2010

Annual Report

ALBA
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Board of Directors and Management Team

Board of Directors

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Carlos March Delgado

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Pablo Vallbona Vadell

Second Vice-Chairman
Isidro Fernández Barreiro

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Santos Martínez-Conde Gutiérrez-Barquín

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Juan March de la Lastra
Eugenio Ruiz-Gálvez Priego
Francisco Verdú Pons

Director and Secretary
José Ramón del Caño Palop

Audit Committee

Eugenio Ruiz-Gálvez Priego	Chairman
Isidro Fernández Barreiro	Member
Francisco Verdú Pons	Member
José Ramón del Caño Palop	Secretary

Nomination and Remuneration Committee

Juan March Delgado	Chairman
Nicholas Brookes	Member
Francisco Verdú Pons	Member
José Ramón del Caño Palop	Secretary

Board of Directors and Management Team

Management Team

Managing Director
Santos Martínez-Conde Gutiérrez-Barquín

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José Ramón del Caño Palop
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Juan March de la Lastra
Ignacio Martínez Santos
Tomás Villanueva Iribas

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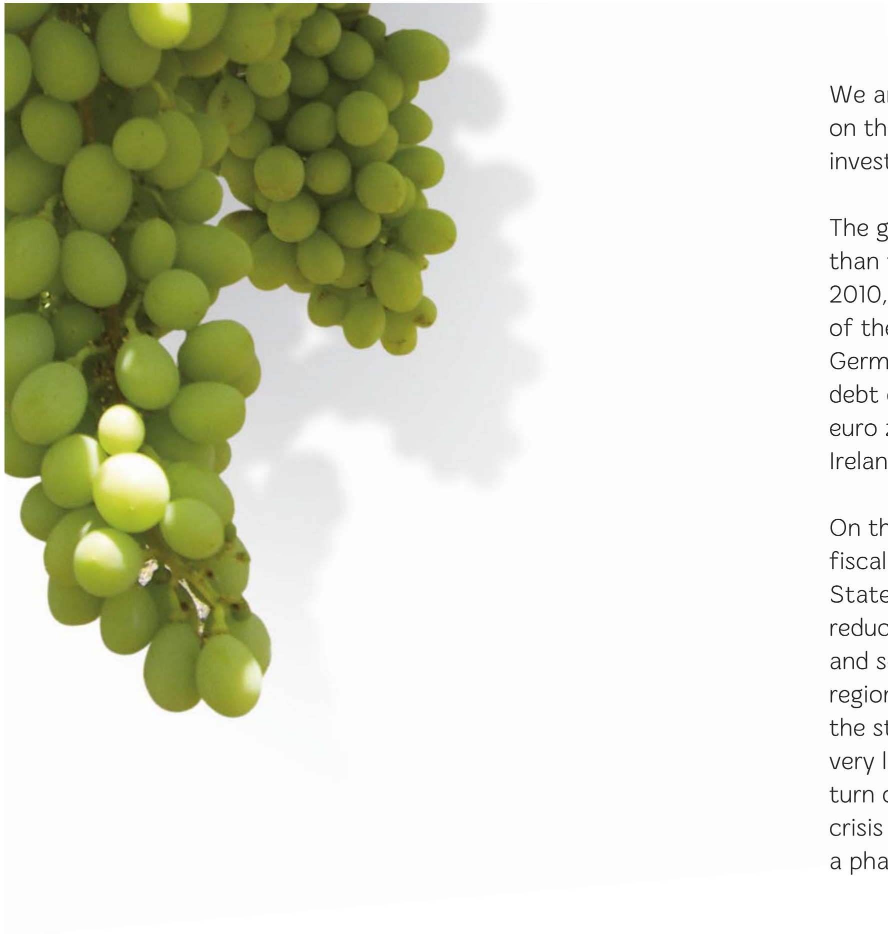
Andrés Temes Lorenzo

Comunication
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 2010.

The global economic crisis, which began more than three years ago, entered a new phase in 2010, marked by a return to growth in some of the large developed economies, especially Germany and the United States, and a sovereign debt crisis in the "peripheral" economies of the euro zone, which led to rescue plans for Greece, Ireland and Portugal.

On the whole, the expansionary monetary and fiscal policies adopted in Europe and the United States in 2008 and 2009 were successful in reducing uncertainties in the financial sector and so assisted the economic recovery in these regions. Although major uncertainties regarding the strength of economic growth persist, it is very likely that the first quarter of 2009 will turn out to have been the bottom of the economic crisis and that, since then, we have been in a phase of slow recovery.

The legacy of the crisis in the developed economies consists essentially of a large increase in unemployment, high government deficits as a result of the massive support measures adopted, including nationalization of a large part of the financial sector in many countries, high household debt (leading to a decrease in consumption, and a property sector that will probably need several years to digest past excesses.

In our opinion, it is precisely this legacy that has given rise to the sovereign debt crisis of Greece, Ireland, Spain and Portugal. Although to different extents and for different reasons, in all these countries there has been a sharp increase in the public deficit and public debt in a severely weakened economic environment, within a monetary framework (the euro) that makes it impossible to resort to currency depreciation as a direct means of regaining competitiveness and providing a way out of the crisis.

In the case of Spain, the higher perceived country risk is less an effect of government debt than of high current account deficits and the doubts in the

Letter from the Chairmen of the Board of Directors

market as to the capacity to reduce them significantly in the medium term. In addition, there is great concern over the state of the financial sector, especially the domestic savings banks (cajas de ahorro) and banks, which have high exposure to the property market.

In this environment of uncertainty, far-reaching measures have been adopted, which, though entirely necessary, have a significant social cost. They include: reform of the pension system, pushing back the retirement age and extending the period for calculating pensions; reform of the labour market, which is in need of greater flexibility; clear and credible targets for reduction of the fiscal deficit at all levels, through containment of public spending, which affects both investments and current expenditures, including some Social Security benefits, and increases in direct and indirect taxation; and in-depth reform of the financial system, currently under way, aimed at recapitalising it and converting the cajas into banks that are both more transparent and better able to access the capital markets.

Although in many cases it is still too early to say how effective these measures have been, the simple fact that they have been taken has helped to reduce uncertainty regarding country risk and the possibility of intervention. The credibility and effectiveness of these measures is crucial in laying the ground for a new phase of economic growth, which so far has been slower than in other developed countries. Spain faces a particularly serious problem of unemployment, which is much higher than in other countries in our environment. Unfortunately, no quick solution can be expected in the current economic climate.

The tensions related to the sovereign debt crisis have been reflected in the trend of the main stock indices. Thus, in 2010 the Ibex 35 fell 17.4% to 9,859 points, the year's low coinciding with the interventions in Greece and Ireland and the rumours about Portugal and Spain. It is hardly surprising that the indices of Greece (-35.5%), Portugal (-10.3%), Ireland (-3.3%, but -69,3% from peak) and Italy (-13.2%), along Spain, have been among the worst performers in Europe in 2010, well below the large European indices, with the DAX and the FTSE 100 up on the year (+16.1% and +9.0%) and the CAC and the Eurostoxx 50 slightly down (-3.3% and -5.8%). At world level, the US indices reflected the improvement in the economic outlook, with both the S&P500 and the NASDAQ showing gains (+12.8% and +16.9%), while the Nikkei 225 index of the Tokyo Stock Exchange dropped -3.0% and the Hang Seng index of the Hong Kong Stock Exchange rose +5.3%.

Although we believe that the real risk of an intervention in Spain is currently very low, we expect there to be further episodes of high volatility in the Spanish stock market in 2011 as a result of occasional increases in uncertainty regarding sovereign debt. Added to this are the terrible consequences of the earthquake in Japan and the recent political instability in North Africa and the Middle East (with a direct impact on oil prices), which could also affect economic growth and market trends in 2011.

Turning to Alba, Net Asset Value (NAV) increased by 59 million euros in 2010, reaching 4,089 million euros at year-end, up 1.5% compared to the previous year. This is the second consecutive annual increase in NAV,

Letter from the Chairmen of the Board of Directors

following the increase of 11.5% achieved in 2009. NAV per share at 31 December 2010, after deducting treasury shares, was 69.63 euros, up 3.6% compared to the end of the previous year. The better performance of NAV per share than total NAV is due to the purchase of own shares during the year.

The Alba share price at year-end was 38.46 euros, at a discount of 44.8% to NAV per share before taxes. Over the year as a whole the Alba share price rose 5.2%, far outperforming the Ibex 35, which fell 17.4%, and the Eurostoxx 50, which fell 5.8%. The better growth of the share price compared to NAV per share translated into a decrease in the discount at which our shares trade, which reached record levels in the first few months of 2009.

Consolidated net profit for 2010 was 419.4 million euros, up 7.4% compared to the previous year's figure of 390.6 million. Earnings per share reached 7.08 euros, up 9.3% on 2009. As a result of the purchase and cancellation of own shares, earnings per share increased by a higher percentage than total earnings.

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 2010.

In what follows we discuss the transactions carried out by our company in the year under review.

During 2010 Alba made a significant investment in Ebro Foods, which is a new addition to our portfolio, increased its interest in Clínica Baviera, purchased own shares and slightly reduced its interest in ACS:

- In September Alba acquired a 5.70% interest in Ebro Foods for 124.6 million euros, equivalent to 14.19 euros per share. At year-end 2010 the interest in Ebro Foods was the fifth largest investment in Alba's portfolio by market value.

- Alba also increased its interest in Clínica Baviera through the purchase of an additional 1.85% for 2.4 million euros, bringing its shareholding at year-end to 20.00%.

- During the year Alba purchased 1,262,687 own shares for a total of 45.0 million euros, representing 2.08% of its share capital. At the General Meeting held in May 2010 the shareholders agreed to cancel 1,430,000 shares, equivalent to 2.35% of the share capital. At 31 December 2010 treasury shares totalled 600,908, equivalent to 1.01% of Alba's capital.

- In addition, during the year Alba sold shares representing 0.17% of the share capital of ACS for 18.3 million euros, leaving it with a shareholding of 23.31% at 31 December. At the end of the year the investment in ACS accounted for 58.5% of Alba's NAV.

Meanwhile, the venture capital fund management company Artá Capital reached various investment agreements for the growth capital vehicles that it manages (Deyá Capital SCR, fully owned by Alba; and Deyá Capital II SCR and Deyá Capital III FCR, these last two part-owned by third parties):

- In July 2010 these vehicles acquired 12.00% of Mecalux for 66.6 million euros, once the delisting

Letter from the Chairmen of the Board of Directors

offer launched by the Company had been completed. Mecalux is one of the world's leading companies in storage systems, with a broad international presence. In the process, Alba acquired an interest of 5.23% for 29.0 million euros. In all, Alba's direct and indirect (through Deyá Capital SCR) interests in Mecalux total 14.23%, with an investment of 79.0 million euros.

- At the beginning of August, the abovementioned Deyá vehicles purchased a 16.38% share in Pepe Jeans, a company that designs and distributes apparel and other fashion items, for 50.6 million euros. Through Deyá Capital SCR, Alba has an interest of 12.28% in Pepe Jeans, with an investment of 38.0 million euros.

- In mid-December, an agreement was announced under which, together with funds managed by Mercapital and some of the founding families, these vehicles would take part in the joint acquisition of Panaderías de Navarra (Panasa), one of the leading companies in Spain in the manufacture, sale and distribution of fresh and frozen bakery products, pastry goods and cakes. The transaction was completed at the end of February 2011 with the acquisition by the entities managed by Artá Capital of a joint interest of 35.68% in the share capital of Panasa for 43.5 million euros. Alba's indirect shareholding in Panasa is thus 26.76%, with an investment of 32.6 million euros.

Noteworthy transactions in the first few months of 2011, apart from the aforementioned investment in Panasa, are listed below:

- The sale by Alba of shares representing 5.00% of ACS for 535.2 million euros, at a price of 34.00 euros per share. Alba obtained gains before taxes of 187.5 million euros on this transaction and a return of 18.1% per year for 17 years on its investment.

- The purchase of an additional 0.42% of the share capital of Ebro Foods for 9.7 million euros, increasing Alba's interest in the company to the current 6.12%.

- The agreement by the growth capital vehicles managed by Artá Capital to acquire an interest of around 26% in the share capital of Flex, the European leader in rest equipment, through a capital increase. The indirect shareholding of Alba in Flex will be 19.50%.

Looking to 2011, the 25th anniversary of activity of our company, we have moderately optimistic expectations for our investees, thanks to the forecasts of growth in some of the world's leading economies in recent months. In the case of Spain, however, the recovery will be slow on account of the deep imbalances that still exist in our economy.

We have confidence in the strengths of the companies in our portfolio to mitigate the effects of Spain's present economic weakness and take advantage of the incipient global recovery. In this regard, mention should be made of the international expansion undertaken by all our investees in recent years, which is certain to continue in the years ahead. Alba has also chosen to increase its international exposure by investing in companies such as Ebro Foods, Mecalux and Pepe Jeans which, though based in Spain, have a significant foreign presence.

Letter from the Chairmen of the Board of Directors

As mentioned on previous occasions, we believe that the current situation may offer attractive opportunities for Alba and its investees, always maintaining a mid- to long-term outlook and exercising 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.

Thus, the Board of Directors Regulations have been amended to take account of the changes arising from the new functions attributed to the Audit Committee by Law 12/2010, amending the Law on Auditing, and other changes arising from the new recommendations on the internal control of financial information and to adapt the terminology of the Regulations to the new Law on Corporations.

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 ordinary dividend of 1.00 euro per share out of 2010 earnings. Accordingly, a final dividend of 0.50 euros per share, complementary to the interim dividend of the same amount paid in October last year, will be paid in the near future. Additionally, in mid-April 2011 the Board of Directors approved an extraordinary dividend of 3.00 euros per share, with the aim of allowing Alba's shareholders to share in the gains obtained on the recent sales of equity interests.

The Board will also recommend to the General Meeting a capital reduction through cancellation of treasury shares.

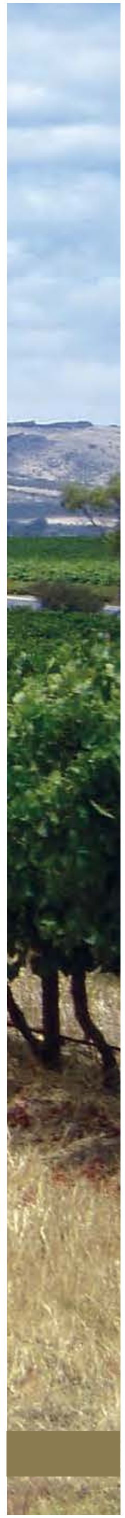
Other resolutions to be laid before the General Meeting concern the election of directors, the amendment of the Articles of Association, the amendment of the General Meeting Regulations, the reappointment of the external auditor and the renewal of the authority to purchase own shares.

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

Key Financial Data

In millions of euros unless otherwise indicated	2010	2009	2008	2007
Share capital at year-end	59.3	60.8	62.4	64.1
Shareholders' equity at year-end (before profit distribution)	2,949	2,788	2,599	2,825
Ordinary shares in issue (thousands), average for the year	59,271	60,293	61,937	63,624
Net profit	419	391	361	525
Dividends	59	60	46	8
Net profit in euros per share (*)	7.08	6.48	5.83	8.26
Dividend in euros per share	1.00	1.00	0.75	0.12

(*) Per share data calculated using the average number of shares outstanding during the year.

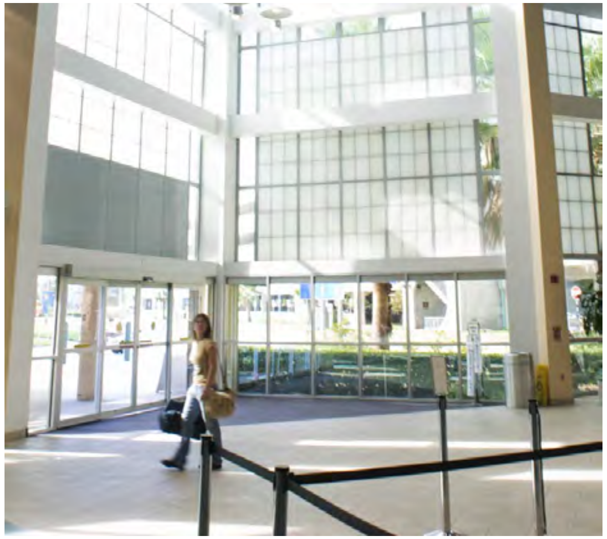
Key Financial Data

Share Price Performance

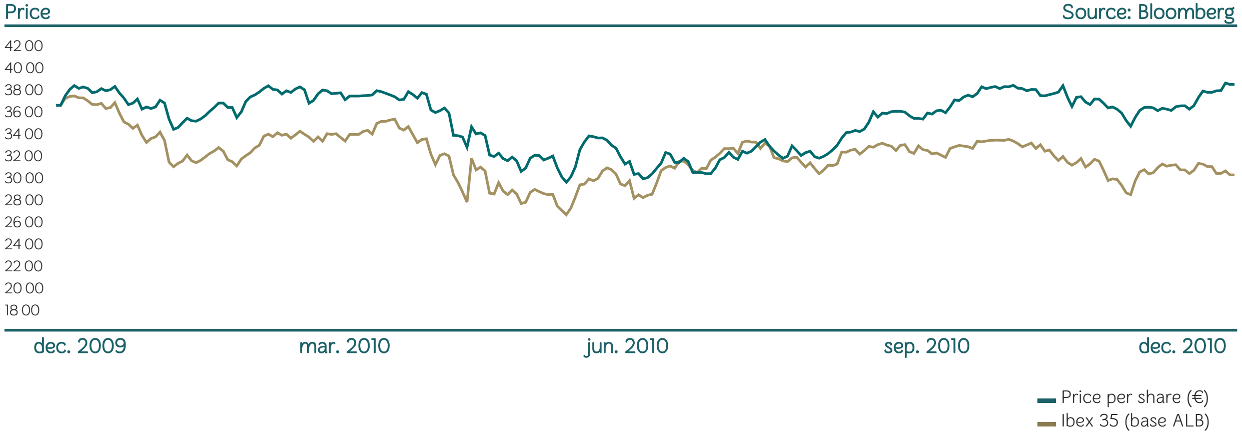
	2010	2009	2008	2007
Closing share price (in euros per share)				
High	38.99	40.50	46.06	60.70
Low	29.28	23.49	20.54	41.25
Close	38.46	36.55	27.25	46.29
Stock market capitalisation at 31/12 (million euros)	2,282	2,221	1,700	2,967
Volume traded				
Number of securities (thousands)	19,365	23,004	33,483	40,245
Millions of euros	675	745	1,182	2,103
Daily average (millions of euros)	2.6	2.9	4.7	8.3
Dividend yield (on closing price for the year)	2.60%	2.74%	2.75%	0.26%
P/E ratio (on closing price for the year)	5.43	5.64	4.67	5.60

Key Financial Data

In 2010 the Alba share price increased by 5.2%, performing substantially better than the Ibex 35, which fell 17.4% over the year.



Alba share price performance in 2010

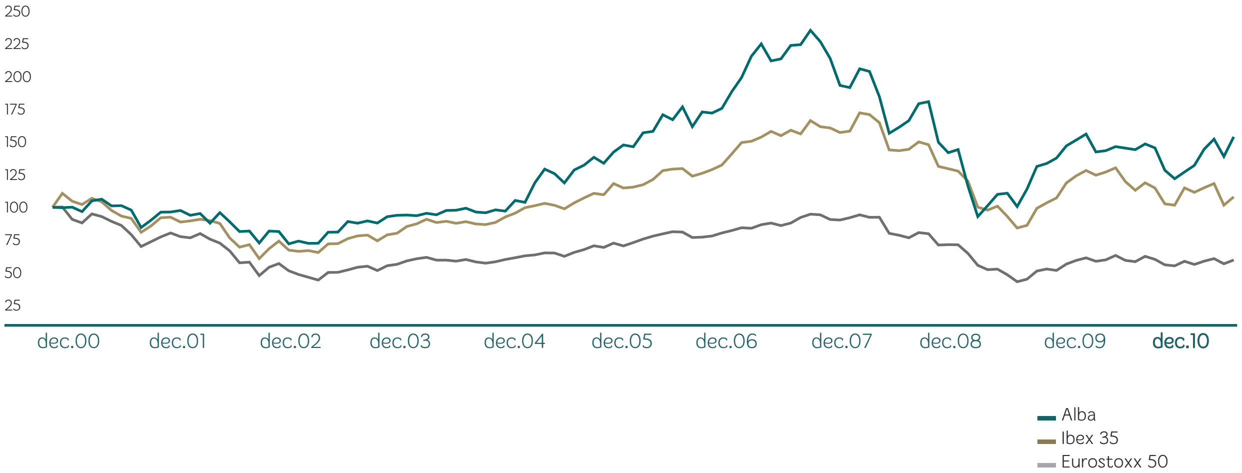


Key Financial Data

Alba's strong share price performance over the last ten years shows the significant value creation achieved by our company in the long term. Since December 2000 the Alba share price has increased by 55.5%, while the Ibex 35 has risen 8.2% and the Eurostoxx 50 has fallen 41.5%. The chart illustrates the depth of the stock market collapse in 2007 and 2008, which practically wiped out previous years' gains, and the significant recovery from the low in March 2009.

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

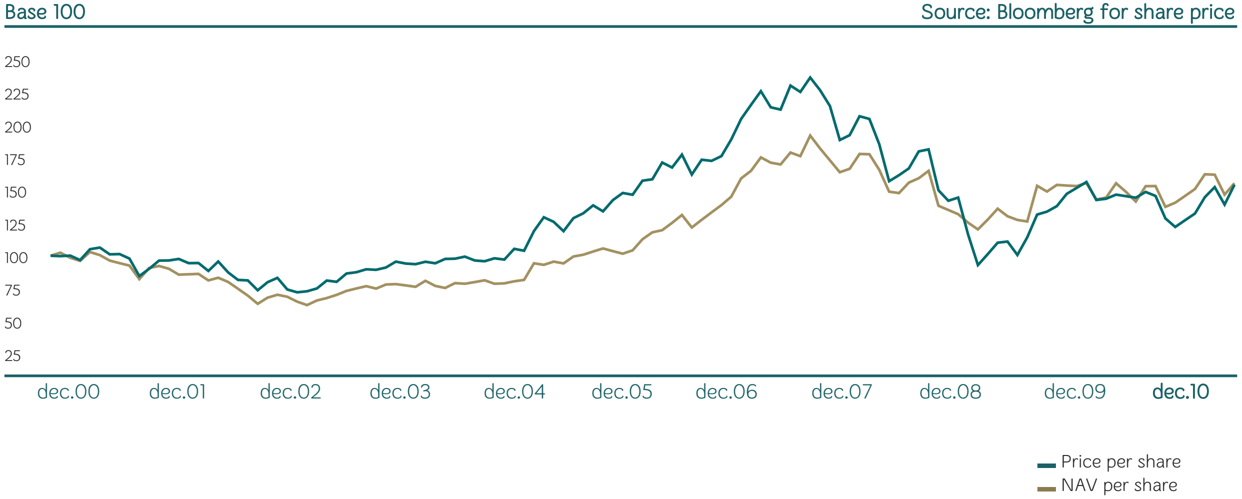
Base 100 Source: Bloomberg



Key Financial Data

Alba's NAV per share increased by 62.4% over the period considered. The growth in NAV per share is attributable to the strong value creation by our investees during the period, the success of the investment and divestment decisions made during the period, and the positive effect for our shareholders of the purchase and subsequent cancellation of own shares. The difference in the behaviour of the share price and the NAV per share over time is due to the change in the discount at which the Alba share trades in the market compared to the value of its assets.

NAV before taxes per share compared to share price



Key Financial Data

Net Asset Value

In millions of euros unless otherwise indicated	2010	2009	2008	2007
Data at 31/12				
Net Asset Value *	4,089	4,030	3,614	4,452
Net Asset Value in euros per share *	69.63	67.18	58.64	71.68
Share price in euros per share	38.46	36.55	27.25	46.29
Discount to Net Asset Value	44.8%	45.6%	53.5%	35.4%

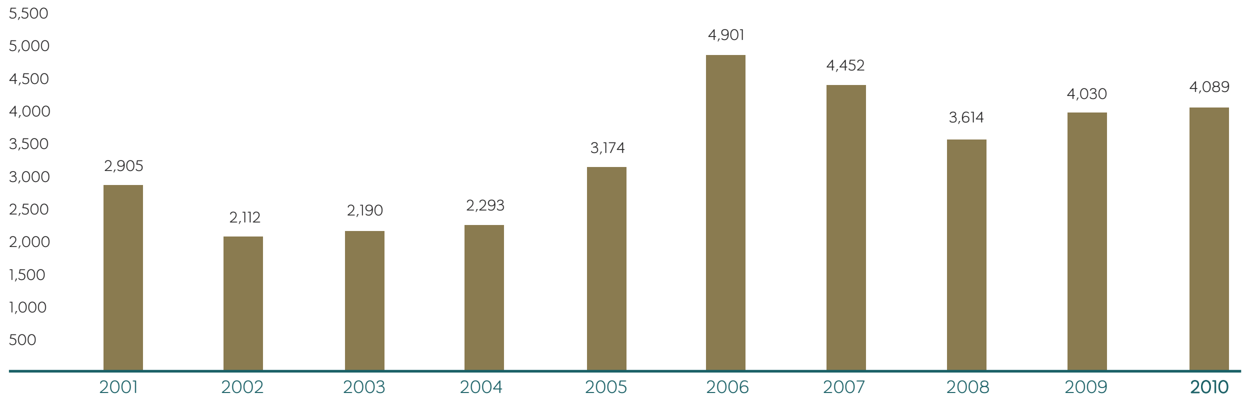
* Before taxes.

Key Financial Data

The changes in total Net Asset Value since 2001 can be seen below.

