Board of Directors are adopted, stating at least the minimum quorum and the type of majority required for the adoption of resolutions:

Description of resolution :
All resolutions

Quorum	%
At least half plus one of the directors must be present in person or by proxy to meet the quorum requirements for Board meetings	51.00

Type of majority	%
Board resolutions are adopted by an absolute majority of the votes of directors present in person or by proxy. In the event of a tie, the Chairman of the Board, or whoever performs the Chairman's role, has the casting vote.	51.00

B.1.23 Are there any specific requirements for appointment as Chairman, other than those that apply to directors?

YES ☐ NO ☒

B.1.24 Does the Chairman have a casting vote?

YES ☒ NO ☐

Matters on which there is a casting vote
All resolutions where voting results in a tie.

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

YES ☐ NO ☒

Age limit for Chairman	Age limit for Managing Director	Age limit for directors
0	0	0

B.1.26 Do the Articles of Association or the Board of Directors Regulations set a limit to the term of office of independent non-executive directors?

YES ☐ NO ☒

Maximum number of years in office	0

B.1.27 If there are few or no female directors, give reasons and describe any initiatives taken to remedy the situation

Explanation of reasons and initiatives
The absence of female directors on the Board of Directors is due to the fact that, at the time the current directors were appointed, they were the most suitable people for the job, without regard to their gender. Efforts will be made to follow the recommendation of the Unified Code in future appointments.

In particular, indicate whether the Nomination and Remuneration Committee has established procedures to ensure that selection processes do not have hidden biases which prevent the selection of female directors and proactively promotes the search for suitable female candidates:

YES ☐ NO ☒

B.1.28 State whether there are formal procedures for proxy voting at Board meetings. If so, give brief details.

Directors may appoint other directors to vote for and represent them in Board meetings. Any such delegation of authority must be in writing in a letter to the Chairman.

B.1.29 State the number of meetings held by the Board of Directors during the financial year. State also how many times, if any, the Board has met without the Chairman being present:

Number of Board meetings	6
Number of Board meetings without the Chairman being present	0

State the number of meetings the various Board committees have held during the financial year:

Number of meetings of the Executive or Delegate Committee	0
Number of meetings of the Audit Committee	5
Number of meetings of the Nomination and Remuneration Committee	4
Number of meetings of the Nomination Committee	0
Number of meetings of the Remuneration Committee	0

B.1.30 State the number of meetings of the Board of Directors during the year at which not all Board members were present. Non-attendance of proxies appointed without specific instructions should be included in the calculation:

Number of non-attendances of directors during the year	0
Number of non-attendances as a % of the total number of votes during the year	0.000

B.1.31 Are the individual and consolidated annual accounts certified before submission to the Board of Directors for approval?

YES ☒ NO ☐

If so, state the person(s) who certified the company's individual and consolidated annual accounts for approval by the Board:

Name	Post
Ignacio Martínez Santos	Finance Director
Santos Martínez Conde Gutiérrez Barquín	Managing Director

B.1.32 Give details of any mechanisms the Board of Directors has established to avoid having the individual and consolidated annual accounts laid before the General Meeting with qualifications in the auditors' report.

One of the functions of the Audit Committee is to conduct relations with the external auditors. As part of this task they must ensure that the audit opinion on the annual accounts is unqualified. To date, none of the auditors' reports on the company's financial statements have contained qualifications.

B.1.33 Is the Company Secretary a director?

YES ☐ NO ☒

B.1.34 Explain the procedures for appointing and removing the Company Secretary. Indicate whether such appointment or removal is subject to a report by the Nomination and Remuneration Committee and approval by the Board in plenary session.

Appointment and removal procedure
Under the Board Regulations (Art. 13), appointment or removal of the Company Secretary requires a report by the Nomination and Remuneration Committee and approval by the Board in plenary session. As the present Company Secretary was appointed before the Unified Code and the new Board Regulations came into force, this procedure was not followed at that time.

Does the Nomination Committee report on appointment	Yes
Does the Nomination Committee report on removal?	Yes
Does the Board of Directors in plenary session approve appointment?	Yes
Does the Board of Directors in plenary session approve removal?	Yes

Does the Company Secretary have the specific task of ensuring compliance with good governance recommendations?

YES ☒ NO ☐

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

By law it is the responsibility of the Audit Committee to ensure the independence of the external auditors and, in particular, to receive information on any matter that might jeopardise their independence.

The Company fully respects the prohibitions established in the Audit Act (Ley de Auditoría), as amended by the Financial Act 44/2002 (Ley Financiera), and avoids conflicts of interest as defined therein.

The Company changed its external auditor in 2005 to ensure independence.

The company does not at present have a procedure in place to ensure the independence of financial analysts and investment banks, but has always acted transparently in its dealings with them.

No procedure is required with respect to rating agencies, as the company at present has no relationship with any rating agency.

B.1.36 Indicate whether the company changed its external auditor during the year. If so, identify the outgoing and the incoming auditor:

YES ☐ NO ☒

Outgoing auditor	Incoming auditor

If there was any disagreement with the outgoing auditor, explain the substance of the disagreement:

YES ☐ NO ☒

B.1.37 Does the external auditor provide any non-audit services to the company or its group? If so, state the auditor's fees for such non-audit services in absolute terms and as a percentage of the total fees invoiced to the company or its group:

YES ☐ NO ☒

	Company	Group	Total
Fees for non-audit services (€ '000)	0	0	0
Fees for non-audit services	0.000	0.000	0.000

Total fees invoiced by the auditors (in %)			

B.1.38 Indicate whether the auditors' report on the financial statements for the previous financial year included qualifications. If so, state the reasons given by the Chair of the Audit Committee to explain the content and scope of the qualifications.

YES ☐ NO ☒

B.1.39 For how many consecutive years has the current auditor audited the company's or group's annual accounts? For what proportion of the total number of years in which the accounts have been audited has the current auditor audited the company's annual accounts?

	Company	Group
Number of consecutive years	4	4

	Company	Group
Number of years audited by current audit firm/Number of years company has been audited (%)	17.4	17.4

B.1.40 Give details of any directors' shareholdings in companies whose business is similar, analogous or complementary to the main business of the company or its group that have been notified to the company. Specify any offices or functions the named directors hold or perform in those companies:

Name of director	Name of company in which shares are held	% shareholding	Post or function
Santos Martínez Conde Gutiérrez Barquín	Deyá Capital II, S.C.R. de Régimen Común, S.A.	0.000	Chairman
Alfredo Lafita Pardo	Banco Guipuzcoano, S.A.	1.536	Vice Chairman
Alfredo Lafita Pardo	Diana Capital , S.G.E.C.R., S.A.	0.000	Chairman
Juan March de la Lastra	Deyá Capital II, S.C.R. de Régimen Común, S.A.	0.000	Director
Manuel Soto Serrano	Cartera Industrial Rea, S.A.	3.272	Director
Manuel Soto Serrano	Instituto per le Opere di Religione	0.000	Director

Name of director	Name of company in which shares are held	% shareholding	Post or function
Manuel Soto Serrano	Banco Santander, S.A.	0.003	Fourth Vice Chairman

B.1.41 Is there a procedure to allow directors to take independent professional advice? If so, give details.

YES [X] NO [ ]

Details of the procedure
The directors may agree, by majority vote, to retain legal, accounting or financial advisers or other experts at the company's expense. The advice sought must concern specific problems of some importance and complexity that arise in the discharge of their duties. The decision to hire outside services must be notified to the Chairman of the company and implemented through the Managing Director. The Board may veto any such decision if it considers the advice unnecessary for the satisfactory performance of the directors' tasks, if the advice is considered unreasonably expensive in relation to the importance of the problem, or if the advice could be adequately provided by the company's own experts and specialists. A majority of two thirds of the directors present is required for any such veto to take effect.

B.1.42 Is there a procedure in place to ensure that directors have sufficient, timely information to prepare for Board and committee meetings? If so, give details.

YES [X] NO [ ]

Details of the procedure
It is the Managing Director's responsibility to prepare all the information required for proper consideration of the business on the agenda of each Board meeting and make it available to the other directors at least three days in advance of the meeting.

B.1.43 Indicate whether the company has established an obligation for directors to inform the company and, if necessary, resign if their circumstances are liable to harm the company's good name and reputation:

YES [X] NO [ ]

Explain the rules
Directors must notify the Board of any criminal prosecution in which they are defendants and keep it informed of the progress of any such prosecution. If a director is charged with or prosecuted for any of the offences named in Article 124 of the Law on Public Limited Companies, the Board will study the matter at the earliest opportunity and, giving due consideration to the circumstances, decide whether the director should stand down or not. All such decisions will be explained in full in the annual corporate governance report.

B.1.44 Indicate whether any director has informed the company of any charge or prosecution brought against him her for any of the crimes named in Article 124 of the Law on Public Limited Companies:

YES ☐ NO ☒

Indicate whether the Board of Directors has studied the case. If so, explain and give reasons for the decision taken as to whether the director should continue in the post or stand down.

