ALBA
GRUPO MARCH

2011 Annual Report

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Index

Board of Directors and Management Team

Board of Directors (1)

Chairmen
Juan March Delgado
Carlos March Delgado

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

Managing Director
Santos Martínez-Conde Gutiérrez-Barquín

Directors
Nicholas Brookes
Ramón Carné Casas
Juan March Juan
Juan March de la Lastra
José Nieto de la Cierva
Eugenio Ruiz-Gálvez Priego
José María Serra Farré

Secretary and Director
José Ramón del Caño Palop

(1) Board of Directors at 31 December 2011. On 26 March 2012 Juan March de la Lastra was appointed Sole Vice-Chairman of the Company and Amparo Moraleda Martínez was appointed an Independent Non-Executive Director. Pablo Vallbona Vadell and Isidro Fernández Barreiro resigned as Vice-Chairmen but will stay on as Directors.

Audit Committee

Eugenio Ruiz-Gálvez Prieto	Chairman
Isidro Fernández Barreiro	Member
José Nieto de la Cierva	Member
José Ramón del Caño Palop	Secretary

Nomination and Remuneration Committee

Juan March Delgado	Chaiman
Nicholas Brookes	Member
José María Serra Farré	Member
José Ramón del Caño Palop	Secretary

Management Team

Managing Director
Santos Martínez-Conde Gutiérrez-Barquín

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

Tax Advisor
Andrés Zunzunegui Ruano

Department Heads
Antonio Egido Valtueña
Javier Fernández Alonso
Diego Fernández Vidal
Félix Montes Falagán
Andrés Temes Lorenzo

Media Relations
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 2011.

In 2011 the economic crisis entered a new phase in Europe, with the serious deterioration in the sovereign debt markets of the "peripheral" economies of the euro zone, which has called the very foundations of the European Union and the single currency itself into question.

The initial problems in Greece, Ireland and Portugal – countries already "rescued" in 2010 – spread to the debt markets of Spain and Italy, whose economies are much larger and, in the event of actual or threatened default, could become a systemic risk for the European economy and the international markets. The apparent incapacity of the European Union to find a definitive economic and political solution to these problems allowed the crisis to reach alarming proportions in the second half of the year. The most obvious example is Greece, which was recued for the first time in April 2010 but which two years later has still not found a fully satisfactory solution to the unsustainability of its public finances.

It was only through decisive action by the European Central Bank, starting in the last few months of 2011, that the pressure on sovereign debt markets was relieved and financial institutions were able to obtain the necessary funding and capital to ensure that credit once again starts to flow in the economy in the medium term.

It should be noted that in the case of Spain, and to a lesser extent Italy, a great deal of the problem lies not so much in the level of public debt as in investors' lack of confidence in these countries' ability to significantly reduce their currently high government deficits in an environment of very weak economic growth, with high levels of private sector debt, high rates of unemployment and uncertainty regarding the still significant exposure of their financial institutions to the real estate industry.

Both the previous Spanish government and the current one have taken important steps to reduce the public sector deficit - by cutting current expenditure and investments and raising taxes – and have also undertaken structural reforms in key areas such as the labour market, the pension system and the financial system. These measures are aimed at restoring public finances in the short to medium term and giving the economy the necessary flexibility to return to a path of sustainable growth in the medium to long term, while at the same time regaining the confidence of the markets.

For all these reasons we believe that, unfortunately, the Spanish economy, which already has one of the highest unemployment rates among developed countries, will continue to suffer in 2012, especially in terms of

Letter from the Chairmen of the Board of Directors

unemployment. Nevertheless, we expect that the reforms that have been passed, or that may be passed over the coming months, will lay the foundations for economic recovery in the years ahead.

It should be stressed, however, that the tough austerity measures adopted in Spain and other countries, though necessary, must be accompanied by other measures aimed at stimulating economic growth. Without such measures, the economic crisis will be prolonged unduly and could eventually affect countries that have already started a tentative recovery, such as the United States, or that have succeeded in maintaining a more or less stable rate of growth in recent years, such as Germany and the emerging economies.

The tensions related to the sovereign debt crisis were reflected in the behaviour of the main stock indices. In 2011 the Ibex 35 fell 13.1% to 8,566 points, the year's lows coinciding with the moments of greatest pressure on sovereign spreads in July, August and November. For obvious reasons the indices of the stock markets of Greece (-51.9%), Portugal (-27.6%) and Italy (-25.2%) were among the worst in Europe in 2011.

It should be pointed out, however, that even Europe's biggest indices were affected by these uncertainties, registering significant, though less hefty, losses. For instance, the Eurostoxx 50 fell 17.1%, the CAC 40 17.0% and the DAX 14.7% during the year. The decline in the FTSE 100, the main index of the UK stock exchange, was more moderate (-5.6%) due to its lower exposure to the problems of the euro zone.

At the global level, the US indices were flat – S&P500 (+0.0%) and NASDAQ (-1.8%) – while the Nikkei 225 index of the Tokyo Stock Exchange shed 17.3% and the Hang Seng index of the Hong Kong Stock Exchange dropped 20.0%. Although these declines are partly explained by local factors – including the earthquake and subsequent nuclear disaster in Japan and the doubts about economic growth in China – these markets have also been affected by the fear that the debt crisis in Europe could lead to a global economic recession.

The performance of the Spanish stock market in 2012 will probably be marked by the deficit-cutting measures and their impact on the risk premium, as well as the outcome of the ongoing reform of the financial sector. Despite the adverse macroeconomic outlook just described, 2012 may not necessarily be a bad year for the equity markets in Spain if they see an improvement in the prospects of recovery in the future.