Net Asset Value before taxes (31/12)

Millions of euros

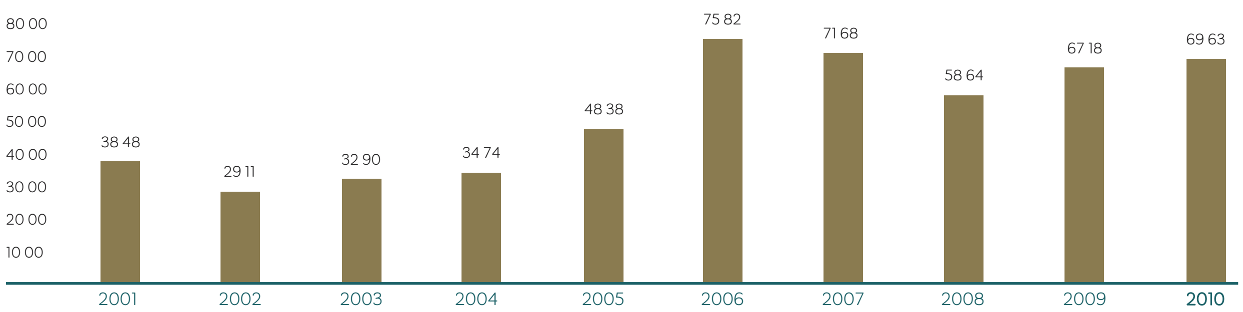


Key Financial Data

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

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

Euros per share

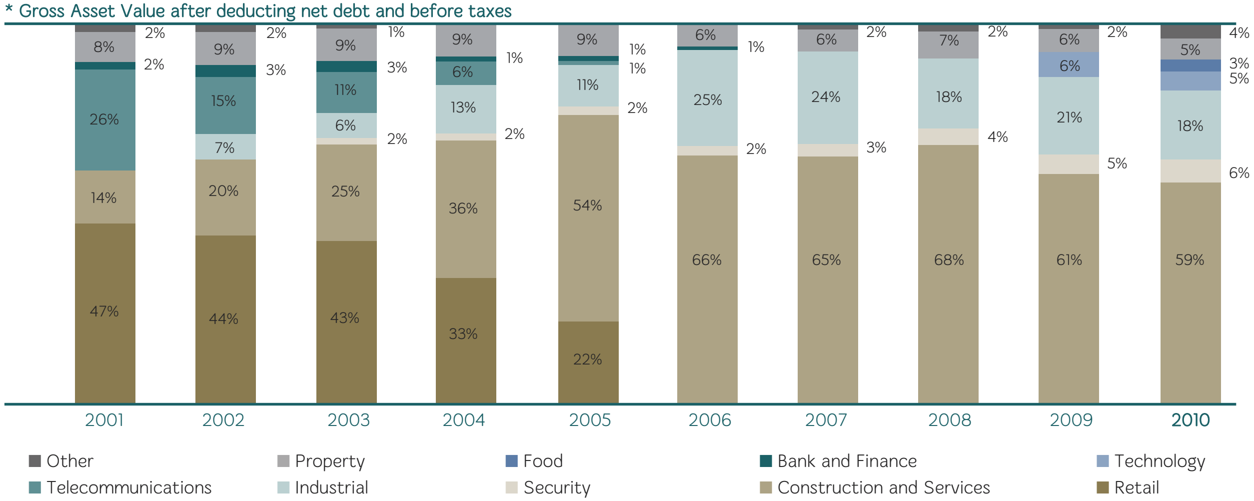


Key Financial Data

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



Key Financial Data

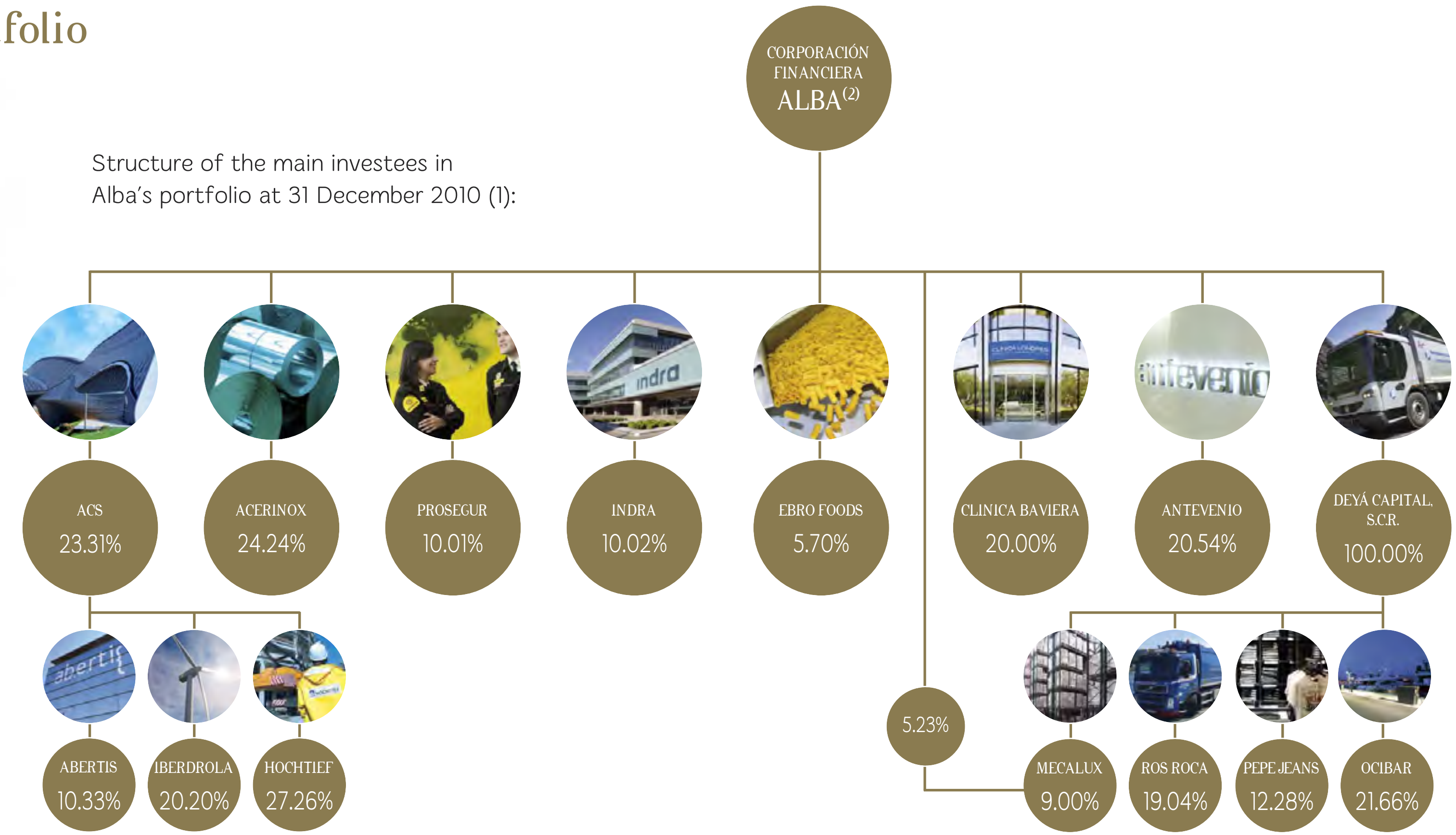
The composition of Alba's portfolio has changed substantially in the last decade as a result of investments and disinvestments made and the investees' varying stock market performance. The Retail (Pryca - Carrefour) and Telecommunications (Airtel - Vodafone) sectors, for example, which together accounted for 73% of Alba's portfolio at the end of 2001, have not been present in the portfolio since 2006, the most important sectors at the end of the last year being Construction and Services (ACS, 59% of the portfolio) and Industrial (Acerinox, 18%). In 2009 and 2010 two new sectors were added to the portfolio, Technology (Indra, 5%) and Food (Ebro Foods, 3%).

In 2010 "Other" includes the investments in Clínica Baviera, the investments made through Deyá Capital (Mecalux, Ros Roca, Pepe Jeans and OCIBAR) and the direct holding in Mecalux.

Key Financial Data

Investment Portfolio

Structure of the main investees in Alba's portfolio at 31 December 2010 (1):



(1) Other investees: Artá Capital S.G.E.C.R., S.A. (62.5%) and Corporación Empresarial de Extremadura, S.A. (0.94%).
(2) Interests held through the companies Alba Participaciones, S.A. and Balboa Participaciones, S.A.U., both fully owned by Corporación Financiera Alba, S.A.

Key Financial Data

Portfolio value at 31 December 2010:

Listed Companies

	Shareholding %	Market value (1) Millions of euros	Market value (1) Euros per share	Main stock exchange on which traded
Acerinox (2)	24.24	793.2	13.13	Madrid
ACS (2)	23.31	2,572.4	35.08	Madrid
Antevenio (2)	20.54	4.5	5.25	Alternext París
Clínica Baviera (2)	20.00	23.5	7.20	Madrid
Ebro Foods (2)	5.70	139.0	15.83	Madrid
Indra (2)	10.02	210.3	12.79	Madrid
Prosegur (2)	10.01	260.2	42.13	Madrid
Total market value		**4,003.0**		
Total book value		2,867.7		
Unrealised capital gains		**1,135.3**		

Unlisted Companies

	Shareholding %	Book value Millions of euros
Mecalux (3)	14.23	79.0
OCIBAR (4)	21.66	7.4
Pepe Jeans (4)	12.28	38.0
Ros Roca (4)	19.04	38.1
Otras		0.4
Total book value		**155.8**

(1) Prices at the closing exchange rate in December.
(2) Investments accounted for using the equity method.
(3) 5.23% direct and 9.00% indirect, through Deyá Capital, S.C.R., a fully-owned subsidiary of Alba.
(4)Through Deyá Capital, S.C.R., a fully-owned subsidiary of Alba.

Key Financial Data

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

Listed Companies

	Shareholding (%)			
	31.12.2010	31.12.2009	Change 2010	31.12.2008
Acerinox	24.24	24.24	-	23.77
ACS	23.31	23.48	(0.17)	24.51
Antevenio	20.54	20.54	-	20.54
Clínica Baviera	20.00	18.15	1.85	16.36
Ebro Foods	5.70	-	5.70	-
Indra	10.02	10.02	-	-
Prosegur	10.01	10.01	-	10.01

Unlisted Companies

Mecalux	14.23	-	14.23	-
OCIBAR	21.66	21.66	-	21.66
Pepe Jeans	12.28	-	12.28	-
Ros Roca	19.04	16.79	2.25	16.79

During 2010 Alba acquired 5.70% of Ebro Foods, 14.23% of Mecalux and 12.28% of Pepe Jeans and increased its shareholding in Clínica Baviera (1.85%) and Ros Roca (2.25%). At the same time, it sold 0.17% of ACS, leaving its shareholding as of the end of the year at 23.31%.

Key Financial Data

Industry Diversification

If the equity investments are combined with the rest of Alba's assets, all valued at market prices, the distribution of the Company's investments by industry, based on year-end portfolio composition and share prices (in %), is as follows:

	Percent of total Gross Asset Value			
	2010	2009	2008	2007
Construction and Services	59	61	68	65
Industrial	18	21	18	21
Security	6	5	4	3
Property	5	6	7	6
Technology	5	6	-	-
Food	3	-	-	-
Other	4	2	3	5
	100	100	100	100
(In millions of euros)				
Gross Asset Value	4,398	4,248	3,727	4,866
Net Asset Value before taxes	4,089	4,030	3,614	4,452

The relative weight of the Construction and Services, Industrial, Property and Technology sectors declined over the last year as a result of the worse relative performance of the share prices of ACS, Acerinox and Indra, the lower valuation of property assets, and the new investments in other sectors such as Food (Ebro Foods) and Other (Mecalux and Pepe Jeans), which dilute the rest. The increase in the relative weight of the Security sector is due to the strong performance of the Prosegur share price in 2010, well above that of the other investees.

Key Financial Data

The 59% of investment in the Construction and Services sector includes the investment in ACS. In practice, however, given the highly diversified nature of ACS's activities, the concentration in this sector is not as high as this figure might suggest. To analyse the diversification of Alba's portfolio in more detail, the 59% invested in Construction would have to be subdivided among the various sectors 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 consolidated net profit in 2010: ■

Industrial Services	23%
Construction	11%
Environment	7%
Concessions	4%
Listed investees and others	14%
	59%

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.

Review of Consolidated Financial Performance

Balance Sheet

The changes in Alba's key balance sheet items during 2010 are detailed below:

Investment property, consisting of leased properties, stands at 221.9 million euros, down from 229.2 million in 2009. The decrease is due mainly to a 8.4 million euro charge against the value of the properties based on appraisals carried out by independent experts, which is recognised in the income statement under **Change in the fair value of investment property**.

Property, plant and equipment has gone from 12.9 to 12.0 million euros due to the depreciation charge for the year.

Investments in associates are up 144.0 million euros. This increase is due mainly to the acquisition of the interest in Ebro Foods for 124.6 million euros and the good results of the investees, offsetting the decrease in Alba's interest in ACS during the year.

Non-current available-for-sale financial assets are up 116.9 million euros, due to the acquisition of 14.23% of Mecalux for 79.0 million euros and 12.28% of Pepe Jeans for 37.9 million euros.

Other investments is up 54.3 million euros, mainly as a result of the capitalization of tax losses from previous years, based on their estimated recoverability.

Financial assets held for trading total 25.4 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 are down from 361.9 to 278.9 million euros. This total includes 203.4 million euros of cash and cash equivalents and 75.6 million euros of receivables, consisting mainly of dividends approved but not yet paid.

Review of Consolidated Financial Performance

Share capital stands at 59.3 million euros, down 1.5 million euros compared to the previous year. The decrease is due to the cancellation of 1,430,000 shares, as approved by the shareholders at the General Meeting held on 26 May 2010.

Reserves are up from 2,397.0 to 2,520.1 million euros, mainly due to the distribution of prior year profit, partly offset by changes in the reserves of investees, basically as a result of purchases of own shares, valuation adjustments to financial instruments and translation differences. The rest relates to dividends and capital reduction.

Treasury shares includes the cost of own shares held at 31 December 2010, amounting to 20.8 million euros and representing 1.01% of the Company's share capital (600,908 shares).

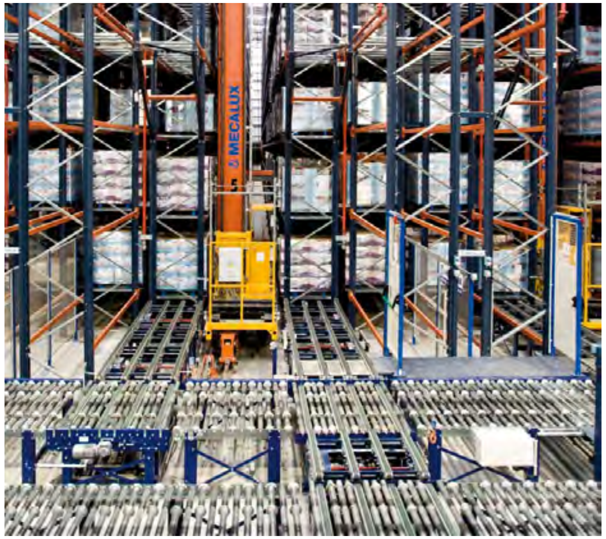
Profit for the year is 419.4 million euros.

For all the reasons just given, **Shareholders' equity** at year-end is 2,949.3 million euros, up 5.8% on the previous year.

At year-end **Provisions** stands at 4.4 million euros. This includes provisions recorded to cover probable or known expenses, losses or liabilities arising from litigation in progress relating to the Company's business.

Long-term payables relate to bank borrowings with a term of more than one year and, to a lesser extent, guarantees received for leases.

Short-term payables, which includes both bank loans and other payables, has increased from 318.9 million euros to 621.6 million euros as a result of the reclassification to short term of a loan maturing in June 2011 in the amount of 250 million euros and the increase in bank borrowing due to the investments made during the year.



Review of Consolidated Financial Performance

Consolidated Balance Sheets before Profit Distribution

Assets

In millions of euros	31.12.2010	31.12.2009	31.12.2008
Investment property	221.9	229.2	249.8
Property, plant and equipment	12.0	12.9	11.0
Tangible fixed assets, net	233.9	242.1	260.8
Investments in associates	2,867.7	2,723.7	2,394.7
Non-current available-for-sale financial assets	155.8	38.9	55.6
Other financial investments	136.1	81.8	136.7
Total financial investments	3,159.6	2,844.4	2,587.0
Total fixed assets	3,393.5	3,086.5	2,847.8
Financial assets held for trading	25.4	22.5	6.0
Other current assets	278.9	361.9	280.3
Total assets	3,697.8	3,470.9	3,134.1

Review of Consolidated Financial Performance

Equity and Liabilities

In millions of euros	31.12.2010	31.12.2009	31.12.2008
Share capital	59.3	60.8	62.4
Reserves	2,520.1	2,397.0	2,225.9
Treasury shares	(20.8)	(31.4)	(28.4)
Interim dividend paid	(29.4)	(30.1)	(23.1)
Profit for the year	419.4	390.6	361.4
Minority interests	0.7	0.7	0.7
Shareholders' equity	2,949.3	2,787.6	2,598.9
Provisions	4.4	6.8	11.4
Other non-current liabilities	45.6	30.7	-
Long-term payables	76.9	326.9	252.0
Financial debt	612.3	313.0	251.6
Other short-term debt	9.3	5.9	20.2
Short-term payables	621.6	318.9	271.8
Total equity and liabilities	3,697.8	3,470.9	3,134.1

Review of Consolidated Financial Performance

Income Statement

In 2010 Alba obtained Net profit of 419.4 million euros, up 7.4% from 390.6 million euros the previous year. Earnings per share is up from 6.48 euros to 7.08 euros, an increase of 9.3% over the year.

Income from Share of profit of associates is down 15.5% at 375.1 million euros due to the lower level of extraordinary income obtained by ACS during the year. Whereas in 2009 the sale by ACS of its stake in Unión Fenosa brought Alba a profit of 235.2 million euros, the profit attributable to Alba from the extraordinary income of ACS in 2010, mainly from the partial sale by ACS of its interest in Abertis, was reduced to 82.4 million euros. If extraordinary income were excluded, the Share of profit of associates would have been up 40.1% as a result of the improvement in the ordinary results of the investees, especially Acerinox, and the inclusion in the scope of consolidation of the interest in Indra in July 2009 and the interest in Ebro Foods in the second half of 2010.

Lease income from investment property was 15.7 million euros, down 3.7% on the previous year. The occupancy rate at 31 December 2010 was 90.0%.

According to appraisals by independent experts, the value of Alba's investment property decreased by 8.4 million euros during 2010. 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 3.2% at the reporting date compared to the end of the previous year. At 31 December 2010 the fair value of investment property was 221.9 million euros.

The increase in Finance income, from 20.8 to 34.2 million euros, is due mainly to the income obtained during the year from liquid assets, the fees received in the refinancing of the debt of the Bergé Group and the stock lending agreements with ACS, which were to be used, if needed, as part of the consideration offered by ACS in its Exchange Offer for all the shares of Hochtief AG.

Profit/(loss) on assets shows a profit of 6.3 million euros, compared to a loss of 29.2 million euros the previous year, which included an impairment charge.

Operating expenses increased 0.6 million over the year, to 17.1 million euros. These expenses represent 0.42% of NAV before taxes at 31 December 2010.

The increase in Finance costs, from 20.9 to 23.4 million euros, is due mainly to higher average bank borrowing during the year.

The income of 39.6 million euros from corporate income tax in 2010 comes mainly from the capitalization of prior year tax losses, based on their recoverability. ■

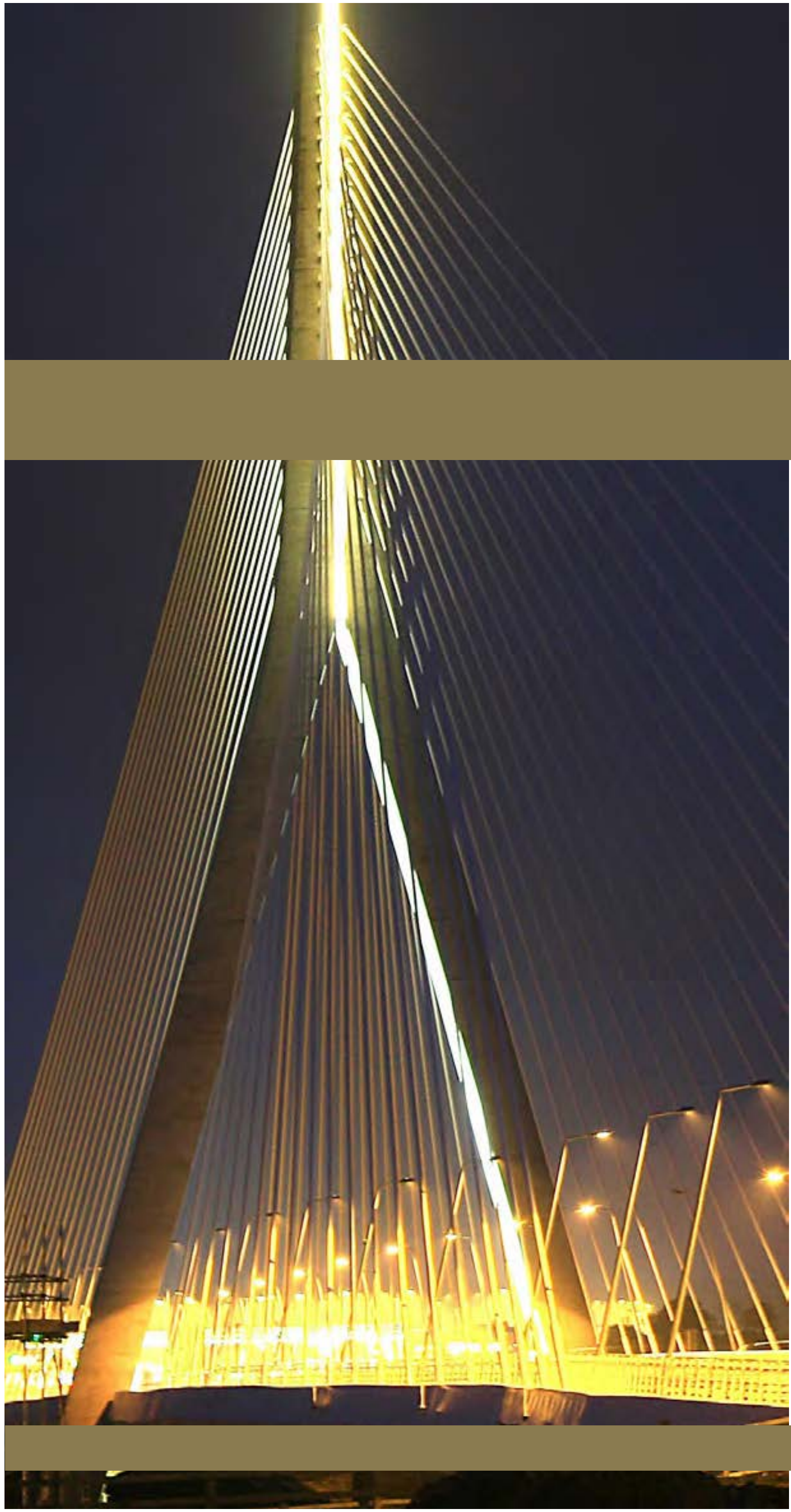
Review of Consolidated Financial Performance

Consolidated Income Statements [1]

In millions of euros	2010	2009	2008
Share of profit/(loss) of associates	375.1	444.1	427.4
Lease income and other items	15.7	16.3	16.6
Change in the fair value of investment property	(8.4)	(18.4)	(26.4)
Finance income	34.2	20.8	5.2
Profit/(loss) on assets	6.3	(29.2)	(32.9)
Sum	422.9	433.6	389.9
Operating expenses	(17.1)	(16.9)	(16.9)
Financial costs	(23.4)	(20.9)	(20.3)
Amortisation and depreciation	(1.0)	(1.0)	(1.0)
Provisions for liabilities and charges	-	0.4	10.2
Corporate income tax	39.6	(2.8)	0.4
Minority interests	(1.6)	(1.8)	(2.5)
Sum	(3.5)	(43.0)	(30.1)
Profit/(loss) from discontinued operations	-	-	1.6
Net profit	419.4	390.6	361.4
Net earnings per share (euros)	7.08	6.48	5.83

(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



Equity Investments
Listed

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

Key financial data

In millions of euros unless otherwise indicated	2010	2009	2008
Sales	15,380	15,387	15,276
EBITDA	1,505	1,429	1,383
EBIT	1,099	1,074	1,043
Net profit	1,313	1,946	1,805
Net earnings per share (euros)	4.38	6.26	5.43
Dividend per share (euros)	2.05	2.05	2.05
Total assets	34,185	31,361	51,398
Net financial debt	8,003	9,271	9,356
Net recourse debt	957	302	2,934
Non-recourse financing	7,046	8,969	6,422
Shareholders' equity	4,178	4,220	3,402
Debt / Equity (%)	180.2	207.9	94.4

Note: The data for 2009 and 2010 are presented on a comparable basis, applying IAS 31 and IFRIC 12.

Equity Investments
Listed

ACS

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

Construction. This business area encompasses civil engineering and residential and non-residential construction. ACS is one of Europe's largest construction companies by sales and profitability, with particular strength in civil engineering. In civil engineering ACS's Construction business area participates in the design, tender, financing and execution of concessions.

Industrial Services. 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:

- **Facilities and Industrial Maintenance,** which includes Networks, Specialized Facilities and Control Systems.
- **Integrated Projects and Renewables,** which includes turnkey projects and the investments made in wind and solar thermal power and in concession-based transmission line projects in Latin America.

Environment. This business area encompasses two different business lines, both of which operate under concessions or long-term contracts:

- **Environment,** specialising in the management and treatment of urban and industrial waste and water management.
- **Integral Services** comprises 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, among others, Spain, the United States, Chile, Greece, Ireland, Portugal and the United Kingdom; 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.

