ALBA
GRUPO MARCH

ANNUAL REPORT 09

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Board of Directors and Management Team

Board of Directors

CHAIRMEN

Juan March Delgado

Carlos March Delgado

VICE-CHAIRMEN

First Vice Chairman
Pablo Vallbona Vadell

Second Vice Chairman
Isidro Fernández Barreiro

MANAGING DIRECTOR

Santos Martínez-Conde Gutiérrez-Barquín

DIRECTORS

Nicholas Brookes

Fernando Casado Juan

Juan March de la Lastra

José Manuel Serra Peris

Manuel Soto Serrano

Francisco Verdú Pons

DIRECTOR AND SECRETARY

José Ramón del Caño Palop

Directors' Committees

AUDIT COMMITTEE

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Manuel Soto Serrano

Member
Isidro Fernández Barreiro

Member
José Manuel Serra Peris

Secretary
José Ramón del Caño Palop

NOMINATION AND REMUNERATION COMMITTEE

Chairman
Juan March Delgado

Member
Fernando Casado Juan

Member
Francisco Verdú Pons

Secretary
José Ramón del Caño Palop

Management Team

MANAGING DIRECTOR

Santos Martínez-Conde Gutiérrez-Barquín

DIRECTORS

José Ramón del Caño Palop

Luis Lobón Gayoso

Juan March de la Lastra

Ignacio Martínez Santos

Tomás Villanueva Iribas

TAX ADVISOR

Adriana Verduras de Mata

DEPARTMENT HEADS

Antonio Egido Valtueña

Javier Fernández Alonso

Diego Fernández Vidal

Alfredo Gadea Martín

Félix Montes Falagán

Andrés Temes Lorenzo

COMMUNICATION

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 2009.

Continuing the trend set in the last few months of 2008, the first few months of 2009 were turbulent in the financial markets, with a significant recovery from the low reached at the beginning of March. This stock market recovery was due to the removal of the major uncertainties affecting financial industries, the effects of expansionary monetary and fiscal policies and the market's conviction that the worst of the crisis was over, as the beginnings of a recovery were apparent in some of the world's main economies, especially the United States and Germany.

In 2009 the Ibex 35 appreciated 29.8%, ending the year at 11,940 points. This good annual performance does not, however, reflect the sharp variations in the index, which in the first few months of the year plunged, reaching 6,817 points on March 9 (−25.8% with respect to the level at the beginning of the year), and between that date and the end of year recovered a spectacular 75.1%. It should be pointed out that the low level reached by the Ibex 35 in March had not been seen since mid-2003 and is unquestionably the lowest point since the start of the financial crisis in April 2007.

As we commented last year, the crisis triggered in the summer of 2007 by the subprime mortgage collapse in the United States evolved, in 2008, 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 the main governments and international bodies – through highly expansionary monetary policies, the assumption of high deficits and the nationalization of a large number of large financial institutions – proved sufficient to halt the deterioration of the financial sector and avoid the worst predictions of economic depression and deflation. These support measures will start to be gradually withdrawn in the next few months to avoid the formation of further imbalances in the future, once certain signs of recovery are detected in some of the main world economies. The withdrawal of these measures could cause a new slowdown in economic activity. For the economic recovery to gather strength, we believe that there has to be an increase in private consumption, which probably requires a recovery of confidence, a reduction of debt and a better outlook with respect to the employment trend.

It should be pointed out, however, that the excesses of the past, mainly in the form of real estate bubbles and high indebtedness, have not yet been entirely purged and will probably continue to dampen growth in the next few years.

At the same time, the unsustainable budget deficits run by some governments in the last two years to deal with the crisis –and the government debt they entail– will also act as a brake on economic growth, as they may lead to an increase in taxes, a reduction in public expenditure and investment and higher borrowing costs in the future.

All the aforementioned factors come together in Spain, aggravated by higher unemployment, lower competitiveness with respect to other European countries, an enormous real estate bubble which has not yet been fully digested, a high rate of household and corporate debt and a financial system undergoing drastic restructuring. Of particular importance is the dire problem of unemployment, which has obvious negative social consequences and which, in strictly economic terms, translates into depressed private consumption, lower tax revenues and Social Security contributions, and high demands on the public budget in the form of social benefits. For all these reasons it is very probable that the economic recovery in Spain will be much slower than in other countries nearby.

In any case, despite these elements of uncertainty it must be emphasised that the economic scenario we envisage for the next few years is one of recovery, possibly slow and undoubtedly muted but still clearly much better than the scenario we faced at the beginning of 2009.

It is important to note that the present crisis has been caused and suffered largely by the developed economies, while the emerging countries, led by China, Brazil and India, have continued to enjoy strong growth rates. This is probably the first time that the emerging countries as a whole have not been dragged down by an economic crisis in the United States or Europe. We believe that this trend will continue over the next few years, so that world economic growth will be driven mainly by the emerging countries and not by the traditional economic powers. It is almost certain, for example, that in the course of 2010 China will overtake Japan as the world's second largest economy in terms of dollar GDP.

Turning to Alba, the Net Asset Value (NAV) increased by 416 million euros in 2009, reaching 4,030 million euros at year-end, up 11.5% on the previous year. On the positive side, this is the first annual increase in NAV since December 2006, just before the current financial and economic crisis began. NAV per share at 31 December 2009 was 67.18 euros after deducting treasury shares, up 14.6% compared to the previous year. The greater increase in NAV per share than in total NAV is due to the purchase of own shares during the year.

The Alba share price at year-end was 36.55 euros, at a discount of 45.6% to NAV per share before taxes. Over the year as a whole the Alba share price rose 34.1%, comparing favourably with the 29.8% increase in the Ibex 35 and the 21.1% increase in the Eurostoxx 50. The better performance of the share price compared to NAV per share translated into a decrease in the discount to NAV, which in the first few months of 2009 reach record levels.

Consolidated net profit was 390.6 million euros, 8.1% above the previous year's level of 361.4 million. Earnings per share reached 6.48 euros, up 11.1% on 2008. As a result of the purchase and cancellation of own shares, earnings per share increased by a higher percentage than total earnings. The increase in total earnings and earnings per share is due to the increase in the profit contributed by our investees and the gains on asset sales, despite the asset value adjustments made in the year.

Of the items that make up the income statement one of the most significant is *Share of profit of associates,* which reflects the impact on Alba's performance of the results obtained by investee companies. This item increased from 427.4 million euros in 2008 to 444.1 million euros in 2009. This increase is due to the improvement in the results of ACS and Prosegur and the inclusion in the scope of consolidation, since July, of the investment in Indra, offsetting the decline in the results of Acerinox.

Further on in this 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 equity investments during 2009.

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

In the course of 2009 Alba reduced its interest in ACS, made a significant investment in Indra, a new company in our portfolio, increased its interest in Acerinox and Clínica Baviera and acquired own shares:

- Alba reduced its interest in ACS by 1.03% in 2009, leaving the interest in this company at 31 December at 23.48%. Thus, during the year Alba sold 1.33% for 150.8 million euros, equivalent to 35.94 euros per share, through a financial contract announced on 3 August. This sale was partly offset by the cancellation by ACS of 1.25% of treasury shares in May. At year-end the investment in ACS represented 63.8% of Alba's NAV, compared to 70.6% at the end of the previous year.

- At the beginning of July, Alba acquired a 10.02% stake in Indra from Gas Natural for 246 million euros, equivalent to 15.00 euros per share. At year-end 2009 the investment in Indra accounted for 6.7% of Alba's NAV and was the third largest investment in Alba's portfolio in terms of market value.

- Alba's interest in Acerinox increased to 24.24% in 2009, up from 23.77% at the end of 2008, due to the cancellation by Acerinox of 1.96% of its own shares. At the end of 2009 Acerinox accounted for 21.8% of Alba's NAV, up from 19.0% at the close of 2008.

- Alba also acquired an additional 1.79% of Clínica Baviera for 2.1 million euros, bringing its shareholding in this company to 18.15% at 31 December 2009. At year-end the investment in Clínica Baviera represented 0.6% of Alba's NAV. Alba has continued to increase its interest in Clínica Baviera in recent months and in April 2010 notified the market that its interest had reached 20.00% of the company's share capital.

- In 2009 Alba purchased 1,634,810 own shares for a total of 48.4 million euros, representing 2.62% of its share capital. At the General Meeting held in May 2009 the shareholders agreed to cancel 1,630,000 shares, equivalent to 2.61% of the share capital. Treasury shares totalled 773,387 at year-end, equivalent to 1.27% of Alba's capital.

Artá Capital, the growth capital fund management company, continued its active search for investment opportunities in 2009. As a result, in February 2010 the growth capital vehicles Deyá Capital SCR, Deyá Capital II SCR and Deyá Capital III FCR, all three managed by Artá Capital, entered into an agreement to acquire a 10% interest in Mecalux for 55 million euros subject to the authorisation and settlement of the delisting takeover bid promoted by Mecalux, currently in progress. The agreed purchase price is 15 euros per share, the same as is being offered in the delisting takeover bid.

Once the abovementioned agreement has been executed, Alba, through Deyá Capital SCR, will indirectly hold 7.5% of the share capital of Mecalux, with an investment in the region of 42 million euros.

Mecalux is a world leader in storage systems, carrying out virtually all the tasks involved in warehouse development, including the engineering, manufacturing and installation of clad-rack, automated warehouses and the development of software for warehouse logistics management and the provision of consulting services. It is the leading storage company in Spain and one of the top three in the world in term of sales. It has production centres in Spain, the United States, Argentina, Brazil, Mexico and Poland and an extensive distribution network in Europe, the United States and Latin America.

At Alba we have moderately positive expectations for our equity investments in 2010 at an operational and financial level, despite the global economic crisis experienced in the last two years. There are signs of a certain improvement in the economic situation of some of the world's main economies in 2010, although in the case of Spain the recovery remains uncertain and may not start to be felt until the year after. We believe that 2010 will once again be in many respects a complex year for these companies, but we rely on their strengths to mitigate the effects of the continuing economic recession and take advantage of the incipient recovery. In this respect we consider it important to highlight the international expansion efforts made by all our investees in recent years, which will continue in the years to come.

As we have remarked on previous occasions, with reference both to Alba and to its investees, we firmly believe that the current difficult situation may offer interesting opportunities for the companies that are best prepared to exploit them, always maintaining a mid to long-term perspective and acting with great prudence.

Alba's goal is to maintain its position as a controlling shareholder of the companies in which it has invested, while remaining alert to 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.

The corporate web site, which is fully compliant with current regulations, remains an excellent source of information about the Company 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 the year, the Board of Directors will recommend a full-year dividend for 2009 of 1.00 euro per share. Accordingly, a final dividend of 0.50 euros per share, complementary to the interim dividend of the same amount paid in November last year, will be paid in the near future. The dividend has thus been increased for the second year running compared to previous years, with the aim of complementing the remuneration of shareholders via cancellation of own shares and bringing Alba's profit distribution policy into line with that of other international companies of a similar nature. The Board will also recommend to the General Meeting a capital reduction through cancellation of treasury shares.

Other resolutions to be submitted to the shareholders in General Meeting concern the election of directors, the renewal of the authority to purchase own shares, the updating of the upper limit on directors' remuneration, and authorisation for the Board to introduce a system of share-based compensation for Alba employees.

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

KEY FINANCIAL DATA

Financial Highlights:

(In millions of euros unless otherwise indicated)	2009	2008	2007	2006
Share capital at year-end	**60.8**	62.4	64.1	65.1
Shareholders' equity at year-end (before profit distribution)	**2,788**	2,599	2,825	2,382
Ordinary shares in issue (thousands), average for the year	**60,293**	61,937	63,624	64,876
Net profit	**391**	361	525	918
Dividends	**60**	46	8	8
Net profit in euros per share	**6.48**	5.83	8.26	14.15
Dividend in euros per share	**1.00**	0.75	0.12	0.12

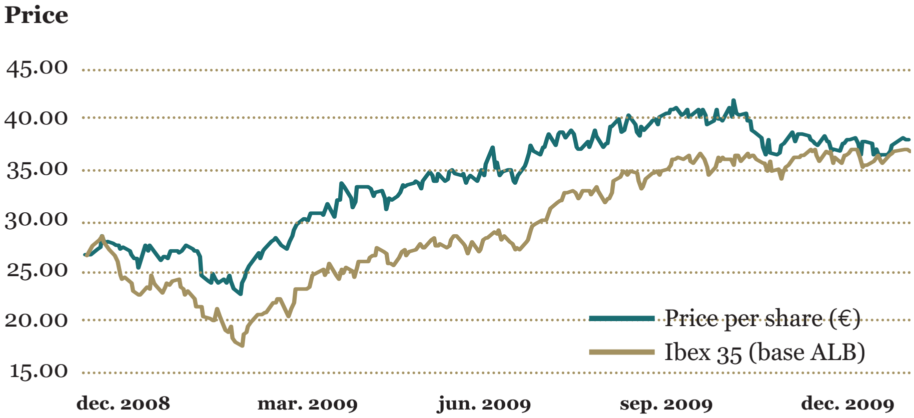
Note: Per share data calculated using the average number of shares outstanding during the year.

Share Price Performance:

	2009	2008	2007	2006
Closing share price (in euros per share)				
High	**40.50**	46.06	60.70	59.20
Low	**23.49**	20.54	41.25	36.50
Close	**36.55**	27.25	46.29	56.55
Stock market capitalisation at 31/12 (million euros)	**2,221**	1,700	2,967	3,681
Volume traded				
Number of securities (thousands)	**23,004**	33,483	40,245	21,084
Millions of euros	**745**	1,182	2,103	952
Daily average (millions of euros)	**2.9**	4.7	8.3	3.8
Dividend yield (on closing price for the year)	**2.74%**	2.75%	0.26%	0.21%
P/E ratio (on closing price for the year)	**5.64**	4.67	5.60	4.00

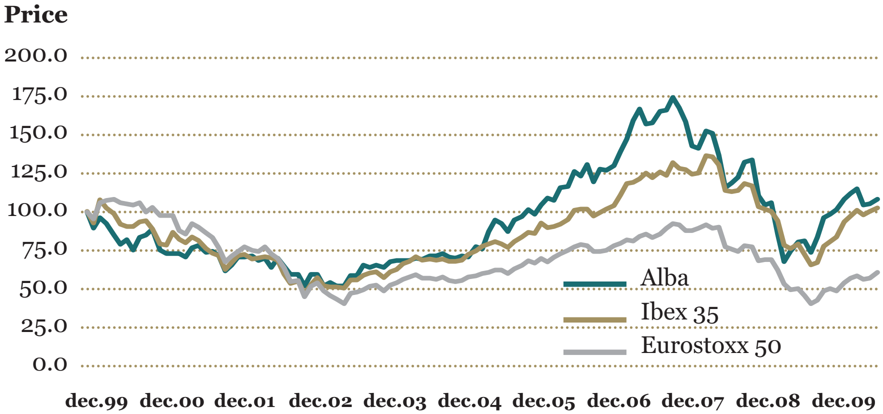
In 2009, the Alba share performed better than in the previous two years, the price having risen 34.1% during the year, compared to a rise of 29.8% in the Ibex 35.

Alba share price performance in 2009. Source: Bloomberg.



Nevertheless, Alba's strong stock market performance over the last ten years (i.e. since December 1999) reflects the significant value created by our Company in the long term. In that ten-year period the Alba share price increased 7.6% per year, while the Ibex 35 rose 2.6% and the Eurostoxx 50 fell 39.4%. The graph shows the depth of the stock market plunge in 2008, which in less than a year practically wiped out the gains of the previous decade, and the subsequent recovery, from March 2009 onward.

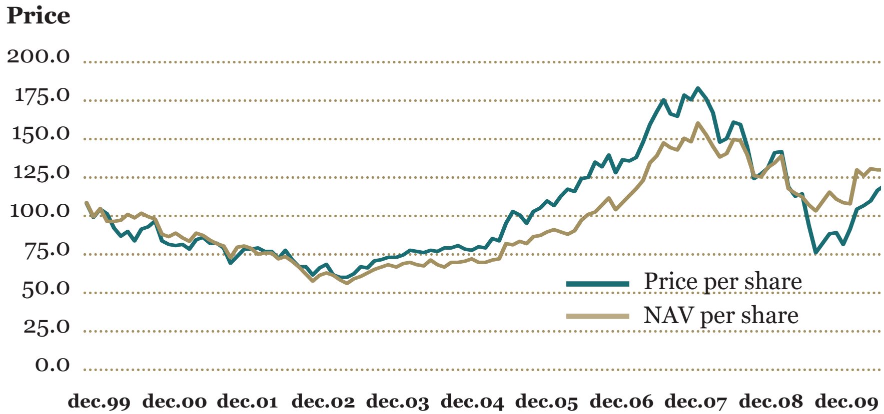
Alba share price performance over the last 10 years compared to Ibex 35 and Eurostoxx 50. Source: Bloomberg.



It is interesting to note that Alba's NAV per share increased by 22.6% over the period considered. The growth in NAV per share is attributable to the strong value creation by our investees during the period, the quality of the investment decisions made during the period, and the positive effect for our shareholders of the purchase and subsequent cancellation of own shares.

NAV before taxes per share compared to share price.

Source: Bloomberg for share price.



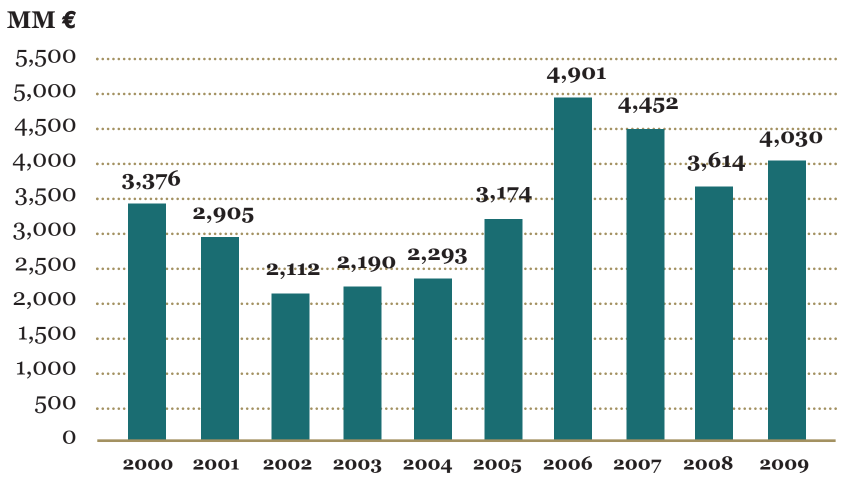
Net Asset Value:

(In millions of euros unless otherwise indicated)	2009	2008	2007	2006
Data at 31/12				
Net Asset Value (*)	4,030	3,614	4,452	4,901
Net Asset Value in euros per share (*)	67.18	58.64	71.68	75.82
Share price in euros per share	36.55	27.25	46.29	56.55
Discount to Net Asset Value	45.6%	53.5%	35.4%	25.4%

* Before taxes.

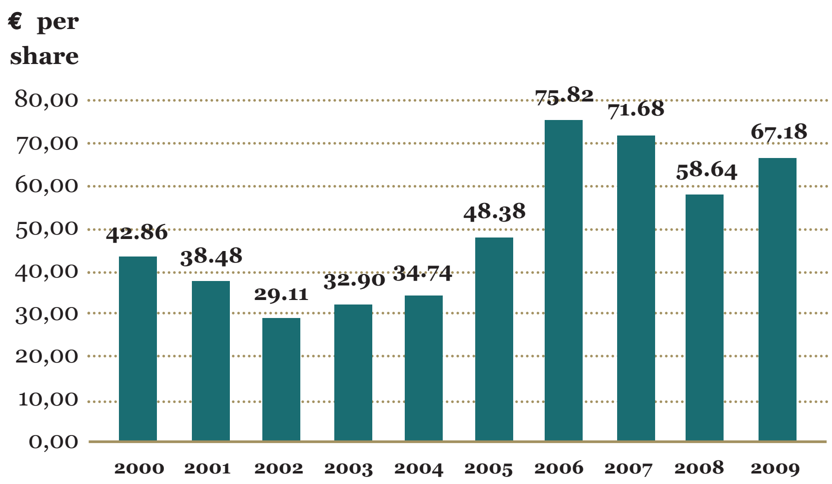
The changes in total Net Asset Value since 2000 can be seen below:

Historical Net Asset Value before taxes (31/12).