YES ☐ NO ☒

Decision taken	**Reasoned explanation**

B.2 Board Committees

B.2.1 Give details of all Board committees and their members:

Audit Committee.

Name	**Post**	**Status**
Manuel Soto Serrano	Chairman	Independent
Enrique Piñel López	Member	Proprietary
Fernando Casado Juan	Member	Independent
Isidro Fernández Barreiro	Member	Proprietary

Nomination and Remuneration Committee

Name	**Post**	**Status**
Carlos March Delgado	Chairman	Proprietary
Alfredo Lafita Pardo	Member	Independent

Name	Post	Status
Francisco Servando Verdu Pons	Member	Proprietary

B.2.2 Indicate whether the Audit Committee performs the following functions.

Ensure that the financial information of the company, and where appropriate the group, is prepared in accordance with applicable law and is complete, that the scope of consolidation is properly defined and that accounting principles are applied correctly	Yes
Regularly review internal control and risk management systems to ensure that the most important risks are properly identified, managed and disclosed	Yes
Monitor the independence and efficacy of the internal audit function; make proposals for the selection, appointment, reappointment and removal of the head of the internal audit department; propose the department's budget; receive regular reports on the department's activities; and ensure that senior management takes the findings and recommendations of internal audit reports into account in its decisions	Yes
Establish and supervise a mechanism that allows staff to report, confidentially and, if necessary, anonymously any irregularities they detect in the course of their duties, in particular financial or accounting irregularities with potentially serious implications for the firm	Yes
Make recommendations to the Board for the selection, appointment, reappointment or removal of the external auditor and the terms of engagement of the auditor	Yes
Receive regular reports from the external auditor on the audit plan and audit results and ensure that senior management takes the external auditor's recommendations into account	Yes
Ensure the independence of the external auditor	Yes
In the case of groups, the committee should urge the group auditor to take on the auditing of all member companies	Yes

B.2.3 Describe the constitution and operation of each Board committee and its responsibilities.

Committee

Nomination and Remuneration Committee

Brief description

This Committee is regulated by the Board of Directors Regulations. The basic rules governing the Nomination and Remuneration Committee are as follows.

a) Establishment of the committee. This committee was created in the amendment to the Board of Directors Regulations approved in May 2003, following the recommendations of the Aldama Report. The scope of its activities was broadened with the further amendment of the Board Regulations in 2007.

b) Composition. The Nomination and Remuneration Committee has a minimum of three and maximum of five members, all of whom are non executive directors appointed by the Board of Directors from among its members. The Board of Directors also appoints the chairman of the committee.

c) Tenure. The duration of the appointment shall be for the period remaining until the end of the director's term as director, with the possibility of reappointment.

d) Meetings. The Nomination and Remuneration Committee shall meet no less than once a year and as many times as convened by agreement of the committee itself or its chairman. Any person from inside or outside the company may be called to attend the meetings as considered appropriate.

Committee

Audit Committee.

Brief description

The regulations for this committee are included in the Articles of Association and are supplemented by the Board Regulations. The basic rules governing the Audit Committee are as follows.

a) Establishment of the committee. The Audit and Compliance Committee was created in 2000 in response to the recommendations of the Olivencia Code. At that time it was part of the Board of Directors and so was covered by the Board Regulations. Under the 2002 Financial Act (Ley Financiera), companies are now legally required to have an Audit Committee. The Audit Committee is therefore included in the amended Articles of Association adopted in 2003, along with rules regarding its constitution, operation and functions. These rules are set forth in more detail in the Board Regulations, which following the 2007 amendment take account of the recommendations of the Unified Code approved by the CNMV on 22 May 2006.

b) Composition and Chair. The Audit Committee shall consist of at least three and at most five members, one of which shall act as Chair. The Committee shall be composed of a majority of non executive directors and the Chair of the committee falls to a non executive director. The Board Secretary shall act as Secretary to the Committee and may or may not be a member of the Audit Committee.

c) Appointment. The Company's Board of Directors shall appoint the committee members from among the directors. It shall also decide who holds the post of Chair.

d) Tenure. The duration of the appointment shall be for the period remaining until the end of the director's term as director, with the possibility of reappointment. However, whoever has held the post of Chair of the Audit Committee for four years consecutively should cease to do so. This person may be re elected to this post after one year has subsequently elapsed.

e) Meetings. The Audit Committee shall determine a calendar for its ordinary meetings, with the necessary frequency for subjects specific to its responsibilities to be dealt with adequately. The committee shall also meet whenever required by its Chair or any of its members or on instruction from the Board of Directors with a specific agenda.

f) Convening and meeting venue. Meetings of the Audit Committee shall be convened at least five days beforehand by the Secretary of the committee. Notification to each member should include the meeting agenda, previously approved by the Chair of the committee. The Audit Committee meetings shall normally be held at the registered office but may be held at any other place decided by the Chair and given in the meeting notice. The committee may be validly held without prior notice when all its members are present and accept it as being held. For reasons of urgency, the committee may be called to meet with less than the minimum advance notice, in which case all members attending the meeting must agree on its urgency at the beginning of the meeting.

g) Constitution, representation and adoption of resolutions. For the Committee meeting quorum to be reached, a majority of its members must be in attendance or represented. Each member of the Committee may authorise another member to represent him or her. Any such delegation of such authority must be in writing to the Chair of the committee. Resolutions shall be adopted by a majority of the members present in person or by proxy. In the event of a tie, the Chair shall have the casting vote.

h) Minutes. The Committee Secretary shall prepare minutes for each of the meetings held. The minutes shall be approved in the meeting itself or in the immediately following meeting. All directors shall receive a copy of the minutes.

i) Areas of activity. The activities of the company's Audit Committee are focused on four main areas:

Risk detection and internal control system;
Review and approval of financial information;
External audit of the annual accounts;
Compliance with legal provisions and internal regulations

The Regulations of the Board of Directors set out the functions of the Audit Committee in detail for each of the four areas mentioned.

B.2.4 Describe the powers of each committee to make recommendations, issue opinions and act on behalf of the Board:

Committee

Nomination and Remuneration Committee

Brief description

Under the Board Regulations, the main functions of the Nomination and Remuneration Committee are:

Assess the competencies, knowledge and experience required by the Board and the necessary time commitment
Advise on proposals for the appointment, reappointment, ratification or removal of directors and for appointments to Board committees.
Advise on the appointment and removal of the Company Secretary.
Examine the succession of the Chairman and Chief Executive.
Annually review the classification of directors.
Propose to the Board: (i) The remuneration policy for directors and senior officers; (ii) The individual remuneration and other contractual conditions of executive directors; and (iii) The standard conditions for senior officer employment contracts.
Ensure that remuneration is transparent and that information on remuneration is included in the annual report.
Advise on the appointment and removal of senior managers.

Committee

Audit Committee

Brief description

Under the company's Articles of Association, the Audit Committee has the following powers:

Report to the General Meeting on matters within its remit raised by shareholders.

Make proposals to the Board for submission to the General Meeting regarding the appointment of the external auditors.

Oversee the internal audit service, if there is one

Report on the company's financial reporting and internal control systems.

Conduct relations with the external auditors to gather information on matters liable to affect the external auditors' independence and any other matters arising from the auditing of the company's accounts, and make any other disclosures required by auditing rules and regulations.

B.2.5 State whether there are any regulations governing the work of Board committees, where the regulations are available for consultation, and any changes made to them during the year. In addition, state whether each committee has voluntarily prepared an annual report on its activities.

Committee

Nomination and Remuneration Committee

Brief description

The Board Regulations include regulations governing each of the two committees referred to above. The Board Regulations may be examined at the company's registered office, on the corporate web site, at the CNMV or at the Companies Registry.
The Nomination and Remuneration Committee is mentioned in Articles 35 and 36 of the Board Regulations.
The Nomination and Remuneration Committee prepared a report on its activity during 2008.

Committee

Audit Committee.

Brief description

The Board Regulations include a set of regulations for each of the two committees referred to above. The Board Regulations may be examined at the company's registered office, on the corporate web site, at the CNMV or at the Companies Registry.
The Audit Committee is mentioned in Article 47 of the Articles of Association and Articles 21 to 34 of the Board of Directors Regulations.
The Audit Committee prepared a report on its activity during 2008.

B.2.6 Does the composition of the Executive Committee reflect the proportions of the different types of directors on the Board?