Equity Investments
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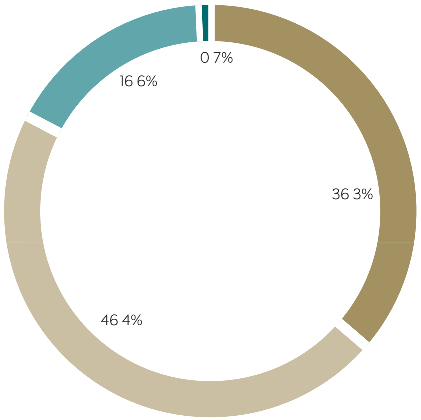
ACS

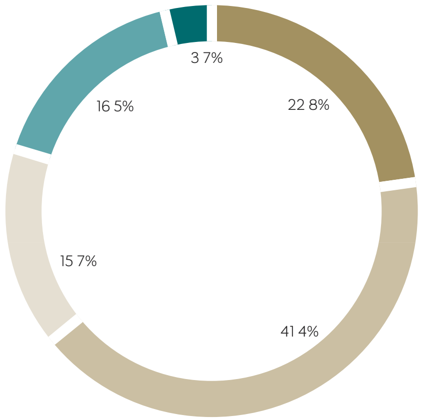
Breakdown of sales by business segment



Total 2010: 15,380 M€

- Construction 36 3%
- Industrial Services and Energy 46 4%
- Environment 16 6%
- Concessions 0 7%

Breakdown of ordinary net profit by business segment



Total 2010: 966 M€

- Construction 22 8%
- Industrial Services 41 4%
- Environment 15 7%
- Equity 16 5%
- Others 3 7%

Note: 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 of Abertis, Hochtief and Iberdrola to net profit after deducting the associated finance charge. "Other" includes the results of the concessions that form part of Iridium and the results of available-for-sale activities.

In September 2010, ACS announced its intention to launch a non-obligatory tender offer for all the shares of Hochtief AG through delivery of shares of ACS. The exchange ratio eventually offered was 9 shares of ACS for every 5 shares of Hochtief. The acceptance period for the offer ended on 1 February 2011. Offer acceptances were settled through delivery of shares of ACS held in treasury representing 1.6% of the company's share capital.

At 31 December 2010 the interest of ACS in Hochtief was 27.26%, increasing to 33.49% once the tender offer was settled at the beginning of February 2011. ACS has stated its intention to increase its interest in Hochtief AG to 50.1% of the company's share capital, its shareholding at mid-April 2011 being 42.60%.

Equity Investments
Listed

ACS

Review of the company's operations during 2010

Despite the economic crisis, ACS's various divisions turned in an excellent operating performance. Thanks to the industry and geographical diversification strategy pursued in recent years, the ACS group has been able to compensate for the weakness of Spanish residential and civil construction with a greater contribution from businesses outside Spain (31.8% of 2010 sales and 42.4% of the total backlog at year-end) and non-construction activities (63.7% of sales and 77.2% of ordinary net profit for 2010).

Group sales reached 15,380 million euros, practically identical to the previous year's figure, while net ordinary profit from continuing activities rose 10.3% to 923 million euros. Total net profit in 2010 was 1,313 million euros, down 32.6% on 2009 due to reduced extraordinary profit.

Key performance indicators by business segment

In millions of euros	2010	2009	Var. 10/09
Construction			
Turnover	5,593	6,078	-8.0%
Net profit	220	241	-8.7%
Order backlog	11,088	11,340	-2.2%
Industrial Services			
Turnover	7,158	6,850	+4.5%
Net profit	400	347	+15.2%
Order backlog	6,846	6,518	+5.0%
Environment			
Turnover	2,562	2,470	+3.7%
Net profit	152	146	+4.1%
Order backlog	10,844	10,723	+1.1%
Number of employees (average workforce)	141,429	136,622	+3.5%

Equity Investments
Listed

ACS

Construction posted sales of 5,593 million euros, a decrease of 8.0% compared to 2009. Of this total, 4,197 million (75.0%) was from civil engineering projects, 1,050 million (18.8%) from non-residential construction projects and 346 (6.2%) from residential construction projects. These sales include 1,867 million euros of international sales, accounting for 33.4% of the total, up 34.6% compared to 2009, and partly offsetting the fall in sales from activities in Spain. The net profit of the Construction division in 2010 was 220 million euros, down 8.7% compared to the previous year. The order backlog amounts to 11.088 million euros at the end of the year, down 2.2% on the previous year, most notable being the 27.1% growth in the international civil engineering backlog, which accounts for 48.5% of the total portfolio at the end of 2010.

Albeit at a slower rate, **Industrial Services** continued to grow as in previous years. Turnover was 7,158 million euros, 4.5% higher than in 2009, while net profit was 400 million, up 15.2%. The sales of Industrial Installations and Comprehensive Maintenance (58.3% of the total) were down 2.3% compared to 2009, while the sales of Integrated Projects (37.4% of the total) were up 12.0% and those of Renewable Energies (Generation, 4.3% of the total) were up 61.2% due to the start-up of new projects. Around 37.4% of 2010 sales were international. The order backlog grew 5.0% in 2010 to 6,846 million euros, of which 3,391 million (49.5% of the total) related to international projects.

Environment achieved sales of 2,562 million euros in 2010, 11.5% from outside Spain, representing an increase of 3.7% compared to the previous year. Net profit increased 4.1% over the year to reach 152 million euros. 2010 sales break down as follows: Environmental Services, 58.8% of the total; Integral Services, the remaining 41.2%. The order backlog grew 1.1% in 2010 to 10,844 million euros, of which 31.7 million related to international markets.

The **Concessions** area posted sales of 110 million euros and losses of 22 million euros. These figures include the results of concessions in operation and, in 2010, the gain on the sale of the Platinum Corridor toll road in South Africa. 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.

At the end of 2010, ACS had a portfolio of 48 infrastructure concession projects, 28 of them toll roads, with a total managed investment of more than 20,600 million euros, of which ACS has commitments totalling 1,697 million, 58.3% already paid at the end of 2010. Notable projects in development include the Interstate 595 in Florida, US, and the Eje Diagonal motorway and Línea 9 metro line, both in Barcelona.

Equity Investments
Listed

ACS

Among the **listed investees**, the gross contribution of Abertis to ACS's 2010 result was 119 million euros using the equity method, 9.7% less than the previous year due to the decrease in ownership interest during the year. The contribution of the investment in Iberdrola was 249 million euros, up 19.9% on 2009, via accrued dividends accounted for as finance income. Hochtief contributed gross profit of 72 million euros using the equity method, up 40.7% on the previous year. The net finance costs associated with these investments in the year were 281 million euros.

Order intake increased over the year, so that the ACS group order book ended the year at 28,778 million euros, up 0.7% on the previous year, despite the difficult economic conditions.

As shown in the following table, in 2010 ACS made investments totalling 5,112 million euros and asset sales of 2,788 million euros.

Investments in 2010

In millions of euros	Gross investment	Disposals	Net investment
Construction	106	(26)	80
Industrial Services	1,389	(284)	1,105
Environment	116	(143)	(27)
Concessions	729	(63)	666
Corporation	2,773	(2,273)	500
Total	5,112	**(2,788)**	**2,324**

Equity Investments
Listed

ACS

Industrial Services stands out in 2010, with investments of 1,389 million euros, including 603 million euros in solar thermal plants, 262 million in wind farms, 314 million in transmission lines and 96 million in the Castor project (natural gas storage).

A total of 729 million euros has been invested in concession projects, including 226 million in the Eje Diagonal motorway in Barcelona, 181 million in the Interstate 595 in Florida, US, and 92 million in the Autopista del Pirineo motorway. The disinvestments relate to the proceeds of the sale of the stake in the Platinum Corridor toll road in South Africa.

In Environment, 116 million euros were invested in waste treatment facility maintenance and equipment renewal. The divestment relates mainly to the sale of the Port and Logistic Services area.

In addition, ACS made investments at corporate level in the amount of 2,773 million euros, relating mainly to the acquisition of an additional 8.71% of the share capital of Iberdrola. The 2,273 million euros of disinvestments come from the sale of 15.50% of Abertis.

On the other hand, it is important to note that ACS allocated 951 million euros to shareholder remuneration in 2010, including dividend payouts and own share purchases.

As a result of these investments and divestments, ACS's net debt at the end of 2010 stood at 8,003 million euros, 7,046 of which was financing without recourse to the shareholders. Around 87.6% of the debt raised without recourse to shareholders is linked to the acquisition of shares in Hochtief and Iberdrola.

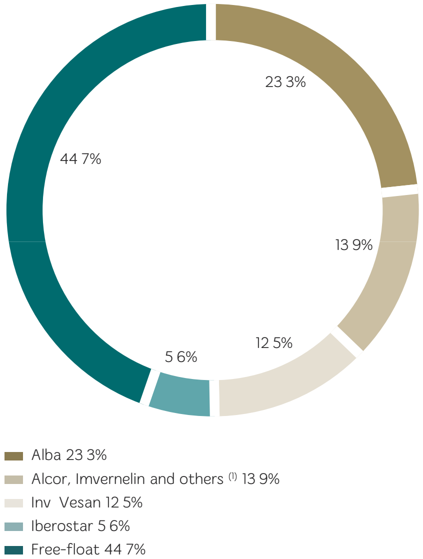
Equity Investments
Listed

ACS

Shareholder structure

In 2010 Alba reduced its interest in ACS through the sale of 0.17% of the capital for 18 million euros. Alba remains the leading shareholder of ACS, with an interest of 23.31% at 31 December 2010, reduced to 18.31% in February 2011, and has four representatives on the company's Board of Directors, Pablo Vallbona Vadell (Vice-Chairman), Juan March de la Lastra, Santos Martínez-Conde Gutiérrez-Barquín and Francisco Verdú Pons.

ACS shareholder structure at 31/12/2010



Source: CNMV and 2010 Corporate Governance Report
Note (1): Groups together the investment vehicles 50% owned by Alberto Alcocer and Alberto Cortina.

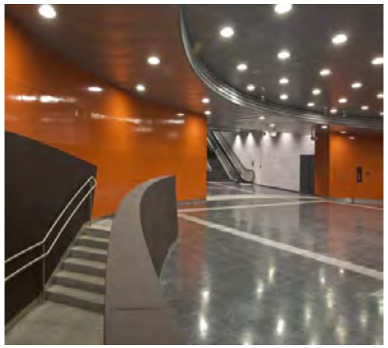
Equity Investments
Listed

ACS

ACS share price performance

During 2010 the ACS share price fell 0.8% to 35.08 euros per share, compared to the fall of 17.4% in the Ibex 35.

ACS share price performance since 31 December 2009



Equity Investments
Listed

ACS

Historical stock market data

	2010	2009	2008
Share price in euros per share (closing prices)			
High	38.80	38.75	40.64
Low	28.59	27.67	25.80
Close	35.08	34.81	32.65
Stock market capitalisation at 31/12 (million euros)	11,037	10,953	10,950
Dividend yield (on closing price for the year)	5.84%	5.89%	6.28%
P/E ratio (on closing price for the year)	8.0 x	5.5 x	6.0 x

Equity Investments
Listed

ACS

Through its shareholding in ACS, Alba has an indirect interest in three listed companies: Abertis, Hochtief and Iberdrola. The year-end market value of ACS's investments in these companies is 8,750 million euros.

Historical stock market data

In millions of euros	Abertis	Hochtief	Iberdrola
Activity	Infrastructure concessions	Construction	Utilities
Market capitalisation (31/12)	9,944	4,893	31,631
ACS shareholding (31/12)	10.33%	27.26%	20.20%
Market value of ACS shareholding (31/12)	1,027	1,333	6,389
Sales 2010	4,106	20,159	30,431
EBITDA 2010	2,494	1,394	7,528
Net profit 2010	662	288	2,871

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

www.grupoacs.com

Equity Investments
Listed

ACS

Abertis

Abertis is the European leader in transport and telecommunications infrastructure management. At 31 December 2010 it operated 3,744 kilometres of motorway 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 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 58.3 million passengers in 2010. Through its subsidiary SABA it manages 128,149 parking places in six countries, principally Spain, Italy and Portugal.

Consolidated revenue from the toll road business reached 3,078 million euros, up 5.9%, affected by changes in the scope of consolidation in 2010. On a comparable basis, revenues grew 3.0% due to the toll review and application of the AP-7 and C-32 agreements, which compensate for the significant drop in traffic in Spain. The telecommunications division reported revenue growth of 1.9% to 552 million euros, due to the increase in the coverage of DTT and related services and the increase in satellite capacity with the launch of the Amazonas II satellite. Passenger numbers in the airports managed by Abertis increased by 3.0%, while revenue increased 5.5% to 277 million euros. Sales revenue in the car parks business grew 2.8% to 154 million euros, with a slight decrease in the number of parking places managed.

In 2010 Abertis reported net profit of 662 million euros on revenue of 4,106 million.

Equity Investments
Listed

ACS

At 31 December 2010, ACS had a 10.3% interest in Abertis. ACS is represented on Abertis's Board of Directors by Pablo Vallbona Vadell, Alba's First Vice-Chairman. ■

Key financials

In millions of euros	2010	2009	2008
Shareholders' equity	5,453	5,334	4,779
Turnover	4,106	3,904	3,679
EBITDA	2,494	2,356	2,256
Net profit	662	624	618
Stock market capitalisation (at 31-12)	9,944	11,064	8,446

www.abertis.com

Equity Investments Listed

ACS

Iberdrola

Iberdrola is Spain's largest electricity company, with total installed capacity of 25,590 MW and 9.9 million electricity and gas connection points under management. If international activities are included (US, Latin America and UK), total installed capacity increases to 44,991 MW 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.

Iberdrola's 2010 results reflect a difficult economic and industry environment, characterised by weak electricity demand, relatively low energy prices and upward trending interest rates.

More specifically, in 2010 Iberdrola concentrated on optimising its operations, with strict control of operational investments and with disinvestments in non-core businesses. Thus, Iberdrola obtained nearly 2,000 million euros from the disinvestments carried out during the year, notably the sale of three gas distribution subsidiaries in the United States and of the businesses in Guatemala and the reduction of its interest in EDP.

By business area, growth in installed capacity was highest in Iberdrola Renewables, while practically all the businesses, particularly Latin America, the US and Spain, posted increases in earnings.

The energy business in Spain, which includes the electricity generation, distribution and marketing activities and the gas business, experienced strong growth in revenue and results due to the recovery in electricity demand and considerably higher hydroelectric production in the liberalized businesses, higher regulated remuneration, and a decline in net operating costs in the regulated businesses.

The revenue of Iberdrola Renewables was driven by increases in the installed capacity and output of the wind farms, but its results were burdened by the major decline in gross operating income from its gas businesses in the United States and the increase in operating expenses, which rose in line with the capacity increases. In early March 2011, Iberdrola announced its intention to absorb Iberdrola Renewables through payment of an extraordinary dividend and delivery of Iberdrola shares.

ScottishPower reported a 12.8% drop in EBIT, mainly due to reduced volume and reduced gross operating income in the deregulated retail business.

Equity Investments
Listed

ACS

Iberdrola USA substantially increased its contribution to group income, practically doubling its EBIT compared to 2009, thanks to continued reductions in staff costs and outside services, within a stable tariff framework, which has improved since the end of 2010.

Earnings growth in Latin America was significant, due to the increase in energy distributed in Brazil, the appreciation of the Brazilian real against the euro, and the good availability of the plants in Mexico, and despite the deconsolidation of the assets in Chile that have been sold. As part of its strategic focus on growth markets in Latin America, in January 2011 Iberdrola acquired the Brazilian company Elektro for 2,400 million dollars. Elektro is one of Brazil's main distributors, with more than two million customers, and the acquisition significantly reinforces Iberdrola's presence in the Brazilian market.

Income from non-energy businesses fell significantly, due to the reduced activity of the property businesses in Spain and the major slowdown in Engineering and Construction.

Key financials

In millions of euros	2010	2009	2008
Shareholders' equity	31,663	25,892	25,708
Turnover	30,431	24,559	25,196
EBITDA	7,528	6,815	6,412
Net profit	2,871	2,824	2,861
Stock market capitalisation (at 31-12)	31,631	35,033	32,715

In 2010 Iberdrola reported net profit of 2,871 million euros on revenues of 30,431 million.

At 31 December 2010 ACS had a total shareholding of 20.2% in Iberdrola, in shares and derivatives, and was the company's largest shareholder. This interest was reduced to 19.0% in March 2011 as a result of the capital increase by Iberdrola to give Qatar Holdings a stake in the company. ■

www.iberdrola.es

Equity Investments
Listed

ACS

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, ports, marine terminals, 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 92 million passengers in 2010.

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

Equity Investments
Listed

ACS

The **Services** division is focused on the provision of integrated plant and facility management and maintenance services, including energy management and saving services for buildings and facilities.

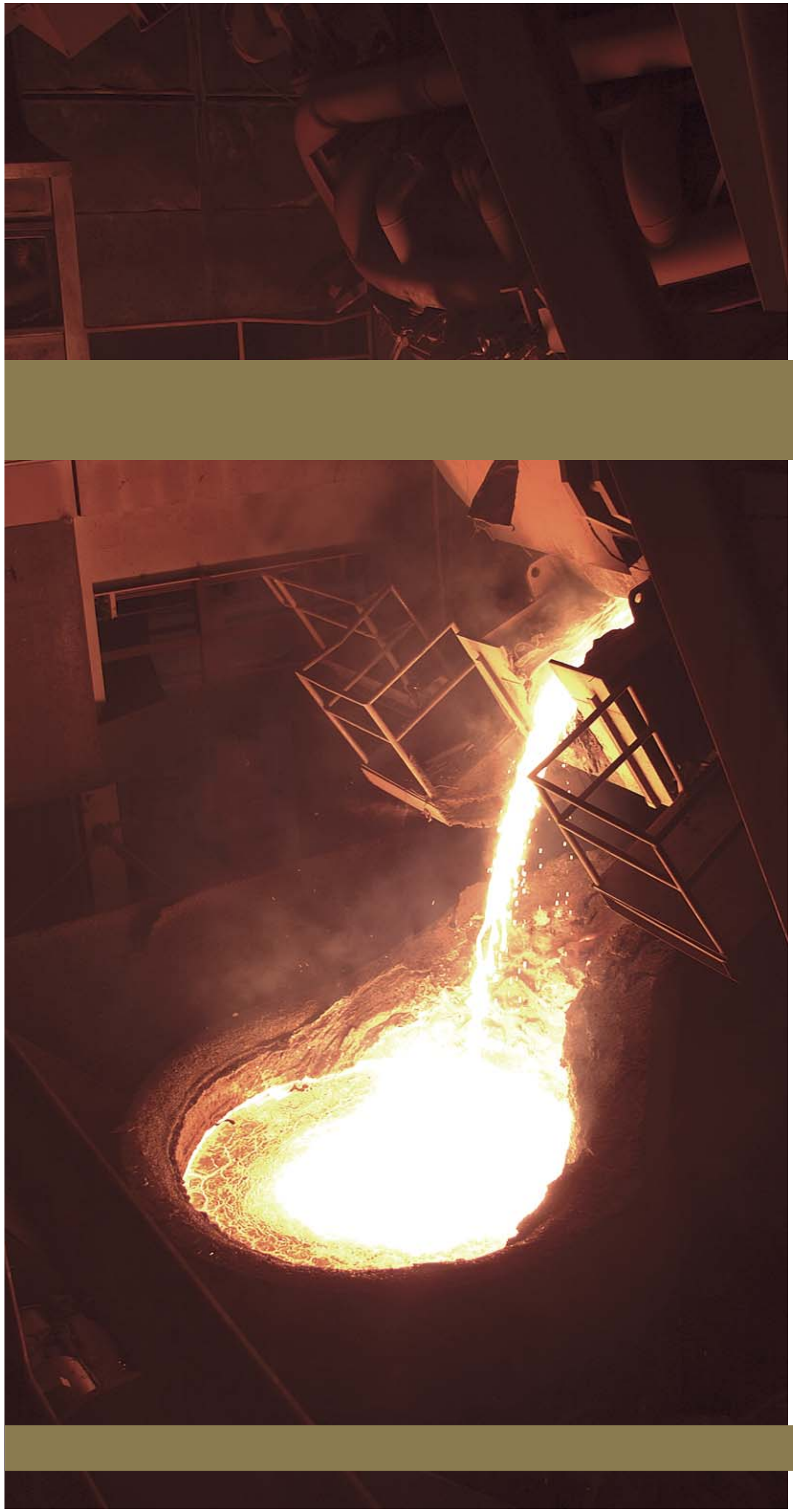
The divisions' contributions to the Hochtief group's consolidated sales were as follows: Asia Pacific 51.5%, Americas 31.9%, Europe 11.8%, Services 3.3%, Real Estate 1.0%, and Concessions the remaining 0.5% (although Concessions accounted for 10.5% of group profit before taxes). At the level of pre-tax profit, Asia Pacific, Americas and Concessions contributed the largest share of the profit.

At 31 December 2010 ACS's interest in Hochtief was 27.3%. As mentioned earlier, ACS's interest in Hochtief was 42.6% at mid-April 2011, following completion of the non-obligatory public tender offer made by ACS and subsequent market purchases of shares. ■

Key financials

In millions of euros	2010	2009	2008
Shareholders' equity	4,264	3,264	2,791
Turnover	20,159	18,166	18,703
EBITDA	1,394	1,027	680
Net profit	288	192	157
Stock market capitalisation (at 31-12)	4,893	3,749	2,502

www.hochtief.com



Equity Investments
Listed

ACERINOX

Company description

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

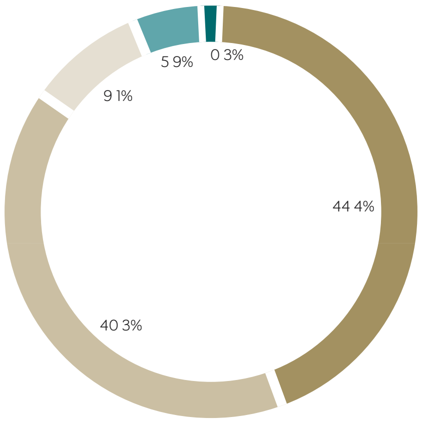
The company has three flat product plants (in Spain, the United States and South Africa); three long product plants (Roldán and Inoxfil in Spain and NAS Long Products in the United States); and an extensive sales network, with warehouses and service centres in more than 25 countries.

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.

Equity Investments
Listed

ACERINOX

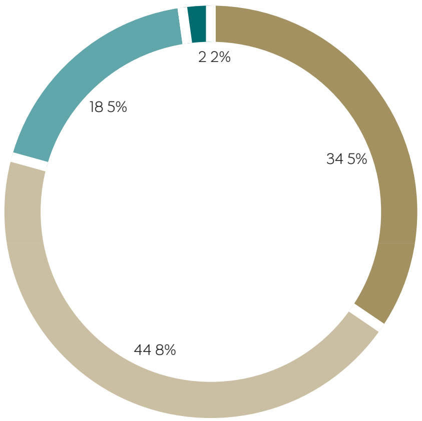
Breakdown of sales by region



Total 2010: 4,500 M€

- America 44 4%
- Europe 40 3%
- Asia 9 1%
- Africa 5 9%
- Oceania 0 3%

Breakdown of sales by company



Total 2010: 4,500 M€

- Acerinox 34 5%
- NAS 44 8%
- Columbus 18 5%
- Others 2 2%

Equity Investments
Listed

ACERINOX

Key operating data

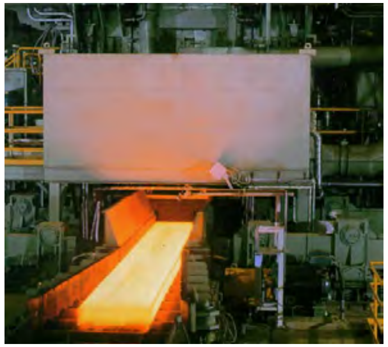
	2010	2009	2008
Annual output in thousands of tonnes			
Raw steel	2,060	1,806	2,044
Hot-rolled products	1,783	1,628	1,796
Cold-rolled products	1,291	1,071	1,305
Long products	210	141	202
Number of employees	7,386	7,328	7,510

Equity Investments
Listed

ACERINOX

Key financial data

In millions of euros unless otherwise indicated	2010	2009	2008
Sales	4,500	2,993	5,051
EBITDA	390	(165)	300
EBIT	232	(319)	48
Net profit	123	(229)	(10)
Net earnings per share (euros)	0.49	(0.92)	(0.04)
Dividend and share premium per share (euros)	0.45	0.45	0.45
Total assets	4,240	3,618	3,727
Net financial debt	1,084	1,075	939
Shareholders' equity	1,924	1,753	2,021
Debt / Equity (%)	56.3	61.3	46.5



Equity Investments
Listed

ACERINOX

Review of the company's operations during 2010

Although the economic environment remains complicated, the recovery in the stainless steel industry was confirmed in 2010. Acerinox is therefore optimistic with regard to the first few months of 2011.

After three consecutive years of cutbacks, world stainless steel production rose 24.5% in 2010, well above the growth in production of any other important metal. The 2010 recovery brings annual output back to its historical trend, with compound growth of 5.9% per year over the last 60 years.

Among the various markets, the strong growth of production in Asia, especially China, stands out. Chinese production increased 27.8% in the year and already represents 37.0% of world production. In 2010, for the first time in history, China became a net exporter of stainless steel, although it continues to import high value added products.

Overall, 2010 was a year of recovery and restocking, though marked by sharp variations in raw material prices and uncertainties in the international financial systems, which generated mini-cycles of restocking and drawdown of inventories. The market thus went through three clearly differentiated phases during the year:

- A first phase marked by an increase in confidence and consumption in the first few months of the year.
- A second phase, starting in the second quarter, sparked by the crisis of confidence in financial market liquidity, which led to sharp fall in demand for stainless steel and a renewed inventory drawdown, hastened by the fall in raw materials prices and, consequently, in the alloy surcharge. This situation continued in all the markets in the face of the usual summer slowdown.
- And a third phase which began in September, with a recovery of demand in Asia and the United States, but not in Europe, where consumption continued to be held back by the lack of liquidity in the financial system and the need of buyers to reduce working capital to a minimum. The inventory level at year-end was reasonable in all the markets.