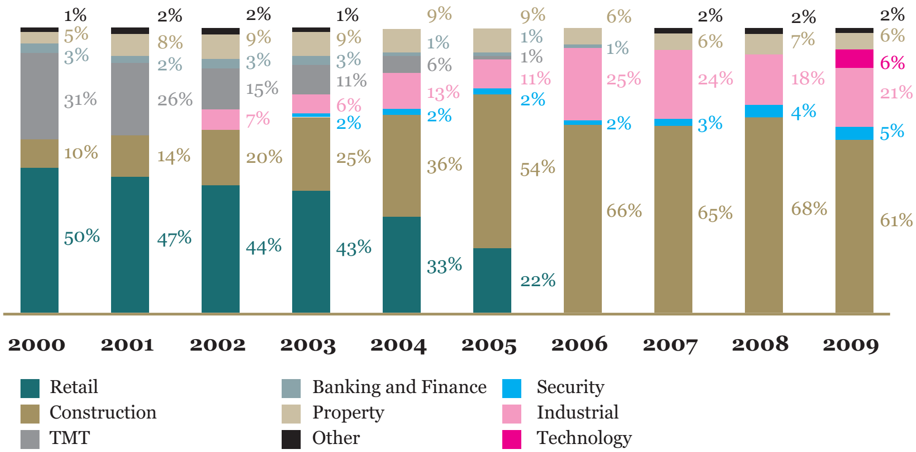
The following chart shows changes in Net Asset Value per share, before taxes and after deducting own shares held, over the same period, measured at 31 December each year:

Net Asset Value per share, before taxes (31/12).



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

Breakdown of Alba's Gross Asset Value by industry at year-end (31/12) (*)

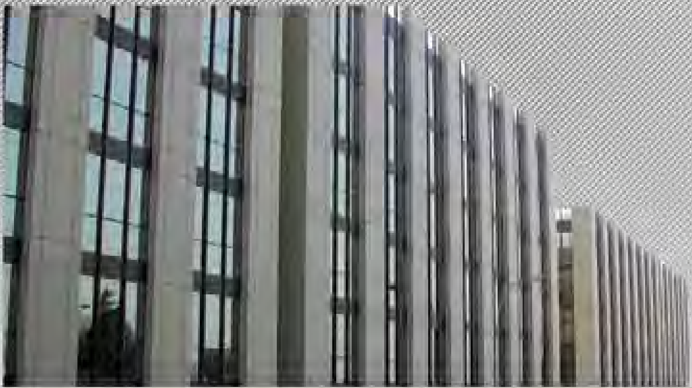


* Gross Asset Value after deducting net debt and before taxes.

The composition of Alba's portfolio has changed significantly in recent years. Whereas at year-end 2000 Retail (Pryca - Carrefour) and Telecommunications (Airtel - Vodafone) accounted for 81% of the portfolio, at the end of 2009 these sectors had disappeared completely from the portfolio, giving way to Construction and Services (ACS, 61%) and Industrial (Acerinox, 21%). In 2009 a new sector appeared, Technology (Indra, 6%). In 2009 "Other" includes mainly the investments in Clínica Baviera, Ros Roca and OCIBAR, the latter two through Deyá Capital.

Investment Portfolio

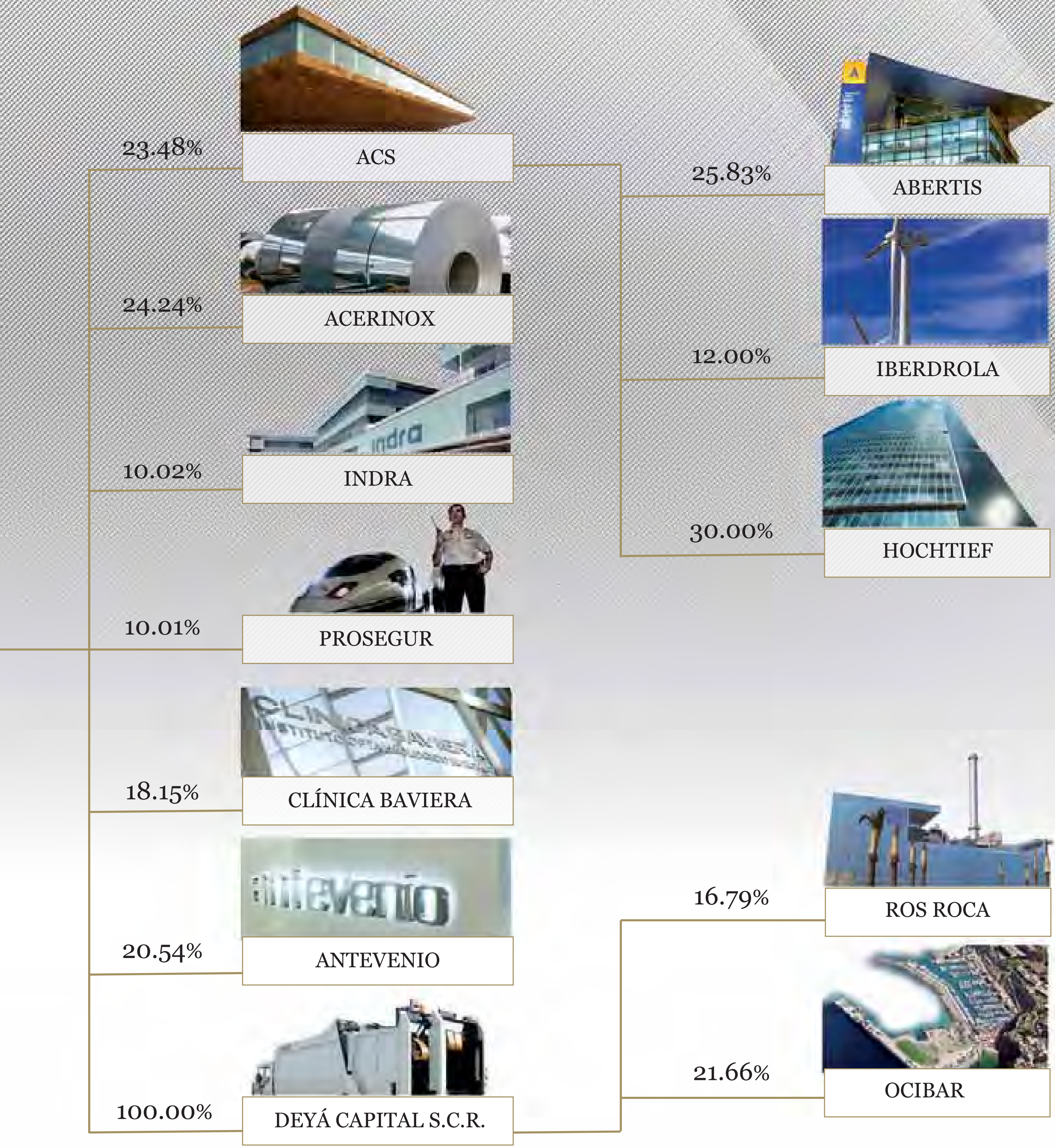
PORTFOLIO STRUCTURE AT 31 DECEMBER 2009



CORPORACIÓN FINANCIERA ALBA

ALBA PARTICIPACIONES

100%


23.48%
ACS
24.24%
ACERINOX
10.02%
INDRA
10.01%
PROSEGUR
18.15%
CLÍNICA BAVIERA
20.54%
ANTEVENIO
100.00%
DEYÁ CAPITAL S.C.R.
25.83%
ABERTIS
12.00%
IBERDROLA
30.00%
HOCHTIEF
16.79%
ROS ROCA
21.66%
OCIBAR

Portfolio value at 31 December 2009:

Listed Companies

		Market Value (1)		
	Shareholding (%)	Millions of euros	Euros per share	Main stock exchange on wich traded
Acerinox (2)	24.24	878.2	14.53	Madrid
ACS (2)	23.48	2,572.0	34.81	Madrid
Antevenio (2)	20.54	5.6	6.47	Alternext París
Clínica Baviera (2)	18.15	23.7	8.00	Madrid
Indra (2)	10.02	270.7	16.46	Madrid
Prosegur (2)	10.01	211.3	34.22	Madrid
Total market value		**3,961.4**		
Total book value		2,723.7		
Unrealised capital gains		**1,237.7**		

Unlisted Companies

		Book value
	shareholding (%)	Millions of euros
Ros Roca (3)	16.79	31.0
OCIBAR (3)	21.66	7.4
Other		0.5
Total book value		**38.9**

(1) Prices at the closing exchange rate in 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:

Listed Companies

	Shareholding (%)				
	31.12.2009	31.12.2008	Change 09/08	31.12.2007	31.12.2006
Acerinox	**24.24**	23.77	0.47	23.24	20.80
ACS	**23.48**	24.51	(1.03)	22.13	21.14
Antevenio	**20.54**	20.54	-	20.54	28.80
Clínica Baviera	**18.15**	16.36	1.79	15.46	-
Indra	**10.02**	-	10.02	-	-
Prosegur	**10.01**	10.01	-	10.01	5.01
Spirent	-	-	-	-	0.62

Unlisted Companies

	Shareholding (%)				
	31.12.2009	31.12.2008	Change 09/08	31.12.2007	31.12.2006
Celtel	-	-	-	-	0.45
IslaLink	-	-	-	74.68	-
Isofotón	-	-	-	26.09	-
March Unipsa	-	-	-	-	35.00
March Gestión de Fondos	-	-	-	-	35.00
March Gestión de Pensiones	-	-	-	-	35.00
Ros Roca	**16.79**	16.79	-	-	-
OCIBAR	**21.66**	21.66	-	-	-

During 2009 Alba's stake in Acerinox, S.A. increased by 0.47% as a result of a 1.96% reduction in Acerinox, S.A.'s capital through cancellation of own shares. The interest in ACS, Actividades de Construcción y Servicios, S.A. decreased by 1.03% as a result of the sale by Alba of 1.33% of the share capital, partly offset by the cancellation by ACS of own shares representing 1.25% of its capital. An additional 1.79% of Clínica Baviera, S.A. and 10.02% of Indra Sistemas, S.A. was acquired.

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			
	2009	2008	2007	2006
Construction and Services	**61**	68	65	66
Industrial	**21**	18	21	25
Technology	**6**	-	-	-
Property	**6**	7	6	6
Security	**5**	4	3	2
Banking and Finance	-	-	-	1
Other	**2**	3	5	-
TOTAL	**100**	100	100	100

In millions of euros

Gross Asset Value	**4,248**	3,727	4,866	4,852
Net Asset Value before taxes	**4,030**	3,614	4,452	4,901

Construction and Services and Property decline in relative weight during the year as a result of the sale of part of the investment in ACS, the lower valuation of property assets, and the appearance of the new sector, Technology, as a result of the investment in Indra. The increases in the relative weight of the Industrial and Security sectors were determined by the better relative performance of the Acerinox and Prosegur share price in 2009.

The 61% of investment in the Construction and Services sector includes the investment in ACS. In practice, however, the broad diversification of ACS's activities significantly reduces the seemingly high concentration in Construction. If we analyse Alba's portfolio in more detail, the 61% invested in Construction can be subdivided among the various industries in which ACS operates. The following table provides a rough indication of the subdivision, based on estimates of the contribution of each subsector to ACS's 2009 consolidated net profit:

Industrial Services	25%
Construction	20%
Urban Services	11%
Concessions	3%
Energy	2%
TOTAL	**61%**

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 2009 are detailed below:

Investment property, which includes leased properties, stands at 229.2 million euros, down from 249.8 million in 2008. The decrease is due mainly to a 18.4 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,* and also to the reclassification of a property to property, plant and equipment for 2.8 million euros.

Property, plant and equipment has risen from 11.0 to 12.9 million euros as a result of the reclassification mentioned in the previous section, less depreciation for the year.

Investments in associates is up 329.0 million, from 2,394.7 million to 2,723.7 million. The increase is due mainly to the acquisition of the stake in Indra for 247.8 million euros and the good results of ACS, which make up for the decrease in Alba's interest in ACS during the year.

Non-current available-for-sale financial assets is down 16.7 million euros due to a decrease in the value of the investment in Ros Roca, based on an estimate of its fair value using multiples.

Other investments are down 85.6 million euros, mainly as a result of a 100 million euro valuation writedown of the outstanding debt for the sale of the interest in Isofotón.

Financial assets held for trading total 22.5 million euros due to investments made during the year in short-term liquid financial assets. These investments are valued at market prices at year-end.

Other current assets has increased from 280.3 to 361.9 million euros. This amount includes 281.3 million euros of cash and cash equivalents and 80.6 million euros of receivables, consisting mainly of dividends approved but not yet paid.

Share capital stands at 60.8 million euros, down 1.6 million euros compared to the previous year. The decrease is due to the cancellation of 1,630,000 shares, as approved by the shareholders at the General Meeting held on 27 May 2009.

Reserves are up from 2,225.9 to 2,397.0 million euros, mainly due to the distribution of prior year profit, partly offset by charges to the reserves of investees. The charges to reserves of

investees are due mainly to purchases of own shares, value adjustments to financial instruments, and exchange differences.

Treasury shares includes the cost of own shares held at 31 December 2009, amounting to 31.4 million euros and representing 1.27% of the Company's share capital (773,387 shares).

Profit for the year is 390.6 million euros.

For all the reasons just given, *Shareholders' equity* at year-end is 2,787.6 million euros, up 7.3% on the previous year.

At year-end *Provisions* stood at 6.8 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.

Long-term payables relates to bank borrowings with a term of more than one year.

Short-term payables, which includes both bank loans and other payables, has increased to 318.9 million euros as a result of the increase in bank borrowing, due to the investments made during the year.

Consolidated Balance Sheets

Before Profit Distribution

ASSETS	Millions of Euros		
	31.12.2009	31.12.2008	31.12.2007
Investment property	**229.2**	249.8	275.3
Property, plant and equipment	**12.9**	11.0	34.7
Tangible fixed assets, net	**242.1**	**260.8**	**310.0**
Investments in associates	**2,723.7**	2,394.7	2,782.5
Non-current available-for-sale financial assets	**38.9**	55.6	150.4
Other financial investments	**51.1**	136.7	3.8
Total financial investments	**2,813.7**	**2,587.0**	**2,936.7**
Total fixed assets	**3,055.8**	**2,847.8**	**3,246.7**
Deferred expenses	**-**	**-**	**16.9**
Current available-for-sale financial assets	**-**	**-**	**0.7**
Financial assets held for trading	**22.5**	**6.0**	**49.2**
Other current assets	**361.9**	**280.3**	**10.4**
TOTAL ASSETS	**3,440.2**	**3,134.1**	**3,323.9**

EQUITY AND LIABILITIES

	Millions of Euros		
	31.12.2009	31.12.2008	31.12.2007
Share capital	**60.8**	62.4	64.1
Reserves	**2,397.0**	2,225.9	2,331.2
Treasury shares	**(31.4)**	(28.4)	(96.5)
Interim dividend paid	**(30.1)**	(23.1)	(3.8)
Profit for the year	**390.6**	361.4	525.3
Minority interests	**0.7**	0.7	4.8
Shareholders' equity	**2,787.6**	**2,598.9**	**2,825.1**
Provisions	**6.8**	**11.4**	**24.3**
Other non-current liabilities	**-**	**-**	**23.8**
Long-term payables	**326.9**	**252.0**	**2.0**
Financial debt	**313.0**	251.6	410.3
Other short-term debt	**5.9**	20.2	38.4
Short-term payables	**318.9**	**271.8**	**448.7**
TOTAL EQUITY AND LIABILITIES	**3,440.2**	**3,134.1**	**3,323.9**

Income Statement

In 2009 Alba obtained a *Net profit* of 390.6 million euros, up 8.1% from 361.4 million euros the previous year. This increase is due mainly to the strong performance of Share of profit of associates. Earnings per share are up from 5.83 euros to 6.48 euros, an increase of 11.1% over the year.

Income from *Share of profit of associates* increased from 427.4 to 444.1 million euros as a result of the improvement in the results of ACS and Prosegur and the inclusion in the scope of consolidation, from July, of the interest in Indra, offsetting the decrease in the profit for the year of Acerinox.

Rental income from investment property was 16.3 million euros, roughly at the same level as the previous year. The occupancy rate at 31 December 2009 was 90.9%.

According to appraisals by independent experts, the value of Alba's investment property decreased by 18.4 million euros during 2009. 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 7.4% at the reporting date compared to the end of the previous year. At 31 December 2009 the fair value of investment property was 229.2 million euros.

The increase in *Finance income,* from 5.2 to 20.8 million euros, is due mainly to gains on derivative transactions.

Profit/(loss) on assets shows a loss of 29.2 million euros, compared to a loss of 32.9 million euros the previous year, mainly due to a charge of 100.0 million euros for the adjustment to the value of the outstanding debt on the sale of Isofotón, partly offset by the profit on the sale of 1.33% of the interest in ACS, amounting to 67.5 million euros.

Operating expenses were held at 16.9 million euros for the year. These expenses represent 0.42% of NAV before taxes at 31 December 2009.

Depreciation and amortisation amounts to 1.0 million euros.

The balance of *Provisions* is positive in the amount of 0.4 million euros due to the cancellation of some provisions made in previous years for losses or liabilities 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		
	2009	2008	2007
Share of profit/(loss) of associates	**444.1**	427.4	423.3
Rental income and other items	**16.3**	16.6	15.4
Change in the fair value of investment property	**(18.4)**	(26.4)	37.2
Finance income	**20.8**	5.2	16.5
Profit/(loss) on assets	**(29.2)**	(32.9)	72.1
Sum	**433.6**	**389.9**	**564.5**
Operating expenses	**(16.9)**	(16.9)	(18.6)
Financial costs	**(20.9)**	(20.3)	(18.7)
Amortisation and depreciation	**(1.0)**	(1.0)	(2.6)
Provisions for liabilities and charges	**0.4**	10.2	-
Corporate income tax	**(2.8)**	0.4	-
Minority interests	**(1.8)**	(2.5)	0.4
Sum	**(43.0)**	**(30.1)**	**(39.5)**
Profit/(loss) from discontinued operations	-	1.6	0.4
NET PROFIT	**390.6**	**361.4**	**525.3**
Net earnings per share (euros)	**6.48**	**5.83**	**8.26**

(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

Listed equity investments

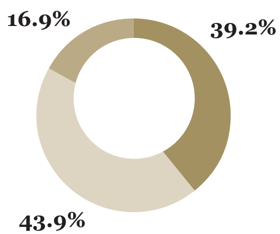
ACS

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 infrastructures. In recent years ACS has taken decisive steps to expand its traditional businesses internationally, especially construction.

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

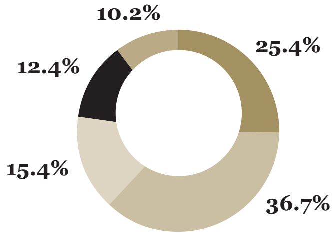
Breakdown of sales by business segment



Total 2009: 15.606 M€

- Construction 39.2%
- Environment 16.9%
- Industrial Services and Energy 43.9%

Breakdown of net profit by business segment



Total 2009: 950 M€

- Construction 25.4%
- Industrial Services and Energy 36.7%
- Environment 15.4%
- Participated companies 12.4%
- Concessions and Others 10.2%

Nota: Chart based on the contribution of the different businesses to sales and consolidated ordinary net profit (excluding extraordinary profit or loss). In ordinary net profit, "Investees" includes the contribution to net profit of Abertis, Hochtief and Iberdrola after deducting the associated finance charge. "Concessions and Others" includes the results of the concessions that form part of Iridium and the results of available for sale activities.

Key Financial Data

In millions of euros unless otherwise indicated	2009	2008	2007
Sales	**15,606**	15,276	15,345
EBITDA	**1,458**	1,383	1,380
EBIT	**1,080**	1,043	1,057
Net profit	**1,952**	1,805	1,551
Net earnings per share (euros)	**6.28**	5.43	4.51
Dividend per share (euros)	**2.05**	2.05	1.75
ROE (%)	**50.0**	41.2	36.9
Total assets	**31,754**	51,398	49,593
Net financial debt	**9,271**	9,356	7,939
Net recourse debt	**302**	2,934	1,872
Non-recourse financing	**8,969**	6,422	6,067
Shareholders' equity	**4,303**	3,402	4,654
Debt / Total equity (%)	**201.9**	94.4	76.0

Nota: These data include as available for sale assets Dragados SPL in 2008 and 2009 and Unión Fenosa in 2007 and 2008. Total equity inclu des Shareholders' Equity and Minority interests.