YES ☐ NO ☒

If not, describe the composition of the Executive Committee.
There is no Executive Committee

C. Related-party transactions

C.1 Indicate whether the Board of Directors in plenary session reserves the right to approve any transactions between the company and its directors, significant shareholders or shareholders represented on the Board, or people associated with them, subject to a favourable report by the Audit Committee or any other committee that has been commissioned to report on the matter:

YES [x] NO [ ]

C.2 Give details of any significant transactions involving a transfer of resources or obligations between the company or group entities and the company's significant shareholders:

Name of significant shareholder	Name of company or group entity	Nature of relationship	Type of transaction	Amount (€ '000)
Banca March, S.A.	Corporación Financiera Alba, S.A.	Commercial	Finance income	637
Banca March, S.A.	Corporación Financiera Alba, S.A.	Commercial	Financing agreements, loans and capital contributions (borrower)	3,058
Banca March, S.A.	Corporación Financiera Alba, S.A.	Corporate	Dividends and other distributions	18,051
Banca March, S.A.	Corporación Financiera Alba, S.A.	Commercial	Guarantees and avals received	2,402
Banca March, S.A.	Corporación Financiera Alba, S.A.	Contractual	Finance costs	2,215

C.3 Give details of any significant transactions involving a transfer of resources or obligations between the company or group entities and directors or senior managers of the company:

C.4 Give details of any significant transactions between the company and other group companies that are not eliminated on consolidation and that are not part of the ordinary course of the company's business:

C.5 Indicate whether during the year the directors had any conflicts of interest, within the meaning of Article 127 ter of the Law on Public Limited Companies.

YES ☐ NO ☒

C.6 Give details of the mechanisms in place to detect, determine and resolve any conflicts of interest between the company and its group, on the one hand, and its directors, senior managers or significant shareholders, on the other.

The Board Regulations prohibit directors from directly or indirectly engaging in professional or commercial transactions with the company or any of its subsidiaries without prior Board notification and approval, subject to a favourable report by the Audit Committee.

In addition, if the Board of Directors or any of its members publicly solicits proxies, the direction in which the representative will vote if the shareholder does not give instructions must be indicated. Furthermore, where proxies have been solicited publicly, the director may not exercise the voting rights attached to shares he or she represents on agenda items where the director has a conflict of interest nor, under any circumstances, on the items specifically mentioned in Article 114 of the Securities Market Law (as enacted by Act 26/2003 of July 17).

C.7 Is more than one group company listed in Spain?

YES ☐ NO ☒

Name the subsidiaries that are listed on stock exchanges:

D. Risk Control Systems

D.1 Give a general description of the risk policy of the company or its group. Specify and evaluate the risks covered by the risk control system and explain how the system deals with each type of risk.

Corporación Financiera Alba, S.A. engages in two types of business activities: (i) the holding of equity interests in listed, and in some cases unlisted, companies; and (ii) investment in office buildings for lease.

The main activity is participation in investee companies, which are the most important asset in the company's consolidated balance sheet. The most significant and common risk of these companies is the risk inherent in their own business, and also, if they are listed companies, the state of the stock market.

Alba monitors its investee companies closely. Monitoring covers (i) investees' business activity and performance, usually through participation in the companies' governing bodies and sometimes in their Audit Committees and (ii) any changes in their share price (if they are listed).

As regards to real estate properties for lease, the risks are: loss of income if the buildings are unoccupied; changes in long term interest rates; damage; default by lessees; and changes in market value.

Based on the abovementioned activities, the main risks affecting the company can be grouped in the following categories:

Cash flow interest rate risk.
The group is exposed to this risk mainly in relation to bank borrowings. Alba's policy is to have a mix of short and long term, fixed and floating rate financing, as appropriate to the financial situation at any given moment.

Exchange rate risk.
At present, Alba's activity is not affected by any significant exchange rate risk.

Stock market risk.
Stock market risk affects the company's most important balance sheet asset, namely its investments in listed companies. These investments are, and are expected to continue to be, mainly long term and hedging would not be financially viable. In some cases, the company also uses derivatives on listed shares.

The investment properties are affected by changes in market value, which the company monitors through annual reports prepared by independent experts.

Credit risk.
Credit risk arises basically from the possibility that the lessors of buildings belonging to the company will fail to meet their obligations under the lease agreements. However, it is group policy to maintain business relations exclusively with financially responsible entities or entities that offer bank guarantees.

In transactions with derivatives on listed shares, there is also counterparty risk. Such transactions are therefore carried out only with highly solvent and reputable counterparties.

Liquidity risk
The company's liquidity management is based on short term instruments and cash to easily cover foreseeable liquidity requirements.

D.2 Indicate whether any of the various types of risk (operational, technological, financial, legal, reputational, tax...) to which the company and its group are exposed materialised during the year,

YES ☐ NO ☒

If so, indicate the circumstances of the risk event and state whether the control systems worked as expected.

D.3 State whether a committee or other governance body has been specifically tasked with setting up and supervising these control mechanisms.

YES ☒ NO ☐

If so, give details of its functions.

Name of committee or body

External auditor

Description of functions

At regular intervals the external auditor is asked to assess and report on the company's internal audit mechanisms. This was done in 2008 and the system was found to be adequate, although the auditor made some recommendations.

Name of committee or body

Audit Committee.

Description of functions

The Audit Committee is responsible for supervising the company's internal control arrangements.

The Audit Committee assesses whether the company has the necessary organisation, staff and procedures to identify and control its main operating, legal and financial risks. To do this, the committee must verify that the company has the following systems in place and that they function correctly:

A system for identifying and describing the company's main operating processes and documenting them in operating rules and instruction manuals.

An integrated information system, based on modern technology, which allows timely and reliable preparation of financial information and of the operational data needed for effective business management.

A budgeting system that allows the company to set quantitative objectives in advance within a strategic framework and analyse the causes of any significant deviations between actual and budgeted results.

D.4 Identify and describe the processes for compliance with the various regulations that affect your company or its group.

The company has the necessary organisation to guarantee compliance with applicable law. Specifically, it has a legal department, a tax department and a finance department, each of which, in its area of competence, works to ensure that current (external and internal) regulations are respected.

In addition, the Board Regulations charge the Secretary with a duty to ensure that the company acts, in form and substance, within the law, in accordance with the Articles of Association and internal procedures and rules of governance.

One of the Audit Committee's tasks is to ensure that the company has an effective system of internal supervision to guarantee compliance with applicable laws and regulations and to verify that the necessary procedures are in place to ensure that managers and employees comply with internal regulations. Audit Committee meetings are attended, when required, by the company's finance director, who is responsible for internal control and who reports to the committee on this matter.

E. General Meeting of Shareholders

E.1 Indicate whether the quorum requirements for General Meetings differ from the minimum specified in the Law on Public Limited Companies (LSA). If so, give details.

YES ☐ NO ☒

	% difference from quorum under LSA art. 102 for general purposes	% difference from quorum under LSA art. 103 for special purposes
Quorum on first call	0	0
Quorum on second call	0	0

E.2 Indicate whether the majority rules for the adoption of resolutions in General Meetings differ from the provisions of the Law on Public Limited Companies (LSA). If so, give details.

YES ☐ NO ☒

Describe the difference.

E.3 List any rights of shareholders in relation to General Meetings which are different from those established under the Law on Public Limited Companies.

In relation to General Meetings, shareholders have all the rights established in the Law on Public Limited Companies.

In addition, shareholders may make proposals, suggestions or comments and raise issues related to the business or interests of the company.

E.4 State what measures, if any, have been taken to promote shareholder participation in General Meetings.

The Company complies with all the requirements established by law and the Articles of Association relating to the convening and holding of General Meetings. As a specific measure, the company uses the corporate web site to inform shareholders of the proposals to be submitted to the Meeting and to make available all the necessary documentation. After General Meetings, the web site also reports any resolutions adopted. Furthermore, the company responds to queries submitted by shareholders by post and by e mail.

E.5 State whether General Meetings are chaired by the Chairman of the Board of Directors. If applicable, give details of any measures taken to ensure the independence and smooth functioning of the General Meeting:

YES ☒ NO ☐

Describe the measures taken
Under the General Meeting Regulations: The Chairman guides the deliberations and ensures orderly conduct of the debates. The debate may be organised so that shareholders may speak once on each agenda item or once on all the agenda items on which they wish to speak. As a general rule, the Chairman will reply to issues raised by shareholders, although he or she may also ask other directors or managers of the company to reply. In particular, if a question falls within the remit of the Audit Committee, the Chairman may ask the Chair of the Audit Committee or, in the Chair's absence, another committee member to reply. The Chairman may limit the time available for those who have the floor, as well as determine that an item has been sufficiently discussed in the case of a difference of opinion between the shareholders present if in a prudent time of at the most one hour it has not been possible to harmonise these opinions, so deciding to proceed to the vote immediately. When, in view of the complexity of the issue raised, the Chairman considers it impossible to provide an adequate reply in the Meeting, a reply shall be given in writing and published on the company website.

E.6 State any changes made to the General Meeting Regulations during the year.

No changes were made to the General Meeting Regulations in 2008.