All these circumstances made it especially difficult for the industry to continuously maintain operating profit. The fact that Acerinox is the only Western manufacturer to have stayed in profit continuously for the last six quarters highlights the company's competitive strength.

At the end of 2010 and in early 2011, big differences have been apparent between the three main geographical areas: recovery of demand in the Asian market, stronger demand in the North American market and a weaker recovery in Europe, affected by excess production capacity.

Reflecting the change in demand, the nickel price rose 35.1% in 2010, from 18,480 to 24,960 dollars per ton, making this the second consecutive year of increases, following the sharp rises in 2009. The first few months of the year were marked by high volatility, as the nickel price increased from the year's low of 17,035 dollars per ton at the beginning of

Equity Investments
Listed

ACERINOX

February to the year's high of 27,600 dollars per ton in mid-April, only to fall to levels of around 18,000 dollars per ton in June as a result of the tensions in the fixed-income and equity markets around that time. However, the nickel price has maintained a clear upward trend from June 2010 until March 2011, when it stabilized at levels of around 27,000 dollars per ton, not seen since April 2008.

In this context of demand recovery, Acerinox's production levels were below those of previous years. Raw steel production was 2.1 m llion tonnes, up 14.0% on 2009, while hot-rolled production was 1.8 million tonnes, up 9.5%. Higher value added cold-rolled production increased 20.5% to 1.3 million tonnes. Long products reached 210,000 tonnes in 2010, an increase of 48.5% compared to the previous year. For reference, these production levels are similar to those obtained in 2008.

In 2010 Acerinox posted sales of 4,500 million euros (+50.3%), EBITDA of 390 million euros (compared to losses of 165 million in 2009) and net profit of 123 million euros (compared to losses of 229 million the previous year).

A major contributing factor to this improvement in results was the 2009-2010 Excellence Plan, with recurring savings of 97 million euros per year, 73% of the targets set at the time of approval in February 2009. This Plan has been focused on aspects such as quality and process improvements, inventory management, cost reduction and exploitation of synergies between the Group's factories and service centres.

In light of the success, Acerinox has approved a second plan, the 2011-2012 Excellence Plan, which includes more ambitious goals and addresses new areas of activity. With this second plan Acerinox aims to obtain additional recurring savings of 90 million euros per year starting from the third year of application of the agreed measures.

At the end of 2010 Acerinox has shareholders' equity of 1,924 million euros and net debt of 1,084 million euros, of which 67% is long-term. Net debt has remained stable compared to the previous December, despite the investments undertaken, the increased production and sales activity and the rise in commodity prices. The financial strength of Acerinox allows it to maintain the investments agreed in the Strategic Plan and deliver a return to shareholders without increasing debt.

In 2010 Acerinox invested 234 million euros, in line with the previous year. The investments included 217 million euros in property, plant and equipment: 154 million euros in the new plant in Malaysia, 24 million in the Algeciras factory, 15 million in North American Stainless, 11 million in Columbus and 11 million in foreign sales subsidiaries.

Equity Investments
Listed

ACERINOX

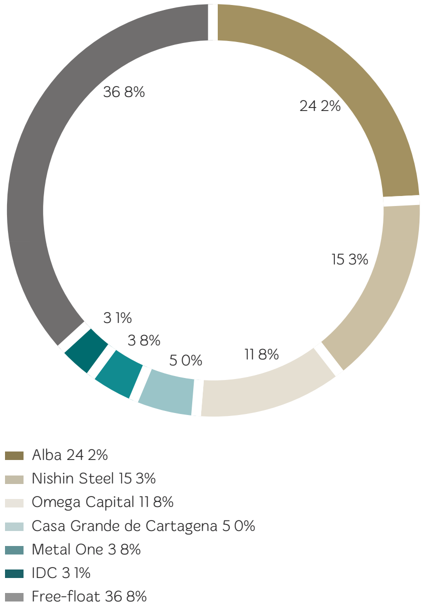
Work on the Bahru Stainless plant (Malaysia) is proceeding as planned and production in the cold-rolling shop is expected to start in the summer of 2011. In December 2010 Bahru Stainless began its activities with the start-up of the finishing shop. Once the first phase is completed, the Bahru plant will have an annual production capacity of 240,000 tonnes of cold-rolled steel.

In July 2010 Acerinox approved the second phase of investments in Bahru, which entails expanding production capacity to 400,000 tonnes per year and is due to start in the first quarter of 2013. The plant will concentrate on producing higher value added special types and thicknesses of steel. This second phase entails an investment of 310 million dollars and includes a new cold rolling stand. The contracts for the main equipment in this second phase have already been awarded.

Shareholder structure

Alba did not alter its interest in Acerinox during 2010 and remains the largest shareholder, with 24.24% of the company's share capital at 31 December 2010. Alba has three representatives on the company's Board of Directors: Santos Martínez-Conde Gutiérrez-Barquín, Juan March de la Lastra and Fernando Mayans Altaba.

Acerinox shareholder structure at 31/12/2010



Source: Corporate Governance Report for 2010.

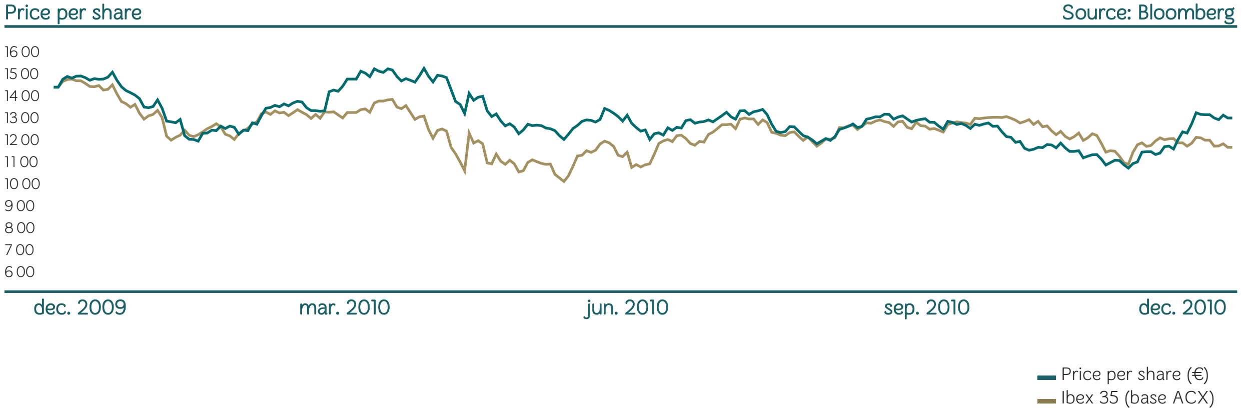
Equity Investments
Listed

ACERINOX

Acerinox share price performance

In 2010 the price of the Acerinox share fell 9.7%, ending the year at 13.13 euros per share, which compares favourably with the fall of 17.4% in the Ibex 35 during the year. ■

Acerinox share price performance since 31 December 2009



Equity Investments
Listed

ACERINOX

Historical stock market data

	2010	2009	2008
Share price in euros per share (closing prices)			
High	15.38	15.55	18.17
Low	10.95	8.00	8.42
Close	13.13	14.53	11.37
Stock market capitalisation at 31/12 (million euros)	3,272	3,622	2,891
Dividend yield (on closing price for the year)	3.43%	3.10%	3.96%
P/E ratio (on closing price for the year)	26.8 x	n.s.	n.s.

www.acerinox.es

Equity Investments
Listed

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. Prosegur currently has more than 600 facilities in 12 countries and more than 104,000 employees.

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

Key financial data

In millions of euros unless otherwise indicated	2010	2009	2008
Sales	2,560	2,187	2,052
EBITDA	347	295	259
EBIT	263	231	205
Net profit	161	148	127
Net earnings per share (euros)	2.61	2.46	2.06
Dividend per share (euros)	0.88	0.79	0.69
Total assets	1,976	1,603	1,442
Net financial debt	174	234	143
Shareholders' equity	667	525	425
Debt / Equity (%)	26.1	44.6	33.7

Equity Investments
Listed

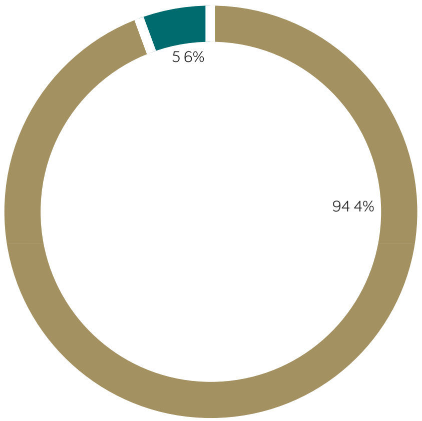
PROSEGUR

Review of the company's operations during 2010

Prosegur ended 2010 with total consolidated sales of 2,560 million euros, up 17.1% on the previous year. Excluding the effect of acquisitions, comparable organic growth was 13.2% (7.1% if we exclude the effect of exchange rates).

Consolidated net profit rose 8.7% to 161 million euros. The lower growth in net profit compared to sales is due mainly to an extraordinary charge of 14 million euros in relation to a legal dispute and, to a lesser extent, to a slight decline in operating margin, calculated as the ratio of EBIT to sales, from 10.5% in 2009 to 10.3% in 2010.

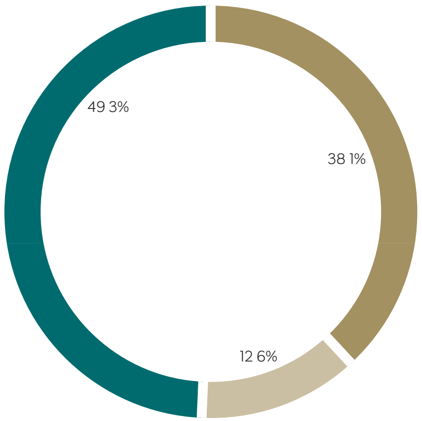
Breakdown of sales by business segment



Total 2010: 2,560 M€

- Corporate Security 94 4%
- Residential Security 5 6%

Breakdown of sales by geography



Total 2010: 2,560 M€

- Spain 38 1%
- Rest of Europe 12 6%
- Latin America 49 3%

Equity Investments
Listed

PROSEGUR

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 and posted sales of 2,417 million euros in 2010, up 17.7% 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 144 million euros, up 7.2% on the previous year.

By geography, sales growth was strongest in Latin America, with an increase of 36.1%, compared to an growth of 1.2% in Spain and 9.0% in the rest of Europe. Europe, with a total turnover of 1,298 million euros in 2010 (+3.0%), accounts for 50.7% of the Group total.

It was a very satisfactory year for the Corporate Security businesses in Latin America, which posted growth of 36.1% in sales in euros, or 21.8% if we exclude the rise 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 38.5% and 35.0%, with sales of 605 and 382 million euros, respectively. If we exclude the impact of exchange rates, revenues increased by 17.9% in Brazil and 32.4% in the Argentina area.

Operating investments amounted to 81 million euros in 2010, down 12.7% on 2009.

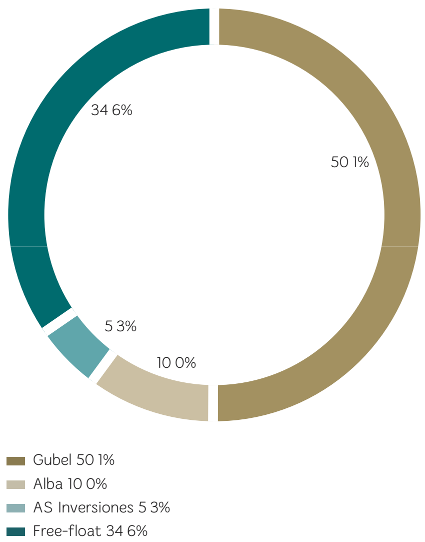
Equity Investments
Listed

PROSEGUR

Shareholder structure

At 31 December 2010 Alba has 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 31/12/2010



Source: Corporate Governance Report for 2010.

Equity Investments
Listed

PROSEGUR

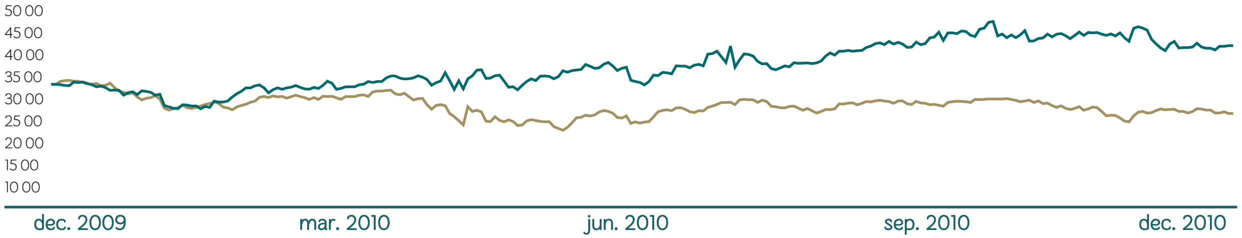
Prosegur share price performance

During 2010 the Prosegur share rose 23.1% to 42.13 euros per share, in sharp contrast to the 17.4% fall in the Ibex 35. Since 2008 Prosegur has gained nearly 80%, making it one of the stocks with the biggest market price increases on the Spanish stock market over the period. This excellent performance is due to the continuous improvements in the Company's results and its exposure to markets with strong expected growth over the next few years, such as Brazil and Argentina. ■

www.prosegur.es

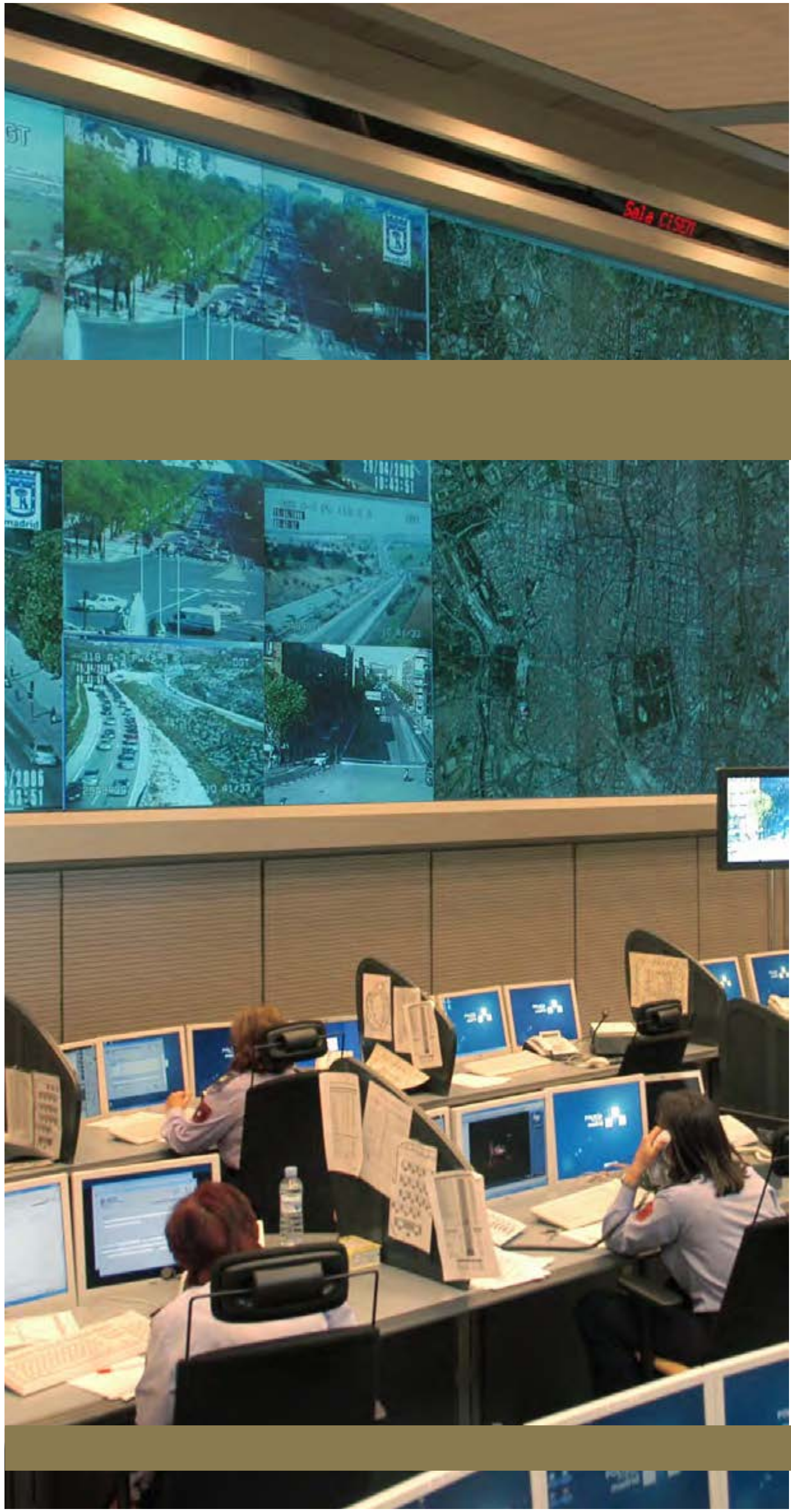
Prosegur share price performance since 31 December 2009

Price per share | Source: Bloomberg



Historical stock market data

	2010	2009	2008
Share price in euros per share (closing prices)			
High	47.07	34.80	30.06
Low	28.01	18.15	17.16
Close	42.13	34.22	23.43
Stock market capitalisation at 31/12 (million euros)	2,600	2,112	1,446
Dividend yield (on closing price for the year)	2.09%	2.29%	2.94%
P/E ratio (on closing price for the year)	16.2 x	14.3 x	11.4 x



Equity Investments
Listed

INDRA

Company description

Indra is the leading information technology and security and defence systems company in Spain and one of the largest in Europe and Latin America. 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.

At year-end it employed more than 28,600 professionals and had customers in more than 100 countries. Indra continues to increase its international presence, with international sales already accounting for 38.7% of the total in 2010.

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.

- **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.

Equity Investments
Listed

INDRA

- **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.

Key financial data

In millions of euros unless otherwise indicated	2010	2009	2008
Sales	2,557	2,513	2,380
EBITDA	294	327	308
EBIT	252	285	271
Net profit	189	196	182
Net earnings per share (euros)	1.16	1.21	1.14
Dividend per share (euros)	0.66	0.61	0.50
Total assets	2,976	2,490	2,462
Net financial debt	275	135	149
Shareholders' equity	1,014	977	824
Debt / Equity (%)	27.1%	13.8%	18.1%

Equity Investments
Listed

INDRA

Review of the company's operations during 2010

In 2010 Indra posted sales of 2,557 million euros, up 1.7% over the previous year. Around 38.7% of these sales were obtained in international markets, with a large proportion coming from Latin America and Europe.

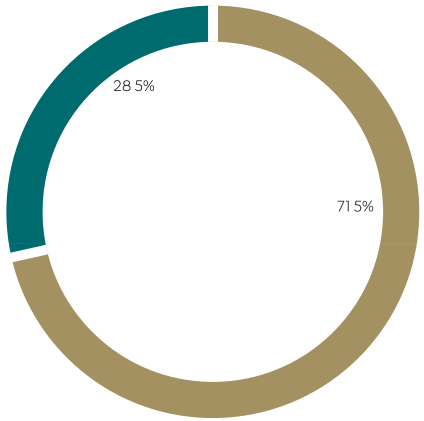
EBIT fell 11.7% to 252 million euros due to the major restructuring expenses incurred. Excluding these extraordinary items, recurring EBIT was 285 million euros, in line with the figure for 2009.

Consolidated net profit was 189 million euros, down 3.6% on 2009. Without the abovementioned extraordinary items, recurring net profit would have been up 10.1% compared to the previous year.

These results were obtained in a very complicated industry environment, with strong downward pressure on prices and customers holding back on investment projects, especially solutions development. At the same time, there was also a stronger preference for outsourcing of services and processes as a form of cost saving for customers and greater interest in services for the maintenance of already installed applications.

Order intake grew 6.8% in 2010 to 2,882 million euros (44% international) and the order book stood at 2,899 million euros at the end of the year, up 12.4% on December 2009. This portfolio provides a good preview of revenue in 2011, with approximately 45% of the orders executable in the next twelve months. The ratio of order book to sales is higher than in previous years.

Breakdown of sales by segment



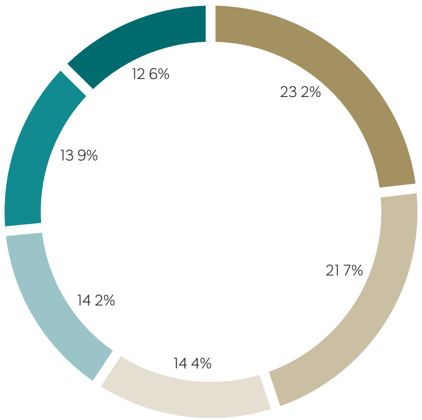
Total 2010: 2,557 M€

Solutions 71 5%
Services 28 5%

Equity Investments
Listed

INDRA

Breakdown of sales by industry



Total 2010: 2,557 M€

- Security and Defense 23 2%
- Transport and Traffic 21 7%
- Health Care and Public Services 14 4%
- Energy and Industry 14 2%
- Financial Services 13 9%
- Telecom and Media 12 6%

The **Solutions** segment accounts for the bulk of group sales, posting revenues of 1,827 million euros in 2010, practically the same as the previous year. This stagnation of sales is due to the postponement of investment decisions, mainly by institutional customers, and the fall in revenue in the Security and Defence sector. Although order intake was lower than in 2009 (-3.6%), the ratio of order intake to sales allowed continued growth in the order book, which increased by 2.5% in 2010 to reach 2,207 million euros at the end of the year. The contribution margin fell 3.9% to 355 million euros in 2010. Of particular note within the Solutions segment are the air traffic management and rail projects. Indra expects a change of trend in 2011, driven by international activities.

The **Services** segment showed better performance this year, increasing its sales by 6.3% to 730 million euros and its contribution margin by 5.0% to 112 million euros. Order intake grew 33.0% to 992 million euros, which, given the level of sales, resulted in a significant increase in the order book, which stood at 692 million euros at the end of 2010, up 62.8% compared to the end of the previous year. In particular, there was an increase in outsourcing of applications and process management in the Telecom and Media and Financial Services sectors, with Indra obtaining its first outsourcing contracts in the United Kingdom; a consolidation of the services provided to government departments and agencies; and growth of order intake in Energy and Industry at the international level. Indra is expecting substantial revenue growth in Solutions, thanks to the spread of outsourcing and the strong order intake in 2010.

Equity Investments
Listed

INDRA

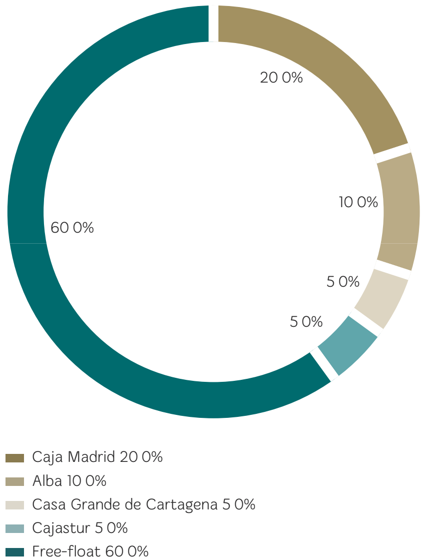
By geography, growth was particularly significant in export sales, which increased by 10.1% overall, with the strongest performance in Latin America and Other Countries (mainly North Africa and Asia), compared to 2.9% in Spain. Indra expects international activities to continue to grow as a proportion of the group's sales and order book.

Indra's net debt increased significantly over the year as a result of the growth of working capital and heavy investments. Net debt at the end of 2010 was 275 million euros (+104.7%), barely 0.9 times EBITDA for the year.

Shareholder structure

In 2010 Alba maintained its interest in Indra, acquired in July 2009 for 246 million euros, unchanged at 10.02%. At 31 December 2010 Alba was Indra's second largest shareholder and the interest in Indra was Alba's fourth largest investment in market value. Alba is represented on Indra's board of directors by Juan March de la Lastra.

Indra shareholder structure at 31/12/2010



Source: CNMV.

Equity Investments
Listed

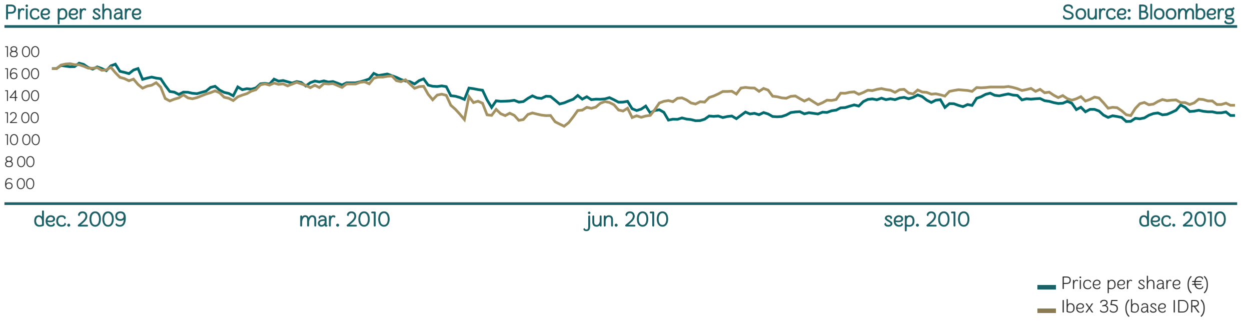
INDRA

Indra share price performance

During 2010 the Indra share fell 22.3% to 12.79 euros per share, underperforming the Ibex 35 (-17.4%) over the year. This fall is attributable to the slowdown of the company's earnings in 2010 and its exposure to consulting businesses (which are highly dependent on the business cycle) and public bodies (which have been affected by the current budget restrictions). ■

www.indra.es

Indra share price performance since 31 December 2009



Historical stock market data

	2010	2009	2008
Share price in euros per share (closing prices)			
High	17.30	18.20	18.92
Low	12.18	13.25	12.90
Close	12.79	16.46	16.19
Stock market capitalisation at 31/12 (million euros)	2,098	2,702	2,657
Dividend yield (on closing price for the year)	5.16%	3.71%	3.09%
P/E ratio (on closing price for the year)	11.0 x	13.6 x	14.2 x

Equity Investments
Listed

EBRO FOODS

Company description

Ebro Foods is the number one company in the food industry in Spain by sales, profits, market capitalization and international presence. Ebro Foods is the world leader in the rice sector and the world's second largest pasta manufacturer.