Construction

This business area encompasses civil works and residential and non-residential construction. ACS is one of Europe's largest construction companies by sales and profitability, with particular strength in civil works, which in 2009 accounted for 71.7% of sales revenue and 83.5% of the order backlog at the end of the year. In civil works ACS's Construction business area participates in the design, tender, financing and execution of infrastructure concessions. International markets accounted for 23.3% of the company's sales revenue in 2009 and 37.3% of the order backlog at the end of the year, and their relative importance is expected to continue to increase in the years ahead.

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 (62.8% of sales and a similar percentage of the backlog in 2009), which includes Networks, Specialised Installations and Control Systems; and Integrated Projects (37.2% of sales and of the backlog in 2009), which includes Turnkey Projects and Renewables. It also includes the investments in wind and solar thermal power and in transmission line concession projects in Latin America.

Environment

This business area encompasses two different business lines, both 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.

Integral Services (Clece), which engages in a wide range of activities, including comprehensive building and facility maintenance, airport services, and management of advertising spaces on large buildings and vehicles.

Concessions

Through Iridium, ACS has shareholdings in various toll road concessionaires in Spain, United States, 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 2009 ACS started work on the construction of various concessions awarded in the second half of 2008, including the I-595 motorway in the United States and the Eje Diagonal motorway in Barcelona.

Review of the company's operations during 2009

Despite the economic crisis, ACS's various divisions turned in an excellent operating performance. It is worth noting the results of the industry and geographical diversification strategy the Group has pursued in recent years. Thanks to this strategy the Group has been able to compensate for the weakness of Spanish construction, especially residential construction, with a greater contribution from businesses outside Spain (26.3% of 2009 sales and 35.3% of the total backlog at the end of the year) and non-construction activities (60.8% of sales and 74.8% of ordinary net profit for 2009).

Group comparable sales reached 15,606 million euros, up 2.2% on the previous year, while net profit rose 8.1% to 1,952 million euros. The increase in earnings per share (15.6%) is greater than the increase in net profit due to the purchase and cancellation of own shares.

Construction posted sales of 6,125 million euros, a decrease of 7.5% compared to 2008. Of this total, 4,389 million (71.7%) was from civil works projects, 1,189 million (19.4%) from non-residential construction projects and 547 (8.9%) from residential construction projects. International sales of 1,427 million euros accounted for 23.4% of the total, up 74.9% compared to 2008, partly offsetting the falls in civil works sales in Spain (-10.3%), especially residential (-46.4%) and non-residential (-20.0%) construction. The net profit of the Construction division was 241 million euros, down 12.2% compared to the previous year. The order backlog increased 3.7% in 2009 to 11,431 million euros, with notable growth of 67.3% in international orders in civil engineering, representing 37.3% of the total backlog at the end of 2009.

Industrial Services and Energy continued in 2009 the growth trend of previous years, albeit at a slower pace, driven by the Integrated Projects and Energy business. Turnover was 6,862 million euros, 6.0% higher than in 2008, while net profit was 348 million, up 10.0%. Sales of Industrial Installations and Maintenance (62.8% of the total) fell 1.9% compared to 2008, while sales of Integrated Projects and Energy (37.2% of the total) rose 21.2%. Around 33.5% of 2009 sales were

Key performance indicators by business segment

In millions of euros	2009	2008	Chg. 09/08
Construction			
Turnover	**6,125**	6,625	(7.5%)
Net profit	**241**	275	(12.2%)
Order backlog	**11,431**	11,023	3.7%
Industrial Services and Energy			
Turnover	**6,862**	6,477	6.0%
Net profit	**348**	317	10.0%
Order backlog	**6,619**	6,244	6.0%
Environment			
Turnover	**2,639**	2,414	9.3%
Net profit	**146**	145	1.1%
Order backlog	**11,457**	10,412	10.0%
Number of employees	**142,176**	141,002	0.8%

international. The order backlog grew 6.0% in 2009 to 6,619 million euros, of which 2,601 million (39.3% of the total) related to international projects.

Environment achieved sales of 2,639 million euros in 2009, 13.9% from outside Spain, representing an increase of 9.3% compared to the previous year. Net profit increased 1.1% in the year to 146 million euros. 2009 sales break down as follows: Environment, 61.4% of the total; Integral Services, the remaining 38.6%. The order backlog grew 10.0% in 2009 to 11,457 million euros, of which 30.2 million related to international markets.

The **Concessions** area posted sales of 64 million euros and a loss of 27 million euros due to the start of various

concession assets, as mentioned earlier. Given the nature of its business (concession development and operation), this area's results do not reflect the value of the assets, which will only contribute significant profits to the ACS group as projects mature or assets are sold.

Unión Fenosa contributed 1,085 million euros to the ACS group's net profit for 2009, including capital gains of 1,005 million euros on the sale of the remaining 35.3% to Gas Natural in February 2009, through "Profit/(loss) from discontinued operations", as this interest was classified as a "Current available-for-sale financial asset" on account of the sale agreement reached with Gas Natural in July 2008.

The gross contribution of Abertis was 140 million euros using the equity method, 7.0% more than the previous year. Iberdrola's contribution to ACS's results was 208 million euros, up 12.5% on 2008, via accrued dividends accounted for as financial income. Hochtief contributed gross profit of 52 million euros using the equity method, up 18.6% on the previous year. The net financial costs associated with these investments in the year were 283 million euros.

Order intake increased over the year, so that the ACS group order book ended the year at 29,507 million euros, up 6.6% on the previous year, despite the difficult economic conditions.

As shown in the following table, in 2009 ACS made investments totalling 4,598 million euros and asset sales of 5,905 million euros.

Investments in 2009

In millions of euros	Gross investment	Disposals	Net investment
Construction	408	(30)	378
Industrial Services and Energy	1,283	(23)	1.260
Environment	280	(27)	253
Concessions	253	-	253
Corporation	2,374	(5,825)	(3,451)
TOTAL	**4,598**	**(5,905)**	**(1,307)**

Most notably, Industrial Services and Energy invested 1,283 million euros in 2009, including 679 million euros in solar thermal plants and 309 million in wind farms.

Construction's investments include the acquisition of controlling interests in POL-AQUA (Poland) and Pucine Construction and John P. Picone (United States) for a combined total of 284 million euros. These three companies specialize in civil works and reinforce the Group's international strategy.

In addition, ACS made investments at corporate level in the amount of 2,374 million euros, including the novation of the equity swap on 4.88% of Iberdrola, which extended the exercise period and changed execution to physical delivery, with ACS holding all the voting and economic rights attached to the underlying shares. Divestments totalled 5,905 million euros, including the sale of 35.3% of Unión Fenosa for 5,825 million euros.

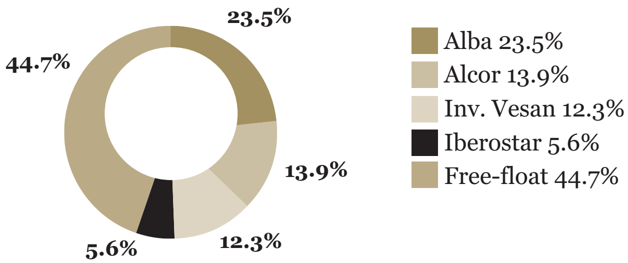
As a result of these investments and divestments, ACS's net debt at the end of 2009 stood at 9,271 million euros, 8,969 of which was financing without recourse to the shareholders. Around 58.3% of the debt raised without recourse to shareholders is linked to the acquisition of shares in Hochtief and Iberdrola.

Shareholder structure

Alba reduced its interest in ACS by 1.03% in 2009 through the sale of 1.33% of the capital for 151 million euros, which was partly offset by the cancellation by ACS of treasury shares representing 1.25% of its share capital. Despite this reduction, Alba remains ACS's leading shareholder. At 31 December 2009 Alba held 23.48% of ACS's equity capital and had four representatives on the company's board of directors: Pablo Vallbona Vadell, Juan March de la Lastra, Santos Martínez-Conde Gutiérrez-Barquín and Francisco Verdú Pons.

ACS shareholder structure at 31.12.2009

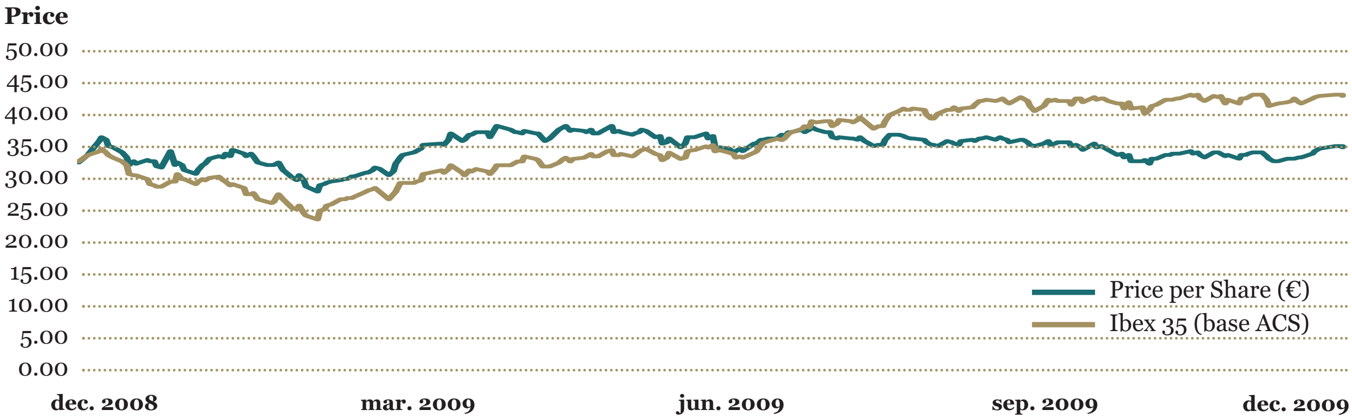
Source: ACS Annual Corporate Governance Report for 2009.



ACS share price performance

During 2009 the ACS share price registered a fall of 6.6%, to 34.81 euros per share, compared to a fall of 29.8% in the Ibex 35. If we consider a longer period of time, say two years, the ACS share price has outperformed the Ibex 35. On the other hand, it is important to note that ACS allocated 1,119 million euros to shareholder remuneration in 2009, including dividend payouts and own share purchases.

ACS share price performance since 31 December 2008. Source: Bloomberg



Historical stock market data

	2009	2008	2007
Share price in euros per share (closing prices)			
High	**38.75**	40.64	50.95
Low	**27.67**	25.80	32.10
Close	**34.81**	32.65	40.65
Number of shares in issue (thousands)	**314,665**	335,390	352.873
Stock market capitalisation at 31/12 (million euros)	**10,953**	10,950	14,344
Volume traded			
Total number of shares (thousands)	**233,033**	443,988	521,558
Daily average: In thousands of shares	**1,179**	1,755	2,061
As % of total shares in issue	**0.38%**	0.51%	0.58%
In millions of euros	**41**	58	89
Dividend yield (on closing price for the year)	**5.89%**	6.28%	4.31%
P/E ratio (on closing price for the year)	**5.5 x**	6.0 x	9.0 x

www.grupoacs.com

Through its shareholding in ACS, Alba has an indirect interest in three listed companies: Abertis, Hochtief and Iberdrola.

In millions of euros	Abertis	Hochtief	Iberdrola
Activity	Infraestructure Concesions	Construction	Utilities
ACS shareholding (31/12)	25.8%	30.0%	12.0%
Market capitalisation (31/12)	11,064	3,749	35,033
Sales 2009	3,935	18,166	24,559
EBITDA 2009	2,435	1,027	6,815
Net profit 2009	653	195	2,824

The market value of these investments was 8,187 million euros at the end of the year, as detailed below:

	Market capitalisation (M€)	ACS Direct shareholding	Value of ACS shareholding (M€)
Abertis	11,064	25.8%	2,858
Hochtief	3,749	30.0%	1,125
Iberdrola	35,033	12.0%	4,204
TOTAL			**8,187**

A summary of these three companies’ performance in the previous year is given below:

Abertis

Abertis is the European leader in transport and telecommunications infrastructure management. At 31 December 2009 it operated 3,738 kilometres of motorways in Spain, France and Chile and Spain's leading network of terrestrial sites for the broadcasting of radio and television signals. It also had a growing presence in satellite communications through Eutelsat and Hispasat. Abertis operates, among others, the London Luton, Belfast, Cardiff, Stockholm and Orlando Sanford airports, as well as three airports in Bolivia, and has interests in fifteen airports in Mexico, Jamaica, Chile and Colombia, handling 56.6 million passengers in 2009. Through its subsidiary SABA it manages 128,240 parking places in six countries, principally Spain, Italy and Portugal.

Consolidated revenue from the toll road business reached 2,923 million euros, up 6.1%, affected by changes in the scope of consolidation in 2009. On a comparable basis, revenues grew 2.1% due to the toll review and application of the AP-7 agreement, which compensates for the significant drop in traffic in Spain. The telecommunications division reported revenue growth of 25.5% to 541 million euros, thanks to growth in the audiovisual business in Spain, an increase in wholesale services to operators, reviews of tariffs in line with the CPI, and the first full year of consolidation of Hispasat. Passenger numbers in the airports managed by Abertis fell 7.8%, while revenues fell 7.4% to 278 million euros. Sales revenue in the car parks business grew 11.3% to 150 million euros, with an increase of 21.0% in the number of parking places managed.

Among the corporate transactions carried out during the year, the most relevant was the purchase of three toll roads from Itinere – 50% of Avasa (Bilbao-Zaragoza motorway), 50% of Rutas del Pacífico (Chile) and 50% of Elqui (Chile) – for 616 million euros. This acquisition has allowed Abertis to become the majority shareholder of the three abovementioned concessionaires.

In 2009 Abertis reported net profit of 653 million euros on revenues of 3,935 million.

At 31 December 2009 ACS had a 25.8% interest in Abertis. ACS is represented on Abertis's Board of Directors by Pablo Vallbona Vadell, Alba's First Vice-Chairman.

www.abertis.com

Key financials

In millions of euros	2009	2008	2007
Shareholders' equity	**5,762**	4,779	5,020
Turnover	**3,935**	3,679	3,620
EBITDA	**2,435**	2,256	2,269
Net profit	**653**	618	682
Stock market capitalisation (at 31-12)	**11,064**	8,446	14,071

Iberdrola

Iberdrola is Spain's largest electricity company, with total installed capacity of 25,705 MW, net production of 65,316 GWh, energy billed to end users of 99,642 GWh, and 10.5 million electricity and gas connection points under management. If international activities are included, total installed capacity amounts to 43,667 MW, net production to 142,776 GWh, energy billed to 204,826 GWh, and the number of connection points under management to more than 27.7 million worldwide, including gas and electricity. Iberdrola is Spain's largest energy company by market capitalisation.

The 2009 results are affected by the fact that this was the first complete year with Energy East (now Iberdrola USA) as a member of the Group. Highlights include the growth of the installed capacity of Iberdrola Renewables and the contribution of ScottishPower to Group performance (accounting for 30.8% of total turnover and 21.3% 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 a decline in revenue as a result of lower electricity prices and a fall in demand. Iberdrola USA accounted for nearly 12% of Group revenues in 2009. Earnings growth in Latin America was moderate on account of the depreciation of the local currencies against the euro, tariff reductions in Brazil and the sale of various assets in Chile. Income from non-energy businesses fell significantly, mainly due to the slowdown in the property businesses in Spain, while Engineering and Construction succeeded in maintaining high activity levels, especially in international markets.

At 31 December 2009 ACS had a total shareholding of 12.0% in Iberdrola (7.1% held directly in shares and 4.9% indirectly through derivatives) and is the company's largest shareholder.

www.iberdrola.es

Key financials

In millions of euros	2009	2008	2007
Shareholders' equity	**29,030**	25,708	27,832
Turnover	**24,559**	25,196	17,468
EBITDA	**6,815**	6,412	5,538
Net profit	**2,824**	2,861	2,354
Stock market capitalisation (at 31-12)	**35,033**	32,715	51,934

Hochtief

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 carried out through Hochtief's subsidiaries in the United States –Turner (a leader in construction) and Flatiron (second largest in bridge construction)– and, to a lesser extent, Canada (Aecon) and Brazil (Hochtief do Brasil).

The **Europe** division includes civil engineering and building 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 (included in Hochtief AirPort), toll roads, bridges, tunnels, schools, hospitals, prisons and public sector buildings (Hochtief PPP Solutions). Hochtief is one of the world's leading airport managers, currently managing airports in Athens, Budapest, Düsseldorf, Hamburg, Sidney and Tirana, handling more than 88 million passengers in 2009.

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

www.hochtief.com

saving services for buildings and facilities.

The divisions' contributions to the Hochtief group's consolidated sales were as follows: Asia Pacific 43.0%, Americas 36.6%, Europe 12.3%, Real Estate 3.6%, Services 3.5%, and Concessions the remaining 1.0% (although Concessions accounted for 11.6% of group profit before taxes). In terms of profit before taxes, the lion's share came from Asia Pacific, Americas and Concessions, while Europe showed positive results in 2009 after several years of losses, having completed the restructuring of its activities, especially in building in Germany.

At 31 December 2009 ACS's interest in Hochtief was 29.9%.

Key financials

In millions of euros	2009	2008	2007
Shareholders'equity	**2,210**	1,931	2,281
Turnover	**18,166**	18,703	16,452
EBITDA	**1,027**	680	435
Net profit	**195**	157	141
Stock market capitalisation (at 31-12)	**3,749**	2,502	6,407

Listed equity investments

Acerinox

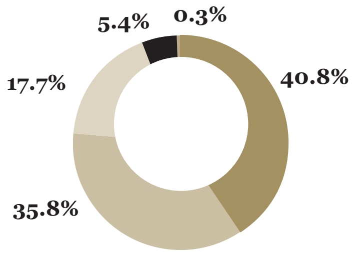
Company description

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, U.S.; 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 give it easier access to Asian markets. This plant is expected to come into operation in 2011.