E.7 Give data for attendance at General Meetings held in the financial year to which this report refers:

Attendance data					
Date of General Meeting	**% present in person**	**% present by proxy**	**% remote voting**		**Total**
			Electronic voting	**Other**	
28/05/2008	49.760	33.830	0.000	0.000	83.590

E.8 State briefly the resolutions passed at the General Meetings held during the financial year to which this report refers, indicating the percentage of votes with which each resolution was passed.

At the General Meeting held on 28 May 2008 the shareholders resolved to:

1. Receive and approve the individual and consolidated annual accounts for the financial year ended 31 December 2007.

2. Approval of the management of the Board of Directors during the year.
3. Approval of the proposed profit distribution and dividend payment.
4. Appoint, ratify and re elect directors.
Fix the number of directors of the company at twelve.
Re elect Carlos March Delgado and Alfredo Lafita Pardo as directors.
Ratify the appointment of Fernando Casado Juan as a director.
Appoint Juan March de la Lastra as a director.
5. Reappoint Ernst Young S.L. as auditors of the company and its consolidated group for the 2008, 2009 and 2010 financial years.
6. Directors' remuneration. Fix the maximum aggregate amount of the annual directors' remuneration provided for by the Articles of Association at 708,000 euros, as proposed by the Nomination and Remuneration Committee. This amount will apply in 2008 and following years until it is changed by the General Meeting. Said total will be distributed as decided by the Board of Directors, as provided in article 39 of the Articles of Association.
7. Authorisation of the purchase of own shares, subject to the limits and requirements of the Law on Public Limited Companies, and use the shares purchased under this and previous authorisations to implement executive director and senior management remuneration schemes entailing the allotment of shares or stock options; and give authorisation to the Board of Directors to reduce capital stock, if appropiate.
8. Reduce share capital by 1,710,000 euros by cancelling one million own shares held in treasury and amend article 5 of the Articles of Association.
9. Transfer to voluntary reserves the sum of 442,000 euros, representing the excess of the non distributable legal reserve established by the company over and above the level stipulated in article 214 of the Law on Public Limited Companies.
10. Approve a share option scheme to allow executive directors and senior managers of Corporación Financiera Alba, S.A. (hereinafter the "beneficiaries") to acquire shares of the company, so that as shareholders they may have a more direct interest in the process of shareholder value creation. The features of the scheme are described below:
a) The Company will grant the beneficiaries options that give the right to acquire shares of Corporación Financiera Alba S.A. after a period of three years from the scheme approval date has elapsed.
b) This share option scheme is open to executive directors and senior managers of Corporación Financiera Alba, S.A. designated by the Board of Directors under the authority delegated below.
c) The maximum number of shares to be granted under this scheme is 435,000, representing 0.70 % of the company's share capital.
d) The scheme will include a single issue of options, which will be non transferable, except on the death of the beneficiary, and subject to the conditions established by the Board of Directors.
e) The exercise price of each option will be the weighted average price at which the shares of Corporación Financiera Alba, S.A. traded during the period from 28 April to 27 May 2008. At the beneficiary's discretion, options may also be settled wholly or partly by the company paying the beneficiary the difference between the weighted average trading price of Corporación Financiera Alba, S.A. shares during the month immediately preceding the date on which the three year period from the grant date expires and the option exercise price.
f) The options will be granted free of charge.
g) Scheme implementation. 435,000 treasury shares will be earmarked to implement the scheme.
The Board of Directors has the broadest authority to apply, implement and carry out this agreement. The option scheme shall in any case be implemented before the end of 2008.

11. Authorisation to the Board Directors to implement the resolutions adopted by the Meeting.
12. Approve the minutes of the General Meeting.

These resolutions were passed as follows:

1. Unanimously.
2. By majority, with 53,468,272 votes in favour, 76,900 votes against and 36,338 abstentions.
3. By majority, with 50,615,339 votes in favour, 2,958,921 votes against and 7,250 abstentions.
4. a) Fixing the number of directors: Unanimously
b) Re election of Carlos March Delgado: By majority, with 50,885,198 votes in favour, 2,681,859 votes against and 14,453 abstentions.

c) Re election of Alfredo Lafita Pardo: By majority, with 50,885,198 votes in favour, 2,681,859 votes against and 14,453 abstentions.
d) Ratification of Fernando Casado Juan: By majority, with 51,232,107 votes in favour, 2,334,950 votes against and 14,453 abstentions.
e) Appointment of Juan March de la Lastra: By majority, with 50,890,114 votes in favour, 2,676,943 votes against and 14,453 abstentions.
5. By majority, with 53,567,057 votes in favour and 14,453 abstentions.
6. By majority, with 53,567,057 votes in favour and 14,453 abstentions.
7. By majority, with 53,567,057 votes in favour and 14,453 abstentions.
8. By majority, with 53,567,057 votes in favour and 14,453 abstentions.
9. By majority, with 53,567,057 votes in favour and 14,453 abstentions.
10. By majority, with 53,543,697 votes in favour, 23,360 votes against and 14,453 abstentions.
11. Unanimously.
12. Unanimously.

E.9 State whether the Articles of Association specify a minimum number of shares for attendance at General Meetings.

YES [X] NO [ ]

Number of shares required to attend General Meetings	25

E.10 State and explain the company's policies with respect to the appointment of proxies at General Meetings.

The Company has no policy on the appointment of proxies in General Meetings and the directors do not solicit proxies from shareholders.

E.11 Indicate whether the company is aware of the policy of institutional investors with regard to participation in company decisions?

YES [ ] NO [X]

E.12 State the web address and means of access to corporate governance information on the company's website.

Web site address: www.cf alba.com
Means of access: Main Menu / Information for shareholders and investors / Corporate Governance.

F. Degree of compliance with corporate governance recommendations

Indicate the extent to which the company complies with the recommendations of the Unified Code on Good Corporate Governance. In cases where the company does not comply with a recommendation, explain what recommendations, standards, practices or rules it follows.

1. The Articles of Association of listed companies should not place an upper limit on the votes that can be cast by a single shareholder or impose other obstacles to the takeover of the company by means of share purchases on the market.

See sections: A.9, B.1.22, B.1.23 and E.1, E.2

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

2. When both a parent and its subsidiary are listed, both should provide detailed disclosure on:

a) The type of activity they engage in and any business dealings between them, as well as between the subsidiary and other group companies;

b) The mechanisms in place to resolve possible conflicts of interest.

See sections: C.4 and C.7

Complies [ ] Complies partially [ ] Explain [ ] Not applicable [X]

3. Even when not expressly required under company law, any decisions involving a fundamental corporate change should be submitted to the General Meeting of Shareholders for approval or ratification. In particular:

a) The transformation of listed companies into holding companies through the process of subsidiarisation, whereby core activities that previously were carried out by the originating firm are reallocated to subsidiaries, even though the originating firm retains full control of the subsidiaries;

b) Any acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;

c) Transactions that are effectively equivalent to liquidation of the company.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

4. Detailed proposals of the resolutions to be adopted at the General Meeting of Shareholders, including the information stated in Recommendation 28, should be published at the same time as the notice of the General Meeting.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

5. In the General Meeting of Shareholders separate votes should be taken on materially separate items, so that shareholders can express their preferences in each case. This rule shall apply in particular to:

a) The appointment or ratification of directors, with separate voting on each candidate;

b) Amendments to the Articles of Association, with votes taken on all articles or groups of articles that are materially different.

See section: E.8

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

6. Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

See section: E.4

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

7. The Board of Directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the company's best interest and, as such, strive to maximise the company's value over time.

It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

8. The Board should see the core of its mission as being to approve the company's strategy and authorise the organisational resources to carry it forward, and to ensure that management meets the objectives set while pursuing the company's interests and corporate purpose. As such, the Board should reserve the right to approve.

a) The company's general policies and strategies, in particular:

i) The strategic or business plan, management targets and annual budgets;

ii) Investment and financing policy;

iii) Design of the structure of the corporate group;

iv) Corporate governance policy;

v) Corporate social responsibility policy;

vi) Remuneration and performance evaluation of senior officers;

vii) Risk control and management, and the periodic monitoring of internal information and control systems.

viii) Dividend policy, as well as the policies and limits applying to treasury stock.

See sections: B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

i) The appointment and removal of senior managers and their compensation clauses, at the proposal of the company's chief executive.

See section: B.1.14

ii) Directors' remuneration and, in the case of executive directors, any additional consideration for their management duties and other contract conditions.

See section: B.1.14

iii) The financial information listed companies must periodically disclose. iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless they require the approval of the General Meeting of Shareholders;v) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Transactions which the company conducts with directors, significant shareholders with or without Board representation, or other persons related to significant shareholders ("related-party transactions").

Board authorisation will not, however, be required for related-party transactions that meet all of the following three conditions:

1. They are governed by standard form agreements applied on an across-the-Board basis to a large number of clients;

2. They are carried out at market rates, generally set by the person supplying the goods or services;

3. Their amount is no more than 1% of the company's annual revenues.

It is recommended that related-party transactions be approved by the Board of Directors subject to a favourable report by the Audit Committee or other committee assigned to the task; and that the directors involved should neither exercise nor delegate their votes and should withdraw from the meeting room while the Board deliberates and votes.