It is present in nearly 25 countries with a wide range of leading brands. At present, its main markets are the United States and France, while Spain represents a small part of its business (6.4% of sales in 2010).

The company has undergone a deep transformation in recent years, significantly expanding its activities in rice and pasta through acquisitions (especially in the United States and France) and divesting formerly strategic businesses such as sugar and dairy products (in 2008 it sold all its sugar business to Associated British Foods for 526 million euros and in 2010 sold Puleva to Lactalis for 630 million euros).

In recent years Ebro Foods has been successful in integrating its acquisitions, consolidating leadership positions in these markets and substantially improving its profitability.

The divestments made in 2009 and 2010 practically eliminated the company's net borrowing at the end of 2010 and have given it the financial strength to continue to expand in the strategic rice and pasta sectors.

Included in this strategy are the agreement to acquire the rice business of SOS Corporación Alimentaria (SOS) and the agreement to buy 100% of the Australian company RiceGrowers Ltd. (Sunrice), the leader in rice in Oceania, complementing the presence of Ebro Foods in the United States and the Middle East. Both agreements were announced at the end of 2010 and are expected to be completed in the first half

Equity Investments
Listed

EBRO FOODS

of 2011 for an aggregate amount of approximately 635 million euros.

Additionally, as part of the agreement with SOS, Ebro Foods subscribed part of a capital increase for cash carried out by SOS at the end of 2010, investing 47 million euros to acquire an interest of 9.3% in the company.

Key financial data

In millions of euros unless otherwise indicated	2010	2009	2008
Sales	1,702	2,198	2,368
EBITDA	272	308	272
EBIT	213	240	202
Net profit	389	177	131
Net earnings per share (euros)	2.53	1.15	0.85
Dividend per share (euros)	0.70	0.94	0.36
Total assets	2,885	2,684	3,423
Net financial debt	18	557	1,056
Shareholders' equity	1,607	1,298	1,229
Debt / Equity (%)	1.1	42.9	85.9

Note: Reported consolidated results. In 2008 and 2009 the results include Puleva as a fully consolidated subsidiary and Azucarera Ebro as a discontinued operation.

Equity Investments
Listed

EBRO FOODS

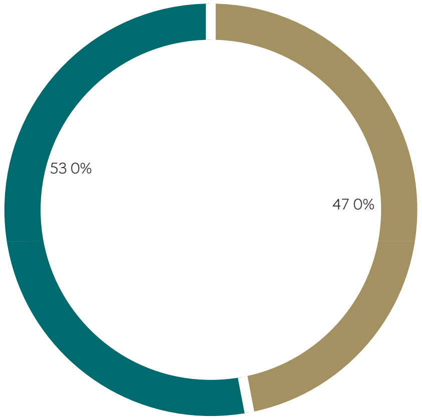
Review of the company's operations during 2010

In 2010 Ebro Foods obtained total consolidated sales of 1,702 million euros, down 3.6% on prior year comparable sales, that is, including the current rice and pasta businesses and considering the dairy business (Puleva) as an available-for-sale financial asset. The fall in sales is due to the transfer to the end customer of the fall in commodity prices, both in rice and in pasta, as consolidated volume growth was 3.0% in 2010.

The improvement in margins explains the increase in EBITDA and EBIT for the year: EBIT was up 11.4% at 272 million euros and EBITDA up 11.7% at 213 million.

Total net profit was 389 million euros, up 120.2% on 2009 as a result of the gains on the sale of Puleva. Excluding these extraordinary results, operating profit was 129 million euros in 2010, up 38.7% on the previous year.

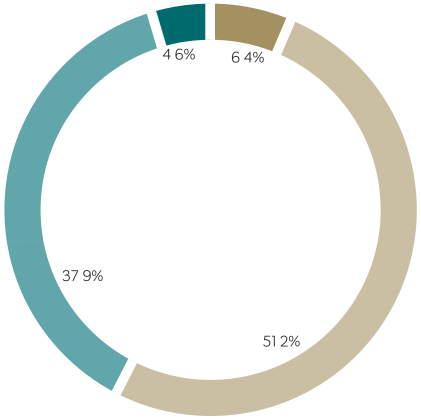
Breakdown of sales by business segment



Total 2010: 1,702 M€

- Rice 47 0%
- Pasta 53 0%

Breakdown of sales by geography



Total 2010: 1,702 M€

- Spain 6 4%
- European Union 51 2%
- North America 37 9%
- Rest of the world 4 6%

Equity Investments
Listed

EBRO FOODS

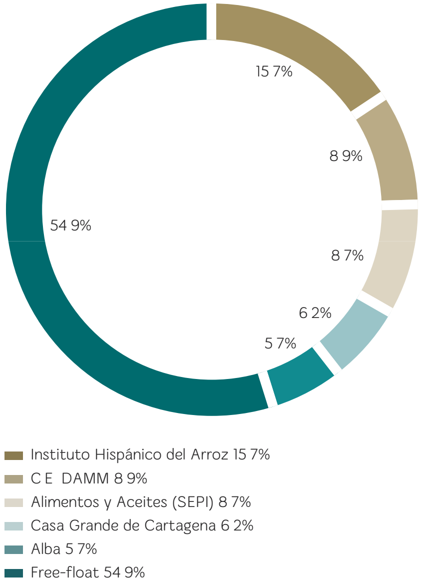
By business area, sales in the **Rice** division fell 3.0% to 811 million euros, in line with the fall in commodity prices, while EBITDA was up 4.0% at 123 million euros and EBIT up 1.5% at 99 million euros. In volume, the Ebro Foods rice brands grew faster than the market as a whole, both in the United States (+3.1%) and in Europe (+1.8%). The new Memphis plant, which will bring an improvement in the results of the US activities, is due to come into operation in 2011. The return on capital employed (ROCE), which is the measure usually used by Ebro Foods, was 19.7% in 2010, similar to the previous year.

In **Pasta**, sales reached 916 million euros in 2010, down 1.3% on the previous year due to the fall in commodity prices. In terms of volume, pasta sales increased in Ebro Foods' main markets, where the company has achieved record market shares. In France it has shares of more than 30%, both in dry pasta and in the higher value added categories of fresh pasta and pasta sauces. In the United States its subsidiary New World Pasta reached a share of nearly 24% in 2010 in a environment of high profitability. The EBITDA of this business area increased 17.1% in 2010 to 160 million euros, while the EBIT rose 22.9% to 134 million euros. The ROCE of the Pasta area for the year reached 30.3%, higher than in 2009 and more than double the level of 2008.

Shareholder structure

During 2010 Alba acquired a total interest of 5.70% in the capital of Ebro Foods, with an investment of 125 million euros, at an average price of 14.19 euros per share. This interest was increased during the first few months of 2011 to the current level of 6.12%. At 31 December 2010 the investment in Ebro Foods is the fifth largest in Alba's portfolio by market value. Alba is represented on the Board of Directors of Ebro Foods by José Nieto de la Cierva.

Shareholder structure of Ebro Foods at 31/12/2010



Source: Ebro Foods and CNMV.

Equity Investments
Listed

EBRO FOODS

Ebro Foods share price performance

During 2010 the Ebro Foods share fell 9.0% to 15.83 euros per share, compared to the 17.4% fall in the Ibex 35. This strong stock market performance continues the trend of 2009, when the Ebro Foods share rose 48.3%. The positive trend is due to the company's strong earnings growth, the successful sale of the sugar and dairy businesses and the company's ongoing expansion in the rice and pasta sectors, both through organic growth and through acquisitions, backed by its excellent financial position and its experience in acquiring and integrating businesses. ■

www.ebrofoods.es

Ebro Foods share price performance since 31 December 2009

Price per share | Source: Bloomberg

Historical stock market data

	2010	2009	2008
Share price in euros per share (closing prices)			
High	16.76	14.52	13.59
Low	12.80	7.92	8.93
Close	15.83	14.53	9.80
Stock market capitalisation at 31/12 (million euros)	2,436	2,201	1,448
Dividend yield (on closing price for the year)	4.42%	6.57%	3.83%
P/E ratio (on closing price for the year)	6.3 x	12.4 x	11.1 x

Equity Investments
Listed

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 2010 Clínica Baviera had 59 eye care clinics and counselling centres, of which 42 were in Spain, 15 in Germany, Austria and the Netherlands (through the subsidiary Care Vision), and two in Italy; and a team of 152 ophthalmic surgeons.

Additionally, it offers cosmetic medicine and surgery services in Spain through Clínica Londres. At year-end 2010 it had 13 centres in Spain, at which it provides services including cosmetic medicine, plastic surgery and obesity treatment.

Key financial data

In millions of euros unless otherwise indicated	2010	2009	2008
Sales	90	83	88
EBITDA	14	11	17
EBIT	8	4	11
Net profit	5	2	7
Net earnings per share (euros)	0.32	0.11	0.43
Dividend per share (euros)	0.25	0.07	0.00
Total assets	57	59	64
Net financial debt	6	11	16
Shareholders' equity	22	21	19
Debt / Equity (%)	27.3	51.6	81.9

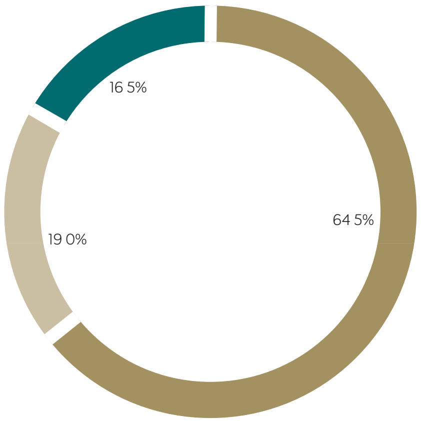
Equity Investments
Listed

CLÍNICA BAVIERA

Review of the company's operations during 2010

In 2010 the Baviera Group continued to expand its capacity in Ophthalmology, with the opening of three eye care centres, two in Spain and one in Germany. Clínica Londres did not open any new centres during the year. In addition, the Baviera Group reorganised its presence in Madrid, one of its main markets in Spain, with the transfer of an eye care clinic and a cosmetic surgery clinic to better, higher capacity facilities. Particularly important is the increase in surgical capacity in ophthalmology, which is essential to meet the expected growth in intraocular surgery for the treatment of presbyopia and cataracts.

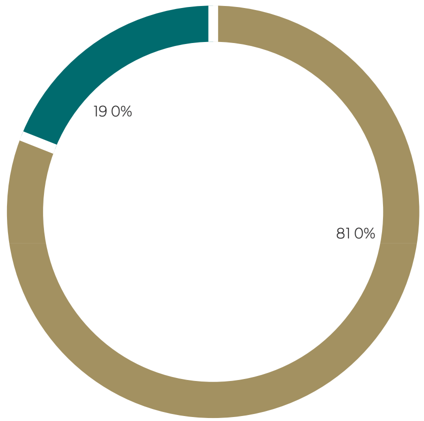
Breakdown of sales by business unit



Total 2010: 90 M€

- Ophthalmology Spain 64 5%
- Ophthalmology International 19 0%
- Cosmetic Surgery 16 5%

Breakdown of sales by country



Total 2010: 90 M€

- Spain 81 0%
- International 19 0%

Equity Investments
Listed

CLÍNICA BAVIERA

The **Ophthalmology** area accounts for the bulk of the Baviera Group's turnover, with sales of 75 million euros in 2010, up 6.6% on the previous year. Sales increased both in Spain (+3.0%) and, above all, in international activities (+20.9%), notably in Care Vision in Germany. This increase in revenue, despite the difficult market conditions, demonstrates the company's competitive strength.

The EBITDA of the Ophthalmology area rose 11.8% in 2010 to 15 million euros, due to the substantial improvement in the profitability of the international businesses, which overall went from EBITDA losses of almost 300 thousand euros to profits of more than 1.6 million euros, especially in Germany and Italy. This positive trend is expected to continue in 2011. Focusing on the activities in Spain, EBITDA fell 2.3% compared to the previous year due to a decrease in the margin, from 24.9% in 2009 to 23.6% in 2010, on account of higher consumption resulting from the growth of intraocular surgery.

The **Cosmetic Surgery** area posted significantly better results in 2010, with a 14.5% increase in sales and a substantial decrease in losses. EBITDA is up from -2.3 million euros in 2009 to -0.8 million this year. The growth in revenue is due to the operational improvements introduced in 2009 and 2010 and a slight recovery of consumption in Spain.

At consolidated level, sales reached 90 million euros in 2010, up 7.9% on the previous year. The company's strong operational leverage means that any change in revenue has a much larger effect on results. Thus, in 2010 EBITDA rose 27.0% to 14 million euros and net profit practically trebled to more than 5 million euros for the year.

The investments in 2010 amounted to 5 million euros, divided almost equally between facility maintenance and maintenance and replacement of existing equipment (51.7% of the total) and the opening of new clinics and transfers (the 48.3% remaining).

Clínica Baviera's high cash-generating capacity allowed it to significantly reduce its net debt, reaching 6 million euros at 31 December 2010, down 40.8% over the year.

This sound financial position allows the Baviera Group to continue its expansion, mainly in International Ophthalmology, and pay dividends to its shareholders. Clínica Baviera will therefore propose to the General Meeting that the company pay a dividend of 0.25 euros per share out of 2010 profit, of which 0.12 euros per share were paid as an interim dividend in December 2010.

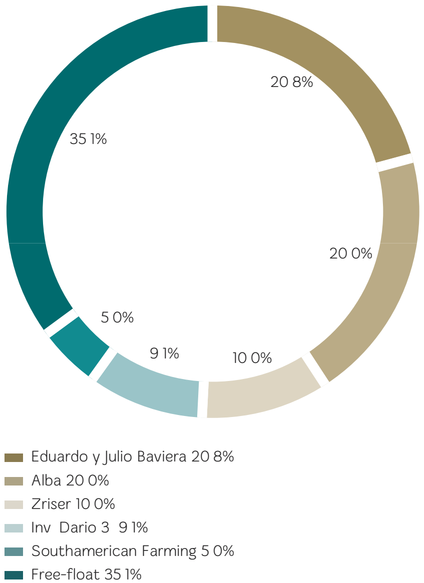
Equity Investments
Listed

CLÍNICA BAVIERA

Shareholder structure

Alba is one of Clínica Baviera's largest shareholders. In 2010 Alba increased its interest in the company to 20.00% through the acquisition of an additional 1.85% during the year. Alba is represented on Clínica Baviera's board of directors by Javier Fernández Alonso.

Clínica Baviera shareholder structure at 31/12/2010



Source: Corporate Governance Report for 2010.

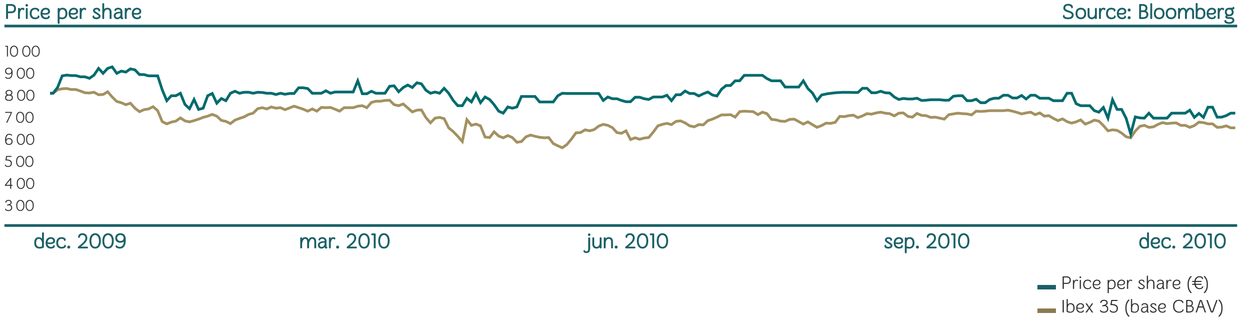
Equity Investments
Listed

CLÍNICA BAVIERA

Clínica Baviera share price performance

The price of the Clínica Baviera share fell 10.0% in 2010 to reach 7.20 euros per share at the end of the year, compared to a fall of 17.4% in the Ibex 35. ■

Clínica Baviera share price performance since 31 December 2009



Historical stock market data

	2010	2009	2008
Share price in euros per share (closing prices)			
High	9.10	9.55	23.26
Low	5.87	6.50	5.97
Close	7.20	8.00	7.10
Stock market capitalisation at 31/12 (million euros)	117	130	116
Dividend yield (on closing price for the year)	3.47%	0.88%	0.00%
P/E ratio (on closing price for the year)	22.4 x	72.7 x	16.5 x

www.clinicabaviera.es

Equity Investments
Listed

ANTEVENIO

Company description

Antevenio is one of the leading companies in Spain in the digital marketing sector. It currently offers online advertising, affiliate 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 certain slowdown 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, Mexico City, Milan and Paris.

In recent years Antevenio has substantially increased its product platform, with its entry into the mobile advertising sector and the acquisition of Shopall. It has also expanded geographically, with the opening of offices in France and the United Kingdom, acquisitions in Italy and Latin America and, from Spain, the launch of its products in various European countries in which it is not yet physically present. Antevenio has set its sights on launching new products and services and expanding its activities internationally.

Gross sales reached 21.3 million euros in 2010, up 25.6% on the previous year, through organic growth and acquisitions. EBITDA fell 8.0% to 2.7 million euros, while net profit was down 22.3% at 0.9 million. The decrease in results is due mainly to the maintenance and expansion of the Antevenio platform, with the consequent increase in operating costs. The company considers that these investments will allow it to position itself to take advantage of the future recovery of the advertising market.

It should be noted that in December 2010 Antevenio paid its shareholders a gross dividend of 0.20 euros per share, deducted from voluntary reserves, this being the first dividend payment in the company's history.

Equity Investments
Listed

ANTEVENIO

Key Financials

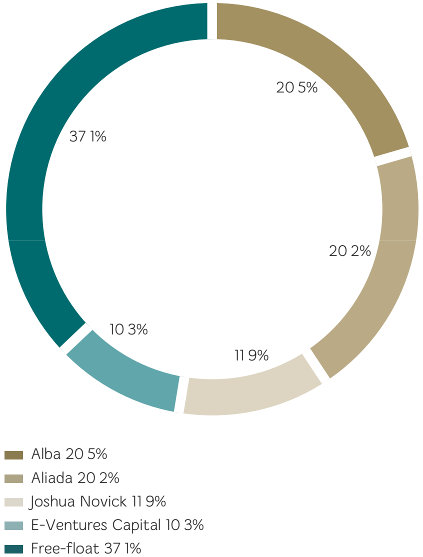
In millions of euros	2010	2009	2008
Shareholders' equity	15.9	16.0	14.7
Sales	21.3	17.0	19.4
EBITDA	2.7	2.9	4.0
Net profit	0.9	1.2	2.5

Source: Preliminary consolidated results for 2010, unaudited.

Shareholder structure

At 31 December 2010 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 31/12/2010



Source: Antevenio.

Equity Investments
Listed

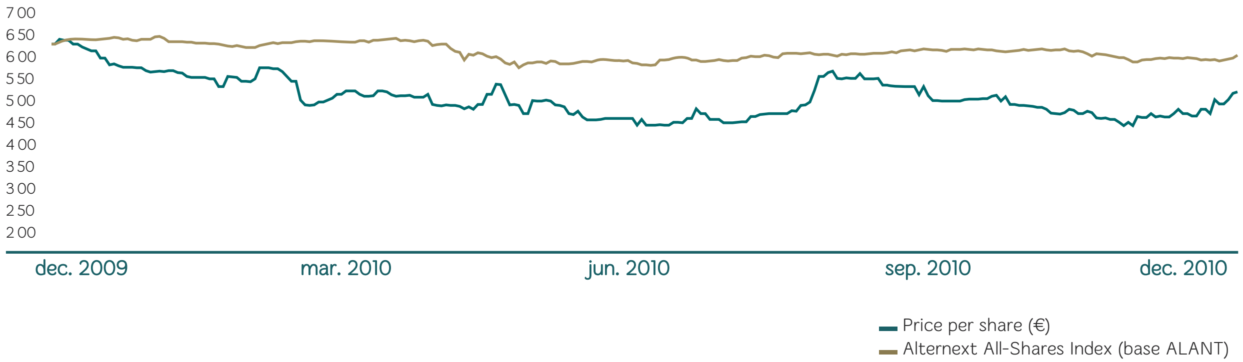
ANTEVENIO

Antevenio share price performance

The Antevenio share fell 19.3% in 2010, ending the year at 5.25 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 2009

Price per share Source: Bloomberg

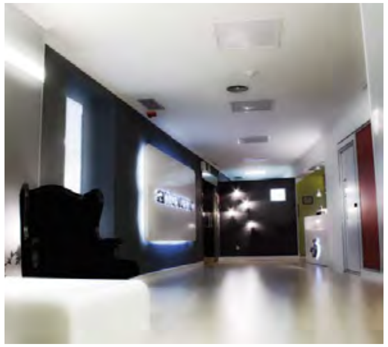


Equity Investments
Listed

ANTEVENIO

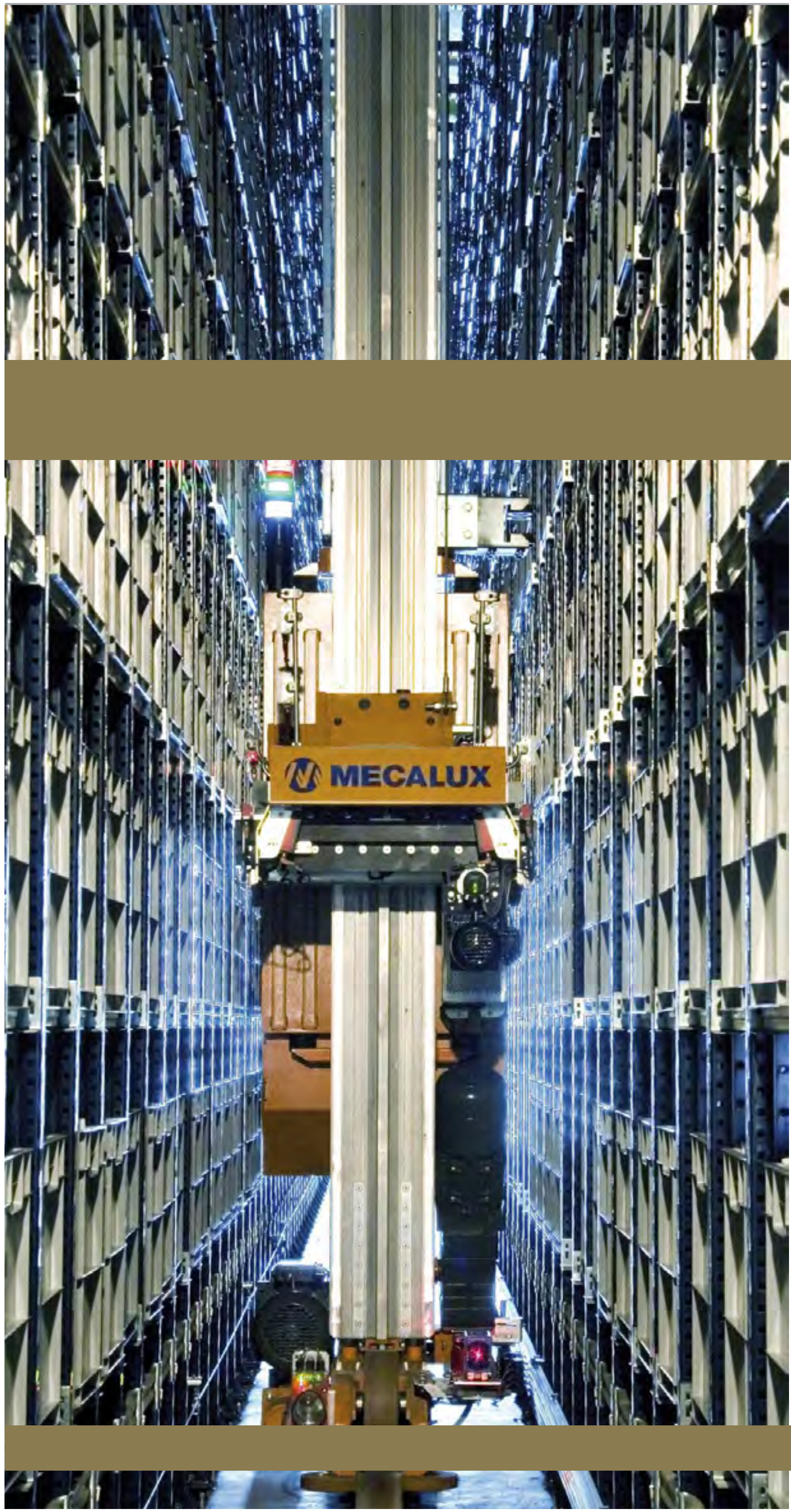
Historical stock market data

	2010	2009	2008
Share price in euros per share (closing prices)			
High	6.34	6.60	7.24
Low	4.26	4.36	4.90
Close	5.25	6.50	5.50
Stock market capitalisation at 31/12 (million euros)	22	27	23
Dividend yield (on closing price for the year)	3.81%	0.00%	0.00%
P/E ratio (on closing price for the year)	27.6 x	23.1 x	9.2 x



www.antevenio.com

Equity Investments
Unlisted



MECALUX

Company description

Mecalux is a world leader in storage systems. It designs, manufactures, sells and provides services related to metal shelving, automatic warehouses and other storage solutions, using industry-leading technology.

Mecalux is the market leader in Spain and ranks third in the world in terms of sales. It has a broad international presence, with sales in more than 70 countries, thanks to having production facilities in Spain, Poland, the United States, Mexico, Brazil and Argentina and an extensive sales and distribution network in Europe, the US and Latin America.