Turning to Alba, the Net Asset Value (NAV) decreased 28.2% in 2011 to 2,937 million euros at the end of the year. This fall is attributable mainly to the 37.2% decline in the value of our listed equity portfolio – due largely to the fall in the prices of the shares of our investees but also to the disposal of shares of ACS – and the dividends paid during the year, most notably the extraordinary gross dividend of 3.00 euros per share paid in April.

NAV per share at 31 December 2011, after deducting treasury shares, was 50.44 euros, down 27.6% 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 30.23 euros, at a discount of 40.1% to NAV per share before taxes. The Alba share fell 21.4% over the year, underperforming the Ibex 35 (-13.1%) and the Eurostoxx 50 (-17.1%). If we consider the extraordinary dividend mentioned previously, however, the fall in the market price would be 13.6%.

Consolidated net profit for 2011 was 406.2 million euros, down 3.1% compared to the previous year. Net profit before taxes rose 21.5% in 2011 to 461.3 million euros.

Letter from the Chairmen of the Board of Directors

Net earnings per share reached 6.96 euros, down 1.7% compared to 2010. As a result of the purchase and cancellation of own shares, earnings per share decreased by a smaller 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 2011.

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

During 2011 Alba made investments in the total amount of 158.7 million euros, including the acquisitions of additional interests in Ebro Foods and Indra, the purchase of own shares, and new growth capital investments through Deyá Capital; it also reduced its stake in ACS:

- During 2011 Alba acquired an additional 2.42% interest in Ebro Foods for 61.7 million euros. At the end of the year, Alba's interest in Ebro Foods stood at 8.12% and was the fifth largest holding in Alba's investee portfolio by market value.

- Alba also increased its interest in the share capital of Indra Sistemas with the purchase of an additional 1.30% for 24.5 million euros, bringing its shareholding at year-end to 11.32%.

- During the year Alba purchased 509,194 own shares for a total of 21.3 million euros, representing 0.86% of its share capital. At the General Meeting held in May 2011 the shareholders agreed to cancel 1,030,000 shares, equivalent to 1.74% of the share capital. At 31 December 2011 treasury shares totalled 73,872, equivalent to 0.13% of Alba's capital.

- The growth capital vehicles managed by Artá Capital (Deyá Capital SCR, fully owned by Alba; Deyá Capital II SCR and Deyá Capital III FCR, the latter two partly owned by third parties) made two investments in 2011:

    - At the end of February, under an agreement announced in December 2010, these entities acquired a joint interest of 35.68% in the share capital of Panaderías de Navarra (Panasa) for 43.5 million euros. Alba's indirect shareholding in Panasa is thus 26.76%, with an investment of 32.6 million euros. Panasa is one of the leaders in Spain in the manufacture, marketing and distribution of fresh and frozen bread, pastry and cake products.

    - In March they acquired a 26.33% stake in Flex, the European leader in sleep systems, via a capital increase. Alba's indirect shareholding in Flex is 19.75%.

- On the other hand, in February 2011 Alba sold shares representing 5.01% of the share capital 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 on its investment of 18.1% per year for 17 years. At 31 December Alba's stake in ACS stood at 18.30%, representing 44.7% of the NAV at year-end.

Looking to 2012, we have moderately positive expectations for our investees, thanks to their good market positioning, competitive strengths and, in particular, the internationalisation efforts of recent years, which have enabled them to substantially lessen their dependence on the crisis-hit Spanish market. In 2011, 72.9% of the aggregate consolidated sales of our listed investees was generated outside Spain, compared to 51.1% the previous year. We believe that international activities will continue to gain in importance in all these companies over the next few years.

Letter from the Chairmen of the Board of Directors

Before we conclude, we would like to mention the celebration, in 2011, of the 25th anniversary of Corporación Financiera Alba's investment activity and place the results obtained in the context of the development of the Spanish economy and Spanish society in this period.

Despite the profound crisis we are experiencing, it is important to emphasise the major qualitative and quantitative leap the Spanish economy has taken in these years. According to data from the International Monetary Fund, for example, real GDP has doubled, with cumulative average growth of 2.8% per year, placing Spain among the leading economies of the euro zone. GDP per capita at current prices has increased 6.9% per year, from 6,347 dollars in 1986 to 33,298 dollars in 2011, climbing several places in the world ranking. The dramatic improvement is apparent in the fact that in 1986 the nominal Spanish GDP per capita was scarcely 52.9% of the German equivalent, while in 2011, despite the current grave crisis, the figure is 74.7%.

In this last quarter century Spain has undergone major social changes, in particular the entry of women into the labour market on a large scale (the female activity rate has gone from 29.6% to 52.9%); the gradual ageing of the population (the median age has risen from 32 to 40 and the proportion of over-64s from 12.2% in 1986 to 17.1% in 2011); and also, especially in the last 10 years, the large influx of immigrants, nearly 5 million people, raising the foreign population as a percentage of the total to 12.2% at the end of 2011, compared to less than 1% in 1986. Immigration increased the rate of growth of the population, which went from 38.5 million in 1986 to 47.1 million in 2011.

At the same time, Spain's relative importance in the world increased considerably. 1986 was, in a way, the year in which our country started to once again play a significant role on the international scene, following admission to the European Economic Community and NATO. Spain is currently an active and important member of the main international forums and bodies.

Turning back to Alba, we shall now briefly review our company's key performance indicators over the last 25 years:

- The NAV of Alba has gone from 271 million euros at the end of 1986 to 2,936 million euros in 2011, representing cumulative growth of 10.0% per year. It is worth pointing out, moreover, that Alba has allocated more than 1,500 million euros to the purchase of own shares, dividends and other shareholder distributions.

- The NAV per share, taking capital increases and reductions into account, increased by 8.9% per year over the same period.

- The Alba share has appreciated by 5.4% per year since the end of 1986, on a par with the 5.6% annual increase in the Ibex 35 and outperforming the Eurostoxx 50, with its 3.9% per year. If we take only the last 10 or 20 years, the Alba share beats the abovementioned indices by a wide margin.