Ideally, the above powers should not be delegated, with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases and later ratified by the full Board.

See sections: C.1 and C.6

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

9. In the interests of maximum effectiveness and participation, the Board of Directors should ideally have between five and fifteen members.

See section: B.1.1

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

10. Proprietary and independent non-executive directors should occupy an ample majority of Board places, while the number of executive directors should be the minimum practical, given the complexity of the corporate group and the relative size of the executive directors' ownership interests.

See sections: A.2, A.3, B.1.3 and B.1.14

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

11. If a non-executive director cannot be considered either proprietary or independent, the company shall disclose this circumstance and the links the director has with the company and its senior officers or shareholders.

See section: B.1.3

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

12. The ratio of proprietary directors to independent non-executive directors should match the ratio of the shares represented by proprietary directors to the remainder of the company's shares.

This strict proportionality rule may be relaxed to give proprietary directors greater Board representation than their share ownership would strictly allow:

1 In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested.

2 In companies in which a large number of unrelated shareholders are represented on the Board.

See sections: B.1.3, A.2 and A.3

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

13. At least one third of all Board members should be independent directors.

See section: B.1.3

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

14. The nature of each director should be explained to the General Meeting of Shareholders, which will make or ratify the director's appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Nomination Committee. Where necessary, the Corporate Governance Report should also disclose the reasons for which proprietary directors were appointed at the request of shareholders that control less than 5% of capital. It should also, where necessary, explain the reasons for which formal requests for Board representation from shareholders whose ownership interest is equal to or greater than that of other shareholders whose requests for Board representation have been accepted, were rejected.

See sections: B.1.3 and B.1 4

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

15. Where women directors are few or non-existent, the Board should state the reasons for this situation and the measures taken to correct it; in particular, the Nomination Committee should take steps to ensure that:

a) The process of filling Board vacancies has no implicit bias against women candidates;
b) The company makes a deliberate effort to find suitable women candidates when filling Board vacancies.

See sections: B.1.2, B.1.27 and B.2.3

Complies [ ] Complies partially [X] Explain [ ] Not applicable [ ]

The absence of female directors on the Board of Directors is due to the fact that the current directors, at the time they were appointed, were the most suitable people for the job without regard to their gender. Efforts will be made to follow the recommendation of the Unified Code in future appointments.

16. The Chairman, as the person responsible for the proper operation of the Board of Directors, should ensure that the directors are provided with sufficient information in advance of Board meetings; work to procure a good level of debate and the active involvement of all members, safeguarding their rights to freely express and adopt positions; organise and coordinate, in collaboration with the chairmen of the relevant Board committees, regular evaluations of the Board and, where appropriate, the company's managing director or chief executive.

See section: B.1.42

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

17. When a company's Chairman is also its chief executive, an independent director should be empowered to: request the calling of Board meetings or the inclusion of new business on the agenda; coordinate and give voice to the concerns of non-executive directors; and lead the Board's evaluation of the Chairman.

See section: B.1.21

Complies [ ] Complies partially [ ] Explain [ ] Not applicable [X]

18. The Secretary should ensure, in particular, that the Board's actions:

a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;
b) Comply with the company's Articles of Association and the regulations of the General Meeting of Shareholders, the Board of Directors and others;
c) Are informed by the good governance recommendations of the Unified Code to which the company has subscribed.

In order to safeguard the independence, impartiality and professionalism of the Secretary, appointment to and removal from the post of Secretary should be subject to proposal by the Nomination Committee and approval by the Board in plenary session. The appointment and removal procedures should be specified in the Board of Directors regulations.

See section: B.1.34

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

19. The Board should meet as frequently as necessary for it to properly perform its functions, following the schedule and the agenda set at the beginning of the year, to which each director may propose additions.
See section: B.1.29

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

20. Absences at Board of Directors meetings should be kept to the unavoidable minimum and should be reported in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.
See sections: B.1.28 and B.1.30

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

21. When a director or the Secretary expresses concern about a proposal or, in the case of directors, about the company's performance and those concerns are not resolved at the meeting, the person voicing the concern may request that it be placed on record in the minute book.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

22. The Board in plenary session should assess the following on a yearly basis:
a) The quality and efficiency of the Board's operation;
b) Based on a report submitted by the Nomination Committee, how well the Chairman and chief executive have performed their duties;
c) Based on the reports they have submitted, how well the Board committees have performed.
See section: B.1.19

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

23. All directors should be able to exercise their right to receive any additional information they require on matters within the Board's authority. Unless the Articles of Association or Board of Directors Regulations indicate otherwise, such requests should be addressed to the Chairman or Secretary.
See section: B.1.42

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

24. All directors should be entitled to call on the company for the advice and guidance they need to carry out their duties. The company should provide suitable channels for the exercise of this right, extending in special circumstances to outside assistance at the company's expense.
See section: B.1.41

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

25. Companies should organise induction programmes for new directors to rapidly acquaint them with the workings of the company and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

26. Companies should require their directors to devote sufficient time and effort to the performance of their duties and therefore:

a) Directors should inform the Nomination Committee of any other professional obligations, in case they interfere with the required commitment;

b) Companies should lay down rules about the number of directorships their Board members can hold.

See sections: B.1.8, B.1.9 and B.1.17

Complies ☐ Complies partially ☒ Explain ☐ Not applicable ☐

Directors disclose their other professional commitments to the Nomination Committee, in case they may interfere with the commitment required by the company. However, the company has not established any rules regarding the number of directorships its members may hold. This is because given the nature of Alba's activities, the directors' duties do not entail a very considerable time commitment and the experience they gain on other boards benefits Alba.

27. The proposal for the appointment or renewal of directors which the Board submits to the General Meeting of Shareholders, as well as provisional appointments by the method of co option, should be approved by the Board:

a) On the proposal of the Nomination Committee, in the case of independent directors.

b) Subject to a report from the Nomination Committee in all other cases.

See section: B.1.2

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

28. Companies should post the following particulars of their directors on their corporate websites, and keep them permanently updated:

a) Professional experience and background;

b) Directorships held in other listed or unlisted companies;

c) The category of director they belong to (executive, proprietary or independent non executive), indicating, in the case of proprietary directors, the shareholder they represent or have links with.

d) The date of first and subsequent appointment as directors of the company, and;

e) Shares, or options on shares, of the company held by them.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

29. Independent directors should not stay on as such for a continuous period of more than 12 years.

See section: B.1.2

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

30. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

See sections: A.2, A.3 and B.1.2

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

31. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the Articles of Association except where the Board determines, based on a report from the Nomination Committee, that there is good cause. Good cause will be presumed to exist when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in section III.5 (Definitions) of this Code.

The removal of independent directors may also be proposed, in order to meet the proportionality criterion set out in Recommendation 12, when a takeover bid, merger or similar corporate transaction brings about changes in the company's capital structure.

See sections: B.1.2, B.1.5 and B.1.26

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

32. Companies should establish rules obliging directors to inform the Board, and where necessary tender their resignation, in situations where the company's name or reputation is threatened, and in particular to disclose any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the crimes stated in article 124 of the Law on Public Limited Companies, the Board should examine the matter and, in view of the particular circumstances and potential harm to the company's name and reputation, decide whether or not the director should be called on to resign. The Board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: B.1.43 and B.1.44

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

33. All directors should openly voice their opposition whenever they believe that a proposal submitted for the Board's approval may be against the company's interests. In particular, independent directors and other directors not affected by any conflict of interest should challenge any decision that could harm the interests of shareholders who are not represented on the Board.

When the Board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she should draw the pertinent conclusions. Directors resigning in such circumstances should set out their reasons in the letter referred to in the next Recommendation. The terms of this Recommendation should also apply to the Company Secretary, whether a director or not.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

34. Directors who depart from the Board before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the Board. Irrespective of whether the departure is reported to the CNMV as a significant event, the reason for the departure should be explained in the Annual Corporate Governance Report.

See section: B.1.5

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

35. The company's remuneration policy, as approved by its Board of Directors, should specify at least the following:

a) The amount of the fixed components, itemising, where necessary, Board and committee attendance fees, and an estimate of the resulting fixed annual remuneration;

b) Variable components, in particular:

i) The categories of directors to which they are applicable, with an explanation of the relative weight of variable to fixed remuneration.

ii) Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any variable remuneration; iii) The main parameters and basis of any system of annual bonuses or other, non cash benefits; and

iv) An estimate of the sum total of variable payments arising from the proposed remuneration policy, as a function of degree of compliance with pre-set targets or benchmarks.

c) The main characteristics of pension systems (for example, supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or annual equivalent cost.

d) The conditions which the contracts of executive directors exercising senior management functions must respect, including:

i) Duration;

ii) Notice periods; and

iii) Any other clauses covering hiring bonuses, as well as indemnities or "golden parachutes" in the event of early termination of the contractual relationship between the company and the executive director.