On 12 February 2010, the growth capital vehicles managed by Artá Capital entered into various agreements to acquire from Acerolux (the main shareholder of Mecalux) a 10.00% interest in Mecalux for 55 m llion euros, at 15 euros per share, subject to the delisting tender offer to be carried out subsequently by Mecalux at the same price per share. On 9 July 2010, once the tender offer had been settled, the vehicles Deyá Capital, Deyá Capital II and Deyá Capital III together acquired from Acerolux the agreed 10% interest in Mecalux. Subsequently, these same entities acquired an additional 2.00% of Mecalux for 11 million euros and Alba itself acquired an additional 5.23% for 29 million euros.

As a result, Alba has an interest of 14.23% in the capital of Mecalux, 5.23% directly and 9.00% through Deyá Capital SCR. The total investment by Alba amounts to €79 million euros. The other major shareholders of Mecalux include Acerolux (a vehicle belonging to the Carrillo family, which founded the company), Caja Madrid, the Zardoya family, Caja Navarra and Cartera REA. ■

www.mecalux.es

Equity Investments
Unlisted

ROS ROCA ENVIRONMENT

Company description

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 these businesses and exports to more than 70 countries. Since it was founded in 1953, Ros Roca's philosophy has been based on absolute respect for environment and the development of environmental engineering solutions that will improve people's quality of life.

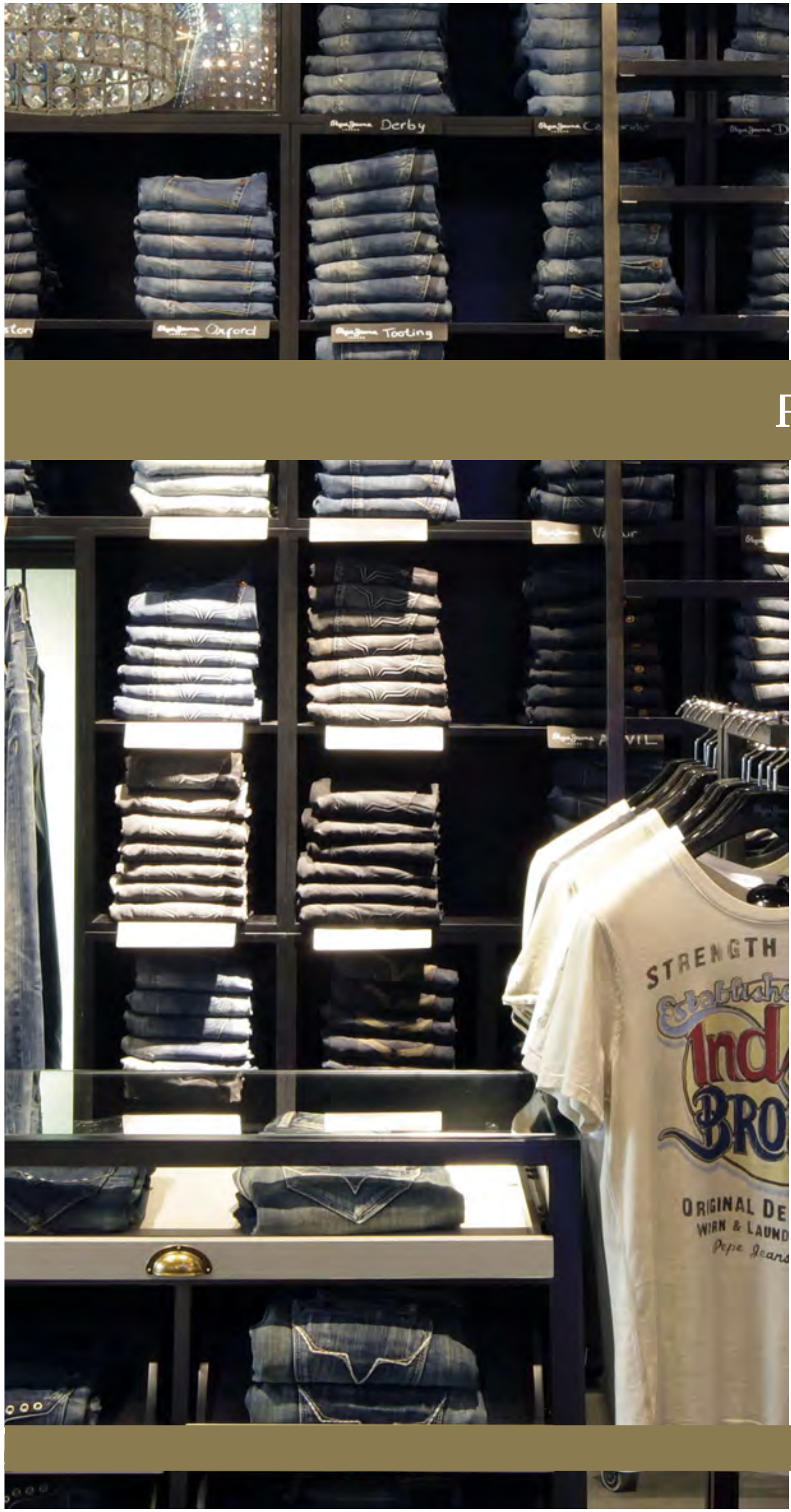
Besides manufacturing and selling capital goods covering the entire waste collection and treatment cycle (truck-mounted compactor collectors, road cleaning machinery and sewer cleaning equipment), in recent years Ros Roca has also, in its own R&D departments, developed modern systems for the treatment 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. In addition, Ros Roca develops pneumatic waste collection systems.

Headquartered in Tárrega, Lérida, Ros Roca has clear international ambitions and has major subsidiaries and production centres in the United Kingdom, France, Germany, Brazil and Mexico.

At 31 December 2010 Alba's interest in Ros Roca, through Deyá Capital, was 19.04%. ■

www.rosrocaenvironment.com

Equity Investments
Unlisted



PEPE JEANS

Company description

Pepe Jeans designs and distributes apparel and other fashion items, Pepe Jeans London and Hackett being the group's flagship brands. The company was founded originally in London in 1973.

In addition, Pepe Jeans is the exclusive agent and master franchisor for Tommy Hilfiger in Spain, Portugal and Andorra and has a joint venture with Coach Inc. –a market leader in bags and fur articles in the United States– to distribute its products in Spain, Portugal, the United Kingdom and Andorra.

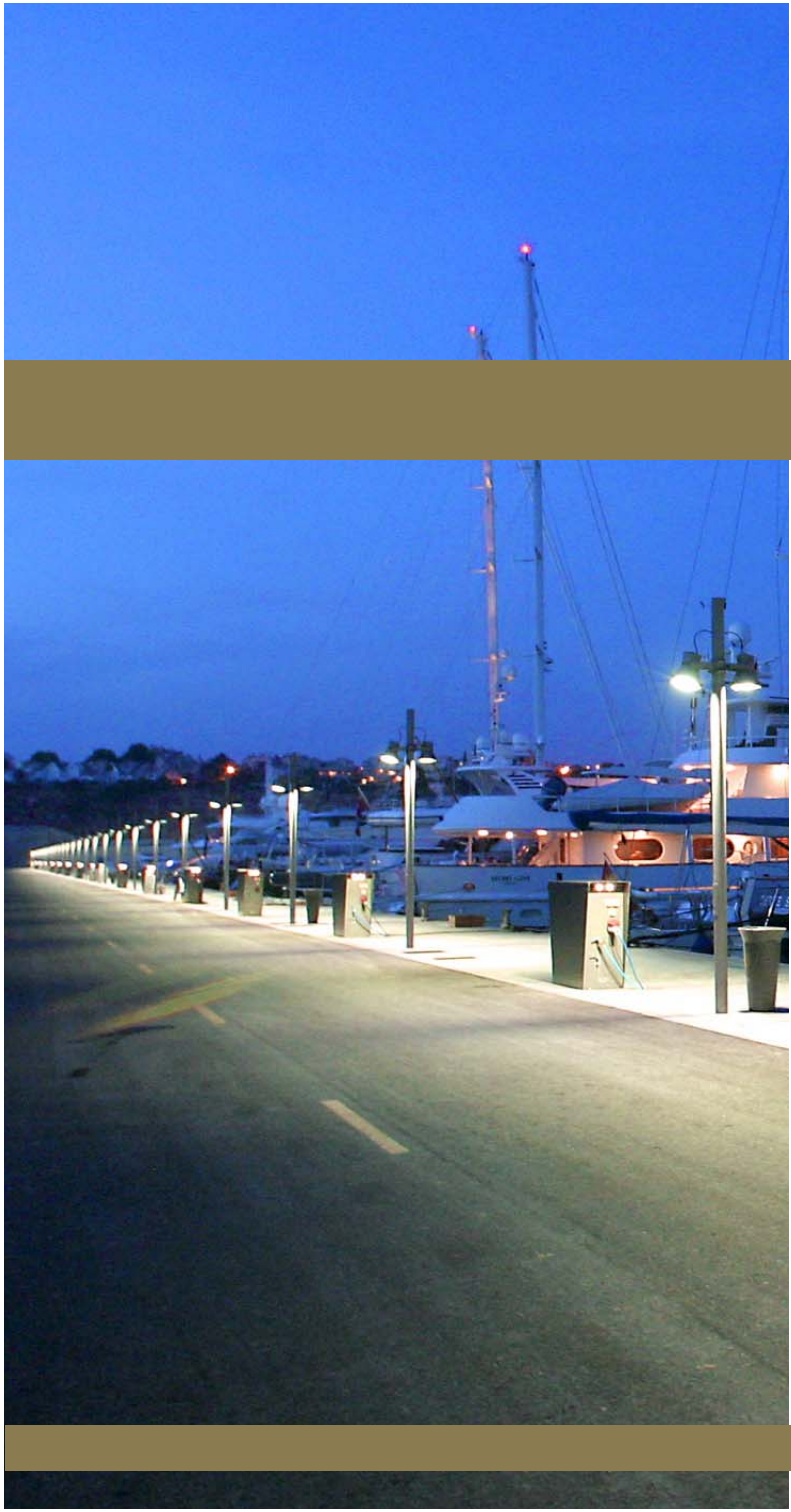
Pepe Jeans makes the great majority of its sales through wholesale channels (mainly department stores, multibrand stores and franchises) and its network of own stores and outlets, using third-party distributors to access international markets in which it is not directly present. More than two-thirds of its sales are made outside Spain, mainly in other European countries.

On 5 August 2010, the growth capital vehicles managed by Artá Capital (Deyá Capital, Deyá Capital II and Deyá Capital III) acquired a 16.38% interest in Pepe Jeans for 51 million euros, of which 38 million euros came from Alba through Deyá Capital. Other notable shareholders of Pepe Jeans include Torreal, the company's senior management team and L Capital.

At 31 December 2010 Alba's interest in Pepe Jeans, through Deyá Capital, was 12.28%. ■

www.pepejeans.com

Equity Investments
Unlisted



OCIBAR

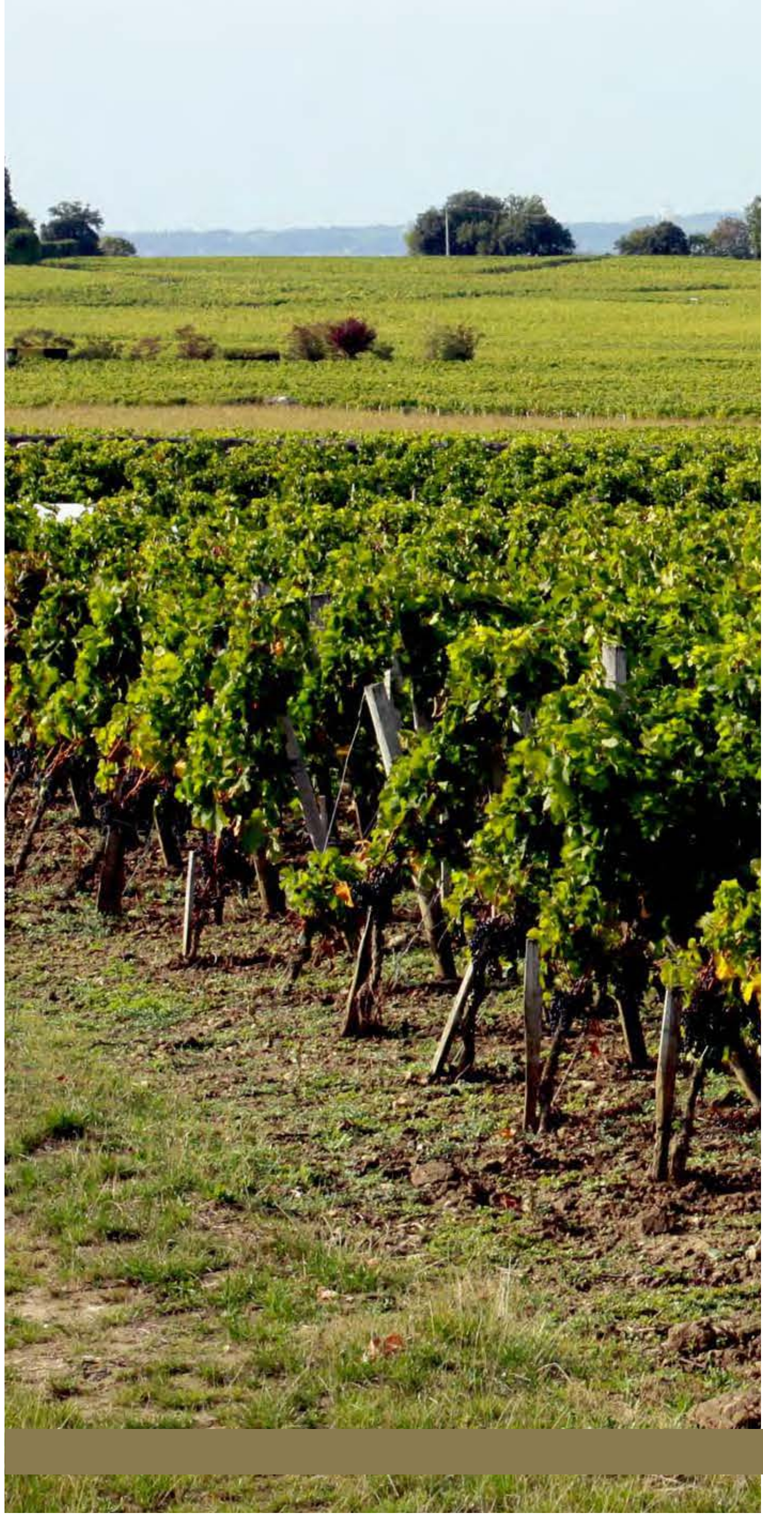
Company description

OCIBAR specialises in the development and operation of marinas on a concession basis and currently has four concessions in operation 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 side of the port of Mahón.

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 budget of more than the 75 million euros in civil engineering works alone. The marine work was completed in mid-2010 and the construction of the buildings in the commercial area is expected to be completed in the first half of 2011. Once it is finished, Port Adriano will be one of the main ports for large vessels in the Mediterranean, easing the traditional shortage of berths for yachts this size in the Balearics and, to some extent, along the Mediterranean coast.

At 31 December 2010 Alba's interest in OCIBAR, through Deyá Capital, was 21.66%, making Alba the second largest shareholder. ■

www.portadriano.com



Investment Property

Investment Property

At the end of 2010 Alba had 82,267 square metres of leasable area, mainly in office buildings in Madrid and Barcelona.

The book value of the properties is updated annually based on valuations carried out by an independent expert. The fair value at 31 December 2010 was 221.9 million euros, down 3.2% in relation to the valuation carried out at year-end 2009. This decrease is due mainly to the situation of the economy in general and the property market in particular.

The change in the main office property market variables in 2010 compared to 2009, obtained from the market studies carried out by the main specialised consulting firms, show:

	Madrid	Barcelona
New office rentals	+ 45%	+ 17%
Average rent	-7%	-8%
Vacancy rate at 31.12.2010	10.5%	14.2%

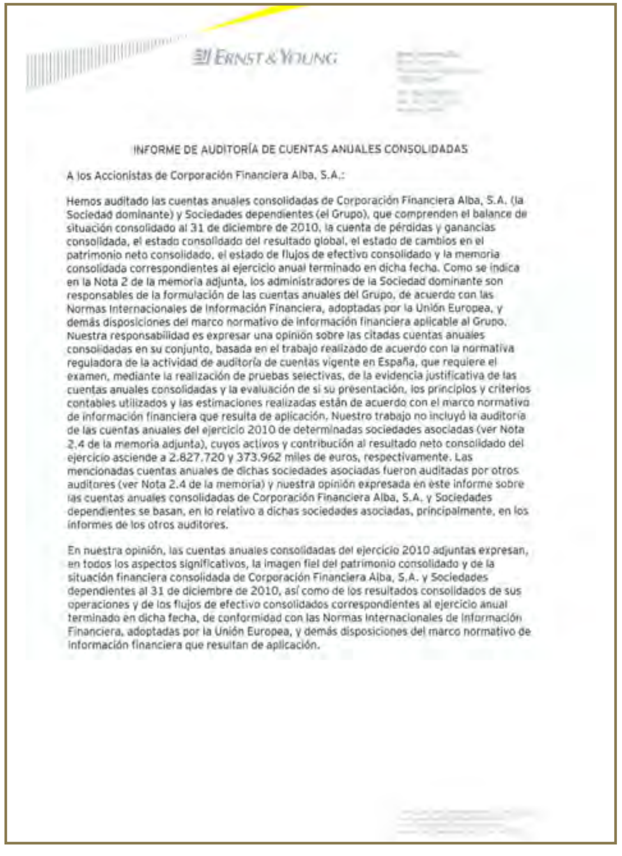
Even so, Alba maintained better ratios than the industry as a whole. The occupancy at the end of 2010 was 90.1%, practically unchanged from the previous year.

Rental income was 15.7 million euros, down 3.7% on the previous year. On the other hand, the direct costs of the property business were up 2.2% at 2.8 million euros. As a result, gross yield, calculated using the year-end valuation, went from 7.10% in 2009 to 7.06% in 2010.

Asset purchases during the year totalled 0.9 million euros and, as usual, investments were made in improvements, both at a structural level and in fixtures and fittings, totalling 0.2 million euros. ■

Auditor's Report

Auditor's Report



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. (la Sociedad dominante) y Sociedades dependientes (el Grupo), que comprenden el balance de situación consolidado al 31 de diciembre de 2010, 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. Como se indica en la Nota 2 de la memoria adjunta, los administradores de la Sociedad dominante son responsables de la formulación de las cuentas anuales del Grupo, de acuerdo con las Normas Internacionales de Información Financiera, adoptadas por la Unión Europea, y demás disposiciones del marco normativo de información financiera aplicable al Grupo. Nuestra responsabilidad es expresar una opinión sobre las citadas cuentas anuales consolidadas en su conjunto, basada en el trabajo realizado de acuerdo con la normativa reguladora de la actividad de auditoría de cuentas vigente en España, que requiere el examen, mediante la realización de pruebas selectivas, de la evidencia justificativa de las cuentas anuales consolidadas y la evaluación de si su presentación, los principios y criterios contables utilizados y las estimaciones realizadas están de acuerdo con el marco normativo de información financiera que resulta de aplicación. Nuestro trabajo no incluyó la auditoría de las cuentas anuales del ejercicio 2010 de determinadas sociedades asociadas (ver Nota 2.4 de la memoria adjunta), cuyos activos y contribución al resultado neto consolidado del ejercicio asciende a 2.827.720 y 373.962 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 basan, en lo relativo a dichas sociedades asociadas, principalmente, en los informes de los otros auditores.

En nuestra opinión, las cuentas anuales consolidadas del ejercicio 2010 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 2010, así como de los resultados consolidados de sus operaciones y de los flujos de efectivo consolidados correspondientes al ejercicio anual terminado en dicha fecha, de conformidad con las Normas Internacionales de Información Financiera, adoptadas por la Unión Europea, y demás disposiciones del marco normativo de información financiera que resultan de aplicación.

2

El informe de gestión consolidado adjunto del ejercicio 2010 contiene las explicaciones que los administradores de Corporación Financiera Alba, S.A. consideran oportunas sobre la situación del Grupo, 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 2010. 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 Corporación Financiera Alba, S.A. y Sociedades dependientes.

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

Francisco V. Fernández Romero

11 de abril de 2011

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

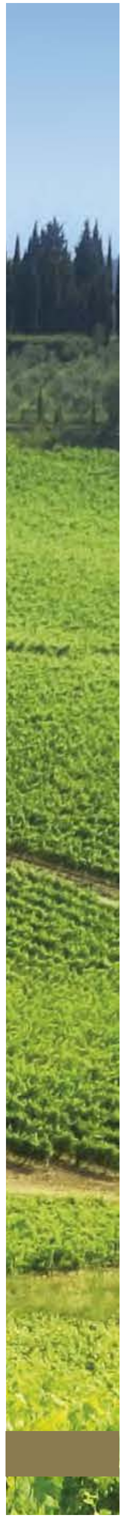
Report to the shareholders of Corporación Financiera Alba, S.A.:

We have audited the consolidated financial statements of Corporación Financiera Alba, S.A. (the "Parent Company") and subsidiaries (the "Group"), comprising the consolidated balance sheet at 31 December 2010 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. As indicated in Note 2 of the accompanying notes to the consolidated financial statements, the directors of the Parent Company are responsible for the authorisation of the financial statements of the Group, in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the financial reporting regulatory framework applicable to the Group. 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 current auditing regulations in Spain, which require examination, by means of selective tests, of the documentation supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and criteria used and the estimates made are in accordance with the applicable financial reporting regulatory framework. Our work did not include the auditing of the financial statements for 2010 of certain associates (see Note 2.4 of the accompanying notes to the consolidated financial statements), whose assets and contribution to consolidated net profit for the year amount to 2,827,720 and 373,962 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 our opinion, the accompanying consolidated financial statements for 2010 give, in all material respects, a true and fair view of the consolidated assets and liabilities and consolidated financial position of Corporación Financiera Alba, S.A. and Subsidiaries at 31 December 2010 and of the consolidated results of their operations and the consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the applicable financial reporting regulatory framework.

The accompanying consolidated management report for 2010 contains such explanations as the directors of Corporación Financiera Alba, S.A. have deemed appropriate with regard to the Group's situation, the development of its businesses and other matters, but is not an integral part of the consolidated financial statements. We have verified that the accounting information contained in the consolidated management report is consistent with the consolidated financial statements for 2010. 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 accounting records of Corporación Financiera Alba, S.A. and Subsidiaries.