- The return to the Alba shareholder, including dividends and other forms of remuneration, amounts to 7.2% per year. A shareholder who invested 1,000 euros in shares of Alba in December 1986 and reinvested all the net dividends received between then and the end of 2011 in acquiring additional shares would at the end of last year have Alba shares valued at more than 5,700 euros.

This strong past performance is the result of clear, prudent investment criteria, with a long-term view of value generation and profitable growth and a reasonable policy of risk diversification and low debt. We believe that these criteria are still valid after all these years, and they will continue to guide our investment policy in the future.

Letter from the Chairmen of the Board of Directors

Alba has consistently shown concern for compliance with corporate governance standards and best practices and has followed current recommendations, notably those contained in the Unified Code approved by the CNMV.

The most important actions taken in this respect are the amendment of the Articles of Association and General Meeting Regulations to adapt them to the latest changes in the law, the approval of a Code of Ethics and Conduct applicable to all Group employees and the approval of new Rules of Conduct in matters relating to the Securities Market, incorporating the latest legislative changes in this matter.

The Annual Corporate Governance Report, which gives details of ownership structure and governance, risk control systems and monitoring of good governance recommendations, the Supplementary Report with the information requested by the CNMV, 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 allocation of profit for the year, the Board of Directors proposes to the General Shareholders' Meeting a full-year ordinary dividend of 1.00 euro per share out of 2011 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. In addition, in mid-April 2011 the Board of Directors approved an extraordinary dividend of 3.00 euros per share.

Other resolutions relating to the election, re-election or ratification of directors, the amendment of the Articles of Association, the amendment of the General Meeting Regulations, and the renewal of the authority to purchase own shares will be laid before the General Meeting.

Lastly, we would like to thank the employees of our Group and of our Investees for their professionalism, enthusiasm and commitment, and all you, our shareholders, for your confidence and support.

Yours sincerely,
Juan March Delgado
Carlos March Delgado

Key Financial Data

Key Financial Data

Financial Highlights

In millions of euros unless otherwise indicated	2011	2010	2009	2008
Share capital at year-end	58.3	59.3	60.8	62.4
Shareholders' equity at year-end	2,863	2,949	2,788	2,599
Ordinary shares in issue (thousands), average for the year	58,363	59,271	60,293	61,937
Net income	406	419	391	361
Dividends	234	59	60	46
Earnings per share (euros)	6.96	7.08	6.48	5.83
Dividends per share (euros)	4.00	1.00	1.00	0.75

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

Key Financial Data

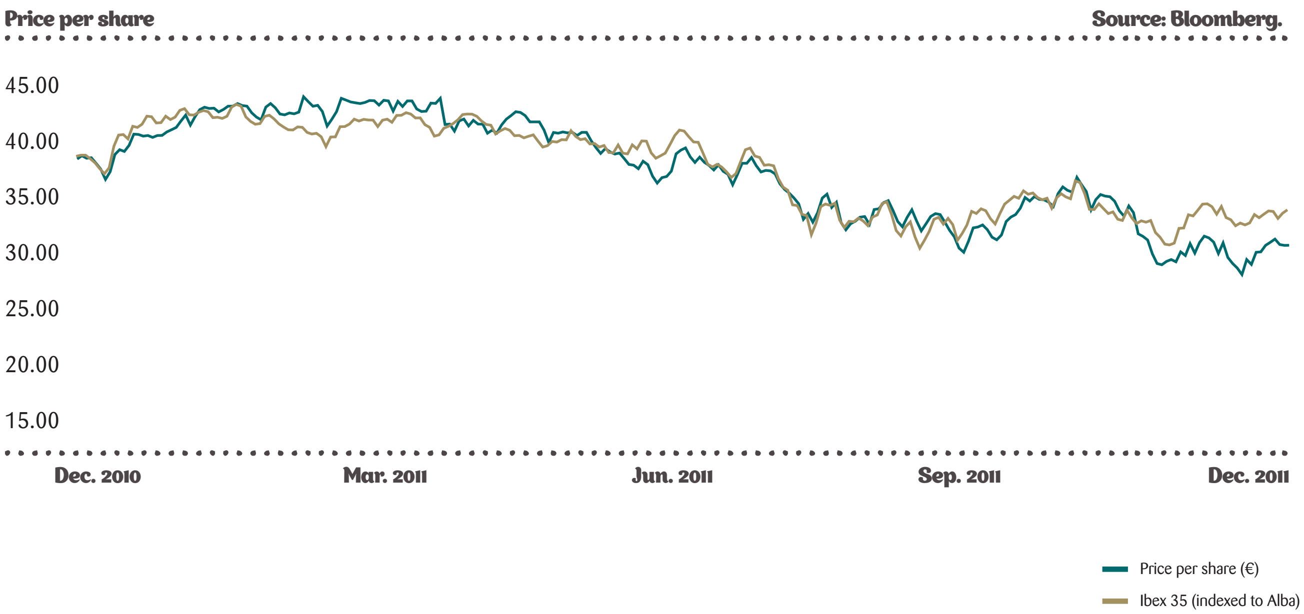
Share Price Performance

	2011	2010	2009	2008
Closing share price (in euros per share)				
High	44.40	38.99	40.50	46.06
Low	27.43	29.28	23.49	20.54
Close	30.23	38.46	36.55	27.25
Stock market capitalisation at 31/12 (million euros)	1,762	2,282	2,221	1,700
Volume traded				
Number of securities (thousands)	12,989	19,365	23,004	33,483
In millions of euros	505	675	745	1,182
Daily average (millions of euros)	2.0	2.6	2.9	4.7
Dividend yield (on closing price for the year)	13.2%	2.6%	2.7%	2.8%
P/E ratio (on closing price for the year)	4.34	5.43	5.64	4.67

Key Financial Data

The Alba share fell 21.4% in 2011, underperforming the Ibex 35, which declined 13.1% in the year. However, if we take into account the extraordinary dividend of 3.00 euros per share paid in April, the Alba share declined 13.6% over the year, on a par with the fall in the Ibex 35.