See section: B.1.15

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

36. Remuneration consisting of the delivery of shares in the company or other group companies, share options or other share-based instruments, payments linked to the company's share price performance, or membership of pension or insurance schemes should be confined to executive directors.

The delivery of shares is excluded from this limitation when directors are obliged to retain them until the end of their tenure.

See sections: A.3 and B.1.3

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

37. Non-executive directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

38. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

39. In the case of variable awards, remuneration policies should include technical safeguards to ensure the awards reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, atypical or exceptional transactions or circumstances of this kind.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

40. The Board should submit a report on the directors' remuneration policy to the vote of the General Meeting of Shareholders, on a consultative basis and as a separate point on the agenda.

This report should be provided to shareholders, either separately or in whatever manner the company sees fit.

The report will focus on the remuneration policy the Board has approved for the current year with reference, as the case may be, to the policy planned for future years. It will address all the points referred to in Recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. It will also identify and explain the most significant changes in remuneration policy with respect to the previous year, with a global summary of how the policy was applied over the period in question.

The role of the Remuneration Committee in designing the policy should be reported to the Meeting, along with the identity of any external advisors engaged.

See section: B.1.16

Complies ☐ Complies partially ☒ Explain ☐ Not applicable ☐

The Board has prepared a report on the directors' remuneration policy which will be made available to the shareholders when the General Meeting is announced. The report concerns the remuneration policy approved by the Board. It addresses the points mentioned in Recommendation 35 and describes the role played by the Nomination and Remuneration Committee in preparing the remuneration policy.

However, given the legal uncertainty surrounding such consultative votes, the Board of Directors does not consider it appropriate to submit this report to a vote as a separate item on the General Meeting agenda. The lack of a vote does not diminish the transparency of directors' remuneration, as can be seen in this annual corporate governance report (Section B.1.11) and in the notes to the financial statements.

41. The notes to the annual accounts should list individual directors' remuneration in the year, including:

a) A breakdown of the compensation obtained by each company director, to include where appropriate:

i) Participation and attendance fees and other fixed director payments;

ii) Additional compensation for acting as chairman or member of a Board committee;

iii) Any payments made under profit-sharing or bonus schemes, and the reason for their accrual;

iv) Contributions on the director's behalf to defined-contribution pension plans, or any increase in the director's vested rights in the case of contributions to defined-benefit schemes;

v) Any severance packages agreed or paid;

vi) Any compensation they receive as directors of other group companies;

vii) The remuneration executive directors receive in respect of their senior management posts;

viii) Any kind of compensation other than the kinds listed above, of whatever nature and provenance within the group, especially when it may be accounted a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the director.

b) An individual breakdown of deliveries to directors of shares, share options or other share-based instruments, itemised by:

i) Number of shares or options granted in the year, and the terms set for their execution;

ii) Number of options exercised in the year, specifying the number of shares involved and the exercise price;

iii) Number of options outstanding at the annual close, specifying their price, date and other exercise conditions;

iv) Any change in the year in the exercise terms of options granted previously.

c) Information on the relationship between the remuneration obtained by executive directors in the reporting period and the company's profits, or some other measure of business performance, in that period.

Complies ☐ Complies partially ☐ Explain ☒ Not applicable ☐

The information the company provides on directors' remuneration (in this annual corporate governance report and in the notes to the consolidated financial statements) in some cases relates to individual remuneration, or can be understood to relate to individual remuneration, insofar as it concerns remuneration that all the directors receive in equal amounts; in other cases, the various groupings and breakdowns provided allow interested parties to obtain sufficiently detailed information in this respect.

42. When the company has an Executive Committee, the breakdown of its members by director category should be similar to that of the Board itself. The Secretary of the Board should also act as secretary to the Executive Committee.

See sections: B.2.1 and B.2.6

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

43. The Board should be kept fully informed of the business transacted and decisions made by the Executive Committee. To this end, all Board members should receive a copy of the Committee's minutes.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

44. In addition to the Audit Committee mandatory under the Securities Market Law, the Board of Directors should form a Nomination and Remuneration Committee, or separate Nomination and Remuneration Committees.

The rules governing the make-up and operation of the Audit Committee and the Nomination and Remuneration Committee or Committees should be set forth in the Board Regulations, and include the following:

a) The Board of Directors should appoint the members of such committees with regard to the knowledge, aptitudes and experience of the directors and the terms of reference of each committee; discuss their proposals and reports; and oversee and evaluate their work, which should be reported to the first Board plenary following each committee meeting.

b) These committees should be formed exclusively of non-executive directors and have a minimum of three members. Executive directors or senior officers may also attend meetings, for information purposes, at the committees' invitation.

c) The Chair of these committees should be an independent director.

d) The committees may engage external advisors, when they feel this is necessary for the discharge of their duties.

e) Meeting proceedings should be minuted and a copy sent to all Board members.

See sections: B.2.1 and B.2.3

Complies ☐ Complies partially ☒ Explain ☐ Not applicable ☐

Corporación Financiera Alba, S.A. complies with this recommendation, with a single qualification concerning the role of Chair of the Nomination and Remuneration Committee, which is held by a proprietary director, rather than an independent non-executive director. This is due to the company's particular circumstances and, above all, the composition of its shareholder base.

45. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Nomination Committee or, if they exist, the Compliance Committee or the Corporate Governance Committee.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

46. All members of the Audit Committee, particularly its Chair, should be appointed with regard to their knowledge of and background in accounting, auditing and risk management.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

47. Listed companies should have an internal audit function, supervised by the Audit Committee, to ensure the proper operation of internal reporting and control systems.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

48. The head of internal audit should present an annual work programme to the Audit Committee; report to it directly on any incidents arising during programme implementation; and submit an activities report at the end of each year.

Complies [ ] Complies partially [X] Explain [ ] Not applicable [ ]

In Corporación Financiera Alba the internal audit function is part of the control function, which is carried out by financial management. On matters of internal audit, financial management reports to the Audit Committee, which is responsible for risk detection and internal audit systems.

49. Control and risk management policy should specify at least:

a) The different types of risk (operational, technological, financial, legal, reputational...) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;

b) The risk level the company sees as acceptable;

c) The impact of risk events should they occur;

d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

See sections: D

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

50. The Audit Committee's role should be:

1. With respect to internal control and reporting systems:

a) Monitor the preparation and the integrity of the financial information about the company and, where appropriate, the group, checking for compliance with legal and regulatory requirements, accurate definition of the scope of consolidation and correct application of accounting principles.

b) Review internal control and risk management systems on a regular basis, so that the main risks are properly identified, managed and disclosed.

c) Monitor the independence and efficacy of the internal audit function; make proposals for the selection, appointment, reappointment and removal of the head of the internal audit department; propose the department's budget; receive regular reports on the department's activities; and ensure that senior management takes the findings and recommendations of internal audit reports into account in its decisions.

d) Establish and supervise a mechanism whereby staff can confidentially and, if necessary, anonymously report any potentially serious irregularities, especially financial or accounting irregularities, they detect in the company.

2. With respect to the external auditor:

a) Make recommendations to the Board for the selection, appointment, reappointment and removal of the external auditor and the terms and conditions of engagement.

b) Receive regular information from the external auditor on the progress and findings of the audit programme and check that senior management are acting on its recommendations.

c) Monitor the independence of the external auditor, to which end:

i) The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the disagreements.

The Committee should ensure that the company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence;

iii) The Committee should investigate the issues giving rise to the resignation of any external auditor.

d) In the case of groups, the Committee should urge the group auditor to take on the auditing of all component companies.

See sections: B.1.35, B.2.2, B.2.3 and D.3

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

51. The Audit Committee should be empowered to meet with any company employee or manager, even requesting that they appear before the committee without the presence of any other senior officer.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

52. The Audit Committee should prepare information on the following points from Recommendation 8 for input to Board decision-making:

a) The financial information listed companies must periodically disclose. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.

b) The creation of, or acquisition of shares in, special purpose vehicles or entities resident in countries or territories considered tax havens and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.

See sections: B.2.2 and B.2.3

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

53. The Board of Directors should seek to present the annual accounts to the General Shareholders' Meeting without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Chair of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content.

See section: B.1.38

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

54. A majority of Nomination Committee members – or Nomination and Remuneration Committee members, as the case may be – should be independent directors.

See section: B.2.1

Complies [ ] Complies partially [ ] Explain [X] Not applicable [ ]

The Committee it is made up of three non-executive directors: two proprietary and one independent. This balance was decided on the basis of the current distribution of share ownership in the company.