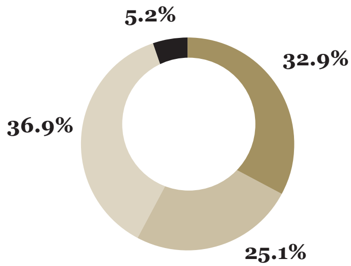
Breakdown of sales by region



Total 2009: €2,993 M

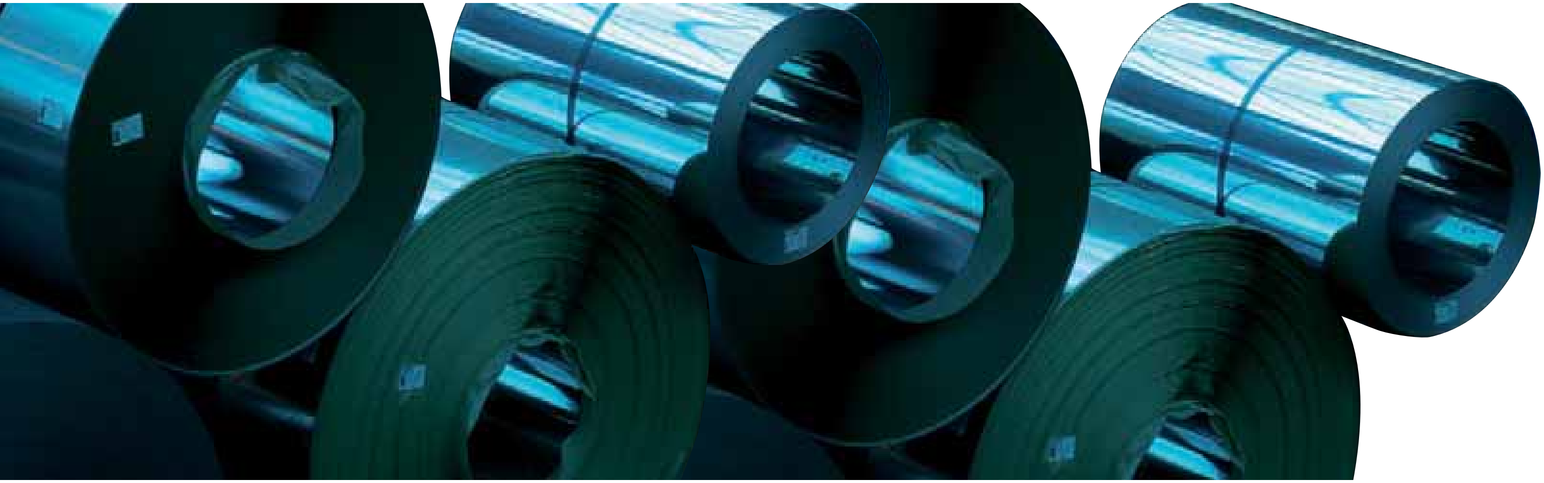
- Europe 40.8%
- America 35.8%
- Asia 17.7%
- Africa 5.4%
- Oceania 0.3%

Breakdown of sales by company



Total 2009: €2,993 M

- Acerinox 32.9%
- Columbus 25.1%
- NAS 36.9%
- Others 5.2%



Key financial data

In millions of euros unless otherwise indicated	2009	2008	2007
Sales	**2,993**	5,051	6,901
EBITDA	**(165)**	300	655
EBIT	**(319)**	48	526
Net profit	**(229)**	(10)	312
Net earnings per share (euros)	**(0.92)**	(0.04)	1.20
Dividend and share premium per share (euros)	**0.45**	0.45	0.45
ROE (%)	**(13.1%)**	(0.5%)	13.5
Total assets	**3,618**	3,727	4,446
Net financial debt	**1,074**	939	923
Shareholders' equity	**1,752**	2,021	2,308
Debt / Equity (%)	**61.3**	46.5	40.0

Key operating data

Annual output in thousands of tonnes	2009	2008	2007
Melting shop	1,806	2,044	2,310
Hot-rolled shop	1,628	1,796	2,040
Cold-rolled shop	1,071	1,305	1,455
Long products	141	202	197
Number of employees	7,328	7, 510	7,450

Review of the company's operations during 2009

Continuing the negative trend that began the previous year, 2009 was a very difficult year for stainless steel manufacturers.

The first half of the year can be considered the worst in the history of the industry, with a very significant slowdown in manufacturing activity throughout the supply chain, as a result of the global economic crisis, and strong stainless steel inventory reductions by end customers and stockists. These factors explain the sharp falls in production (-37.1% in melting shop) and results (losses of 255 million euros) in Acerinox in this period.

The market situation improved in the second half of the year. This improvement, combined with various actions undertaken as part of the 2009-2010 Excellence Plan, allowed the Company to turn its results around, so as to post a profit in the last two quarters of the year. The improvement in demand from end customers and stockists translated into an increase of 33.2% in melting shop production in the second half compared to the first.

Reflecting the trend in demand, the nickel price rose 71.0% in 2009, from $10,810/ tonne to $18,480/ tonne. This sharp increase actually took place between the months of April and August, after which the price remained between $15,000 and $20,000/ tonne. Nickel prices continued to improve in the first few months of 2010, climbing above $25,000/ tonne at the beginning of April.

World stainless steel production fell 5.2% in 2009. The trend in prices was very similar to the trend in production, improving substantially after the first half of year.

According to data from the International Stainless Steel Forum, production of stainless steel in Europe fell 22.3% in 2009. In the U.S. market the fall in production was 15.4%. In 2009 Europe and North America accounted for 27.2% and 8.0%, respectively, of world stainless steel production.

The global economic crisis has affected the Asian markets less than it has other regions. Production in Asian plants ex China fell 11.6%, while Chinese plants increased their production by 26.8%, in sharp contrast to the declines in most other markets. Production in the Asian markets as a whole, including China, increased 6.2% over the year. In 2009, Asia accounted for 64.8% of world stainless steel production, compared to 57.9% the previous year.

It is important to note that this was the third consecutive year of declines in world stainless steel production. World production has fallen 13.3% since the highpoint in 2006. By markets, Europe and America have seen cumulative falls of 35.3% and 33.6%, respectively, over the last three years. Only Asia has increased its total production in that period (+5.7%), once again driven by the strong growth of production in China (+66.3%), which has offset the decline in production in the rest of Asia (-27.1%).

In this clearly adverse context, Acerinox's production levels were below those of previous years. Melting shop production was 1.8 million tonnes, 11.6% less than in 2008, while hot-rolled was 1.6 million tonnes, down 9.3%. Higher value added cold-rolled production was down 17.9% at 1.1 million tonnes. Long products reached 141,000 tonnes in 2009, a decrease of 30.2% compared to the previous year.

In 2009 the Acerinox group posted consolidated turnover of 2,993 million euros (down 40.7%), a negative EBITDA of 165 million euros (compared to +300 million in 2008) and a net loss of 229 million euros, as against a loss of 10 million the previous year. The improvement in industry performance over the year is reflected in Acerinox's half-yearly results, with losses of 255 million euros in the first half and a loss of 26 million euros in the second.

Acerinox has shareholders' equity of 1,752 million euros and net debt of 1,075 million euros, of which 51% is long-term. Despite the difficult market conditions and investments of 230 million euros made during the year, net debt increased by only 14.5%. This debt control has contributed significantly to the management of working capital, which decreased by 498 million euros in 2009, mainly because of inventory reduction. Over the last two years Acerinox generated 951 million euros of cash by reducing working capital, thus mitigating the impact on the Company's level of debt of the sharp fall in results, without affecting the Group's investments, which in 2008-2009 totalled nearly 560 million euros.

Specifically, in 2009 Acerinox made investments totalling 230 million euros, notably in the new plant in Malaysia (101 million euros) and in the production plants in the United States (46 million euros) and Spain (41 million euros).

Work on the plant in Malaysia is progressing at good pace, with all the equipment and main supplies for the first phase having been ordered already. The port that will serve the plant is also at an advanced stage of construction. It is expected that cold-rolling operations will start in the second quarter of 2011, with initial capacity of 180,000 tonnes per year. Acerinox has already started work on the startup of the project's second phase. Construction of this plant will significantly improve Acerinox's geographic coverage, providing easier access to Asian markets, which are growing faster than Europe or America.

Meanwhile, as part of its strategy of consolidating of its presence in Asia, Acerinox acquired 100% of the capital of Yick Hoe Metals, Malaysia's largest stainless steel products distributor, with a market share of more than 30%. Yick Hoe Metals distributes 50-60% of its products in other Asian markets.

Acerinox continued to increase its range of higher value added products, with the startup of manufacturing of the main duplex products consumed in the cold and hot-rolled stainless steel flat products market. Duplex stainless steels combine good corrosion resistance with high mechanical properties and have a wide field of applications. At present they account for approximately 2% of world stainless steel consumption, but consumption is in rapid development, with high rates of growth expected over the next few years.

The decline in activity at different plants has forced Acerinox to adopt a variety of measures in the employment area. Among others, there have been Temporary Workforce Adjustment Plans (ERTEs) at the plants in Campo de Gibraltar and Roldán. The ERTE at the Algeciras plant was in force throughout 2009, but in March 2010, in view of the existing order book and the workload in recent months, Acerinox decided not to apply for an extension.

On the other hand, in February 2009 Acerinox launched the 2009-2010 Excellence Plan, which includes quality and process improvements, inventory management, cost reduction, and exploitation of synergies between the Group's plants and service centres. Acerinox's goal is to obtain recurring savings of 133 million euros per year, starting from the third year, and to set a new standard of efficiency in the plants. The Plan involves the pooling of best practices from each plant in order to improve processes throughout the supply chain. As of 31 December 2009 Acerinox had achieved on a stable basis 64% of its target (85 million euros). The Company expects to achieve all the targets of the 2010 plan and is currently working on setting new targets and new areas for improvement, which are still in the study and quantification phase.

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

Data for 2009

	Acerinox	NAS	Columbus	TOTAL	Chg. vs 2008
Annual output in thousands of tonnes					
Melting shop	578	682	546	**1,806**	(11.6%)
Hot-rolled shop	485	605	538	**1,628**	(9.3%)
Cold-rolled shop	374	431	266	**1,071**	(17.9%)
Long products (*)	79	62	-	**141**	(30.2%)
Financial information (**)					
Sales	984	1,257	752	**2,993**	(40.7%)
Net profit after tax	(59)	(130)	(40)	**(229)**	n.s.
Number of employees (***)	2,576	1,340	1,736	**7,328**	(2.4%)

(*) Hot rolled. Finished long products reached 129,000 tonnes in 2009, down 30.9% compared to 2008.

(**) In millions of euros.

(***) The total number of employees includes the employees of Roldán, Inoxfil, Bahru Stainless and the Spanish and foreign sales companies, amounting to 1,676 people at 31 December 2009.

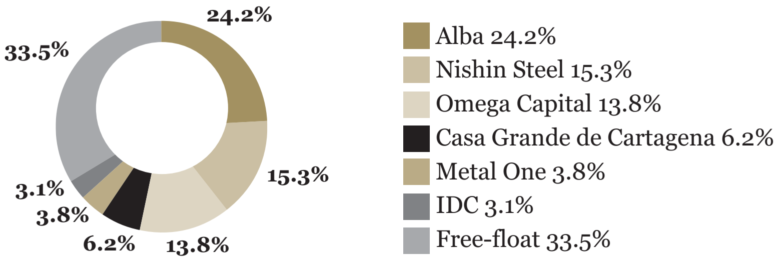
www.acerinox.es

Shareholder structure

During 2009 Alba's interest in Acerinox increased by 0.47% as a result of the cancellation by Acerinox of treasury shares representing 2.0% of its share capital, as approved by the shareholders at the General Meeting held on 28 May 2009. Alba maintains its position as Acerinox's largest shareholder, with a 24.24% stake at 31 December 2009 and three representatives on the Acerinox Board: Santos Martínez-Conde Gutiérrez-Barquín, Luis Lobón Gayoso and Fernando Mayans Altaba.

Acerinox shareholder structure at 31.12.2009

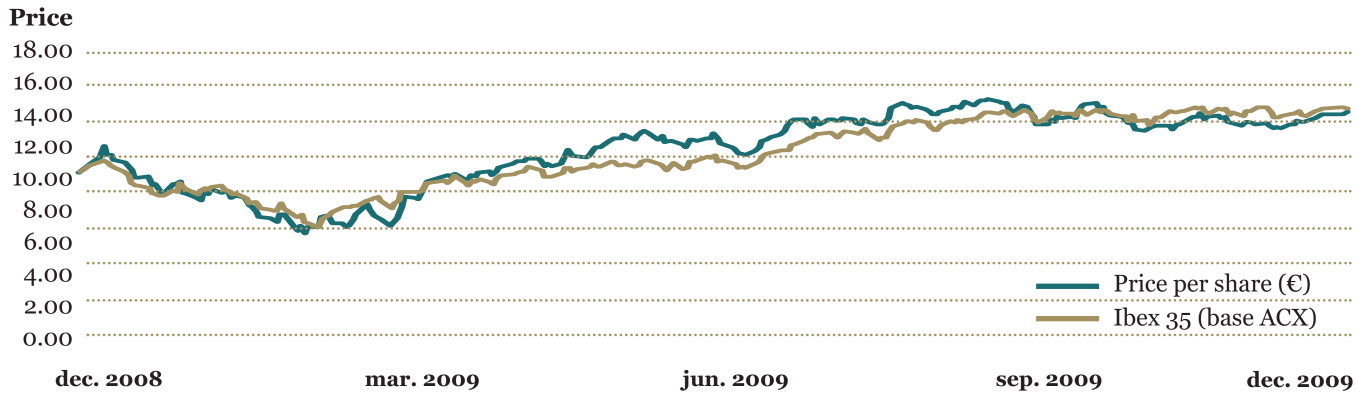
Source: Acerinox Annual Corporate Governance Report for 2009.



Acerinox share price performance

The Acerinox share price increased 28.7% over the year, compared to a 29.8% increase in the Ibex 35, ending the year at 14.53 euros per share. This performance is attributable to an improvement in the outlook for stainless steel demand, although the results for 2009 were negative.

Acerinox share price performance since 31 December 2008. Source: Bloomberg



Historical stock market data

		2009	2008	2007
Share price in euros per share (closing prices)				
High		**15.55**	18.17	23.29
Low		**8.00**	8.42	16.74
Close		**14.53**	11.37	16.83
Number of shares in issue (thousands)		**249,304**	254,300	259,500
Stock market capitalisation at 31/12 (million euros)		**3,622**	2,891	4,367
Volume traded				
Total number of shares (thousands)		**269,120**	500,288	635,223
Daily average:	In thousands of shares	**1,060**	1,970	2,511
	As % of total shares in issue	**0.43%**	0.77%	0.97%
	In millions of euros	**13**	28	48
Dividend yield (on closing price for the year)		**3.10%**	3.96%	2.67%
P/E ratio (on closing price for the year)		**n.m.**	n. m.	14.0 x

Listed equity investments

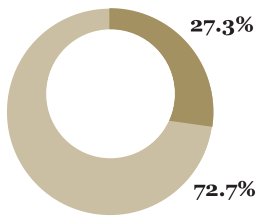
Indra

Company description

Indra is the leading information technology and defence and security systems company in Spain and one of the largest in Europe and Latin America. At year-end 2009 it employed more than 26,000 professionals and had customers in more than 100 countries. In 2009, 35.8% of revenues came from international activities.

Indra is the market leader in Spain in high value added solutions and services for the Security and Defence, Transport and Traffic, Energy and Industry, Financial Services, Health Care and Public Services, and Telecom and Media industries.

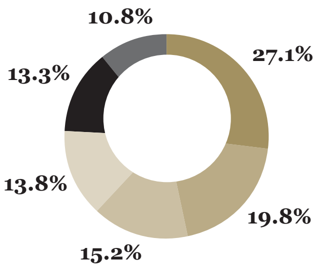
Breakdown of sales by segment



Total 2009: €2,513 M

- Services 27.3%
- Solutions 72.7%

Breakdown of sales by industry



Total 2009: €2,513 M

- Security and Defense 27.1%
- Transport and Traffic 19.8%
- Energy and Industry 15.2%
- Health Care and Public Services 13.8%
- Financial Services 13.3%
- Telecom and Media 10.8%

Indra offers end-to-end management of customer needs, from the design development and implementation of a solution to operational management. To do this it offers customers a complete range of services, from consulting, project development, and systems and applications integration to IT systems and business process outsourcing. Indra divides its service offering in two main segments: Solutions and Services.

Key financial data

In millions of euros unless otherwise indicated	2009	2008	2007
Sales	**2,513**	2,380	2,168
EBITDA	**327**	308	258
EBIT	**285**	271	224
Net profit	**196**	182	148
Net earnings per share (euros)	**1.21**	1.14	0.92
Dividend per share (euros)	**0.61**	0.50	0.78
ROE (%)	**25.0%**	26.2%	20.6%
Total assets	**2,490**	2,462	2,361
Net financial debt	**135**	149	150
Shareholders' equity	**977**	824	739
Debt / Equity (%)	**13.8%**	18.1%	20.3%

Solutions

The Solutions segment includes a wide range of systems, applications and components for the capture, processing, transmission and subsequent presentation of data and information, basically focused on the control and management of complex processes. Indra also offers a wide range of consulting services, including technology, transaction and strategic consulting. As a rule, Indra's solutions serve the core of its customers' business operations, where systems integration – i.e. design, configuration, development and implementation of components, applications and complete IT systems, incorporating own and third party products– is an essential capacity. This segment includes everything from defence solutions, such as simulators and radar systems, to air, rail and road traffic control systems and electricity network management systems.

Services

Services encompasses all the activities involved in the outsourcing of the management, maintenance and operation of systems and applications for third parties, as well as the outsourcing of certain business processes where technology is a strategic and differential element.

Review of the company's operations during 2009

Indra ended 2009 with total consolidated sales of 2,513 million euros, up 5.6% on the previous year. Around 35.8% of these sales were obtained in international markets, with Latin America and Europe carrying a significant weight. EBIT grew 5.5% over the year to reach 285 million euros. Consolidated net profit reached 196 euros, up 7.2% on 2008. These growth rates and margins are in line with the objectives notified to the market during the course of the year.

The order book at 31 December 2009 stood at 2,579 million euros, 6.2% higher than at the end of 2008. This order book provides a good outlook on revenues in 2010, as 44.9% of the orders will be executed during the year.

The **Solutions** segment accounts for the bulk of group sales, posting revenues of 1,827 million euros in 2009, up 4.4% on the previous year. This growth is lower than in previous years, due to the delaying of investment decisions, mainly by institutional customers, although there were no significant project cancellations. In spite of everything, order intake was good, with the order book at year-end up 4.7% at 2,154 million euros. The contribution margin was 369 million euros in 2009, with a sales margin of 20.2%, slightly below the level obtained in 2008. Within the Solutions segment, special mention should be made of the air traffic management and financial services projects, which were the main engines of growth during the year.

Other areas of significant growth in Solutions were public administration (mainly at the international level), health care, and control and automation in the energy sector.

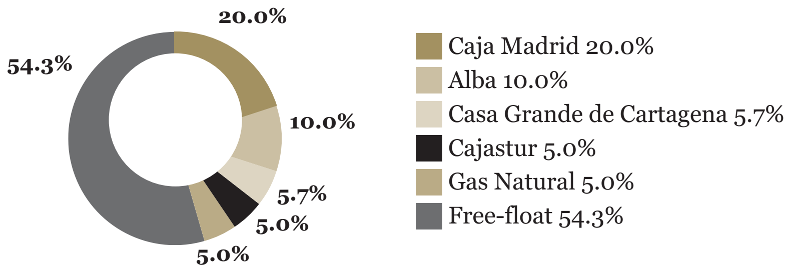
The **Services** segment showed higher growth in the year, with a 9.1% increase in sales, reaching 687 million euros, and a 14.7% increase in the order book, reaching 425 million euros at year-end. Services achieved a contribution margin of 107 million euros in 2009, with a sales margin of 15.6%. Order intake was particularly strong in telecommunications, media and energy, where major outsourcing contracts were signed. Indra considers that there is currently a growing trend towards outsourcing of applications maintenance and management and towards a reduction in the number of suppliers per customer, which provides an opportunity to gain market share based on the company's existing relationships with its main customers.

By geography, the change has been particularly significant in export sales, which grew overall by 10.8%, most notably in Latin America and Other Countries (mainly North Africa and Asia), compared to 2.9% in Spain. Indra expects international activities to continue to grow as a proportion of the Group's sales and order book.

Shareholder structure

Alba acquired 10.02% of the share capital of Indra from Gas Natural on 2 July 2009 for 246 million euros, equivalent to 15 euros per share. At 31 December 2009 Alba was Indra's second largest shareholder and the interest in Indra was Alba's third largest investment in market value, behind the investments in ACS and Acerinox. Alba is represented on Indra's board of directors by Juan March de la Lastra.

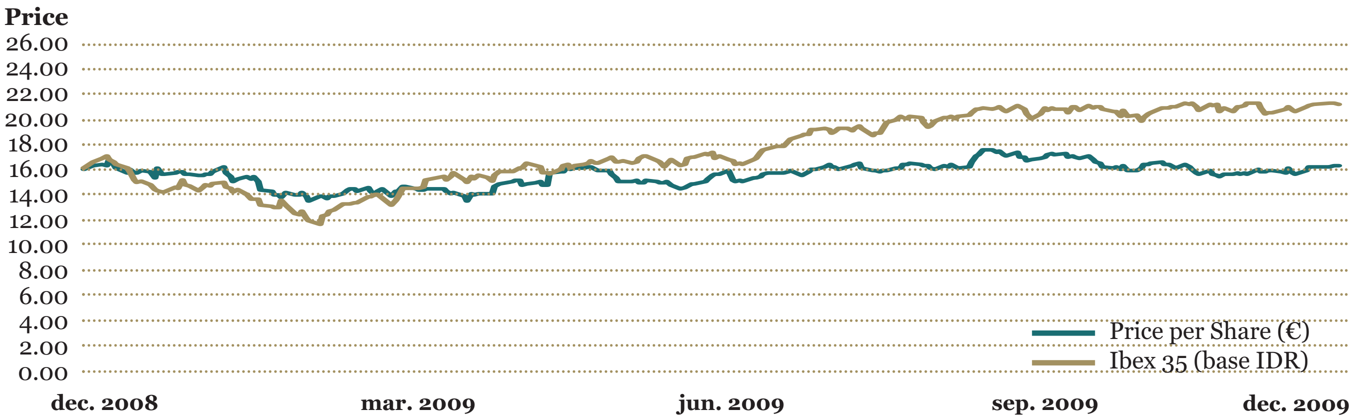
Indra shareholder structure at 31.12.2009
Source: CNMV



Indra share price performance

During 2009, the Indra share rose slightly (1.7%), reaching 16.46 euros per share.