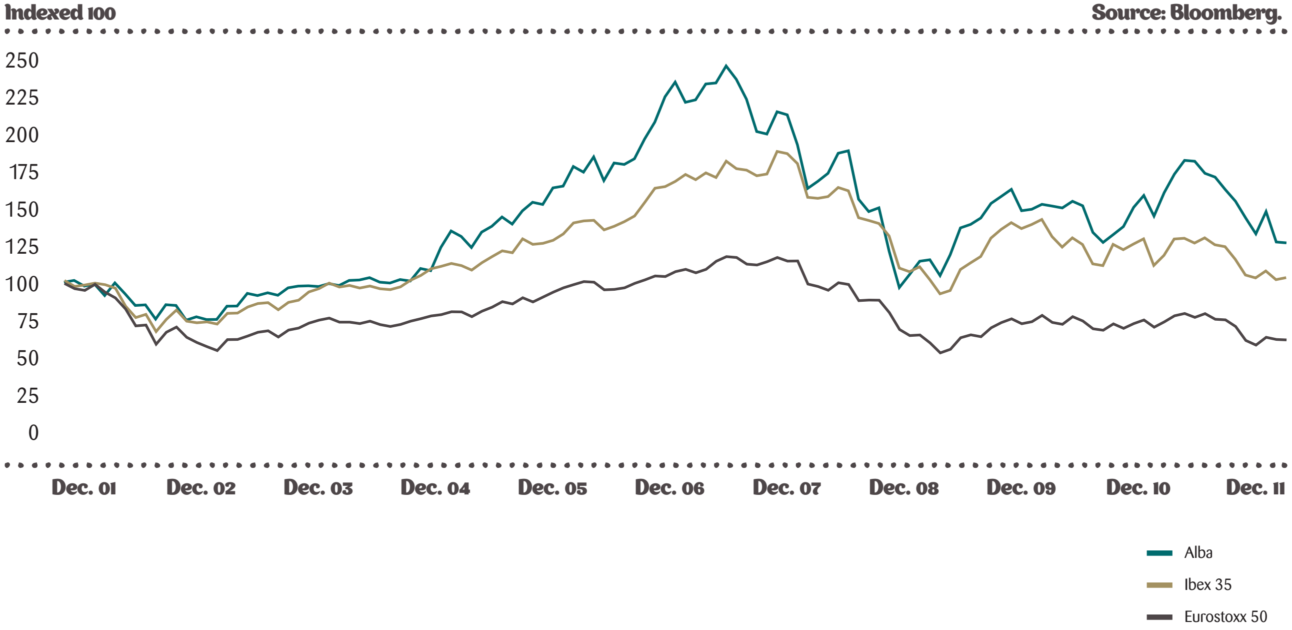
Alba share price performance in 2011



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 2001 the Alba share price has increased by 27.0%, while the Ibex 35 has risen 2.0% and the Eurostoxx 50 has fallen 39.1%. The graph shows the depth of the stock market plunge of 2007 and 2008, the significant recovery from the low point in March 2009 and the subsequent relapse in 2011, caused mainly by the sovereign debt crisis in the euro zone.

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

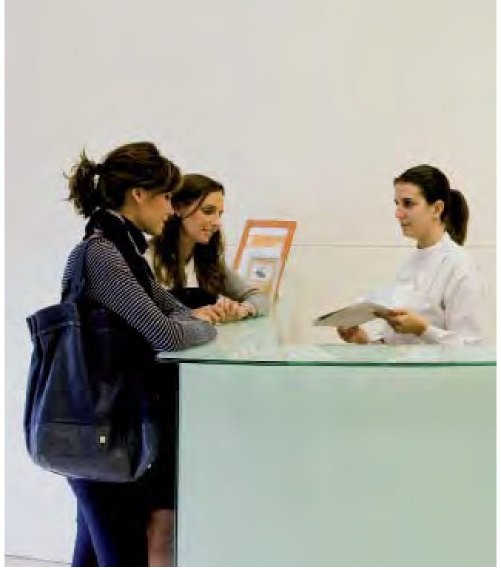


Key Financial Data

Net Asset Value

In millions of euros unless otherwise indicated	2011	2010	2009	2008
Data at 31/12				
Net Asset Value (*)	2,937	4,089	4,030	3,614
Net Asset Value in euros per share (*)	50.44	69.63	67.18	58.64
Share price in euros per share	30.23	38.46	36.55	27.25
Discount to Net Asset Value	40.1%	44.8%	45.6%	53.5%