55. The Nomination Committee should have the following functions in addition to those stated in earlier recommendations:

a) Evaluate the balance of skills, knowledge and experience on the Board, define the roles and capabilities required of the candidates to fill each vacancy and decide the time and dedication necessary for them to properly perform their duties.

b) Examine or organise, in appropriate form, the succession of the chairman and chief executive, making recommendations to the Board so that the handover proceeds in a planned and orderly manner.

c) Report on the senior officer appointments and removals which the chief executive proposes to the Board.

d) Report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: B.2.3

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

56. The Nomination Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive directors.

Any Board member may suggest directorship candidates to the Nomination Committee for its consideration.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

57. The Remuneration Committee should have the following functions in addition to those stated in earlier recommendations:

Make proposals to the Board of Directors regarding:

i) The remuneration policy for directors and senior officers;

ii) The individual remuneration and other contractual conditions of executive directors.

iii) The standard conditions for senior officer employment contracts.

b) Oversee compliance with the remuneration policy set by the company.

See sections: B.1.14 and B.2.3

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

58. The Remuneration Committee should consult with the Chairman and chief executive, especially on matters relating to executive directors and senior officers.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

G. Other information of interest

If you consider that there is any other relevant principle or aspect of your Company's corporate governance practices that has not been addressed by this Report, please give details.

Section A.2. Box one - Banca March, S.A.

Juan, Carlos, Leonor and Gloria March Delgado own 100% of the shares of Banca March, S.A. On May 24, 2004 they entered into a shareholders' agreement relating to Banca March, S.A. which also affects Corporación Financiera Alba, S.A., given that Banca March is a shareholder of Corporación Financiera Alba, S.A. This shareholders' agreement is referred to in Section A.6. Banca March, S.A.'s 67.855% shareholding in Corporación Financiera Alba, S.A. therefore includes the shareholdings of Juan and Carlos March Delgado mentioned in Section A.3.

Section A.8.

During 2008, 492,586 treasury shares were purchased and 1,710,000 were retired.

Section A.10.

Under the Articles of Association shareholders must hold at least 25 shares in order to attend General Meetings.

Section B.1.2.

Alfonso Tolcheff Alvarez resigned as director on being appointed to a post that is incompatible with membership of the Board of Directors of this Company.

Section B.1.3.

Pablo Vallbona Vadell and Juan March de la Lastra are classified as executive directors, but they are also proprietary directors representing Banca March, S.A., of which they are also directors.

Section B.1.9.

Given the nature of Alba's activities, the directors' duties do not entail a very considerable time commitment. Moreover, the experience the directors gain on other Boards of Directors benefits Alba.

Section B.1.11.a) Second box

The contributions relate to alternative pension schemes.

Section B. 1.11.c)

The average directors' remuneration, irrespective of status, was 36,000 euros per person. The figure for proprietary directors' remuneration includes the additional remuneration awarded to the Co Chairmen, amounting to 78,000 euros each. Also, directors who serve on Board committees receive an additional payment of 6,000 euros per year per committee.

Section B.1.11. d) Second box

The figure of 0.65% is the total directors' remuneration as a percentage of the profit for the year attributable to the group.

Section B. 1.13.

The guarantee or golden parachute clauses were authorised before the amendment to the Board Regulations approved on 24 April 2007, which gives power to authorise such clauses to the Board.

Payments for unfair dismissal consist of an amount no less than the higher of the fund set aside as a pension supplement or the value of one year of certain remuneration items increased by one twelfth for each year of service.

Section B.1.16.

Although the Report on directors' remuneration policy is not submitted to the consultative vote of the General Meeting of shareholders, it is approved by the Board of Directors and is made public. The report addresses the following issues:

Fixed components
Performance related components
Share based payments
Annual bonuses or other non cash benefits
Pension and insurance schemes
Basic conditions of the contracts of executive directors who perform senior management functions.

The Nomination and Remuneration Committee issues an opinion on the remuneration report, which is approved by the Board of Directors.

No external advice has been taken.

Section B.1.21.

Under Recommendation 17 of the Unified Code on Good Corporate Governance approved by the CNMV on 22 May 2006, the requirement that one of the independent non executive directors be empowered to call a Board meeting or add new business to the agenda, coordinate and act as spokesperson for the external non executive directors and lead the Board's assessment of its Chairman only applies if the Chairman of the Board is also the Chief Executive of the company, which is not the case in Corporación Financiera Alba, S.A.

Section B.1.25.

As a general rule, all directors should tender their resignation to the Board upon reaching the age of 70 and the Board may accept their resignation.

Section B.1.27.

The absence of female directors on the Board of Directors is due to the fact that, at the time the current directors were appointed, they were the most suitable people for the job, without regard to their gender. Efforts will be made to follow the recommendation of the Unified Code in future appointments.

There are no specific procedures in place to ensure that selection processes do not have hidden biases which prevent the selection of female directors, but the company is committed to ensuring that selection processes include women as candidates.

Section B.2.1

The composition of the Audit Committee and of the Nomination and Remuneration Committee at 31 December 2008 is shown in Section B.2.1 of the Report.

The composition of the Audit Committee until 31 May 2008 was as follows:
Chairman: Alfredo Lafita Pardo; Members: Manuel Soto Serrano, Enrique Piñel López and Francisco Verdú Pons;
Secretary: José Ramón del Caño Palop.

The composition of the Nomination and Remuneration Committee until 31 May 2008 was as follows:

Chairman: Carlos March Delgado; Members: Alfredo Lafita Pardo; Alfonso Tolcheff Alvarez (until 23 1 08) and Enrique Piñel López (from 26 3 08 to 31 5 08); Secretary: José Ramón del Caño Palop.

Section B.2.2.

In Corporación Financiera Alba, the internal audit function is part of the control function, which is carried out by financial management. On matters of internal audit, financial management reports to the Audit Committee, which is responsible for risk detection and internal audit systems.

Section C.2.

Related party transactions with Banca March, S.A. All the transactions with Banca March, S.A. were entered into in the normal course of business and on market terms.

Other related party transactions of Corporación Financiera Alba, S.A. with entities belonging to Grupo March

Entity	Nature	Transaction type	Amount (€ '000)
CIMSA	Commercial	Operating lease agreements	119
March G. Fondos	Commercial	Operating lease agreements	171
March Unipsa	Commercial	Provision of services	3,781
March G. Pensions	Commercial	Operating lease agreements	42
Fundación J. March	Contractual	Collaboration agreement	300

Section F, Recommendation 21

Article 15.6 of the Unified Code specifically states that "when a director or the Secretary expresses concerns about some proposal or, in the case of directors, about the company's performance and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minute book". During 2008 no situation occurred in which this rule was applicable.

Section F, Recommendation 29

There is no rule in the company's internal regulations that restricts the tenure of independent non executive directors to 12 years, although this is the rule that has been followed in practice until now.

Section F, Recommendation 30

No situation arose during 2008 in which this recommendation, which is reflected in the Board of Directors Regulations, would have applied.

Section F, Recommendation 33

Article 15.5 of the Board Regulations specifically states that "Directors should clearly state their opposition when they consider that a proposal submitted to the Board is contrary to the company's interests. This applies in particular to independent directors and others who are not affected by the potential conflict of interest when the decision at issue may be detrimental to shareholders who are not represented on the Board".

During 2008 no situation occurred in which this rule was applicable.

Section F, Recommendation 50, 1, c)

In Corporación Financiera Alba, the internal audit function is part of the control function, which is carried out by financial management. On matters of internal audit, financial management reports to the Audit Committee, which is responsible for risk detection and internal audit systems.

This section may be used to supply any additional information, clarification or qualification relating to other sections of this report, provided such additional information is relevant and not a repetition.

In particular, state whether your Company is subject to the corporate governance legislation of countries other than Spain and, if so, include any information that the company is obliged to disclose that is not required in this report.

Binding definition of independent non-executive director:

Indicate whether any of the independent non-executive directors has, or has had in the past, any relationship with the company, its significant shareholders or its senior managers which, had it been sufficiently significant or important, would have disqualified that person as an independent non-executive director within the meaning of Section 5 of the Unified Code on Good Corporate Governance:

YES ☐ NO ☒

Date and signature:

This annual corporate governance report was approved unanimously by the Board of Directors of the company at its meeting held on

25/03/2009

Indicate whether any directors voted against or abstained from voting on this report.

YES ☐ NO ☒

REPORT ON THE WORK OF THE AUDIT COMMITTEE IN 2008

I. INTRODUCTION

This report on the duties and activities of the Audit Committee of Corporación Financiera Alba, S.A. has been prepared in accordance with current recommendations on good governance of listed companies, in particular the recommendations of the Unified Code of Recommendations on Corporate Governance, which was approved by the CNMV on 22 May 2006.

The Audit Committee was created by the Board of Directors on 29 March 2000, following the recommendations of the "Olivencia Code", initially under the name of the Audit and Compliance Committee.

Subsequently, Law 44/2002 of 22 November on Financial System Reform Measures (the "Finance Law") made it compulsory for listed companies to have an Audit Committee.