Indra share price performance since 31 December 2008. Source: Bloomberg



Historical stock market data

		2009	2008	2007
Share price in euros per share (closing prices)				
High		**18.20**	18.92	20.85
Low		**13.25**	12.90	16.70
Close		**16.46**	16.19	18.58
Number of shares in issue (thousands)		**164,133**	164,133	164,133
Stock market capitalisation at 31/12 (million euros)		**2,702**	2,657	3,050
Volume traded				
Total number of shares (thousands)		**272,967**	312,270	296,345
Daily average,	In thousands of shares	**1,075**	1,229	1,171
	As % of total shares in issue	**0.65%**	0.75%	0.72%
	In millions of euros	**17**	21	22
Dividend yield (on closing price for the year)		**3.7%**	3.1%	4.2%
P/E ratio (on closing price for the year)		**13.6 x**	14.2 x	20.3 x

Listed equity investments

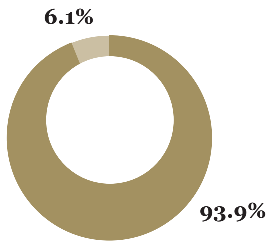
Prosegur

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 12 countries, almost 104,000 employees at year-end and a fleet of more than 4,700 vehicles.

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

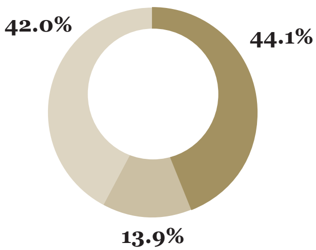
Breakdown of sales by business segment



Total 2009: €2,187 M

- Corporate Security 93.9%
- Residential Security 6.1%

Breakdown of sales by geography



Total 2009: €2,187 M

- Spain 44.1%
- Other european countries 13.9%
- Latinamerica 42.0%

Key financial data

In millions of euros unless otherwise indicated	2009	2008	2007
Sales	**2,187**	2,052	1,842
EBITDA	**295**	259	210
EBIT	**234**	205	162
Net profit	**150**	127	98
Net earnings per share (euros)	**2.43**	2.06	1.59
Dividend per share (euros)	**0.89**	0.81	0.71
ROE (%)	**28.4**	30.1	29.4
Total assests	**1,585**	1,442	1,358
Net financial debt	**234**	143	229
Shareholders' equity	**528**	425	382
Debt / Equity (%)	**44.3**	33.7	59.9

Review of the company's operations during 2009

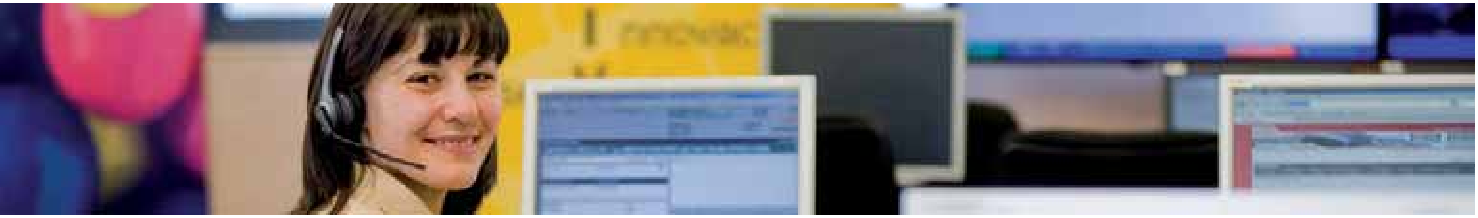
Prosegur ended 2009 with total consolidated sales of 2,187 million euros, up 6.6% on the previous year. Excluding the effect of acquisitions, comparable organic growth was 1.3% (3.7% if we exclude the effect of exchange rates). Consolidated net profit rose 18.2% to 150 million euros, with an improvement in operating margins, continuing the positive trend in margins seen in previous years.

The **Corporate Security** business, which comprises surveillance, cash-in-transit and money handling, and surveillance and control systems, accounts for the bulk of Prosegur group sales, with turnover of 2,053 million euros in 2009, up 5.8% on the previous year. This growth is due to strong performance in virtually all countries and businesses and the acquisitions made in 2009 and previous years. The **Residential Security** area, which consists mainly of the alarms business, posted revenues of 134 million euros, up 20.7% on the previous year.

By geography, sales growth was strongest in Latin America, with an increase of 21.0%, compared to a fall of 3.7% in Spain and 4.0% in the rest of Europe. Europe, with a total turnover of 1,260 million euros, accounted for 57.6% of the Group total.

It was a very satisfactory year for the Corporate Security businesses in Latin America, which posted growth of 19.7% in sales in euros, or 25.8% if we exclude the decline in the exchange rate of the Latin American currencies against the euro. All the countries posted growth in revenues. The two largest markets, Brazil and the Argentina Area (which includes Argentina, Uruguay and Paraguay), had revenue growth of 24.8% and 10.4%, with sales of 437 and 257 million euros, respectively. If we exclude the impact of exchange rates, revenues increased by 27.7% in Brazil and 23.4% in the Argentina area.

Operating investments amounted to 72 million euros in 2009, down 29.7% on 2008.

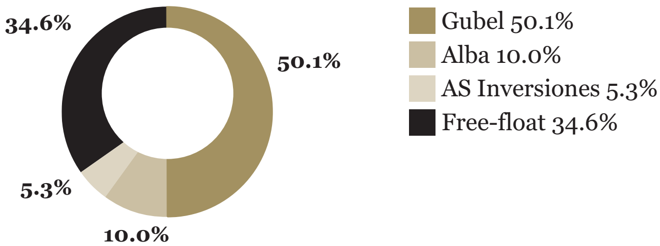


Shareholder structure

At 31 December 2009 Alba had a 10.01% interest in Prosegur. Alba is represented on Prosegur's board of directors by Isidro Fernández Barreiro, who has been Vice-Chairman of Prosegur since December 2007.

Prosegur shareholder structure at 31.12.2009

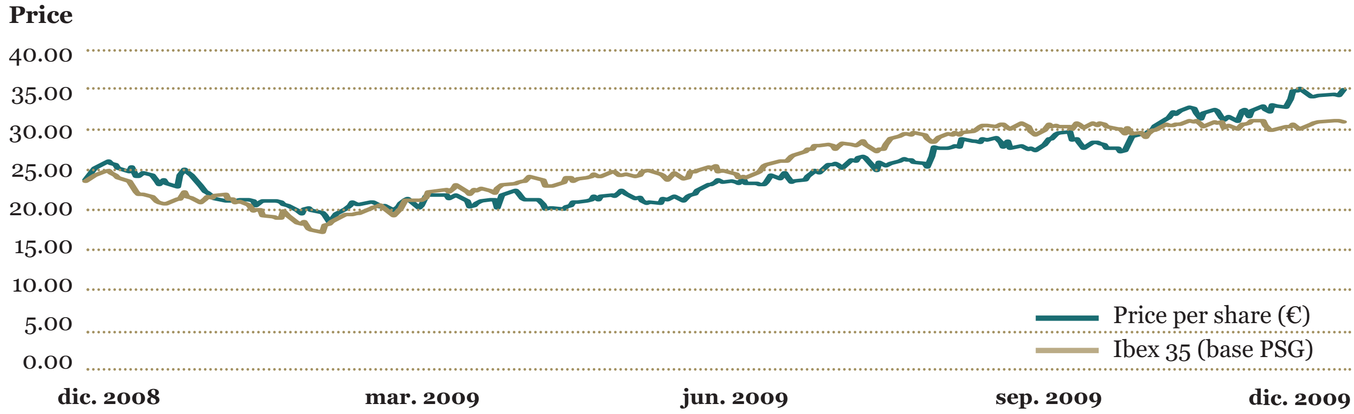
Source: CNMV



Prosegur share price performance

During 2009, the Prosegur share rose sharply, by 46.1%, to 34.22 euros per share, outperforming the Ibex 35, which rose 29.8%. This strong performance is attributable to the improvements in the company's results and its exposure to markets with strong expected growth over the next few years, such as Brazil.

Prosegur share price performance since 31 December 2008. Source: Bloomberg



www.prosegur.es

Historical stock market data

	2009	2008	2007
Share price in euros per share (closing prices)			
High	**34.80**	30.06	29.72
Low	**18.15**	17.16	22.51
Close	**34.22**	23.43	24.40
Number of shares in issue (thousands)	**61,712**	61,712	61,712
Stock market capitalisation at 31/12 (million euros)	**2,112**	1,446	1,506
Volume traded			
Total number of shares (thousands)	**32,810**	38,198	38,847
Daily average, In thousands of shares	**129**	150	154
As % of total shares in issue	**0.21%**	0.24%	0.25%
In millions of euros	**3**	4	4
Dividend yield (on closing price for the year)	**2.60%**	3.46%	2.92%
P/E ratio (on closing price for the year)	**13.7 x**	11.4 x	15.3 x

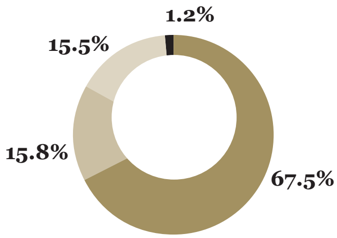
Clínica Baviera

Company description

Clínica Baviera is Spain's leading provider of ophthalmological services for the correction of eye conditions such as myopia, astigmatism or presbyopia. At 31 December 2009 Clínica Baviera had 56 eye care clinics and counselling centres, of which 40 were in Spain, 14 in Germany, Austria and the Netherlands (through the subsidiary Care Vision), and two in Italy; and a team of 145 ophthalmic surgeons.

Clínica Baviera also offers cosmetic medicine and surgery services through Clínica Londres. At year-end 2009 Clínica Londres had 13 centres in Spain, at which it provides services including aesthetic medicine, plastic surgery and obesity treatment.

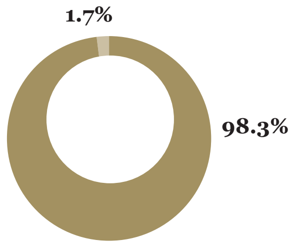
Breakdown of sales by business segment



Total 2009: €83 M

- CB España 67.5%
- Care Vision 15.8%
- Clínica Londres 15.5%
- CB Italia 1.2%

Breakdown of EBITDA by business segment



Total 2009: €11 M (*)

- CB España 98.3%
- Care Vision 1.7%

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

Key financial data

In millions of euros unless otherwise indicated	2009	2008	2007
Sales	**83**	88	78
EBITDA	**11**	17	23
EBIT	**4**	11	18
Net profit	**2**	7	12
Net earnings per share (euros)	**0.11**	0.43	0.74
Dividend per share (euros)	**0.07**	0.00	0.47
ROE (%)	**9.7**	34.2	62.7
Total assets	**59**	64	45
Net financial debt	**11**	16	(3)
Shareholders' equity	**21**	19	20
Debt / Equity (%)	**51.6**	81.9	(13.6)

Review of the company's operations during 2009

In 2009 Clínica Baviera reduced its rate of organic growth compared to recent years, opening only two new eye care centres, one in Spain and one in Germany. Clínica Londres did not open any new centres during the year.

The **Ophthalmology** area accounts for the bulk of the Clínica Baviera group's turnover, with sales of 70 million euros in 2009, down 3.1% compared to the previous year, with increases in the sales of businesses outside Spain (+98.5%, partly due to the first full year of Care Vision) offsetting the falls in sales in Spain (–14.1%). The decline in revenues in Clínica Baviera España is due exclusively to lower demand as a result of the economic crisis and reduced consumption.

Clínica Baviera estimates that its market share has increased significantly since 2007, when the number of treatments in the market reached a peak. From 2007 to 2009 the number of treatments per year carried out by Clínica Baviera declined by 26.5%, well below the estimated decline in the total number of treatments carried out in Spain.

The EBITDA of the Ophthalmology area fell 23.5% in 2009 to 14 million euros under the impact of the 23.5% decline in Spain, while the contribution of Care Vision to EBITDA was slightly positive and Clínica Baviera Italia posted losses. It should be noted that EBITDA in Italy and in Care Vision was up slightly on the 2008 level and is expected to continue to improve in 2010. Focusing on the activities in Spain, the EBITDA margin fell from 29.0% in 2008 to 24.9% in 2009 as a result of higher consumption of materials (due to the increase in intraocular surgery, which has a higher cost per lens) and the impact of higher fixed costs in the context of falling revenues.

The **Aesthetics** area is currently in a phase of consolidation, following the substantial increase in number of clinics between 2006 and 2008 and the sharp decline in demand in 2009. Revenues from Aesthetics fell 16.5% in 2009, to 13 million euros. The EBITDA for 2009 is negative due to the impact of the fixed costs of the clinics and the costs of the restructuring carried out during the year, which is expected to start to have a positive impact on results in 2010.

Overall, Clínica Baviera's revenues were up 5.5% at 83 million euros, while EBITDA was down 33.7% at 11 million euros and net profit down 72.5% at 2 million euros.

Investments in 2009 totalled 3 million euros, mainly for the maintenance of existing equipment and centres (87.3% of the total) and to a smaller extent for the opening of new clinics in Ophthalmic Surgery (the remaining 12.7%).

The cash-generating capacity of Clínica Baviera allowed it to maintain a sound financial position, with a net debt of 11 million euros at 31 December 2009, less than one time 2009 consolidated EBITDA, despite the significant decline in results.

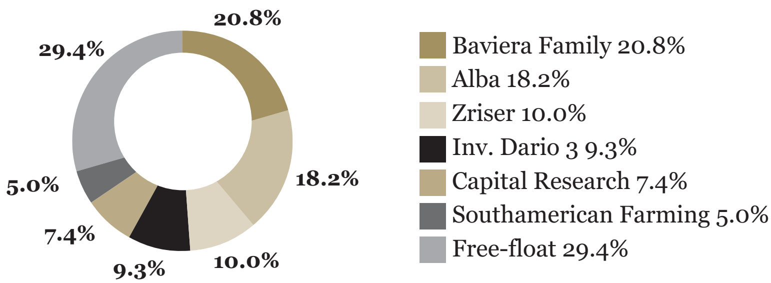
Clínica Baviera will propose to the General Meeting a dividend of 0.07 euros per share out of 2009 profit, representing a pay-out of 61.4%.

Shareholder structure

Alba acquired an additional 1.79% of Clínica Baviera in 2009, bringing its shareholding in the company to 18.15% at 31 December 2009. On 5 April 2010 Alba notified the CNMV that its interest in Clínica Baviera had reached 20.00% of the company's share capital. Alba is represented on Clínica Baviera's board of directors by Javier Fernández Alonso.

Clínica Baviera shareholder structure at 31.12.2009

Source: CNMV

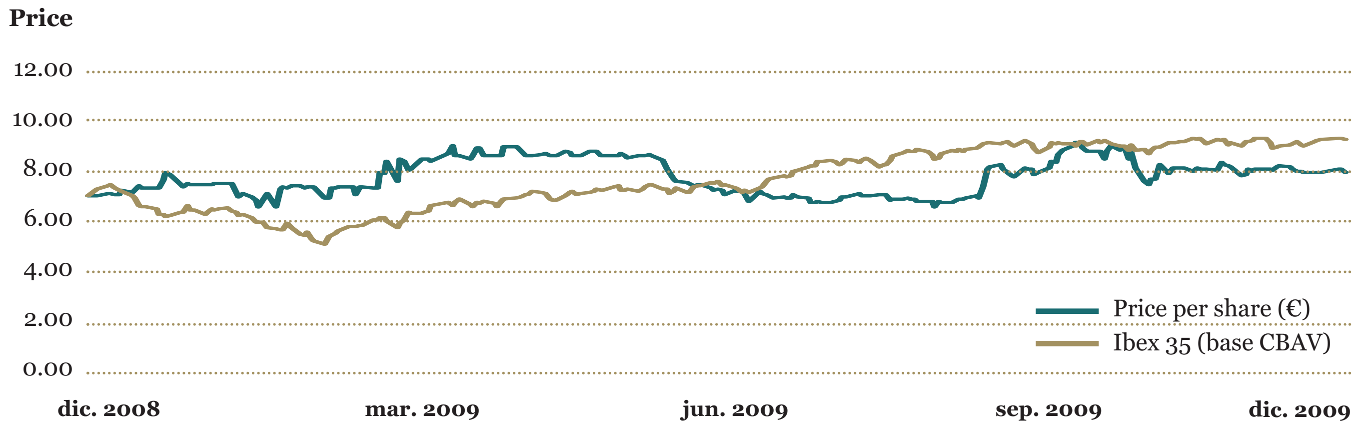


Clínica Baviera share price performance

After a severe fall in 2008, the Clínica Baviera share price increased 12.7% in 2009, ending the year at 8.00 euros per share, compared to the 29.8% increase in the Ibex 35. This relatively poorer performance compared to the Ibex 35 is attributable to the exposure of Clínica Baviera's businesses to the economic cycle and the fall in discretionary consumption, as reflected in weak earnings performance in 2008 and 2009.

Clínica Baviera share price performance since 31 December 2008 .

Source: Bloomberg



www.clinicabaviera.com

Historical stock market data

		2009	2008	2007
Share price in euros per share (closing prices)				
High		**9.55**	23.26	27.50
Low		**6.50**	5.97	19.50
Close		**8.00**	7.10	23.81
Number of shares in issue (thousands)		**16,308**	16,308	16,308
Stock market capitalisation at 31/12 (million euros)		**130**	116	388
Volume traded				
Total number of shares (thousands)		**3,687**	8,474	22,259
Daily average:	In thousands of shares	**15**	33	118
	As % of total shares in issue	**0.09%**	0.21%	0.73%
	In millions of euros	**0**	0	3
Dividend yield (on closing price for the year)		**0.88%**	0.00%	1.97%
P/E ratio (on closing price for the year)		**72.7 x**	16.5 x	32.2 x

Antevenio

Company description

Antevenio is one of the leading companies in Spain in the digital marketing sector. It currently offers online advertising, affiliation marketing, mobile marketing, e-mail marketing and e-commerce services. The online advertising sector is expected to continue to grow strongly in the next few years, despite a slowdown in 2008 and 2009 as a result of the economic crisis. Antevenio is the only Spanish company listed on Alternext. At present it has offices in Madrid, Barcelona, Buenos Aires, Milan and Paris.

During 2009 the company continued to expand its platform through the creation of Antevenio Mobile, Antevenio France in Paris, and Antevenio Latam in Buenos Aires; the acquisition of Shopall (Spain's largest online store); and the launch of its products in various European countries in which it is not yet physically present. Antevenio has chosen to invest in launching new products and services and expanding its activities internationally.

Net turnover fell 16.7% to 16.1 euros, while EBITDA fell 32.4% to 2.7 million euros. Net profit was 1.2 million euros, down 53.3% on the previous year. The fall in revenues is attributable to the weakness of the advertising market during 2009, while the sharp decline in profit is due to the increase in operating costs entailed in maintaining and expanding the Antevenio platform. The company considers that these investments will allow it to position itself to take advantage of the future recovery of the advertising market.