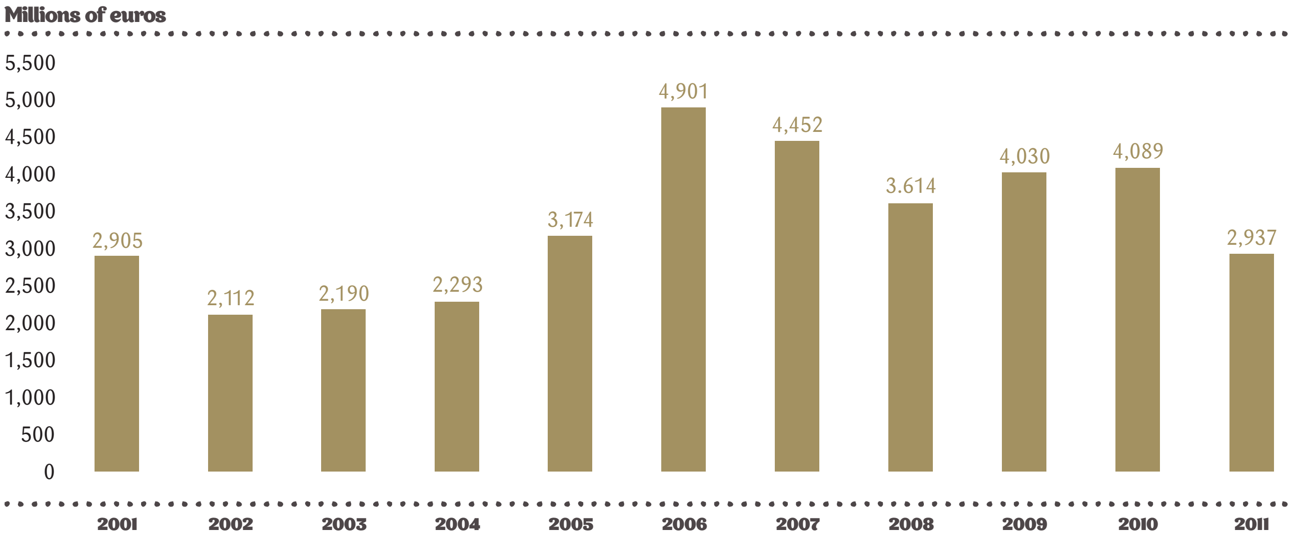
(*) Before taxes.



Key Financial Data

The changes in Net Asset Value since the end of 2001 can be seen below.

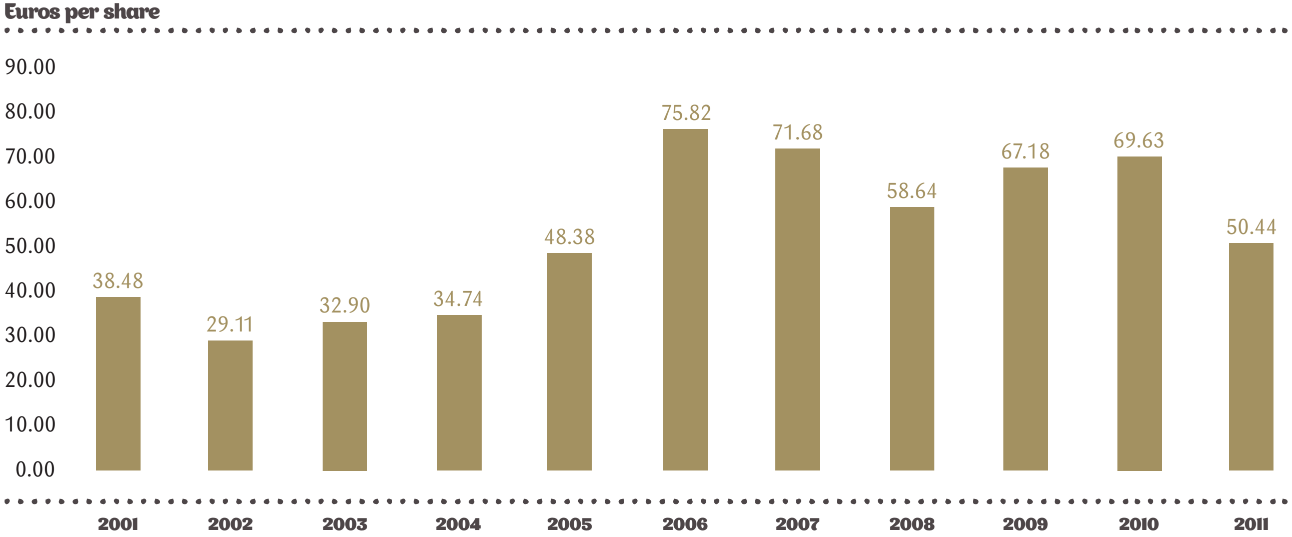
Historical Net Asset Value before taxes (31 Dec.)



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.

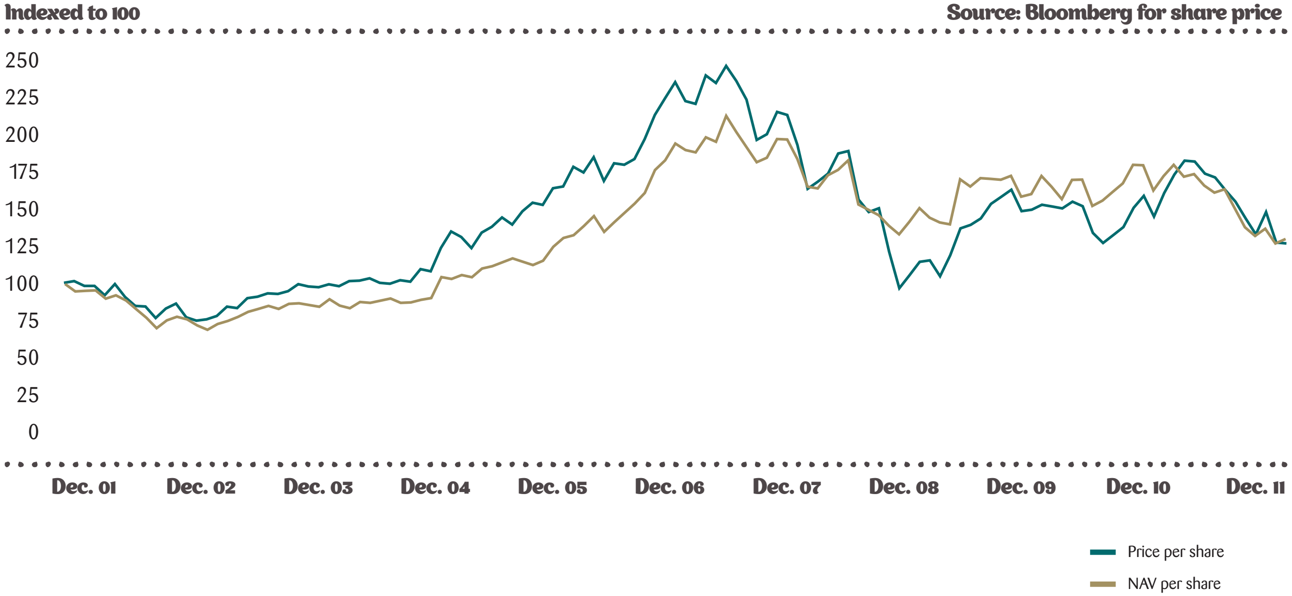
Net Asset Value per share, before taxes (31 Dec.)