Consolidated Financial Statements of Corporación Financiera Alba, S.A. and Subsidiaries for 2010



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 Financial Statements

Consolidated Balance Sheets

At 31 December 2010 and 2009

Assets

In thousands of euros	Notes	2010	2009
Investment property	5	221,880	229,150
Property, plant and equipment	6	11,974	12,886
Intangible assets		99	107
Investments in associates	7	2,867,708	2,723,665
Available-for-sale financial assets	8	155,802	38,860
Other financial assets	9	45,631	46,779
Deferred tax assets	19	90,435	35,009
Non-current assets		3,393,529	3,086,456
Trade and other receivables	10	75,523	80,611
Financial assets held for trading	11	25,403	22,489
Cash and cash equivalents	12	203,371	281,373
Current assets		304,297	384,473
Total assets		3,697,826	3,470,929

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 Financial Statements

Shareholders' Equity and Liabilities

In thousands of euros	Notes	2010	2009
Share capital	13	59,330	60,760
Retained earnings		3,443,161	3,172,511
Treasury shares	13	(20,757)	(31,401)
Other reserves	13	(503,755)	(384,973)
Interim dividend	3	(29,424)	(30,050)
Shareholders' equity		2,948,555	2,786,847
Minority interests		699	705
Total shareholders' equity		2,949,254	2,787,552
Movements in bank borrowings	17	75,000	325,000
Other financial liabilities	9	1,936	1,943
Provisions	15	4,434	6,828
Deferred tax liabilities	19	45,637	30,721
Non-current liabilities		127,007	364,492
Trade and other payables	16	9,225	5,921
Movements in bank borrowings	17	612,340	312,964
Current liabilities		621,565	318,885
Total equity and liabilities		3,697,826	3,470,929

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 Financial Statements

Consolidated Income Statements

for the years ended 31 December 2010 and 2009

In thousands of euros	Notes	2010	2009
Share of the profit/(loss) of associates	7	375,148	444,052
Lease income	22	15,670	16,260
Changes in the fair value of investment properties	5	(8,388)	(18,364)
Profit/(loss) on disposal of financial assets and other assets		6,294	70,892
Impairment of assets	6 and 9	(47)	(100,147)
Staff costs	23.a	(9,387)	(9,566)
Other operating expenses	22	(7,736)	(7,299)
Depreciation and amortisation		(1,007)	(1,015)
Net provisions	15	-	357
Operating profit/(loss)		370,547	**395,170**
Finance income	23.b	34,177	20,797
Finance costs and exchange differences		(23,356)	(20,896)
Net financial income/(expense)		10,821	**(99)**
Profit/(loss) before tax from continuing activities		381,368	**395,071**
Corporate income tax expense	19	39,617	(2,759)
Profit/(loss) from continuing activities		420,985	**392,312**
Consolidated profit/(loss) for the year		420,985	**392,312**
Profit/(loss) attributable to minority interests		1,615	1,756
Consolidated profit/(loss) for the year attributable to the group		419,370	**390,556**
Average number of shares outstanding during the year (excluding treasury shares)		59,271,325	60,293,399
Basic and diluted earnings per share (euros/share)		7.08	6.48

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Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

for the years ended 31 December 2010 and 2009

In thousands of euros	Notes	2010	2009
Consolidated profit/(loss) per income statement		420,985	392,312
Income and expenses recognised directly in equity			
Arising from valuation of financial instruments		(153,681)	(105,887)
Available-for-sale financial assets	8	-	(16,700)
Arising from investments in associates	7	(153,681)	(89,187)
Arising from actuarial gains or losses and other adjustments		(110)	(36)
Tax effect	19	-	5,010
Total income and expense recognised directly in equity		(153,791)	(100,913)
Total comprehensive income		267,194	291,399
Attributable to the parent		265,579	289,643
Attributable to minority interests		1,615	1,756

Statement of Changes in Consolidated Shareholders' Equity

for the years ended 31 December 2010 and 2009

In thousands of euros	Share capital	Retained earnings	Treasury shares	Other reserves	Interim dividend	Shareholders' equity	Minority interests	Total shareholders' equity
Balance at 1 January 2009	**62,390**	**3,126,093**	**(28,361)**	**(538,811)**	**(23,151)**	**2,598,160**	**704**	**2,598,864**
Changes in consolidated equity of associates (Note 7)	-	(254,715)	-	165,528	-	(89,187)	-	(89,187)
Change in the fair value of available-for-sale assets	-	-	-	(11,690)	-	(11,690)	-	(11,690)
Other	-	(36)	-	-	-	(36)	-	(36)
Profit for the year	-	390,556	-	-	-	390,556	1,756	392,312
Total income and expenses for the year	**-**	**135,805**	**-**	**153,838**	**-**	**289,643**	**1,756**	**291,399**
Interim dividend for the previous year (Note 3)	-	(23,151)	-	-	23,151	-	-	-
Dividends paid during the year (Note 3)	-	(22,556)	-	-	(30,050)	(52,606)	(1,755)	(54,361)
Redemption of capital	(1,630)	(43,680)	45,310	-	-	-	-	-
Purchase of own shares (Note 13)	-	-	(48,350)	-	-	(48,350)	-	(48,350)
Balance at 31 December 2009	**60,760**	**3,172,511**	**(31,401)**	**(384,973)**	**(30,050)**	**2,786,847**	**705**	**2,787,552**
Changes in consolidated equity of associates (Note 7)	-	(34,899)	-	(118,782)	-	(153,681)	-	(153,681)
Other	-	(110)	-	-	-	(110)	-	(110)
Profit for the year	-	419,370	-	-	-	419,370	1,615	420,985
Total income and expenses for the year	**-**	**384,361**	**-**	**(118,782)**	**-**	**265,579**	**1,615**	**267,194**
Interim dividend for the previous year (Note 3)	-	(30,050)	-	-	30,050	-	-	-
Dividends paid during the year (Note 3)	-	(29,645)	-	-	(29,424)	(59,069)	(1,621)	(60,690)
Redemption of capital	(1,430)	(54,016)	55,446	-	-	-	-	-
Purchase of own shares (Note 13)	-	-	(44,802)	-	-	(44,802)	-	(44,802)
Balance at 31 December 2010	**59,330**	**3,443,161**	**(20,757)**	**(503,755)**	**(29,424)**	**2,948,555**	**699**	**2,949,254**

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 Financial Statements

Consolidated Cash Flow Statements

for the years ended 31 December 2010 and 2009 (Note 28)

In thousands of euros	Notes	2010	2009
Operating activities			
Profit/(loss) for the year		419,370	390,556
Adjustments to profit/(loss)			
Depreciation and amortisation		1,007	1,015
Changes in the fair value of investment properties	5	8,388	18,364
Share of the profit/(loss) of associates	7	(375,148)	(444,052)
Profit/(loss) on assets		(6,051)	29,255
Recoveries of provisions for liabilities and charges	15	-	357
Finance income	23.b	(34,177)	(20,797)
Finance costs		23,356	20,896
Corporate income tax paid	19	(39,617)	2,759
Other cash flows from operating activities			
Purchases of equity investments	7	(126,991)	(249,975)
Sales of equity investments	7	18,309	150,832
Purchases of investment properties	5	(1,118)	(564)
Purchases of property, plant and equipment and intangible assets	6	(109)	(196)
Purchases of financial assets		(116,941)	(14,041)
Dividends received		189,189	199,132
Payment of expenses accrued in previous years		-	(22,161)
Changes in working capital		7,029	76
Other items		(889)	-
Net cash from operating activities		(34,393)	61,456

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 Financial Statements

In thousands of euros	Notes	2010	2009
Investing activities			
Purchases of own shares	13	(44,802)	(48,350)
Net cash from investing activities		(44,802)	(48,350)
Financing activities			
Dividends paid	3	(59,069)	(52,606)
Net interest paid		10,886	(927)
Movements in bank borrowings		49,376	136,405
Net cash from financing activities		1,193	82,872
Increase/(decrease) in net cash		(78,002)	95,978
Cash and cash equivalents at 01/01 (Note 12)		281,373	185,395
Cash and cash equivalents at 31/12 (Note 12)		203,371	281,373

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Consolidated Financial Statements

Notes to the Consolidated Financial Statements

for the year ended 31 December 2010

1. Business activities

Corporación Financiera Alba, S.A. ("Alba") is a holding company with 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 2010 were prepared and authorised for issue by the Board of directors at its meeting held on 23 March 2011 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 net assets and consolidated financial position of Alba at 31 December 2010 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 2010 shown in these consolidated financial statements the figure for the previous year is presented.

In relation to deferrals of payments to suppliers in commercial transactions, the Resolution of 29 December 2010 of the Instituto de Contabilidad y Auditoría de Cuentas (Institute of Accounting and Auditing) regarding the information to be included in the notes to financial statements in relation to deferrals of payments to suppliers in commercial transactions is applicable for the first time this year. Pursuant to the Second Transitional Provision of the Resolution, in the first year of application of this Resolution the Company provides exclusively the information relating to the outstanding amount payable to suppliers that at year-end has been deferred for longer than the legally stipulated period and no comparative information relating to this new obligation is presented, these financial statements being considered initial financial statements exclusively for this purpose as regards application of the principle of consistency and the requirement of comparability.

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, 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 have been used. 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 in profit for the year is presented under the headings "Minority interests" in Total Equity in the consolidated balance sheet and "Profit attributable to minority interests" in the consolidated income statement, respectively.

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.

Consolidated Financial Statements

The information for 31 December 2010 and 2009 is shown below:

Subsidiary	Activity	Years	% ownership interest	Net carrying amount before consolidation	Shareholders' equity before undistributed profit	Profit/ (loss)
Alba Participaciones, S.A. Castelló, 77, 5ª planta 28006-Madrid	Securities investment	2010 2009	100.00 100.00	117,633 117,633	2,135,998 2,096,671	208,148 219,327
Artá Capital, Sociedad Gestora de Entidades de Capital Riesgo ,S.A. Pza. Marqués de Salamanca, 10 28006-Madrid	Venture capital management company	2010 2009	62.50 62.50	1,156 188	1,722 1,457	4,307 4,684
Balboa Participaciones, S.A.U. Castelló, 77, 5ª planta 28006-Madrid	Securities investment	2010 2009	100.00 -	5,000 -	4,946 -	1,115 -
Deyá Capital, S.C.R. de Régimen Simplificado, S.A. Pza. Marqués de Salamanca, 10 28006-Madrid	Private equity company	2010 2009	100.00 100.00	133,321 72,129	137,530 62,451	(4,235) (2,011)

Consolidated Financial Statements

In 2010, the company Balboa Participaciones, S.A.U., fully owned by Alba Participaciones, S.A., was incorporated.

Ernst & Young is the auditor of Alba Participaciones, S.A., Deya Capital, S.C.R. de Régimen Simplificado, S.A. and Arta Capital, S.G.E.C.R., S.A.

2.4. Associates

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

The information for 2010 and 2009 is shown below:

			% ownership interest	
Associate / Auditor	Registered address	Activity	at 31-12-10	at 31-12-09
Acerinox, S.A. / KPMG Auditores	Santiago de Compostela, 100 (Madrid)	Manufacture and sale of stainless steel products	24.24	24.24
ACS, Actividades de Construcción y Servicios, S.A. / Deloitte	Avda. de Pío XII, 102 (Madrid)	Construction and services	23.31	23.48
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	20.00	18.15
Ebro Foods, S.A. / Deloitte	Paseo de la Castellana, 20 (Madrid)	Food	5.70	-
Indra Sistemas, S.A. / KPMG Auditores	Avda. de Bruselas, 35 (Alcobendas - Madrid)	New technologies	10.02	10.02
Prosegur, Compañía de Seguridad, S.A. / KPMG Auditores	Pajaritos, 24 (Madrid)	Security, cash transport and alarms	10.01	10.01

During 2010, 1.85% of Clínica Baviera, S.A. and 5.70% of Ebro Foods, S.A. was acquired. Also, the percent interest in ACS, Actividades de Construcción y Servicios, S.A. was reduced due to the sale of 0.17%.

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.

3. Distribution of profit

The proposed distribution of profit for 2010 which the Board of Directors will submit to the General Meeting for approval and the distribution of profit for 2009 approved by the General Meeting are as follows:

	2010	2009
Consolidated profit for the year	419,370	390,556
Distributable profit		
Profit for the year attributable to the parent	185,802	40,960
Retained earnings	48,014	95,285
Total	233,816	**136,245**
Distribution		
To retained earnings	175,271	76,550
To dividends	58,545	59,695
Total	233,816	**136,245**

The dividends paid by the parent company in 2010 and 2009 were as follows:

	No. of shares with dividend rights	€/share	€ '000
2010			
Interim dividend for 2010	58,847,458	0.500	29,424
Final dividend for 2009	59,290,790	0.500	29,645
2009			
Interim dividend for 2009	60,099,348	0.500	30,050
Final dividend for 2008	60,148,000	0.375	22,556

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 277 of the Consolidated Text of the Law on Corporations is presented in the Notes to the individual financial statements of the parent company.

4. Valuation rules

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

a) Investment property (Note 5)
Investment properties, consisting of buildings for lease, are carried initially at cost, including transaction costs. Subsequently they are carried at their fair value, as calculated by independent experts, according to the following definition: "Fair value is the price at which the property could be sold through a private contract between a willing seller and an independent buyer at the valuation date if the property were to be offered publicly on the market, market conditions enabled the sale to be carried out in an orderly fashion and a normal period of time were available for the sale to be negotiated, given the nature of the property". Changes in fair value are included in the income statement for the period in which they occur. Investment property is not depreciated.

b) Property, plant and equipment (Note 6)
In application of IFRS 1, "First-time adoption of international financial reporting standards", owner-occupied property was recorded at 1 January 2004 at its fair value, as calculated by independent experts as defined in the previous paragraph, this amount being treated henceforth as the cost of acquisition. This increase in value was credited to consolidated equity.

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

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

	Annual depreciation percentages
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 2010 the only companies whose quoted price at year-end was less than their book value are Clínica Baviera, S.A. and Indra Sistemas, S.A. In these cases, 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 2011 to 2013. The residual value has been calculated based on the flow of the last projected year with a growth rate in perpetuity of 2.0%.

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

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

- Capital structure: 80% capital and 20% debt.
- Equity ratio: 9.1%
- Cost of debt after tax: 4.1%
- Levered beta: 1.05 has been used
- Estimated fair value: 13.10 euros/share

c.2) Indra Sistemas, S.A.

The projection period used was 2011 to 2013. The residual value was calculated based on the flow of the last projected year with a growth rate in perpetuity of 2.0%.

The projected cash flows were discounted at a rate of 7.3%, based on the average weighted cost of capital.

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

- Capital structure: 90% capital and 10% debt.
- Equity ratio: 7.6%
- Cost of debt after tax: 4.7%
- Levered beta: 0.77 has been used
- Estimated fair value: 16.27 euros/share

In 2009 the only associate whose quoted price at year-end was less than its book value was 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.3) Clínica Baviera, S.A.

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

The projected cash flows were discounted at a rate of 7.7%, 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: 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

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 corresponding valuation adjustment is recorded. At least once a year, all the Company’s investments are valued 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.

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 2010 and 2009 in valuing these commitments are as follows:

Mortality and survival tables	PERM/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.

	31/12/2010	31/12/2009
Pension obligations towards current employees	34,216	34,367
Vested	25,918	26,248
Unvested	8,298	8,119
Fair value of plan asstes (policies)	26,356	27,461

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 2010 and 2009 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	
	2010	2009
Madrid	179,100	183,150
Barcelona	36,400	38,700
Palma de Mallorca	4,400	5,300
Rest	1,980	2,000
Balance at 31 December	221,880	229,150

The movements in investment property are as follows:

Balance at 1-1-09	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
Increases	1,118
Change in fair value	(8,388)
Balance at 31-12-10	221,880

The increases in 2010 relate mainly to the acquisition of parking places and those in 2009 to improvements carried out.

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

	2010	2009
Floor area above grnd level (square metres)	82,267	82,267
Leased floor area (square metres)	74,054	74,133
Leased area as % total floor area	90.0%	90.1%

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 2010 and 2009 is as follows:

	2010	2009
In one year	1,688	13,059
Rest	40,573	13,549
Total	42,261	**26,608**

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:

	Buildings	Other PPE	Total
Cost			
Balance at 1-1-09	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
Increases	-	109	109
Disposals	-	(39)	(39)
Balance at 31-12-10	19,300	3,011	22,311
Accumulated depreciation			
Balance at 1-1-09	(6,078)	(2,266)	(8,344)
Increases	(775)	(209)	(984)
Disposals	-	120	120
Balance at 31-12-09	(6,853)	(2,355)	(9,208)
Increases	(798)	(176)	(974)
Disposals	-	39	39
Balance at 31-12-10	(7,651)	(2,492)	(10,143)
Provision			
Balance at 1-1-09	-	-	-
Increases	(147)	-	(147)
Balance at 31-12-09	(147)	-	(147)
Increases	(47)	-	(47)
Balance at 31-12-10	(194)	-	(194)
Net PPE at 31-12-09	12,300	586	12,886
Net PPE at 31-12-10	11,455	519	11,974

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

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

7. Investments in associates

The changes in this item in 2010 are as follows:

Company	Consolidated value at 1/1/10	Profit/(loss) of investees	Accrued dividends	Acquisitions/ (Disposals)	Changes in consolidated equity of associates	Consolidated value at 31/12/10	Quoted market value at 31/12/10
Acerinox, S.A.	687,049	29,755	(33,240)	-	38,154	721,718	793,248
ACS, Actividades de Construcción y Servicios, S.A.	1,590,889	306,792	(136,810)	(9,995)	(193,000)	1,557,876	2,572,374
Antevenio, S.A.	3,116	142	(175)	-	-	3,083	4,536
Clínica Baviera, S.A.	34,094	1,044	(621)	2,417	(29)	36,905	23,485
Ebro Foods, S.A.	0	2,438	(7,037)	124,574	-	119,975	138,951
Indra Sistemas, S.A.	252,751	18,889	(10,854)	-	(2,258)	258,528	210,253
Prosegur, Compañía de Seguridad, S.A.	155,766	16,088	(5,683)	-	3,452	169,623	260,153
Total	2,723,665	375,148	(194,420)	116,996	(153,681)	2,867,708	4,003,000

The changes in this item in 2009 are as follows:

Company	Consolidated value at 1/1/09	Profit/(loss) of investees	Accrued dividends	Acquisitions/ (Disposals)	Changes in consolidated equity of 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 y 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
Total	**2,394,717**	**444,052**	**(192,639)**	**166,722**	**(89,187)**	**2,723,665**	**3,961,447**

The changes in the consolidated equity of associates in 2010 and 2009 are due mainly to purchases of own shares, revaluations of available-for-sale financial assets and translation differences (Note 13).

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

	2010			2009		
	%	Selling price	Profit/ (loss)	%	Selling price	Profit/ (loss)
ACS, Actividades de Construcción y Servicios, S.A.	0.17	18,309	8,325	1.33	150,832	67,493
Total		18,309	8,325		150,832	67,493

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.						
2010	2,004,793	2,235,567	1,324,428	992,194	4,500,467	122,739
2009	1,615,725	2,002,064	1,065,194	800,073	2,993,409	-229,206
ACS, Actividades de Construcción y Servicios, S.A.						
2010	18,189,522	15,995,005	18,971,136	10,771,005	15,379,664	1,312,557
2009	13,881,064	17,480,130	13,799,111	13,054,163	15,387,352	1,946,188
Ebro Foods, S.A.						
2010	1,164,337	1,720,693	604,045	673,539	1,702,023	388,797
2009	913,280	1,771,185	590,355	795,950	1,765,397	176,539
Indra Sistemas, S.A.						
2010	2,050,691	925,184	1,584,106	377,748	2,557,042	188,521
2009	1,702,665	786,864	1,316,186	196,210	2,513,247	195,590
Prosegur, Compañía de Seguridad, S.A.						
2010	1,014,879	961,340	873,177	436,474	2,560,344	160,785
2009	703,816	898,778	650,297	426,948	2,187,032	147,817
Clínica Baviera, S.A.						
2010	16,398	40,444	17,116	17,322	89,683	5,220
2009	17,255	41,500	16,014	21,875	83,141	1,860

Notice of changes in shareholdings:
Notice of the acquisition, modification or transfer of shares in a company has been given in accordance with the laws and regulations in force at any given time.

In 2010 the Company notified:

- Clínica Baviera, S.A. that the Company's equity interest had reached 20.00%
- ACS, Actividades de Construcción y Servicios, S.A. that the Company had sold an equity interest of.. 0.17%
- Ebro Foods, S.A., that the Company's equity interest had reached 5.70%

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 %

At 31 December, Alba had made available to ACS 67,713,138 ACS shares so that ACS could use them, through securities lending, as part of the consideration in the Public Offer of Exchange that ACS had announced in Germany in respect of all the shares of Hochtief A.G. As of the date on which these financial statement were authorised for issue, these shares had been released, as the availability contract had been cancelled. The remuneration received for this availability commitment was 15,231 thousand euros (Note 24).

8. Available-for-sale financial assets

The composition of this item at 31 December 2010 and 2009 is detailed below:

	2010		2009	
Long-term unlisted	% ownership interest	Fair value	% ownership interest	Fair value
Mecalux, S.A.	14.23	78,983	-	-
Pepe Jeans, S.A.	12.28	37,959	-	-
Ros Roca Environment, S.L.	19.04	31,013	16.79	31,013
Ocibar, S.A.	21.66	7,430	21.66	7,430
C. E. Extremadura, S.A.	2.55	417	2.55	417
Total		155,802		38,860

In 2010 the investments in Mecalux, S.A. and Pepe Jeans, S.A. have been stated at their acquisition cost, on the understanding that this is the best estimate of their fair value, these being recent acquisitions. In 200 and 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 2009 a negative adjustment was made in the amount of 16,699 thousand euros. 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.

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

	2010		2009	
	%	Amount	%	Amount
Other	-	-	-	355
Total	-	-	-	**355**

9. Other non-current financial assets and liabilities

The composition of these items at 31 December 2010 and 2009 is as follows:

	2010	2009
Other non-current financial assets		
Loans to third parties	43,908	45,000
Guarantees received from customers	1,723	1,779
Balance at 31 December	45,631	46,779
Other non-current financial liabilities		
Guarantees given to public bodies	1,936	1,943

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 was 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 was recorded under the "Asset impairment" heading in the accompanying income statement.

10. Trade and other receivables

The composition of this item at 31 December 2010 and 2009 is detailed below:

	2010	2009
Accrued and unpaid dividends	63,358	69,083
Corporate income tax withheld	9,925	2,345
Sundry debtors	2,067	8,837
Prepaid expenses	173	305
Trade receivables	-	41
Balance at 31 December	**75,523**	**80,611**

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 (2,332) thousand euros in 2010 and 3,044 thousand euros in 2009.

12. Cash and cash equivalents

The composition of this item at 31 December 2010 and 2009 is detailed below:

	2010	2009
Cash and banks	7,242	136,200
Deposits and short-term investments	196,129	145,173
Balance at 31 December	203,371	281,373

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 2009, the Company's issued share capital was represented by 60,760,000 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 2010, by resolution of the Ordinary General Meeting of

26 May 2010, 1,430,000 shares were cancelled. As a result, at 31 December 2010 the share capital was represented by 59,330,000 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 69,477% of Corporación Financiera Alba, S.A. Other interests notified to the CNMV are as follows, at 31 December 2010:

	2010	2009
Bestinver, S.A., S.G.I.I.C.	3.120%	1.635%
The Egerton European Dollar Fund Limited	1.719%	-

The breakdown of "Other reserves" is as follows:

	2010	2009
Due to changes in the consolidated net assets of associates		
Treasury shares	(165,396)	(85,468)
Translation differences	33,444	(54,426)
Valuation of financial instruments	(281,971)	(169,429)
Change in scope of consolidation and other changes	(78,142)	(63,960)
Due to changes in the fair value of available-for-sale assets	(11,690)	(11,690)
Total	(503,755)	(384,973)

Movements in treasury shares in 2010 and 2009 were as follows:

	Nº of shares	Percentage of share capital	Average acquisition price (euros/share)	€ '000
At 1 January 2009	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**
Purchased	1,257,521	2.07%	35.63	44,802
Cancelled (General Meeting 26-05-10)	(1,430,000)	(2.35)%	38.77	(55,446)
At 31 December 2010	**600,908**	**1.01%**	**34.54**	**20,757**

The balance of treasury shares at 31 December 2009 included 435,000 shares at 44.94 euros/share earmarked for the share option scheme (Note 25). If the 435,000 earmarked shares had been excluded, the balance at 31 December would have been as follows:

Year	Shares	Average price
2009	338,387	35.03 €/share

Said shares were cancelled pursuant to the resolution of the General Meeting of Shareholders of 26 May 2010.

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 2010 and 2009 was as follows:

	2010	2009
Bank borrowing	687,340	637,964
Cash and cash equivalents	(203,371)	(281,373)
Financial assets held for trading	(25,403)	(22,489)
Total net debt	458,566	**334,102**
Shareholders' equity	2,948,555	2,786,847
Shareholders' equity + net debt	3,407,121	3,120,949
Gearing ratio	13.46%	**10.71%**

15. Provisions

The movements in provisions during 2010 and 2009 were as follows:

	2010	2009
Balance at 1 January	6,828	11,423
Increases due to updating of interest rates	104	244
Decreases due to cancellations of losses	-	(357)
Applications due to payments	(2,498)	(4,482)
Balance at 31 December	4,434	6,828

16. Trade and other payables

The composition of this item at 31 December 2010 and 2009 is detailed below:

	2010	2009
Other financial liabilities	2,072	2,110
Accrued wages and salaries	1,457	1,416
Trade payables	1,181	1,022
Current tax liabilities (note 19)	3,623	948
Accruals and deferred income	892	425
Balance at 31 December	9,225	5,921

In relation to Law 15/2010 of 15 July amending Law 3/2004 of 29 December establishing measures to combat delinquency in commercial transactions, it is declared that as of 31 December 2010 there are no outstanding amounts payable to suppliers that have exceeded the legal limit.

17. Bank borrowings

Non-current

In 2010 the non-current bank borrowings consist of a fixed-rate loan of 75 million euros maturing in June 2012. As of 31 December 2010 it is estimated that the fair value of this non-current liability does not differ significantly from its carrying amount. The BBVA loan in force at 31 December 2009 has been classified as short-term, as it matures in June 2011.

In 2009 the 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 was estimated that the fair value of this non-current liability does not differ significantly from its carrying amount.

Current

The current bank borrowings have maturity of one year. The breakdown of these borrowings by maturity is as follows:

	At 31/12/2010		At 31/12/2009	
Bank	Maturity	Balance drawn	Maturity	Balance drawn
Credit lines				
Banca March	17/06/11	255	18/06/10	75,166
Banco Cooperativo	15/07/11	17,968	15/07/10	17,586
Banco Sabadell	04/07/11	84,819	04/10/10	49,153
Banesto	30/06/11	124,536	30/06/10	59,032
Barclays	06/07/11	24,975	02/07/10	47,134
La Caixa	29/06/11	14,906	08/06/10	14,909
Unicaja	15/02/11	49,996	15/02/10	49,984
BBVA	30/06/11	44,885	-	-
		362,340		312,964
Loans				
BBVA	30/06/11	250,000	-	-
Total		612,340		312,964
Limit on credit lines granted		423,000		313,000

The BBVA loan is fixed-rate and is secured by the pledge of 29,000,000 shares of Acerinox, S.A.

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

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 unlisted companies 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 and market, 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; changes in long-term interest rates; damage; default by lessees; and changes in market value.

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

1.1. Cash flow interest rate risk

The Group 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 the consolidated balance sheet of the Company, namely the investments in listed companies. These investments are, and are expected to continue to be, mainly long-term and hedging would not be financially viable. In some cases, the Company also uses derivatives on listed shares.

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

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, it is the Group's policy 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.

This risk may also arise from the possibility that those credit institutions in which cash deposits are made as a result of the Company's cash management may not return the deposits.

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 consolidated balance sheet is the investment in investee companies. 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 Group 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.

As regards the risk relating to the return of the term cash deposits held in credit institutions, this type of deposit is made exclusively in institutions that have obtained a certain minimum rating that is considered sufficient. If an institution in which a deposit is held is downgraded and the downgrade is only one level below the indicated minimum, the deposits will be held to maturity but will not be renewed; and where the downgrade is two or more levels below the indicated minimum, the deposits will be cancelled.

3. IT and internal audit systems

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

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

Lastly, the Audit Committee is responsible for ensuring that the Company has the necessary risk monitoring and control system and that the system works effectively, the external auditor having given an opinion on the adequacy of this system.