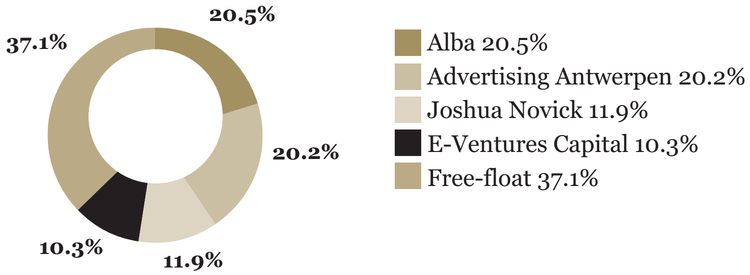
Key financials

In millions of euros unless otherwise indicated	2009	2008	2007
Shareholders' equity	**16.0**	14.7	11.7
Turnover	**16.1**	19.4	13.7
EBITDA	**2.5**	4.0	2.5
Net profit	**1.2**	2.5	1.9

Shareholder structure

At 31 December 2009 Alba was Antevenio's largest shareholder, with 20.54% of the capital. Alba is represented on Antevenio's board of directors by Javier Fernández Alonso.

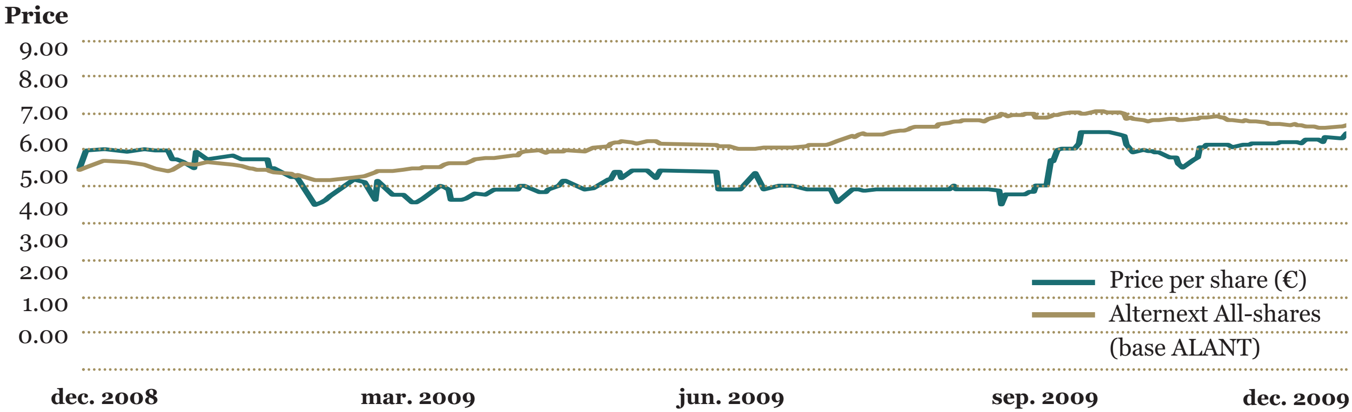
Antevenio shareholder structure at 31.12.2009
Source: Antevenio



Antevenio share price performance

The Antevenio share fell 18.2% in 2009, ending the year at 6.50 euros per share. The Antevenio share 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 2008. Source: Bloomberg



www.antevenio.com

Historical stock market data

		2009	2008	2007
Share price in euros per share (closing prices)				
High		**6.60**	7.24	9.00
Low		**4.36**	4.90	6.50
Close		**6.50**	5.50	7.24
Number of shares in issue (thousands)		**4,207**	4,207	4,207
Stock market capitalisation at 31/12 (million euros)		**27**	23	30
Volume traded				
Total number of shares (thousands)		**208**	548	1,890
Daily average:	In thousands of shares	**1**	3	7
	As % of total shares in issue	**0.03%**	0.06%	0.20%
	In thousands of euros	**6**	15	54
Dividend yield (on closing price for the year)		**0.00%**	0.00%	0.00%
P/E ratio (on closing price for the year)		**23.1 x**	9.2 x	16.1 x

Unlisted equity investments

Ros Roca Environment

Company description

With more than 50 years of experience, Ros Roca specialises 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. Ros Roca's philosophy is based on 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, road 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 the most advanced, technologies for bio-anaerobic digestion and slurry treatment plants for the environmentally clean production of electricity and biogas. Ros Roca also develops pneumatic waste collection systems.

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

The company's results in 2009 were influenced mainly by the continued depreciation of the pound against the euro, affecting both the consolidation of the English subsidiary and the purchases made by the English subsidiary in euros, and also by significant delays in equipment

www.rosroca.com

investment and renewal decisions by operators, both in the waste collection and cleaning equipment area and in the development of waste treatment plants.

At 31 December 2009 Deyá Capital's interest in Ros Roca was 16.79%.

Key financials

In millions of euros unless otherwise indicated	2009	2008	2007
Capital and reserves (*)	**82**	74	14
Turnover	**315**	345	359
EBITDA	**27**	30	41
Net profit	**5**	5	4

(*) Excludes translation differences.

OCIBAR

Company description

OCIBAR specialises in developing and operating marinas on a concession basis and currently has four concessions in the Balearic Islands: Port Adriano in El Toro (Calvià, Majorca); Ibiza Magna; various jetties in the port of Ibiza; and S'Altra Banda on the north bank of the port of Mahón.

In addition, in April 2007 OCIBAR was granted the concession for the construction and operation of an extension to the Port Adriano marina. This extension includes 82 berths for vessels between 20 and 60 meters in length and a retail area covering more than 4,000 square meters. The extension is currently under construction, with a final 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 ports for mega-yachts 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 24 November 2009 the Balearic Port Authority awarded OCIBAR a 15-year concession for the operation of the existing berths on the north bank of the port of Mahón. In total there are more than 400 berths of different sizes. This concession complements OCIBAR's offering in the Balearics, where it has concessions for the operation of berths in the three main islands: Majorca, Ibiza and Menorca.

At 31 December 2009 Deyá Capital's interest in OCIBAR was 21.66%, making Deyá the second largest shareholder.

OCIBAR's results to date are not yet significant in comparison to the investment made by Artá Capital, as the project consists essentially of the construction of the marina extension and the revenue it will generate once completed.

www.portadriano.com

Key financials

In millions of euros unless otherwise indicated	2009	2008	2007
Shareholder's equity	**2.3**	3.6	(0.3)
Turnover	**5.0**	5.0	4.4
EBITDA	**1.2**	1.1	(1.1)
Net profit	**(0.2)**	(0.6)	(1.8)

Note: Figures affected by the expenses relating to the extension of Port Adriano.

INVESTMENT PROPERTY

At the end of 2009 Alba had 82,000 square meters of leasable area, mainly in office buildings in Madrid and Barcelona.

Investment Property

The book value of the properties is updated annually based on valuations carried out by an independent expert. The fair value at 31 December 2009 was 229.2 million euros, down 7.4% compared to year-end 2008. This decrease is due mainly to the situation of the economy in general and the property market in particular.

Market analyses carried out by the main specialized consulting firms show that the take-up of rental offices decreased in 2009 (compared to 2008) by approximately 35% in Madrid and 42% in Barcelona. Average rentals fell by around 21% in Madrid and 13% in Barcelona. The above data reflect the difficulties faced by the office rental market in 2009.

Even so, Alba maintained better ratios than the industry as a whole. The occupancy rate at year-end 2009 was 90.9%, despite having fallen 5.4% since the end of 2008.

Rental income in 2009 was 16.3 million euros, down 1.84% on the previous year. On the other hand, the direct costs of the property business decreased 4.75% in 2009 to 2.8 million euros. As a result, gross yield, calculated using the year-end valuation, increased from 6.6% in 2008 to 7.1% in 2009.

There were no asset purchases during the year but, as usual, investments were made in improvements, both at a structural level and in fixtures and fittings, totalling 0.6 million euros.

AUDITORS' REPORT

ERNST & YOUNG

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 2009 y la cuenta de pérdidas y ganancias consolidada, el estado consolidado del resultado global, el estado de cambios en el patrimonio neto consolidado, el estado de flujos de efectivo consolidado y la memoria consolidada 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 2009 de determinadas sociedades asociadas (ver Nota 2.4 de la memoria), cuyos activos y contribución al resultado neto consolidado del ejercicio ascienden a 2.689.571 y 443.739 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 pérdidas y ganancias consolidada, del estado del resultado global, del estado de cambios en el patrimonio neto consolidado, del estado de flujos de efectivo consolidado y de la memoria consolidada, además de las cifras del ejercicio 2009, las correspondientes al ejercicio anterior. Nuestra opinión se refiere exclusivamente a las cuentas anuales consolidadas del ejercicio 2009. Con fecha 10 de abril de 2009 emitimos nuestro informe de auditoría acerca de las cuentas anuales consolidadas del ejercicio 2008 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 2009 adjuntas expresan, en todos los aspectos significativos, la imagen fiel del patrimonio consolidado y de la situación financiera consolidada de Corporación Financiera Alba, S.A. y Sociedades dependientes al 31 de diciembre de 2009 y de los resultados consolidados de sus operaciones, de los cambios en el patrimonio neto consolidado y de los flujos de efectivo consolidados 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.

ERNST & YOUNG

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El informe de gestión consolidado adjunto del ejercicio 2009 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 2009. 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.

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

Francisco V. Fernández Romero

9 de abril de 2010

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 2009 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement 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 2009 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 2,689,571 and 443,739 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, statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the consolidated financial statement, the figure for 2008 is stated alongside the figure for 2009 for comparison purposes. Our opinion refers exclusively to the consolidated financial statements for 2009. On 10 April 2009 we issued our report on the Group's financial statements for 2008, 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 2009 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 2009 and of their consolidated results of operations, changes in consolidated equity and consolidated cash flows 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 2009 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 2009. 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 OF CORPORACIÓN FINANCIERA ALBA, S.A. AND SUBSIDIARIES FOR 2009

Translation of reports and consolidated financial statements issued in spanish in accordance with generally accepted accounting principles in Spain (see Note 30). In the event of a discrepancy, the spanish language version prevails.

Consolidated Balance Sheets

At December 2009 and 2008

ASSETS

In thousands of euros	Notes	2009	2008
Investment property	5	229,150	249,750
Property, plant and equipment	6	12,886	11,021
Intangible assets		107	93
Investments in associates	7	2,723,665	2,394,717
Available-for-sale financial assets	8	38,860	55,560
Other financial assets	9	46,779	136,742
Deferred tax assets	19	35,009	-
NON-CURRENT ASSETS		3,086,456	2,847,883
Trade and other receivables	10	80,611	94,789
Available-for-sale financial assets		-	17
Financial assets held for trading	11	22,489	6,011
Cash and cash equivalents	12	281,373	185,395
CURRENT ASSETS		384,473	286,212
TOTAL ASSETS		**3,470,929**	**3,134,095**

Translation of reports and consolidated financial statements issued in spanish in accordance with generally accepted accounting principles in Spain (see Note 30). In the event of a discrepancy, the spanish language version prevails.

SHAREHOLDERS' EQUITY AND LIABILITIES

In thousands of euros	Notes	2009	2008
Share capital	13	60,760	62,390
Retained earnings		3,172,511	3,126,093
Treasury shares	13	(31,401)	(28,361)
Other reserves	13	(384,973)	(538,811)
Interim dividend	3	(30,050)	(23,151)
Shareholders' equity		2,786,847	2,598,160
Minority interests		705	704
TOTAL SHAREHOLDERS' EQUITY		2,787,552	2,598,864
Movements in bank borrowings	17	325,000	250,000
Other financial liabilities	9	1,943	1,976
Provisions	15	6,828	11,423
Deferred tax liabilities	19	30,721	-
NON-CURRENT LIABILITIES		364,492	263,399
Trade and other payables	16	5,921	20,273
Movements in bank borrowings	17	312,964	251,559
CURRENT LIABILITIES		318,885	271,832
TOTAL EQUITY AND LIABILITIES		**3,470,929**	**3,134,095**

Translation of reports and consolidated financial statements issued in spanish in accordance with generally accepted accounting principles in Spain (see Note 30). In the event of a discrepancy, the spanish language version prevails.

Consolidated Income Statements

for the years ended 31 December 2009 and 2008

In thousands of euros	Notes	2009	2008
Share of profit/(loss) of associates	7	444,052	427,413
Lease income	22	16,260	16,582
Changes in the fair value of investment properties	5	(18,364)	(26,407)
Profit/(loss) on disposal of financial assets	7, 8 and 11	70,892	(4,995)
Impairment of assets	6, 7 and 9	(100,147)	(27,919)
Staff costs	23.a	(9,566)	(9,998)
Other operating expenses	22	(7,299)	(6,877)
Depreciation and amortisation		(1,015)	(957)
Net provisions	15	357	10,181
OPERATING PROFIT/(LOSS)		**395,170**	**377,023**
Finance income	23.b	20,797	5,237
Finance costs and exchange differences	9 and 13	(20,896)	(20,305)
NET FINANCIAL INCOME/(EXPENSE)		**(99)**	**(15,068)**
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING ACTIVITIES		**395,071**	**361,955**
Corporate income tax expense	19	(2,759)	385
PROFIT/(LOSS) FROM CONTINUING ACTIVITIES		**392,312**	**362,340**
Profit/(loss) after taxes from discontinued operations	2.3	-	1,592
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR		**392,312**	**363,932**
Profit/(loss) attributable to minority interests		1,756	2,541
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO THE GROUP		**390,556**	**361,391**
Average number of shares outstanding during the year (excluding treasury shares)		60,293,399	61,936,656
Basic and diluted earnings per share (euros/share)		6.48	5.83

Translation of reports and consolidated financial statements issued in spanish in accordance with generally accepted accounting principles in Spain (see Note 30). In the event of a discrepancy, the spanish language version prevails.

Consolidated Statements of Comprehensive Income

for the years ended 31 december 2009 and 2008

In thousands of euros	Note	2009	2008
PROFIT/(LOSS) PER INCOME STATEMENT		**392,312**	**363,932**
INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY			
Arising from valuation of financial instruments		(105,887)	(540,914)
Available-for-sale financial assets	8	(16,700)	-
Arising from investments in associates	7	(89,187)	(540,914)
Arising from actuarial gains or losses and other adjustments		(36)	-
Tax effect	19	5,010	-
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		**(100,913)**	**(540,914)**
TOTAL COMPREHENSIVE INCOME		**291,399**	**(176,982)**
Attributable to the parent		289,643	(179,523)
Attributable to minority interests		1,756	2,541

Translation of reports and consolidated financial statements issued in spanish in accordance with generally accepted accounting principles in Spain (see Note 30). In the event of a discrepancy, the spanish language version prevails.

Statement of Changes in Consolidated Shareholders' Equity

ended 31 December 2009 and 2008 (Note 13)

In thousands of euros	Share capital	Retained earnings	Treasury shares
BALANCE AT 1 JANUARY 2008	**64,100**	**2,854,295**	**(96,479)**
Changes in consolidated equity of associates (Note 7)	-	-	-
Profit for the year	-	361,391	-
Total income and expenses for the year	**-**	**361,391**	**-**
Interim dividend for the previous year	-	(3,776)	-
Dividends paid during the year	-	(3,717)	-
Redemption of capital	(1,710)	(82,100)	83,810
Purchase of own shares	-	-	(15,692)
Other	-	-	-
BALANCE AT 31 DECEMBER 2008	**62,390**	**3,126,093**	**(28,361)**
Changes in consolidated equity of associates (Note 7)	-	(254,715)	-
Change in the fair value of available-for-sale assets	-	-	-
Other	-	(36)	-
Profit for the year	-	390,556	-
Total income and expenses for the year	**-**	**135,805**	**-**
Dividends paid during the year (Note 3)	-	(45,707)	-
Redemption of capital	(1,630)	(43,680)	45,310
Purchase of own shares (Note 13)	-	-	(48,350)
BALANCE AT 31 DECEMBER 2009	**60,760**	**3,172,511**	**(31,401)**

Translation of reports and consolidated financial statements issued in spanish in accordance with generally accepted accounting principles in Spain (see Note 30). In the event of a discrepancy, the spanish language version prevails.

Other reserves	Interim dividend	Shareholders' equity	Minority interests	Total shareholders' equity
2,103	**(3,776)**	**2,820,243**	**4,847**	**2,825,090**
(540,914)	-	(540,914)	-	(540,914)
	-	361,391	2,541	363,932
(540,914)	**-**	**(179,523)**	**2,541**	**(176,982)**
-	3,776	-	-	-
-	(23,151)	(26,868)	-	(26,868)
-	-	-	-	-
-	-	(15,692)	-	(15,692)
-	-	-	(6,684)	(6,684)
(538,811)	**(23,151)**	**2,598,160**	**704**	**2,598,864**
165,528	-	(89,187)	-	(89,187)
(11,690)	-	(11,690)	-	(11,690)
-	-	(36)	-	(36)
-	-	390,556	1,756	392,312
153,838	**-**	**289,643**	**1,756**	**291,399**
-	(6,899)	(52,606)	(1,755)	(54,361)
-	-	-	-	-
-	-	(48,350)	-	(48,350)
(384,973)	**(30,050)**	**2,786,847**	**705**	**2,787,552**

Translation of reports and consolidated financial statements issued in spanish in accordance with generally accepted accounting principles in Spain (see Note 30). In the event of a discrepancy, the spanish language version prevails.

Consolidated Cash Flow Statements

for the years ended 31 December 2009 and 2008

In thousands of euros	Notes	2009	2008
OPERATING ACTIVITIES			
Profit/(loss) for the year		390,556	361,391
Adjustments to profit/(loss)			
Depreciation and amortisation		1,015	957
Changes in the fair value of investment properties	5	18,364	26,407
Share of the profit/(loss) of associates	7	(444,052)	(427,413)
Profit/(loss) on disposal of financial assets	7, 8 and 11	29,255	32,914
Recoveries of provisions for liabilities and charges	15	357	(10,181)
Finance income	23.b	(20,797)	(1,408)
Finance costs		20,896	20,305
Corporate income tax paid	19	2,759	4,136
Other cash flows from operating activities			
Purchases of equity investments		(249,975)	(57,829)
Sales of equity investments		150,832	20,758
Purchases of investment properties	5	(564)	(891)
Purchases of property, plant and equipment	6	(196)	(40)
Purchases of financial assets to be held for trading		(14,041)	-
Sales of financial assets held for trading		-	37,192
Dividends received		199,132	173,877
Payment of expenses accrued in previous years		(22,161)	(17,408)
Changes in working capital		76	-
Other items		-	(7,765)
NET CASH FROM OPERATING ACTIVITIES		**61,456**	**155,002**

Translation of reports and consolidated financial statements issued in spanish in accordance with generally accepted accounting principles in Spain (see Note 30). In the event of a discrepancy, the spanish language version prevails.

In thousands of euros	Notes	2009	2008
INVESTING ACTIVITIES			
Purchases of own shares	13	(48,350)	(15,692)
NET CASH FROM INVESTING ACTIVITIES		**(48,350)**	**(15,692)**
FINANCING ACTIVITIES			
Dividends paid	3	(52,606)	(26,868)
Net interest paid		(927)	(21,566)
Movements in bank borrowings		136,405	91,301
NET CASH FROM FINANCING ACTIVITIES		**82,872**	**42,867**
INCREASE/(DECREASE) IN NET CASH		**95,978**	**182,177**
CASH AND CASH EQUIVALENTS at 01/01 (Note 12)		185,395	3,218
CASH AND CASH EQUIVALENTS at 31/12 (Note 12)		281,373	185,395

Translation of reports and consolidated financial statements issued in spanish in accordance with generally accepted accounting principles in Spain (see Note 30). In the event of a discrepancy, the spanish language version prevails.

Notes to the consolidated financial statements for the year ended 31 december 2009

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 2009 were prepared and authorised for issue by the Board of directors at its meeting held on 24 March 2010 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 2009 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 2009 shown in these consolidated financial statements the directors of the parent company present 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 fair value of certain non traded assets (Note 4.d)

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 31 December 2009 and 2008 is shown below:

Subsidiary	Activity	Years	% ownership interest	Net carrying amount before consolidation	Shareholders' equity before undistributed profit	Profit/ (loss)
Alba Participaciones, S.A.	Securities investment	2009	100.00	117,633	2,096,671	219,327
Castelló, 77, 5ª planta		2008	100.00	117,633	1,937,456	199,245
28006-Madrid						
Deyá Capital, S.C.R. de Régimen	Private equity company	2009	100.00	72,129	62,451	(2,011)
Simplificado, S.A.		2008	100.00	81,600	81,521	(7,381)
Pza. Marqués de Salamanca, 10						
28006-Madrid						
Artá Capital, Sociedad Gestora de	Venture capital	2009	62.50	188	1,457	4,684
Entidades de Capital Riesgo, S.A.	management company	2008	62.50	188	160	6,776
Pza. Marqués de Salamanca, 10						
28006-Madrid						

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 all the subsidiaries.