Key Financial Data

Alba's NAV per share increased by 31.1% over the period considered. The growth in NAV per share is attributable to the 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

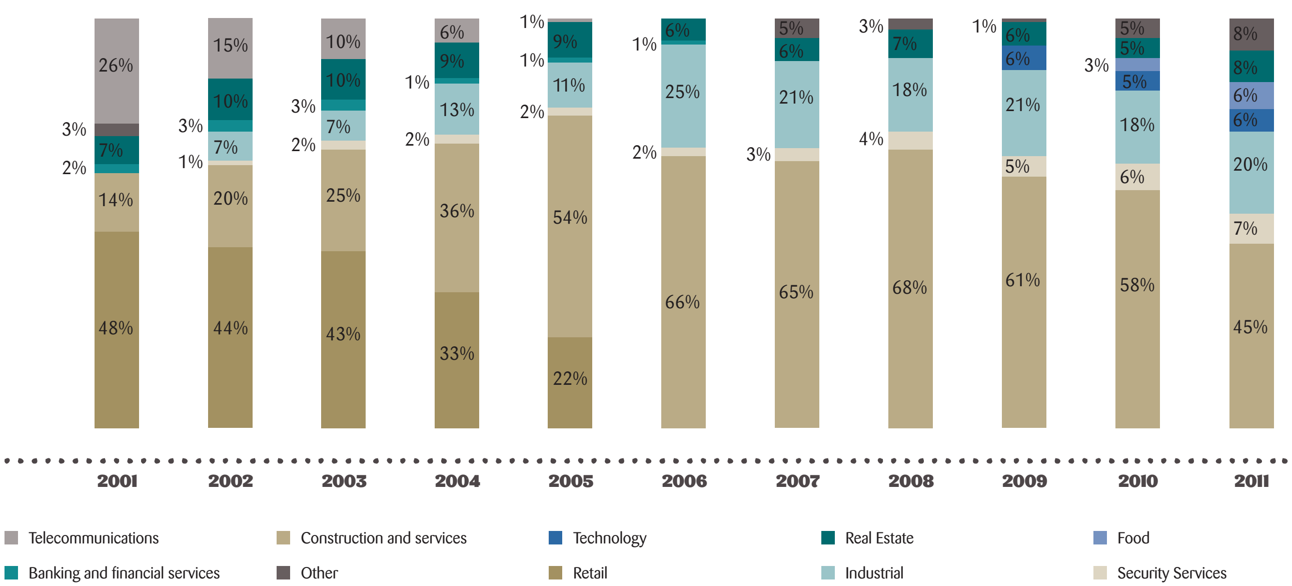


Key Financial Data

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

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

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



Key Financial Data

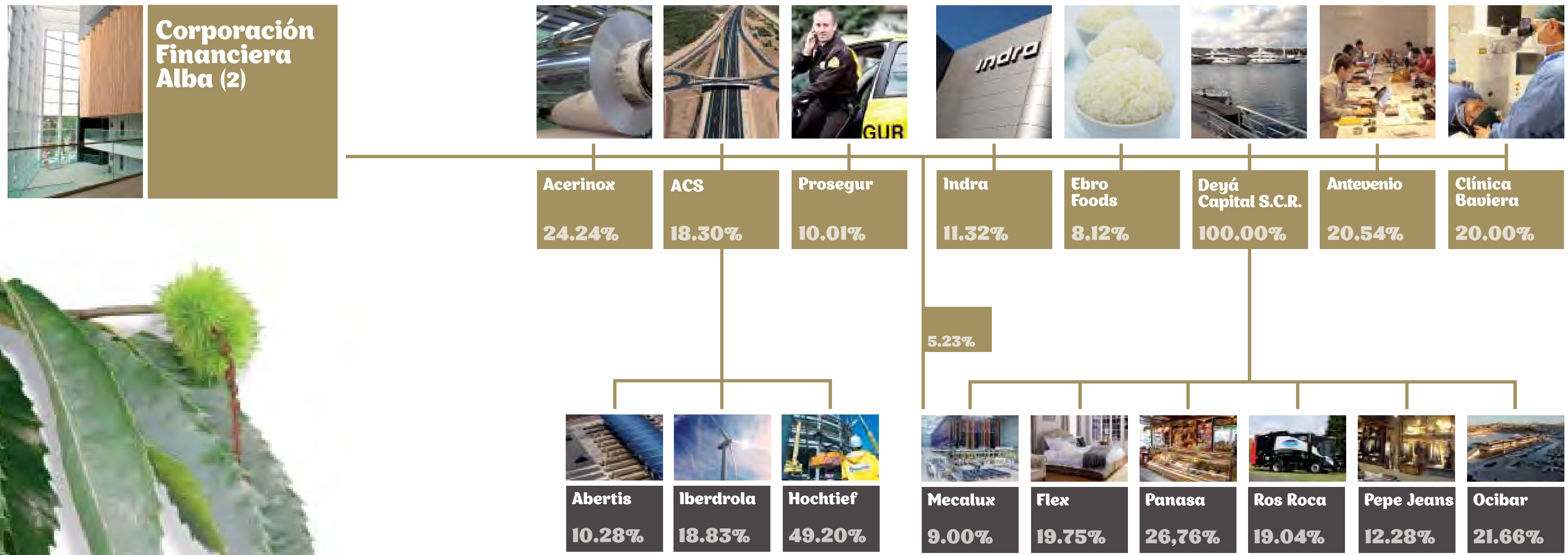
The composition of Alba's portfolio has changed substantially in the last decade as a result of the investments and divestments made and the investees' varying stock market performance. The Retail (Pryca - Carrefour) and Telecommunications (Airtel - Vodafone) sectors, for example, which together accounted for 59% of Alba's portfolio at the end of 2002, 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, 45% of the portfolio) and Industrial (Acerinox, 20%). In 2009 and 2010 two new sectors, Technology (Indra, 6%) and Food (Ebro Foods, 6%), were added to the portfolio.