In compliance with the Finance Law, Corporación Financiera Alba, S.A. amended its Articles of Association and its Board of Directors Regulations and defined the Audit Committee's powers and procedures as described below.

II. FUNCTIONS OF THE AUDIT COMMITTEE

In accordance with Additional Provision 18a of the Securities Market Law, brought into effect by Law 44/2002 of 22 November on Financial System Reform Measures, article 47 of the Articles of Association of Corporación Financiera Alba, S.A. attributes to the Audit Committee the following functions, notwithstanding any other functions that may be assigned to it by the Board of Directors:

Report to the General Meeting on matters within its remit raised by shareholders.

Submit a proposal to the Board of Directors for the appointment of the external auditors, for approval by the shareholders in General Meeting.

Oversee the internal audit function, if any.

Report on the Company's financial reporting and internal control systems.

Conduct relations with the external auditors to gather information on matters liable to affect the external auditors' independence and any other matters arising from the auditing of the Company's accounts, and make any other disclosures required under auditing rules and regulations.

III. COMPOSITION

The Audit Committee is a Board committee and so is made up of directors. A majority of the members must be non-executive directors appointed by the Board of Directors and the Chair must be chosen from among these non-executive directors. By law and under the Company's Articles of Association, the Chair is replaced every four years and may be re-elected after one year out of office.

Because of the new legal provisions concerning the Audit Committee and the amendments to the Company's Articles of Association and Board Regulations, at its meeting on 22 May 2003 the Board of Directors renewed the membership of the Committee, reappointing the same people who previously sat on the Audit and Compliance Committee.

In May 2007, after four years in the post, the Chair of the Audit Committee stood down (staying on as a member of the Committee) and a new Chair was appointed, in accordance with the Finance Law and the Articles of Association.

The members of the Audit Committee during 2008 were:

Until 31 May 2008: Alfredo Lafita Pardo as chair; Enrique Piñel López, Manuel Soto Serrano and Francisco Verdú Pons as members; and José Ramón del Caño Palop as secretary. The Chair and Mr. Soto are independent non-executive directors and the other two members are proprietary directors.

Since 1 June 2008: Manuel Soto Serrano as chair; Francisco Verdú Pons and Enrique Piñel López as members; and José Ramón del Caño Palop as secretary. The Chair and Mr. Soto are independent non-executive directors and the other two members are proprietary directors.

IV. FUNCTIONING AND ACTIVITIES

The Committee's internal functioning is regulated by article 47 of the Company's Articles of Association and articles 29 to 34 of the Board Regulations, governing meetings, notices, quorums, adoption of resolutions, minutes, relations with the Company's Board of Directors and management, and authority to request information on any aspect of the Company and to seek advice from outside experts.

During 2008 the Audit Committee met five times. The matters discussed at these meetings, on which the Committee had all the necessary information and documentation, were:

Review of periodic financial reports for submission to the CNMV

External audit of the annual accounts

Risk identification and internal control system

Legal and regulatory compliance

A) REVIEW OF PERIODIC FINANCIAL REPORTS

The Audit Committee analysed, prior to submission, the quarterly and half-yearly financial information that the Company submits to the CNMV for public disclosure and the complementary brochures that the Company publishes. The Committee paid particular attention to this issue in 2008 in view of the new requirements established by Royal Decree 1362/2007 of 19 October and CNMV Circular 1/2008 of 30 January.

This was done with the collaboration of the Company's financial director, who is responsible for preparing said information and who explained to the Committee the accounting procedures followed and the decisions and criteria adopted.

The Committee approved the reports and brochures, subject to the inclusion of certain suggestions it had made.

In one of its meetings the Committee examined the financial statements prior to their submission to the Board of Directors for authorisation.

B) EXTERNAL AUDIT OF THE ANNUAL ACCOUNTS AND RELATIONS WITH THE EXTERNAL AUDITORS

The independent auditors attended the meetings of the Audit Committee in which the financial information at year-end 2007 and the financial statements for the year then ended were examined. The independent auditors reported in detail on the audit process, the most important issues raised and the criteria followed. In particular, the independent auditors detected no significant risks in the Company and considered the Company's internal audit to be effective. Accordingly, their opinion on the Company's financial statements was unqualified. In carrying out their task, the independent auditors were assisted by the Company's officers. At the same time, the plan for the audit for financial year 2008 was explained.

In this connection it should also be mentioned that the Company's current auditor was appointed in 2004 for financial years 2005 to 2007 and that in 2008 the appointment was renewed for financial years 2008, 2009 and 2010.

C) RISK IDENTIFICATION AND INTERNAL RISK CONTROL SYSTEM

Internal control is the responsibility of the finance director and is governed by a set of operating rules. These rules are set out in the "Operations Handbook". The rules relate, among other things, to investments and divestments, budgets and expense control, consolidation, IT systems, administrative controls and file keeping.

The Audit Committee has authority in this matter and determines whether the Company has the necessary organisation, staff and processes to identify and monitor its main operational, financial and legal risks. It is also empowered to investigate any aspect of the risk identification and internal control system, as it sees fit. In 2004 the Company commissioned the independent auditors to carry out an in-depth review of the Company's internal control system and of the "Operations Handbook" in particular. The auditors' opinion was that the Company's internal control system was satisfactory. The auditors carried out another review in 2008 and once again concluded that the system was satisfactory, although they made some recommendations, which the Company has accepted.

No material incident was detected in this regard during 2008.

D) LEGAL AND REGULATORY COMPLIANCE

As required by Article 26.c) of the Board Regulations, the Audit Committee provides the following, more detailed information on the Company's compliance with legal requirements and internal company regulations.

First, the Committee confirms that the Company has the necessary organisation to guarantee compliance with applicable law. Specifically, the Company has a legal department, a tax department and a finance department, each of which, in its area of competence, works to ensure that current (external and internal) regulations are respected. In addition, the Board Regulations charge the Secretary with a duty to ensure that the Company acts, in form and substance, within the law and in accordance with its Articles of Association and that its internal procedures and rules of governance are respected.

One of the Audit Committee's tasks is to ensure the Company has an effective system of internal supervision to guarantee compliance with applicable laws and regulations and to verify that the necessary procedures are in place to ensure that managers and employees comply with internal regulations. Audit Committee meetings are attended by the Company's finance director, who is responsible for internal control and reports to the Committee on this matter.

As mentioned previously, the Company has a set of operational rules ("Operations Handbook") that provide criteria for internal control.

Bearing all this in mind, the Committee considers that the Company has the necessary organisational resources and rules to ensure compliance with applicable internal and external regulations.

In relation to this area of responsibility, the Audit Committee also examined the draft Annual Corporate Governance Report, the draft of the Report provided for in article 116 bis of the Securities Market Law (both of which were subsequently approved by the Board of Directors) and the Report of the Internal Code of Conduct monitoring body. Additionally, the Committee examined the amendment to the risk management and control policy.

Also within the regulatory compliance area, the Committee examined transactions with directors and significant shareholders or their representatives or people linked to them (related party transactions) and submitted a favourable report, as the requirements were met.

Lastly, the Committee monitored the functioning of the Company's web site, which is fully compliant with current regulations.

In view of all the above, the Committee considers the Company to be in compliance with all applicable regulatory requirements and recommendations with respect to corporate governance.

Madrid, 24 February 2009

PROPOSED RESOLUTIONS

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The Board of Directors proposes that the General Meeting consider and, if thought fit, pass the following resolutions:

1.- To receive and approve the individual and consolidated annual accounts for the financial year ended 31 December 2008.

2.- To approve the management of the Board of Directors during the year.

3.- To approve the proposed profit distribution and dividend payment.

4.- To appoint José Manuel Serra Peris and José Ramón del Caño Palop to be directors of the Company.

5.- Authorisation of the purchase off own shares, subject to the limits and requirements of the Law on Public Limited Companies, and use the shares purchased under this and previous authorisations to implement executive director and senior management remuneration plans entailing the allotment of shares or stock options; and to authorisation to the Board of Directors to reduce capital stock, if appropiate.

6.- To reduce the Company's share capital through the cancellation of own shares held in treasury at the date of the General Meeting (except the 435,000 shares earmarked for the executive share option plan) and amend article 5 of the Articles of Association accordingly.

7.- To transfer the excess of the legal reserve, resulting from capital reductions, to voluntary reserves.

8.- To authorise the Board of Directors to increase the Company's share capital in the amount and within the time limit specified in article 153.1.b) of the Law on Public Limited Companies, even disapplying pre-emption rights, pursuant to article 159.2 of said Law.

9.- To delegate authority to issue fixed-income securities, including convertible or exchangeable securities, up to a maximum nominal amount of 500,000,000 euros.

10.- Authorisation to the Board of Directors to implement the resolutions adopted by the Meeting.

11.- To approve the minutes of the General Meeting.