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 2009 and 2008 is shown below:

			% ownership interest	
Associate / Auditor	Registered address	Activity	at 31-12-09	at 31-12-08
Acerinox, S.A. / KPMG Auditores	Santiago de Compostela, 100 (Madrid)	Manufacture and sale of stainless steel products	24.24	23.77
ACS, Actividades de Construcción y Servicios, S.A. / Deloitte	Avda. de Pío XII, 102 (Madrid)	Construction and services	23.48	24.51
Antevenio, S.A. / BDO Audiberia	Marqués de Riscal, 11 (Madrid)	Internet advertising	20.54	20.54
Clínica Baviera, S.A. / Ernst & Young	Paseo de la Castellana, 20 (Madrid)	Ophthalmic and cosmetic medical services	18.15	16.36
Indra Sistemas, S.A. / KPMG Auditores	Avda. de Bruselas, 35 (Alcobendas - Madrid)	New technologies	10.02	-
Prosegur, Compañía de Seguridad, S.A. / PriceWaterhouseCoopers	Pajaritos, 24 (Madrid)	Security, cash transport and alarms	10.01	10.01

During 2009 the interest in Acerinox, S.A. increased by 0.47% due to a 1.96% reduction in Acerinox, S.A.'s share capital through cancellation of own shares. The interest in ACS, Actividades de Construcción y Servicios, S.A. decreased by 1.03% due to the sale of 1.33% of the capital, partly offset by the cancellation by ACS of own shares representing 1.25% of its share capital. An additional 1.79% of Clínica Baviera, S.A. and 10.02% of Indra Sistemas, S.A. was acquired.

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

3. Distribution of profit

The proposed distribution of profit for 2009 which the Board of Directors will submit to the General Meeting for approval and the distribution of profit for 2008 approved by the General Meeting are as follows:

	2009	2008
Consolidated profit for the year	390,556	361,391
Distributable profit		
Profit for the year attributable to the parent	40,960	36,724
Retained earnings	95,285	145,070
Total	136,245	181,794
Distribution		
To retained earnings	76,488	136,094
To dividends	59,757	45,700
Total	136,245	181,794

The dividends paid by the parent company in 2009 and 2008 were as follows:

	No. of shares with dividend rights	Dividend €/Share	€'000
2009			
Interim dividend for 2009	60,099,348	0.500	30,050
Final dividend for 2008	60,148,000	0.375	22,556
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

The directors will recommend a final dividend of 0.50 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 are 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:

	Annual rate of depreciation
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

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 2009 the only associate whose quoted price at year end was less than its book value is Clínica Baviera, S.A. In this case, the fair value has been calculated using the discounted cash flow method, subsequently deducting the value of net debt and minority interests.

c.1) Clínica Baviera, S.A.

The projection period used is 2009 to 2014. The residual value has been calculated based on the flow of the last projected year with a growth rate of 2.5%.

The projected cash flows have been discounted at a rate of 7.7%, based on the weighted average cost of capital.

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

- Capital structure: 90% capital and 10% debt.
- Equity ratio: 8.1%
- Cost of debt after tax: 10 year EUR swap rate + 125 bps = 5.1%
- Levered beta: estimated at 0.55, based on analyst reports issued at the time of the public offering
- Estimated fair value: 11.77 euros/share

In 2008 the only associates whose quoted price at year end was less than their book value were Acerinox, S.A. and Clínica Baviera, S.A. In this case, the fair value was 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 was 2009 to 2011. The residual value was calculated based on the flow of the last projected year with a growth rate of 2.0%.

The projected cash flows were discounted at a rate of 8.1%, based on the average weighted cost of capital.

The following hypotheses were used to calculate the discounted cash flows:

- Capital structure: 80% capital and 20% debt.
- Equity ratio: 9.2%
- Cost of debt after tax: 10 year EUR 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 was 2009 to 2011. The residual value was calculated based on the flow of the last projected year with a growth rate of 2.5%.

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

The following hypotheses were used to calculate the discounted cash flows:

- Capital structure: 90% capital and 10% debt.
- Equity ratio: 9.1%
- Cost of debt after tax: 10 year EUR 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 and which have been acquired by a private equity company belonging to the Group.

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 comparable multiples or the discounted cash flow method, whichever is most appropriate in each case.

Where there is objective evidence that an available for sale financial asset is impaired, the Company records the corresponding valuation adjustment. At least once a year the Company uses its expert judgment to value all its investments individually, using generally accepted valuation methods, to detect any signs of impairment and, where impairment is detected, to calculate and record the corresponding valuation adjustment.

e) Loans and receivables (Notes 9 and 10)

The Group values the financial assets included in this category (Other financial assets and Trade and other receivables) initially at fair value, which is the transaction price. Instruments maturing within one year that do not have a contractual interest rate and dividends receivable and payments due on equity instruments that are expected to be received in the short term are stated at their face value, given that the effect of not updating the cash flows is non material.

Subsequently, these financial assets are valued at amortised cost and the accrued interest is recognised in profit or loss using the effective interest method. At least once a year, where there is objective evidence that a loan or receivable is impaired, the Company carries out impairment tests. Based on the results of these tests, the Company records valuation adjustments as appropriate.

The impairment loss on these financial assets is the difference between the book value and the present value of the future expected cash flows, discounted at the effective interest rate.

Valuation adjustments for impairment, and any reversal thereof, are recognised as an expense or income, as applicable, in the income statement. Where an impairment loss is reversed, the revised carrying amount may not exceed the carrying amount that would have been recognised at the date of reversal if no impairment loss had been recorded.

f) Financial liabilities (Note 17)

Financial liabilities include mainly bank borrowings, which are recognised initially at the value of the consideration received, net of transaction costs incurred. In subsequent periods they are stated at amortised cost, using the effective interest rate.

g) 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, including 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.

h) 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.

i) 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.

j) 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 relating to the revaluation of properties and financial assets have been offset against deferred tax assets, in accordance with IAS 12.

k) 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 a subsidiary who retire on reaching retirement age.

The main assumptions used in 2008 and 2009 in valuing these commitments are as follows:

Mortality and survival tables	PERMF/F 2000 NP
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.

	31/12/2009	31/12/2008
Pension obligations towards current employees	34,367	43,038
Vested	26,248	34,867
Unvested	8,119	8,171
Fair value of plan asstes (policies)	27,461	35,252

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

l) Equity-instrument-based payments (Note 25)

The Company classifies its share option scheme as a cash settled transaction. Until settlement the liability is valued at fair value, calculated as the difference between the quoted market price at year end and the fair value of the option, any change in value being recognised in the income statement. The staff cost is determined based on the fair value of the liability and is recognised as the service is provided, over a period of three years.

m) 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.

5. Investment property

This item consists of property held to earn rental income. At 31 December 2009 and 2008 these properties were valued by C.B. Richard Ellis, S.A., which 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 is as follows:

	Fair value	
	2009	2008
Madrid	183,150	201,500
Barcelona	38,700	40,500
Palma de Mallorca	5,300	5,600
Rest	2,000	2,150
Balance at 31 December	**229,150**	**249,750**

The movements in investment property are as follows:

Balance at 1-1-08	**275,266**
Increases	891
Change in fair value	(26,407)
Balance at 31-12-08	**249,750**
Increases	564
Transfers to property, plant and equipment (Note 6)	(2,800)
Change in fair value	(18,364)
Balance at 31-12-09	**229,150**

The increases in 2009 and 2008 relate to improvements carried out.

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

	2009	2008
Floor area above grnd level (square meters)	82,267	82,592
Leased floor area (squre meters)	74,133	79,354
Leased area as % total floor area	90.1%	96.1%

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

The income from leases, calculated to contractual maturity, at 31 December 2009 and 2008 is as follows:

	2009	2008
In one year	13,059	14,088
Between two and five years	13,549	22,851
TOTAL	26,608	36,939

Adequate insurance cover is provided for potential risks to these assets.

6. Property, plant and equipment

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

In thousands of euros	Buildings	Other PPE	Total
COST:			
Balance at 1-1-08	16,462	32,672	49,134
Increases	24	16	40
Disposals	-	(29,809)	(29,809)
Balance at 31-12-08	16,486	2,879	19,365
Increases	14	182	196
Transfers (Note 5)	2,800	-	2,800
Disposals	-	(120)	(120)
Balance at 31-12-09	19,300	2,941	22,241
ACCUMULATED DEPRECIATION:			
Balance at 1-1-08	(5,310)	(9,077)	(14,387)
Increases	(768)	(172)	(940)
Disposals	-	6,983	6,983
Balance at 31-12-08	(6,078)	(2,266)	(8,344)
Increases	(775)	(209)	(984)
Disposals	-	120	120
Balance at 31-12-09	(6,853)	(2,355)	(9,208)
PROVISIÓN:			
Balance at 1-1-09	-	-	-
Increases	(147)	-	(147)
Balance at 31-12-09	(147)	-	(147)
Net PPE at 31-12-08	10,408	613	11,021
Net PPE at 31-12-09	12,447	586	12,886

In 2009 a property was transferred from Investment property to Property, plant and equipment.

The decreases in 2008 were due to the deconsolidation of the interest in Islalink, S.A., which was sold.

Adequate insurance cover is provided for potential risks to property, plant and equipment.

7. Investments in associates

The changes in this item in 2009 are as follows:

Sociedad	Consolidated value at 1/1/09	Profit/(loss) of investees	Dividends received	Acquisitions/ (disposals)	Changes in consolidated equity associates	Consolidated value at 31/12/09	Quoted market value at 31/12/09
Acerinox, S.A.	767,077	(54,352)	(21,153)	-	(4,523)	687,049	878,163
ACS, Actividades de Construcción and Servicios, S.A.	1,447,422	474,033	(156,295)	(83,252)	(91,019)	1,590,889	2,572,016
Antevenio, S.A.	2,900	227	-	-	(11)	3,116	5,590
Clínica Baviera, S.A.	31,760	313	-	2,137	(116)	34,094	23,680
Indra Sistemas, S.A.	-	8,809	(10,012)	247,837	6,117	252,751	270,689
Prosegur, Compañía de Seguridad, S.A.	145,558	15,022	(5,179)	-	365	155,766	211,309
TOTALES	2,394,717	444,052	(192,639)	166,722	(89,187)	2,723,665	3,961,447

The changes in this item in 2008 are as follows:

Company	Consolidated value at 1/1/08	Profit/(loss) of investees	Dividends received	Acquisitions/ (disposals)	Impaiment	Changes in consolidated equity associates	Consolidated value at 31/12/08	Quoted market value at 31/12/08
Acerinox, S.A.	824,130	(1,438)	(35,019)	1,998	-	(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
TOTALES	2,782,522	427,413	(249,639)	3,254	(27,919)	(540,914)	2,394,717	3,405,009

The changes in the consolidated equity of associates in 2009 and 2008 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:

	2009			2008		
	%	Selling price	Profit (loss)	%	Selling price	Profit (loss)
ACS, Actividades de Construcción and Servicios, S.A.	1.33	150,832	67,493			
Clínica Baviera				0.11	279	(128)
Total		150,832	67,493		279	(128)

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

	Assets		Liabilities			
	Current	Non-current	Current	Non-current	Turnover	Consolidated profit/(loss)
Acerinox, S.A.						
2009	1,615,725	2,002,064	1,065,194	800,073	2,993,409	-229,206
2008	1,881,894	1,844,841	793,836	912,349	5,050,571	-10,455
ACS, Actividades de Construcción and Servicios, S.A.						
2009	14,015,798	17,738,415	13,982,912	13,179,798	15,605,930	1,951,531
2008	36,778,952	14,619,413	30,415,654	11,069,671	15,275,568	1,805,036
Antevenio, S.A.						
2009	14,747	7,022	5,409	311	16,121	1,182
2008	24,490	4,902	14,118	310	19,362	2,524
Indra Sistemas, S.A.						
2009	1,702,665	786,864	1,316,186	196,210	2,513,247	195,590
2008	1,728,065	733,563	1,525,280	112,784	2,379,565	182,419
Prosegur, Compañía de Seguridad, S.A.						
2009	703,816	880,837	650,297	406,524	2,187,032	150,132
2008	732,041	710,461	614,361	403,547	2,051,707	127,038
Clínica Baviera, S.A.						
2009	17,255	41,500	16,014	21,875	83,141	1,860
2008	16,392	47,727	18,794	26,122	87,937	7,011

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 2009 the Company notified:

Indra Sistemas, S.A. that the Company's equity interest had reached 10.02%
ACS, Actividades de Construcción y Servicios, S.A. that the Company had sold an equity interest of .... 1.33 %

In 2008 the Company notified:

Ros Roca Environment, S.L. that the Company's equity interest had reached .... 22.39 %
Ocibar, S.A. that the Company's equity interest had reached .... 28.88 %
Islalink, S.A. that the Company had sold an equity interest of .... 74.68 %
Isofotón, S.A. that the Company's equity interest had reached .... 26.09 %
Ros Roca Environment, S.L. that the Company had sold an equity interest of .... 5.60 %
Ocibar, S.A. that the Company had sold an equity interest of .... 7.22 %

8. Available-for-sale financial assets

The composition of this item at 31 December 2009 and 2008 is detailed below:

	2009		2008	
	% ownership interest	Fair value	% ownership interest	Fair value
Long term				
Ros Roca Environment, S.L.	16.79	31,013	16.79	47,713
Ocibar, S.A.	21.66	7,430	21.66	7,430
C. E. Extremadura, S.A.	2.55	417	2.55	417
TOTAL		38,860		55,560

In 2009 fair value was calculated, in the case of Ros Roca Environment, S.L., using the multiples method, based on current and historical measures of EV/EBITDA, and in the case of Ocibar, S.A., using the discounted cash flow method, with the same assumptions as were used in the initial investment, updated in some cases by the assumptions used in the model used by the lending banks, with a discount rate of 12% per year, and including the flows until the value of the last concession, without terminal value, which coincides with the acquisition cost.

In 2008 the investments in Ros Roca Environment, S.L. and Ocibar, S.A. were stated at their acquisition cost on the understanding that this was the best estimate of their fair value, these being recent acquisitions.

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

	2009		2008	
	%	Amount	%	Amount
Ros Roca Environment, S.L.	-	-	5.60	622
Ocibar, S.A.	-	-	7.22	72
Other	-	355	-	416
TOTAL		355		1,110

9. Other non-current financial assets and liabilities

The composition of these items at 31 December 2009 and 2008 is as follows:

	2009	2008
OTHER NON-CURRENT FINANCIAL ASSETS		
Loans to third parties	45,000	135,000
Guarantees received from customers	1,779	1,742
Balance at 31 December	46,779	136,742
OTHER NON-CURRENT FINANCIAL LIABILITIES		
Guarantees given to public bodies	1,943	1,976

The amounts owed by third parties relate to the fair value of the amount outstanding for the sale of the interest in Isofotón, S.A.

In March 2010 the obligor signed a refinancing agreement with a syndicate of institutions, one of which is Alba Participaciones, S.A., with the following changes being made:

- Interest is payable quarterly based on 3 month Euribor, the spread being 100 basis points for the first 5 years, 140 basis points for the following 5 years and 180 basis points for the remaining years. The starting rate is 1.70%..
- The schedule of payments starts from 2019 at a rate of 5 million euros per year. This loan is expected to be recovered mainly through the Cash Sweep system, which consists of distributing the surplus of the cash flow among the different types of debt in a pre established order.

In 2009 this debt was written down by 100 million euros based on the present value, without cash sweep, at a discount rate of 21.31% (11 year EUR swap rate plus an implied risk premium). This amount has been recorded under the "Asset impairment" heading in the accompanying income statement.

On signing the commercial loan agreement, Alba Participaciones, S.A. received 13.8 million euros relating to unpaid interest, penalty interest, loan arrangement fee, other fees and early repayment through the sale of a fixed asset of the obligor. Approximately 4 million euros relate to fees.

10. Trade and other receivables

The composition of this item at 31 December 2009 and 2008 is detailed below:

	2009	2008
Accrued and unpaid dividends	69,083	78,573
Loans to third parties (Note 9)	8,817	14,144
Corporate income tax withheld	2,345	642
Sundry debtors	20	1,044
Trade receivables	41	18
Prepaid expenses	305	368
Balance at 31 December	80,611	94,789

11. Financial assets held for trading

These are listed shares. The impact on the accompanying income statements of the changes in fair value, based on year end quoted prices, was 3,044 thousand euros in 2009 and (5,977) thousand euros in 2008.

12. Cash and cash equivalents

The composition of this item at 31 December 2009 and 2008 is detailed below:

	2009	2008
Cash and banks	136,200	155,321
Deposits and short-term investments	145,173	30,074
Balance at 31 December	281,373	185,395

Short term deposits and investments have a maturity of less than 3 months. The components of this item earn interest at a floating rate based on the interbank rate.

13. Shareholders' equity

At 31 December 2008, the Company's issued share capital was represented by 62,390,000 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 2009, by resolution of the Ordinary General Meeting of 27 May 2009, 1,630,000 shares were cancelled. As a result, at 31 December 2009 the share capital was represented by 60,760,000 shares.

At the General Meeting held on 27 May 2009, 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 Banca March, S.A. and its shareholders together (concerted action) controlled 70.005% of Corporación Financiera Alba, S.A. Another interest notified to the CNMV is as follows, at 31 December 2009:

The Egerton European Dollar Fund Limited	1.635 %

The breakdown of "Other reserves" is as follows:

	2009	2008
Due to changes in the consolidated net assets of associates		
Treasury shares	(85,468)	(191,389)
Translation differences	(54,426)	(35,289)
Valuation of financial instruments	(169,429)	(280,601)
Change in scope of consolidation and other changes	(63,960)	(31,532)
Due to changes in the fair value of available-for-sale assets	(11,690)	-
TOTAL	(384,973)	(538,811)

Movements in treasury shares in 2009 and 2008 were as follows:

	No. of shares	Percentage of share capital	Average acquisition price (euros/share)	€'000
At 1 January 2008	1,985,991	3.10%	48.58	96,479
Purchased	492,586	0.77%	31.85	15,691
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**
Purchased	1,634,810	2.62%	29.58	48,350
Cancelled (General Meeting 27-05-09)	(1,630,000)	(2.61%)	27.80	(45,310)
At 31 December 2009	**773,387**	**1.27%**	**40.60**	**31,401**

The balance of treasury shares at 31 December 2009 and 2008 includes 435,000 shares at 44.94 euros/share earmarked for the share option scheme (Note 25). If the 435,000 earmarked shares are excluded, the balance at 31 December would be as follows:

Year	Shares	Average price
2008	333,577	27.23 €/share
2009	338,387	35.03 €/share

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 2009 and 2008 was as follows:

	2009	2008
Bank borrowing	637,964	501,559
Cash and cash equivalents	(281,373)	(185,395)
Financial assets held for trading	(22,489)	(6,011)
Total net debt	334,102	310,153
Shareholders' equity	2,786,847	2,598,160
Shareholders' equity + net debt	3,120,949	2,908,313
Gearing ratio	10.71%	10.66%

15. Provisions

The movements in provisions during 2009 and 2008 were as follows:

	2009	2008
Balance at 1 January	11,423	24,297
Increases due to updating of interest rates	244	320
Decreases due to cancellations of losses	(357)	(10,181)
Applications due to payments	(4,482)	(3,013)
Balance at 31 December	6,828	11,423

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16. Trade and other payables

The composition of this item at 31 December 2009 and 2008 is detailed below:

	2009	2008
Other financial liabilities	2,110	11,504
Accrued wages and salaries	1,416	1,929
Trade payables	1,022	861
Current tax liabilities (note 19)	948	5,786
Accruals and deferred income	425	106
Other	-	87
Balance at 31 December	5,921	20,273

17. Current bank borrowings

NON CURRENT:

Non current bank borrowings consist of a fixed rate loan of 250 million euros, secured by the pledge of 13,500,000 shares of ACS, Actividades de Construcción y Servicios, S.A., maturing in June 2011. In 2009 another fixed rate loan in the amount of 75 million euros, maturing in June 2012, was arranged. At 31 December 2009 it is estimated that the fair value of this non current liability does not differ significantly from its carrying amount.