In 2011 the "Other" category includes the investments in Clínica Baviera and Antevenio and the investments made through Deyá Capital (Mecalux, Pepe Jeans, Panasa, Ros Roca, Flex and Ocibar). The scale of the investments made by Deyá Capital is reflected in the significant growth of the "Other" category as a proportion of Alba's Gross Asset Value in recent years.

Key Financial Data

Investment Portfolio

Structure of the main investees in Alba's portfolio at 31 December 2011 (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., both fully owned by Corporación Financiera Alba, S.A.

Key Financial Data

Portfolio value at 31 December 2011:

Listed Companies with a Quoted Market Price	Shareholding %	Market value (1) Millions of euros	Market value (1) Euros per share	Main stock exchange which traded
ACS (2)	18.30	1,319.0	22.90	Madrid
Acerinox (2)	24.24	598.9	9.91	Madrid
Prosegur (2)	10.01	208.7	33.79	Madrid
Indra (2)	11.32	182.8	9.84	Madrid
Ebro Foods (2)	8.12	179.4	14.35	Madrid
Clínica Baviera (2)	20.00	21.2	6.50	Madrid
Antevenio (2)	20.54	4.8	5.56	Alternext París
Total market value		**2,514.8**		
Total book value		2,439.8		
Unrealised capital gains		**75.0**		
Unlisted companies		**206.9**		
Real Estate assets (appraisal value at 31-Dec-2011)		**229.2**		

(1) Prices at the closing exchange rate in December.
(2) Investments accounted using the equity method.

Key Financial Data

Details of changes in stakes in participated companies over the last financial years are given below:

	Shareholding (%) 31-12-2011	Change 2011	31-12-2010	31-12-2009
Listed Companies				
ACS	18.30	(5.01)	23.31	23.48
Acerinox	24.24	-	24.24	24.24
Prosegur	10.01	-	10.01	10.01
Indra	11.32	1.30	10.02	10.02
Ebro Foods	8.12	2.42	5.70	-
Clínica Baviera	20.00	-	20.00	18.15
Antevenio	20.54	-	20.54	20.54
Unlisted Companies				
Mecalux	14.23	-	14.23	-
Pepe Jeans	12.28	-	12.28	-
Panasa	26.76	26.76	-	-
Ros Roca	19.04	-	19.04	16.74
Flex	19.75	19.75	-	-
Ocibar	21.66	-	21.66	21.66

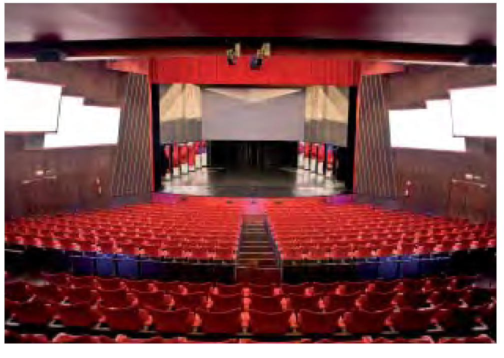
In 2011 Alba acquired 26.76% of Panasa and 19.75% of Flex and increased its investment in Ebro Foods by 2.42% and its investment in Indra by 1.30%. At the same time, it sold 5.01% of ACS, leaving its shareholding at year-end at 18.30%.

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			
	2011	2010	2009	2008
Construction and Services	45	58	61	68
Industrial	20	18	21	18
Real Estate	8	5	6	7
Security	7	6	5	4
Technology	6	5	6	-
Food	6	3	-	-
Other	8	4	2	3
	100	100	100	100
(In millions of euros)				
Gross Asset Value	2,951	4,398	4,248	3,727
Net Asset Value before taxes	2,937	4,089	4,030	3,614

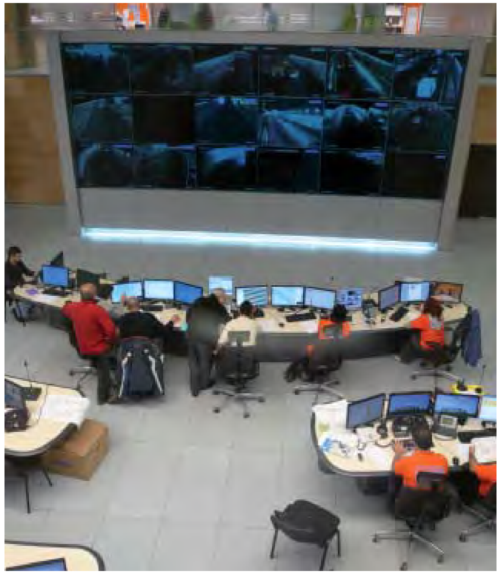


Key Financial Data

The relative weight of the Construction and Services sector diminished significantly last year due to the relatively poorer performance of the ACS share price and the decrease in ownership interest during the year.