19. Tax matters

Corporación Financiera Alba, S.A., together with Alba Participaciones, S.A., Balboa Participaciones, S.A.U. 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:

2010		Income statement	
Balance of income and expenses for the year		419,370	
	Increases		Decreases
Corporate income tax			39,617
Permanent differences			
Due to consolidation adjustments [1]			21,716
Intra-group dividends			180,000
Elimination of intra-group transactions	14,591		
Other	508		
Temporary differences:			
Arising in the current year			7,533
Tax base (taxable income)		185,603	
Gross tax payable at 30%		55,681	
Deductions from tax		(53,828)	
Current income tax		1,853	
Corporate income tax returned following successful appeal of tax assessments		(994)	
Foreign dividends withheld		34	
Tax paid in advance, deferred tax and tax credits for tax losses and deductions [2]		(40,510)	
Income in respect of corporate income tax		**(39,617)**	

(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 (2) The Group has recognised the deferred tax assets generated in previous years as sufficient taxable income was generated due to the sale of ACS shares before these accounts were issued (Note 29)

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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 movement in deferred tax assets and liabilities is as follows:

	31/12/2010	Additions/ (Derecognitions)	31/12/2009	Additions/ (Derecognitions)	01/01/2009
Deferred tax assets					
Due to non deductible impairment	38,376	8,376	30,000	-	-
Tax credits from loss carryforwards and deductions pending application	40,900	40,900	-	(33,459)	33,459
For retirement plan and non-deductible expenses	6,150	6,150	-	-	-
From valuation adjustments against equity	5,009	-	5,009	-	-
Total deferred tax assets	90,435		35,009		33,459
Deferred tax liabilities					
Due to capital gains on investments	45,637	14,916	30,721	(2,738)	33,459
Total deferred tax liabilities	45,637		30,721		33,459

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 Corporate Income Tax)	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:

	31/12/2010		31/12/2009
Year of expiry	Deductions	Negative taxable income	Negative taxable income
2018	-	11,484	11,484
2019	-	116,256	116,256
2020	2,578	-	-
Total	2,578	127,740	127,740

The financial years from 2006 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:

	2010	2009
For corporate income tax	470	534
For personal income tax	300	307
For VAT	103	55
Other	2,664	-
For social security contributions	86	52
Total	3,623	948

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

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

	2010	2009
Guarantees given for the sale of the stake in Banco Urquijo, S.A.	3,827	3,827
Total	3,827	3,827

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:

	2010			2009		
	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	19	14	33	16	15	31
Other	2	-	2	2	-	2
Total	34	15	49	31	16	47

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

	2010			2009		
	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	18	16	34	17	16	33
Other	2	-	2	2	-	2
Total	33	17	50	32	17	49

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 2010 and 2009.

There were no transactions between segments.

Segment information 2010 (In thousands of euros)	Property lease	Securities investment	Total Group
Direct segment income and expenses			
Lease income and other items	15,670		15,670
Profit from disposals		6,294	6,294
Share of profit/(loss) of associates		375,148	375,148
Dividends received		842	842
Increase/(decrease) in fair value	(8,388)		(8,388)
Other direct segment operating expenses	(2,834)		(2,834)
Segment profit/(loss)	**4,448**	**382,284**	**386,732**
Income and expenses not assigned to segments			
Impairment			(47)
Staff costs			(9,387)
Other operating expenses			(4,902)
Depreciation and amortisation			(1,007)
Net finance income			9,979
Profit/(loss) before taxes and minority interests			**381,368**
Corporate income tax			39,617
Minority interests			(1,615)
Net profit/(loss) for the year			**419,370**
Assets and liabilities			
Segment assets	221,880	3,048,913	3,270,793
Unassigned assets			427,033
Total assets			**3,697,826**
Segment liabilities	1,936		1,936
Unassigned liabilities			746,636
Total liabilities			**748,572**

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.

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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**

Alba operates entirely in Spain and so is considered a single geographical segment.

23. Other income and expenses

The following tables show the composition of the various items included under this heading in 2010 and 2009.

a) Staff costs

	2010	2009
Wages and salaries	7,457	7,520
Employer's social security contributions	523	511
Alternative pension plan systems	1,098	1,251
Insurance premiums	210	201
Other employee welfare costs	99	83
Balance at 31 December	9,387	**9,566**

b) Finance income

	2010	2009
Dividends	842	828
Gain/(loss) on derivatives	671	9,423
Interest	30,204	7,601
Management fee	2,460	2,945
Balance at 31 December	34,177	20,797

At 31 December 2010 and 2009 Alba had no significant positions in financial instruments.

24. Related parties

In 2010 the following transactions were carried out:

Description of the transaction	Amount	Related party
With significant shareholders of the company		
Finance costs	962	Banca March
Management and Collaboration Contracts	826	Banca March
Current account interest	83	Banca March
Financing agreements and loans	255	Banca March
Guarantees and avals	1,971	Banca March
Dividends	39,559	Concerted action by Banca March Group
With other related parties		
Dividends	188,377	ACS, Acerinox, Prosegur, Indra y Ebro Foods
Fee for commitment to lend securities	15,251	ACS
Repayment of share premium	6,043	Acerinox
Collaboration agreements	300	Fundación Juan March
Operating lease contracts	346	March Gestión de Fondos, S.G.I.I.C., S.A. March Gestión de Pensiones, S.G.F.P., S.A. y CIMSA
Insurance premiums brokered	1,531	March Unipsa
Insurance premiums	337	March Vida

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 e 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. y CIMSA
Insurance premiums brokered	2,785	March Unipsa
Insurance premiums	358	March Vida

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. 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.

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 2010 and 2009 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.:

	2010				
			Directors' remuneration		
	No. of people	Salaries and other	Alba	Group companies	Alternative pension plan systems and insurance
Proprietary directors	4	-	338	75	29
Independent non-executive directors	5	-	198	-	-
Executive directors	4	1,498	160	75	647
Senior management	3	942	-	24	40

	2009				
			Directors' remuneration		Alternative pension plan systems and insurance
	No. of people	Salaries and other	Alba	Group companies	
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

Neither in 2010 nor in 2009 had any advances or loans been extended to directors or senior managers.

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In compliance with Articles 229 and 230 of the Law on Corporations, the situations where directors maintain interests or positions in companies that engage in an analogous or complementary type of activity to that which is the corporate purpose of Alba are indicated below:

Director	Company	Activity	% ownership interest	Functions
Juan March de la Lastra	Artá Capital, S.G.E.C.R., S.A.	S.G.E.C.R.	-	Director
Juan March de la Lastra	Deyá Capital, S.C.R. de Régimen Simplificado, S.A.	S.C.R.	-	Director
Santos Martínez-Conde Gutiérrez-Barquín	Artá Capital, S.G.E.C.R., S.A.	S.G.E.C.R.	-	Director
Santos Martínez-Conde Gutiérrez-Barquín	Deyá Capital, S.C.R. de Régimen Simplificado, S.A.	S.C.R.	-	Chairman
Santos Martínez-Conde Gutiérrez-Barquín	Alba Participaciones, S.A.	Securities investment	-	First Vice-Chairman and CEO
Francisco Verdú Pons	Alba Participaciones, S.A.	Securities investment	-	Chairman
José Ramón del Caño Palop	Balboa Participaciones, S.A.U.	Securities investment	-	Director
José Ramón del Caño Palop	Deyá Capital II, S.C.R., de Régimen Común, S.A.	S.C.R.	-	Director and Secretary
José Ramón del Caño Palop	Artá Capital, S.G.E.C.R., S.A.	S.G.E.C.R.	-	Director and Secretary
José Ramón del Caño Palop	Deyá Capital, S.C.R. de Régimen Simplificado, S.A.	S.C.R.	-	Director and Secretary

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27. Auditors' remuneration

Fees payable to Ernst & Young totalled 67 thousand euros, relating entirely to the auditing of the 2010 individual and consolidated annual accounts of Alba and subsidiaries. Fees payable in 2009 amounted to 64 thousand euros, relating entirely to the auditing of the individual and consolidated financial statements for 2009 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 January 2011 Alba Participaciones acquired 0.42% of the capital of Ebro Foods, S.A. for 9.7 million euros, reaching a shareholding of 6.12%

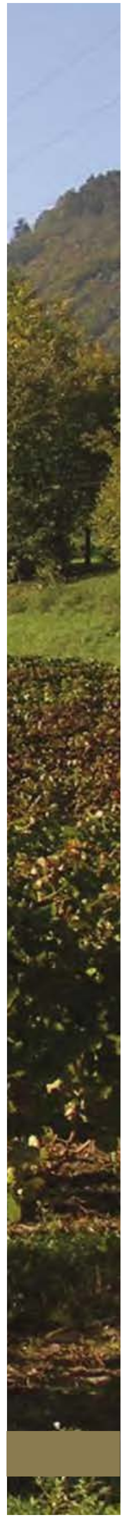
- On 2 February 2011 Alba Participaciones placed 15,740,000 shares of ACS, representing 5% of the capital of said company, with institutional investors through an accelerated book-building. Said placement was carried out at 34.00 euros per share, for a total amount of 535 million euros, generating a consolidated gain of 188 million euros before taxes. On this investment Alba obtained an IRR of 18.2% per year for 17 years. Following this sale, Alba remains the leading shareholder in ACS, with a shareholding equal to 18.3% of the capital.

- At the end of February 2011, through Deyá Capital SCR de Régimen Simplificado, Alba purchased a 26.76% stake in Panaderías de Navarra, S.A. (Panasa), for a payment of 32.6 million euros. Panasa manufactures, sells and distributes fresh and frozen bread products, pastry goods and cakes through its network of 185 company-owned stores in Navarra and Guipúzcoa. Its subsidiary Berlys, specialising in frozen products, serves more than 16,000 customers in Spain through a network of 30 company-owned sales branches and 75 distributors. The agreement to make this investment was notified to the market in mid-December.

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 of Corporación Financiera Alba, S.A. and Subsidiaries for 2010



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.

Management Report

1. Company business and financial position

The consolidated financial statements at 31 December 2010 give a true and fair view of the Group's assets and liabilities and financial position and of the results of its operations, changes in equity and cash flows for the year then ended and have been authorised for issue by the directors of the Company.

The Alba Group's activity during 2010 consisted of:

- Management of a set of controlling and significant non-controlling interests in companies with activities in a variety of industries.

- Development of and investment in 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

The movements in treasury shares shown in equity at 31 December 2010 are as follows:

	Nº of shares	Percentage of share capital	Average acquisition price (euros/share)	€ '000
At 1 January 2009	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**
Purchased	1,257,521	2.07%	35.63	44,802
Cancelled (General Meeting 26-05-10)	(1,430,000)	(2.35)%	38.77	(55,446)
At 31 December 2010	**600,908**	**1.01%**	**34.54**	**20,757**

The balance of treasury shares at 31 December 2009 includes 435,000 shares at 44.94 euros per share earmarked for the share option scheme (note 15). If the 435,000 earmarked shares were excluded, the balance at 31 December 2009 would be as follows:

Year	Shares	Average price
2009	338,387	35.03 €/share

Said shares were cancelled pursuant to the Resolution of the General Meeting of Shareholders dated 26 May 2010.

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 January 2011 Alba Participaciones acquired 0.42% of the capital of Ebro Foods, S.A. for 9.7 million euros, bringing its shareholding to 6.12%

- On 2 February 2011 Alba Participaciones sold 15,740,000 share of ACS, representing 5% of the company's capital, to institutional investors through an accelerated book building process. This sale was carried out at 34.00 euros per share for a total amount of 535 million euros, generating a consolidated gain of 188 million euros before taxes. Alba obtained an IRR of 18.2% per year for 17 years on this investment. Following the sale, Alba remains the leading shareholder of ACS, with 18.3% of the capital.

- At the end of February 2011, through Deyá Capital SCR de Régimen Simplificado, Alba acquired 26.76% of Panaderías de Navarra, S.A. (Panasa), against payment of 32.6 million euros. Panasa manufactures, sells and distributes fresh and frozen bakery products, pastry goods and cakes through its network of 185 company-owned stores in Navarra and Guipúzcoa. Its subsidiary Berlys, specialising in frozen products, serves more than 16,000 customers in Spain through a network of 30 company-owned sales branches and 75 distributors. The agreement to make this investment was notified to the market in mid-December.

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

To meet the requirements of Article 116 bis of Law 24/1988 of 28 July on the Securities Market (introduced by Law 6/2007 of 12 April), at its meeting on 23 March 2011 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 2010, 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 59,330,000 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 2010 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	21,133,612	20,087,290	69.477
Bestinver Gestión, S.A., S.G.I.I.C.	0	1,851,049	3.120
The Egerton European Dollar Fund Limited	1,019,883	0	1.635

Within "Banca March Group concerted action" (69.477%), the following holdings would in themselves qualify as significant shareholdings (including direct and indirect holdings):

Banca March, S.A.	35.620%
Carlos March Delgado	10.749%
Juan March Delgado	13.159%
Leonor March Delgado	3.401%
Gloria March Delgado	3.168%

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 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 Corporations (Consolidated Text approved by Legislative Royal Decree 1/2010 of 2 July) and the Articles of Association, authority to appoint, re-elect and ratify directors belongs to the General Meeting. However, if one or more posts fall vacant as a result of the resignation or death of their holders, the Board is legally entitled to co-opt another person or other persons onto the Board, subject to confirmation at the first General Meeting following co-option.

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

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

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

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

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

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

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

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

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

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

i) Is in any of the situations referred to in a), e), f) and g) above in relation to any significant shareholder of the Company or any shareholder represented on its Board. In the case of the kinship referred to in g), the limitation shall apply not only to the shareholder, but also to the shareholder's proprietary directors in the Company.

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 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 he/she meets all the above conditions and his/her 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.

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

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

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

f.1.2. Retirement and removal.

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

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

a) When they reach 70 years of age.

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

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

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

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

Independent directors may also be proposed for retirement in order to meet the proportionality criterion set out in Recommendation 8.2 of the Board Regulations in the event that the Company's capital structure changes as a result of a takeover, 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 213 of the Law on Corporations, the Board shall 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 amending the Articles of Association is regulated in the Law on Corporations, which requires that amendments be approved by the shareholders in General Meeting, with the majorities stipulated in article 194 of said 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 (currently article 297.1.b/ of the Law on Corporations). To date the Board of Directors has not used this authority.

Also 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 26 May 2010 the shareholders gave the Board of Directors authority under article 75 and other related articles of the Law on Public Limited Companies (currently article 146 of the Law on Corporations) to purchase shares of Corporación Financiera Alba, S.A. The total number of treasury 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 (currently article 146 of the Law on Corporations). The current authority expires on 30 June 2011.

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
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 unlisted companies; 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 and market, 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; changes in long-term interest rates; damage; default by lessees; and changes in market value.

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

1.1. Cash flow interest rate risk

The Group 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

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

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

1.4. Credit risk

Credit risk arises basically from the possibility that the lessors of properties belonging to the Company will fail to meet their obligations under the lease agreements. However, it is the Group's policy 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.

Credit risk also arises from the possibility that the credit institutions at which the company holds deposits of cash as a result of its liquidity management will fail to return the deposits.

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 consolidated balance sheet is the investment in investee companies. 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.

As regards the risk relating to the return of the term cash deposits held in credit institutions, this type of deposit is made exclusively in institutions that have obtained a certain minimum rating that is considered sufficient. If an institution in which a deposit is held is downgraded and the downgrade is only one level below the indicated minimum, the deposits will be held to maturity but will not be renewed; and where the downgrade is two or more levels below the indicated minimum, the deposits will be cancelled.

3. IT and internal audit systems

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

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

Management Report

Lastly, the Audit Committee is responsible for verifying that the Company has the necessary risk monitoring and control system and that the system works effectively, the external auditor also having given an opinion on the adequacy of this system.

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 Management 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 over this link

Report on the Work of the Audit Committee

Introduction

This report on the functions and activities of the Audit Committee of Corporación Financiera Alba, S.A. has been prepared in accordance with the recommendations on good corporate governance of listed companies, in particular those contained in the Unified Code on Corporate Governance enacted by the National Securities Market Commission (CNMV) on 22 May 2006.

The Audit Committee, initially named the Audit and Compliance Committee, was created by the Board of Directors on 29 March 2000, following the recommendations of the "Olivencia Code".

Subsequently, Law 44/2002 of 22 November on Financial System Reform Measures made it mandatory for listed companies to have an Audit Committee and established certain requirements regarding the Committee's membership, powers and functioning.

In compliance with said Law, Corporación Financiera Alba, S.A. amended its Articles of Association and Board of Directors Regulations to specify the powers of the Committee and its rules of operation.

As a consequence of the passing of Law 12/2010 of 30 June amending the Law on Auditing, the Securities Market Law and the Law on Public Limited Companies, which has broadened the powers of the Audit Committee, the Board of Directors Regulations have been amended to bring them into line with the new legal provisions in relation to Audit Committees. In addition, this amendment of the Board of Directors Regulations, approved on 30 September 2010, provided an opportunity to include in the Regulations the recommendations arising from the CNMV document on "Internal control of financial information in publicly traded companies" (June 2010).

Report on the Work of the Audit Committee

Functions of the Audit Committee

In article 22 of the Board of Directors Regulations of Corporación Financiera Alba, S.A., in accordance with the new wording of the Eighteenth Additional Provision of the Securities Market Law (enacted, as mentioned previously, by Law 12/2010 of 30 June), the Audit Committee is assigned the following functions, without prejudice to any others that the Board of Directors may assign to it:

1ª Report to the General Meeting on matters within its remit that are raised in the Meeting.

2ª Supervise the effectiveness of the Company's internal control, internal audit (if any) and risk management systems, and discuss with the auditors or audit firms any significant weaknesses of the internal control system detected during the audit.

3ª Oversee the preparation and presentation of the statutory financial information.

4.ª Make proposals to the Board of Directors, for submission to the General Meeting, regarding the appointment of the auditors, in accordance with the laws and regulations applicable to the Company.

5ª Establish appropriate relations with the external auditors so as to receive information on matters liable to jeopardise the external auditors' independence, so that it may be examined by the Committee, and any other matters arising from the auditing of the Company's accounts, and make any other disclosures required under applicable legislation and auditing standards. In any case, it must receive written confirmation from the auditors of their independence from the Company or directly or indirectly related parties, as well as information on any additional services of any kind provided to these entities by the auditors or persons or entities related to them, in accordance with the provisions of Law 19/1988 of 12 July on Auditing.

6ª Issue annually, prior to the issue of the auditors' report, a report expressing an opinion on the independence of the auditors. This report must also pronounce on the provision of the additional services referred to in the previous section.

Membership

The Audit Committee is a Board committee and so is made up of Directors of the Company. Its members are appointed by the Board of Directors and a majority of them must be Non-executive directors. At least one must be independent and have knowledge and experience in the field of accounting or auditing, or both. The Chairman must be chosen from among these Non-executive directors. According to the law and the Articles of Association, the Chairman must be replaced every four years and is eligible for re-election one year after leaving office.

Report on the Work of the Audit Committee

As a consequence of the introduction of the legal regulations governing the Audit Committee and the amendments to the Articles of Association of the Company and the Board of Directors Regulations, the members of the Audit Committee were reappointed in May 2003.

In May 2007, as required by Law 44/2002 and the Articles of Association, the Chairman of the Audit Committee stood down, having been in the post for four years (although he stayed on as a member of the Committee), and a new Chairman was appointed. In the years since then there have been some changes in the Committee's membership.

The Directors who sat on the Audit Committee during 2010 are as follows:

a) Until 26 May 2010: Manuel Soto Serrano as Chairman and Isidro Fernández Barreiro and José Manuel Serra Peris as Members, with José Ramón del Caño Palop acting as Secretary. The Chairman and Mr. Serra were Independent directors and the other member was a Proprietary director.

b) From 26 May 2010: José Manuel Serra Peris as Chairman and Isidro Fernández Barreiro and Eugenio Ruiz-Gálvez Priego as Members, with José Ramón del Caño Palop acting as Secretary. The Chairman and Mr. Ruiz-Gálvez are Independent directors and Mr. Fernández Barreiro is a Proprietary director.

Functioning and activity

The internal functioning of the Committee is governed by the provisions of article 47 of the Articles of Association and articles 29 to 34 of the Board of Directors Regulations, which regulate everything concerning Committee sessions, the calling of meetings, quorums, adoption of resolutions, minutes, relations with the Board and with the senior management of the Company, and authority to request information about any aspect of the Company and to seek the advice of outside professionals.

During 2010 the Audit Committee held nine meetings, in which it worked within the functions mentioned above, in the areas listed below, for which it had access to all the necessary information and documentation:

Report on the Work of the Audit Committee

· Review of periodic financial information 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 information
In relation to the periodic financial information, the Audit Committee analysed, prior to submission, the quarterly and half-yearly financial reports that are sent to the CNMV and that are published, as well as the complementary information leaflets that are published, in accordance with the requirements established by Royal Decree 1362/2007 of 19 October and CNMV Circular 1/2008 of 30 January.

The Financial Director of the Company, who is responsible for the preparation of the information, collaborates in the abovementioned analysis in order to explain to the Committee the accounting process followed in preparing said financial information and the decisions and criteria adopted.

The Committee gave its approval to the abovementioned reports, following acceptance of certain suggestions it had made.

One meeting was devoted to examining the annual accounts, prior to authorisation by the Board of Directors.

b) External audit of the annual accounts and relations with the external auditors
As regards the external audit, it should be mentioned that the auditors attended the meetings of the Audit Committee at which the financial information as of year-end 2010 and the annual accounts for that year were examined. The external auditors reported in detail on their audit work, the most important issues arising from their work and the criteria they used. In particular, the annual accounts received an unqualified audit report, without any material risks having been detected in the Company and the Company's internal control having been considered adequate. In performing their functions, the external auditors had the collaboration of the Company's managers. At the same time, the planning of the audit work for 2010 was presented.

Within this area it should also be mentioned that the current auditor was appointed in 2004 for financial years 2005 to 2007, and that the appointment was renewed in 2008 for financial years 2008, 2009 and 2010.

c) Risk identification and internal control system
As regards the risk identification and internal control system, it should be emphasised that the Finance Directorate is responsible for internal control within the Company, which has certain operational rules that establish the criteria for internal control. These rules, set forth in the "Operational Handbook", relate, among other things, to investments and disinvestments, budgeting and cost control, consolidation, IT systems, administrative controls and record keeping.

Report on the Work of the Audit Committee

The Audit Committee has authority in this matter and assesses whether the Company has the necessary organisation, personnel and processes to identify and control its main operational, financial and legal risks, and is empowered to investigate any aspect of the risk identification and internal control system that it considers appropriate. In this respect, it is worth noting that in 2004 and 2008 the external auditors were asked to carry out a thorough examination of the Company's internal control system, in particular the "Operational Handbook". From these examinations it emerged that, in the external auditors' opinion, the Company had a satisfactory internal control system, despite a number of recommendations for improvement, which have been implemented.

During 2010 no incident of any significance was detected in this area.

d) Regulatory Compliance

In what follows, compliance with legal obligations and internal regulations is given a more detailed treatment than previous points because under article 26.c) of the Board of Directors Regulations the Audit Committee is required to submit a report in this respect.

First, it must be stated that the Company has the necessary organisation to guarantee compliance with applicable law. Specifically, it has a legal department, a tax department and a finance department, each of which, in its area of competence, works to ensure that current external and internal regulations are respected. In addition, the Board Regulations charge the Secretary with a duty to ensure that the Company acts, in form and substance, within the law 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 that the company has an effective system of internal supervision to guarantee compliance with applicable laws and regulations and to verify that the necessary procedures are in place to ensure that managers and employees comply with internal regulations. Audit Committee meetings are attended by the Company's Finance Director, who is responsible for internal control and who reports to the Committee on this matter.

As regards the existence of internal procedures, the Company has, as mentioned in the previous section, a series of operational rules ("Operational Handbook") that establish the criteria for internal control.

Report on the Work of the Audit Committee

In view of the above, the Committee considers that the Company has the necessary organisation and an adequate framework of rules to ensure compliance with applicable internal and external regulations. Nevertheless, in view of the CNMV document on "Internal control of financial information in publicly traded companies" (June 2010), the recommendations that were found to be appropriate have been included in the Board of Directors Regulations and a process of reflection and preparation is in progress to adapt to any other recommendations that may be applicable.

Within this area of action, 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 Control Body Report provided for in the Internal Code of Conduct on the actions taken in compliance with said Code (all in relation to 2009).

Again within this same area of regulatory compliance, the transactions with Directors, significant shareholders, their representatives or people related to them, or with investees ("related party transactions") were examined and a favourable report was issued, as all the necessary conditions were met.

Lastly, the Committee monitored the functioning of the Company's website, which is fully compliant with current regulations.

In view of all the above, the Committee considers that the Company's compliance with corporate governance regulations is satisfactory, all currently applicable regulatory requirements and recommendations being met.

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 31 December 2010.

2. To approve the work of the Board of Directors during the year.

3. To approve the proposed allocation of profit and payment of dividends.

4. Number of Directors and appointment, re-election and ratification of Directors.

   - To set the number of Directors of the Company at fourteen.

   - To ratify the appointment of Juan March Juan and José Nieto de la Cierva as Directors of the Company.

   - To appoint José María Serra Farré and Ramón Carné Casas to be Directors of the Company.

   - To re-elect Mr Nicholas Brookes as a Director of the Company.

5. To approve the amendment of the following articles of the Articles of Association: nos. 15, 16, 20, 22, 24, 30 and 31 (regarding the General Meeting); no. 37 (Renewal); no. 39 (Remuneration); no. 47 (Audit Committee); nos. 49 and 50 (Preparation of Inventory Report); and no. 57 (Appropriation of Profit).

6. To approve the amendment of the following articles of the General Meeting Regulations: no. 5, “Functions”; no. 7, “Right to information”; no. 8, “Attendance”; no. 18, “Calling of Meetings”; no. 21, “Special circumstances”; and no. 26, “Adoption of resolutions”; and to report on the amendment of the Board of Directors Regulations agreed on 30 September 2010.

Proposed Resolutions

7. To approve, in a consultative capacity, the Directors' Remuneration Report for 2010.

8. To reappoint Ernst & Young, S.L. as the auditor to the Company and its consolidated group for a period of three years.

9. To authorise the purchase of own shares, subject to the limits and requirements of the Law on Corporations, and the use of shares purchased under this and previous authorisations to implement Executive Director, senior management and employee remuneration schemes entailing the allotment of shares or stock options; and to authorise the Directors to reduce share capital, as appropriate.

10. To reduce share capital by cancelling own shares held in treasury at the date of the General Meeting and to amend article 5 of the Articles of Association accordingly.

11. To transfer the excess of the legal reserve, resulting from the reduction of capital, to voluntary reserves.

12. To approve a share option scheme to allow Executive Directors and senior managers of Corporación Financiera Alba, S.A. to become shareholders of the company, so that they may have a more direct interest in the process of shareholder value creation.

13. To authorise the Board to implement the resolutions adopted by the Meeting.

14. To approve the minutes of the General Meeting.

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