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CURRENT:

The current bank borrowings are credit facilities with maturity of one year. The breakdown of these borrowing by maturity is as follows:

	At 31/12/2009		At 31/12/2008	
Bank	**Maturity**	**Balance drawn**	**Maturity**	**Balance drawn**
Banca March	18/06/2010	75,166	19/06/2009	3,253
Banco Cooperativo	15/07/2010	17,586	-	-
Banco Sabadell	04/10/2010	49,153	-	-
Banesto	30/06/2010	59,032	-	-
Barclays	02/07/2010	47,134	22/06/2009	53,019
La Caixa	08/06/2010	14,909	-	-
Unicaja	15/02/2010	49,984	13/01/2009	49,610
BBVA	-	-	13/04/2009	138,677
Caixanova	-	-	05/06/2009	7,000
Total		312,964		251,559
Limit granted		313,000		652,000

Interest is generally payable quarterly, the benchmark index being the 30 day Euribor rate and the 90 day Euribor rate plus a market spread.

The Unicaja loan was renewed in 2010 until February 2011. 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 formulated 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 subsidiaries Alba Participaciones, S.A. and Deyá Capital, S.C.R. de Régimen Simplificado, S.A. and (ii) investment in office properties for lease.

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.

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, 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 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 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 processes 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.

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19. Tax matters

Corporación Financiera Alba, S.A., together with Alba Participaciones, S.A. and Deyá Capital, S.C.R., de Régimen Simplificado, S.A., is taxed as a corporate group. Artá Capital, S.G.E.C.R., S.A. is taxed on an individual basis.

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

2009	Income statement		Shareholders' equity	
Balance of income and expenses for the year	390,556		(11,694)	
	Increases	Decreases	Increases	Decreases
Corporate income tax	2,759			5,009
Permanent differences				
Due to consolidation adjustments (1)		155,553		
Intra-group dividends		40,000		
Elimination of intra-group transactions	9,471			
Inclusion of intra-group transactions	7,867			
Other	207			
Temporary differences::				
Arising in the current year	101,243	10,508		
Offset of tax losses from previous years	(55,510)			
Tax base (taxable income)	250,532		(16,703)	
Gross tax payable at 30%	75,160		(5,009)	
Deductions from tax	(73,122)			
Current income tax	2,038		(5,009)	
Deferred tax assets	721			
Corporate income tax expense	2,759			

(1) Includes mainly the Group's share of the profit or loss of associates, the dividends received from associates, the difference between the consolidated accounting and tax gain on disposals of financial assets, and any changes in the fair value of investment property.

The corporate income tax expense and the tax payable relate almost entirely to Artá Capital, S.G.E.C.R., S.A.

2008

	Income statement	
Balance of income and expenses for the year	361,391	
	Increases	Decreases
Corporate income tax	-	385
Permanent differences		
Due to consolidation adjustments (1)	-	126,028
Intra-group dividends		28,000
Adjustments to reserves for first-time application of the new accounting rules (NPGC)	3,903	-
Other	177	-
Temporary differences:		
Arising in the current year	29,303	14,693
Offset of tax losses from previous years	(182)	
Tax base (taxable income)	225,486	
Gross tax payable at 30%	67,646	
Deductions from tax	(64,790)	
Corporate income tax expense	2,856	

(1) Includes mainly the Group's share of the profit or loss of associates, the dividends received from associates, the difference between the consolidated accounting and tax gain on disposals of financial assets, and any changes in the fair value of investment property.

In 2008 a refund of 3,259 thousand euros was received 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. resulted in the recognition of 385 thousand euros of income under the “Corporate income tax expense” heading in the income statement for 2008.

The net balance of deferred tax assets and liabilities at 31 December is as follows:

	2009	2008
Deferred tax assets		
Due to impairment of financial assets	30,000	-
Due to tax credits	-	33,459
Due to changes in the fair value of Available-for-sale Financial Assets	5,009	
Deferred tax liabilities		
Due to gains on investment property	(27,958)	(33,459)
Other	(2,763)	-
TOTAL	4,288	

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

	Profit subject to reinvestment (article 42 of the Law on Public Limited Companies)	Amount of sale	Year of reinvestment	Expiry date of minimum investment term
2008	686	15,758	2008	2013
2007	88,985	122,329	2007	2012
2006	19,280	27,390	2006 and 2007	2012

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

	31/12/2009	31/12/2008	
Year of expiry	Negative taxable income	Negative taxable income	Deductions from tax
2018	10,517	66,027	71,988
2019	116,256	116,256	-
TOTAL	126,773	182,283	71,988

The financial years from 2005 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 in Note 10 "Current tax assets" under the "Trade and other receivables" heading relates to income tax withheld on behalf of the Group. The amount shown in Note 16 "Current tax liabilities" under the "Trade and other payables" heading breaks down as follows:

	2009	2008
For corporate income tax	534	2,859
For personal income tax	307	455
For VAT	55	159
For social security contributions	52	47
For capital gains tax	-	2,266
TOTAL	948	5,786

20. Guarantees issued to third parties and other contingent assets and liabilities

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

	2009	2008
Guarantees given for the sale of the stake in Banco Urquijo, S.A.	3,827	3,827
Other guarantees	-	432
TOTAL	3,827	4,259

Both in Xfera, now Yoigo, and in Broadnet the 2001 public radio frequency reservation fee, which Alba paid and which was recognised in the income statement, has been appealed and is awaiting a decision by the Supreme Court. If the decision is in the Company's favour, Alba would recover the corresponding portion, which as of today remains indeterminate.

21. Workforce

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

	2009			2008		
	Men	Women	Total	Men	Women	Total
Executive Directors and Senior Managers	6	-	6	6	-	6
Department heads	7	1	8	7	1	8
Clerical staff	16	15	31	14	15	29
Other	2	-	2	2	-	2
Total	31	16	47	29	16	45

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

	2009			2008		
	Men	Women	Total	Men	Women	Total
Executive Directors and Senior Managers	6	-	6	6	-	6
Department heads	7	1	8	7	1	8
Clerical staff	17	16	33	14	15	29
Other	2	-	2	2	-	2
Total	32	17	49	29	16	45

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 2009 and 2008.

There were no transactions between segments.

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Segment information 2009

In thousands of euros	Property lease	Securities investment	Total Group
DIRECT SEGMENT INCOME AND EXPENSES			
Lease income and other items	16,260		16,260
Profit from disposals		70,892	70,892
Share of profit/(loss) of associates		444,052	444,052
Dividends received		828	828
Increase/(decrease) in fair value	(18,364)	-	(18,364)
Other direct segment operating expenses	(2,745)		(2,745)
Segment profit/(loss)	(4,849)	515,772	510,923
INCOME AND EXPENSES NOT ASSIGNED TO SEGMENTS			
Net provisions			357
Impairment			(100,000)
Staff costs			(9,566)
Other operating expenses			(4,554)
Depreciation and amortisation			(1,015)
Net finance costs			(1,074)
Profit/(loss) before taxes and minority interests			395,071
Corporate income tax			(2,759)
Minority interests			(1,756)
Net profit/(loss) for the year			390,556
ASSETS AND LIABILITIES			
Segment assets	230,929	2,785,014	3,015,943
Unassigned assets			424,265
Total assets			3,440,208
Segment liabilities	1,943		1,943
Unassigned liabilities			650,713
Total liabilities			652,656

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Segment information 2008

In thousands of euros	Property lease	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 segment operating expenses	(2,914)		(2,914)
Segment profit/(loss)	(12,739)	395,158	382,419
INCOME AND EXPENSES NOT ASSIGNED TO SEGMENTS			
Net provisions			10,181
Staff costs			(9,998)
Other operating expenses			(3,963)
Depreciation and amortisation			(957)
Net finance costs			(15,727)
Profit/(loss) before taxes and minority interests			361,955
Corporate income tax			385
Profit from discontinued operations			1,592
Minority interests			(2,541)
Net profit/(loss) for the year			361,391
ASSETS AND LIABILITIES			
Segment assets	251,492	2,456,288	2,707,780
Unassigned assets			426,315
Total assets			3,134,095
Segment liabilities	1,976		1,976
Unassigned liabilities			533,255
Total liabilities			535,231

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 2009 and 2008.

a) Staff costs

	2009	2008
Wages and salaries	7,520	7,896
Employer's social security contributions	511	461
Alternative pension plan systems	1,251	1,384
Insurance premiums	201	177
Other employee welfare costs	83	80
Balance at 31 December	9,566	9,998

b) Finance income

	2009	2008
Dividends	828	659
Gain/(loss) on derivatives	9,423	(6,015)
Interest	7,601	4,144
Management fee	2,945	3,829
Other finance income	-	2,620
Balance at 31 December	20,797	5,237

At 31 December 2009 and 2008 Alba had no significant positions in financial instruments.

24. Related parties

In 2009 the following transactions were carried out:

Description of the transaction	Amount	Related party
WITH SIGNIFICANT SHAREHOLDERS OF THE COMPANY		
Finance costs	226	Banca March
Management and Collaboration Contracts	926	Banca March
Current account interest	512	Banca March
Financing agreements and loans	25,922	Banca March
Guarantees and avals	1,971	Banca March
Financial advice	1,139	Banca March
Dividends	37,217	Concerted action by Banca March Group
WITH OTHER RELATED PARTIES		
Dividends	186,596	ACS, Acerinox, Prosegur and Indra
Repayment of share premium	6,043	Acerinox
Collaboration agreements	300	Fundación Juan March
Operating lease contracts	335	March Gestión de Fondos, S.G.I.I.C., S.A. March Gestión de Pensiones, S.G.F.P., S.A. and CIMSA
Insurance premiums brokered	2,785	March Unipsa
Insurance premiums	358	March Vida

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	Concerted action by Banca March Group
WITH OTHER RELATED PARTIES		
Dividends	243,596	ACS, Acerinox, Prosegur and 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. and CIMSA
Insurance premiums brokered	3,509	March Unipsa
Insurance premiums	272	March Vida

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.

25. Share option scheme

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) The Company has granted the beneficiaries options that will 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) 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 have 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 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 were granted for nil consideration

At 31 December 2009 and 2008 no liabilities were recorded in relation to this scheme.

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.:

2009

In 2009	No. of people	Salaries and other	Directors' remuneration: Alba	Directors' remuneration: Group companies	Alternative pension plan systems and insurance
Proprietary directors	5	-	342	75	28
Independent non-executive directors	5	-	177	-	-
Executive directors	4	1,545	135	75	481
Senior management	3	975	-	24	86

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

2008

In 2008	No. of people	Salaries and other	Directors' remuneration: Alba	Directors' remuneration: Group companies	Alternative pension plan 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

The senior managers and directors sections included the accrued amount of extraordinary variable remuneration linked to the value of the Company's net assets, maturing in 3 years.

No advances or loans had 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 26/2003 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
Juan March de la Lastra	Deyá Capital II, S.C.R., de Régimen Común, S.A.	Venture capital	-	Director
Juan March de la Lastra	Artá Capital, S.G.E.C.R., S.A.	Venture capital management	-	Director
Juan March de la Lastra	Deyá Capital, S.C.R., S.A.	Venture capital	-	Director
Santos Martínez-Conde Gutiérrez-Barquín	Deyá Capital II, S.C.R., de Régimen Común, S.A.	Venture capital	-	Chairman
Santos Martínez-Conde Gutiérrez-Barquín	Artá Capital, S.G.E.C.R., S.A.	Venture capital management	-	Director
Santos Martínez-Conde Gutiérrez-Barquín	Deyá Capital, S.C.R., S.A.	Venture capital	-	Chairman
Santos Martínez-Conde Gutiérrez-Barquín	Alba Participaciones, S.A.	Securities investment	-	First Vice-Chairman and CEO

(continuation)

Name	Company	Activity	Ownership interest	Functions
Manuel Soto Serrano	Banco Santander, S.A.	Banking	n.s	Fourth Vice-Chairman
Manuel Soto Serrano	Cartera Industrial Rea, S.A.	Portfolio company	3.27%	Director
Francisco Verdú Pons	Alba Participaciones, S.A.	Securities investment	-	Chairman
José Ramón del Caño	Deyá Capital II, S.C.R., de Régimen Común, S.A.	Venture capital	-	Secretary
José Ramón del Caño	Artá Capital, S.G.E.C.R., S.A.	Venture capital management	-	Director and Secretary
José Ramón del Caño	Deyá Capital, S.C.R., S.A.	Venture capital	-	Director and Secretary

27. Auditors' remuneration

Fees payable to Ernst & Young totalled 65 thousand euros, relating entirely to the auditing of the 2009 individual and consolidated annual accounts of Alba and subsidiaries. Fees payable in 2008 amounted to 63 thousand euros, relating entirely to the auditing of the individual and consolidated financial statements for 2008 of Alba and other Group companies.

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 own 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

In February the Deyá Capital development capital vehicles (Deyá Capital SCR, Deyá Capital II SCR and Deyá Capital III FCR) managed by Artá Capital SGECR entered into an agreement to acquire a 10% interest in Mecalux for 55 million euros, subject to authorisation and settlement of the delisting takeover bid promoted by Mecalux.

The agreed purchase price is 15 euros per share, the same as will be offered in the abovementioned delisting takeover bid.

Alba, through Deyá Capital SCR, will indirectly hold 7.5% of the share capital of Mecalux once the abovementioned agreement has been executed.

Mecalux is a world leader in storage systems, carrying out virtually all the tasks involved in warehouse development, including the engineering, manufacturing and installation of automated, clad rack warehouses and the development of software for warehouse logistics management and the provision of consulting services. It is the leading storage company in Spain and one of the top five in the world in sales. It has production centres in Spain, the United States, Argentina, Brazil, Mexico and Poland and an extensive distribution network in Europe, the United States and Latin America.

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.

CONSOLIDATED MANAGEMENT REPORT

Consolidated Management Report of Corporación Financiera Alba, S.A. and Subsidiaries for 2009

Management Report

1. Company business and financial position

The consolidated financial statements at 31 December 2009 give a true and fair view of the Group's consolidated net assets and financial position and of its results of operations, changes in equity and cash flows for the year then ended and have been authorised for issue by the Company's directors.

Alba's principal activities during 2009 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. 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.

3. 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	Percentage of share capital	Average acquisition price (euros/share)	€'000
At 1 January 2008	1,985,991	3.10%	48.58	96,479
Purchased	492,586	0,.77%	31.85	15,691
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**
Purchasaed	1.,634,810	2.62%	29.58	48,350
Cancelled (General Meeting 27-05-09)	(1,630,000)	(2.61%)	27.80	(45,310)
At 31 December 2009	**773,387**	**1.27%**	**40.60**	**31,401**

The balance of treasury shares at 31 December 2009 and 2008 includes 435,000 shares at 44.94 euros/share earmarked for the share option scheme. If the 435,000 earmarked shares are excluded, the balance at 31 December would be as follows:

Year	Shares	Average price
2008	333,577	27.23 €/share
2009	338,387	35.03 €/share

4. Research and development

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

5. Significant post-balance sheet events

In February the Deyá Capital development capital vehicles (Deyá Capital SCR, Deyá Capital II SCR and Deyá Capital III FCR) managed by Artá Capital SGECR entered into an agreement to acquire a 10% interest in Mecalux for 55 million euros, subject to authorisation and settlement of the delisting takeover bid promoted by Mecalux.

The agreed purchase price is 15 euros per share, the same as will be offered in the abovementioned delisting takeover bid.

Alba, through Deyá Capital SCR, will indirectly hold 7.5% of the share capital of Mecalux once the abovementioned agreement has been executed.

Mecalux is a world leader in storage systems, carrying out virtually all the tasks involved in warehouse development, including the engineering, manufacturing and installation of automated, clad rack warehouses and the development of software for warehouse logistics management and the provision of consulting services. It is the leading storage company in Spain and one of the top five in the world in sales. It has production centres in Spain, the United States, Argentina, Brazil, Mexico and Poland and an extensive distribution network in Europe, the United States and Latin America.

6. Disclosures under Article 116 bis of the Securities Market Law

To meet the requirements of Article 116bis of Law 24/1988 of 28 July on the Securities Market (as amended by Law 6/2007 of 12 April), at its meeting on 24 March 2010 the Board of Directors of Corporación Financiera Alba, S.A. agreed to approve and make available to shareholders, in the Management Report that accompanies the financial statements for 2009, 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 60,760,000 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 2009 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	20,232,762	22,302,149	70.005
The Egerton European Dollar Fund Limited	1,019,883	0	1.635

Within "Banca March Group concerted action" (70.005%), the following holdings would in themselves qualify as significant shareholdings (including direct and indirect holdings):

Banca March, S.A.	33.299%
Carlos March Delgado	13.061%
Juan March Delgado	11.815%
Leonor March Delgado	3.485%
Gloria March Delgado	3.093%

d) Any restriction on voting rights

There are no restrictions on voting rights. The only provision that could indirectly 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

Juan, Carlos, Leonor and 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 was modified on 22 December 2009.

Following the modification agreed on 22 December 2009, this agreement is effective until 10 March 2020 and 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 Decem ber) 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 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 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 Nomina tion 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 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 27 May 2009, 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 27 May 2009 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 27 May 2009 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 10% of share capital, as stated in article 75.2 of the Law on Public Limited Companies. The current authority expires on 30 June 2010.

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 formulated 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 subsidiaries Alba Participaciones, S.A. and Deyá Capital, S.C.R. de Régimen Simplificado, S.A. and (ii) investment in office properties for lease.

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.

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. 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 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 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 processes 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 fullfilment of the stablished in the article 202.5 of the Law of 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 Managemente Report, it is shown in a separated section.

ANNUAL CORPORATE GOVERNANCE REPORT

Public Listed Companies

To go to the Annual Corporate Governance Report, please click here.

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.

AUDIT COMMITTEE REPORT

Report on the Work of the Audit Committee in 2009

Audit Committee Report

Introductions

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.

Functions of the Audit Committee

In accordance with Additional Provision 18 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.

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. In 2008 and 2009 there were some changes in the composition of the Committee.

The members of the Audit Committee during 2009 were:

• Until 27 May 2009: Manuel Soto Serrano as chair; Francisco Verdú Pons and Enrique Piñel López as members; and José Ramón del Caño Palop acting as secretary. The Chair and Mr. Soto were independent directors and the other two members were proprietary directors.

• Since 27 May 2009: Manuel Soto Serrano as chair; Isidro Fernández Barreiro and José Manuel Serra Peris as members; and José Ramón del Caño Palop acting as secretary. The Chair and Mr. Serra Peris are independent directors and Mr. Fernández Barreiro is a proprietary director.

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 2009 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 2008 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 2009 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 2009.

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 (all of them referred to 2008).

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

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PROPOSED RESOLUTIONS

Proposed Resolutions

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 financial statements for the financial year ended December 31, 2009.
2. To approve the work of the Board of Directors during that year.
3. To approve the proposed profit distribution and dividend payment.
4. Appointment and re election of directors.
   - To appoint Eugenio Ruiz Gálvez Priego as a director.
   - To re elect Pablo Vallbona Vadell, Isidro Fernández Barreiro, Santos Martínez Conde Gutiérrez Barquín and Francisco Verdú Pons as directors.
5. To reduce the Company's share capital through cancellation of the shares held in treasury at the date of the General Meeting (including the 435,000 shares earmarked for implementation of the executive director and senior management remuneration plan) and to amend Article 5 of the Articles of Association accordingly.
6. To give the Company authority to purchase own shares, subject to the limits and requirements of the Law on Public Limited Companies, and to use the shares purchased under this and previous authorities to implement executive director, senior management and employee remuneration plans entailing the allotment of shares or share options; and to give the directors authority to reduce share capital as required.
7. Directors' remuneration. To limit the aggregate remuneration of all the Company's directors under the bylaws to a maximum of 820,000 euros.
8. To give the directors authority, within the overall remuneration policy, to establish a remuneration system consisting of an employee share scheme, aimed at allowing employees to become shareholders and acquire an interest in the Company, through the allotment of shares of Corporación Financiera Alba, S.A. as part of their variable annual remuneration.
9. To transfer the excess of the legal reserve arising from capital reductions to voluntary reserves.
10. To give the directors authority to implement the resolutions adopted by the Meeting.
11. To approve the minutes of the Meeting