The figure of 45% for the Construction and Services sector includes the investment in ACS. However, the activities of ACS are so highly diversified that the concentration in Construction and Services is not as high as that figure might suggest. For a more detailed picture of the diversification of Alba's portfolio, the 45% figure would have to be subdivided among the various sectors in which ACS operates. The following table gives a rough indication of that subdivision, based on estimates of each subsector's contribution to ACS's consolidated net profit in 2011:

Industrial Services	22%
Construction and Concessions	16%
Environment	6%
Listed investments	1%
	45%



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 2011 are detailed below:

Investment property, consisting of leased properties, reached 213.3 million euros, compared to 221.9 million in 2010. The decrease compared to the previous year is due mainly to a 9.1 million euro charge against the book 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 declined from 12.0 to 11.3 million euros, due mainly to the depreciation charge for the year.

Investments in associates decreased by 427.9 million euros. This decline is due to the sale during the year of 5.01% of the interest in ACS, the changes in the equity reserves of investees and the dividends received from investees. Together, these three items exceed the additions to **Investments in associates** resulting from the income from **Share of profit of associates** and the increases in ownership in Ebro Foods and Indra.

Non-current available-for-sale financial assets increased 51.1 million euros as a result of the acquisition of interests of 26.76% in Panasa and 19.75% in Flex.

Other investments increased by 9.9 million euros, due partly to the recovery in value of financial assets, carried at 56.3 million euros, which had been written down in 2009, and partly to the use of tax losses and other tax assets recognised in previous years.

Financial assets held for trading decreased in 2011 from 25.4 to 1.8 million euros due to sales of short-term liquid financial assets. These investments are valued at market prices at year-end.

Other current assets increased from 278.9 to 445.6 million euros. This total includes 325.2 million euros of positive cash balances and 120.4 million euros of receivables, consisting mainly of dividends approved but not yet paid and prepayments of corporate income taxes.

Share capital stood at 58.3 million euros at 31 December 2011, down 1.03 million euros on the previous year. The decrease is due to the cancellation of 1,030,000 shares, as approved by the shareholders at the General Meeting held on 25 May 2011.

Review of Consolidated Financial Performance

Reserves increased from 2,520.1 to 2,605.5 million euros, due mainly to the allocation of profit for the previous year, partly offset by changes in the reserves of investees (basically attributable to purchases of own shares, valuation adjustments for financial instruments and exchange differences), dividend payments and the capital reduction mentioned earlier.

Interim dividend shows a balance of 204.7 million, which includes the two interim dividends paid out of 2011 profit during the year: 175.5 million euros for an extraordinary gross dividend of 3.00 euros per share paid in April and 29.2 million euros for the ordinary interim gross dividend of 0.50 euros per share, paid at the end of October.

Treasury shares includes the cost of own shares held at 31 December 2011, amounting to 3.0 million euros and representing 0.13% of the company's share capital (73,872 shares).

Profit for the year reached 406.2 million euros, 3.1% less than the 419.4 million euros obtained the previous year.

For all the reasons given above, **Shareholders' equity** at year-end stood at 2,863.0 million euros, up 2.9% on the previous year.

Provisions stood at 2.8 million euros at year-end. This figure includes the 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. Borrowings amounted to 250.0 million euros, relating to financial contracts similar to a loan maturing in June 2014.

Short-term payables, which includes bank loans and other payables, decreased from 621.6 million euros to 308.2 million euros as a result of the maturity of a loan in the amount of 250 million euros in June and the lower level of bank borrowings, due to asset sales during the year.

Review of Consolidated Financial Performance

Consolidated Balance Sheet before Profit Distribution

Assets

In millions of euros	At 31 December de 2011	At 31 December 2010	At 31 December 2009
Investment property	213.3	221.9	229.2
Property, plant and equipment	11.3	12.0	12.9
Tangible fixed assets, net	224.6	233.9	242.1
Investments in associates	2,439.8	2,867.7	2,723.7
Non-current available-for-sale financial assets	206.9	155.8	38.9
Other investments	146.0	136.1	81.8
Total investments	2,792.7	3,159.6	2,844.4
Total fixed assets	3,017.3	3,393.5	3,086.5
Financial assets held for trading	1.8	25.4	22.5
Other current assets	445.6	278.9	361.9
Total Assets	3,464.7	3,697.8	3,470.9

Review of Consolidated Financial Performance

Equity and Liabilities

In millions of euros	At 31 December de 2011	At 31 December 2010	At 31 December 2009
Share capital	58.3	59.3	60.8
Reserves	2,605.5	2,520.1	2,397.0
Treasury shares	(3.0)	(20.8)	(31.4)
Interim dividend paid	(204.7)	(29.4)	(30.1)
Profit for the year	406.2	419.4	390.6
Minority interests	0.7	0.7	0.7
Shareholders' equity	**2,863.0**	**2,949.3**	**2,787.6**
Provisions	**2.8**	**4.4**	**6.8**
Other non-current liabilities	**38.7**	**45.6**	**30.7**
Financial debt	250.0	75.0	325.0
Other long-term debt	2.0	1.9	1.9
Long-term payables	**252.0**	**76.9**	**326.9**
Financial debt	294.6	612.3	313.0
Other short-term debt	13.6	9.3	5.9
Short-term payables	**308.2**	**621.6**	**318.9**
Total Equity and Liabilities	**3,464.7**	**3,697.8**	**3,470.9**

Review of Consolidated Financial Performance

Income Statement

In 2011 Alba obtained a **Net profit** of 406.2 million euros, down 3.1% from 419.4 million euros the previous year. Even so, profit before taxes increased 21.5% to 461.3 million euros.

Net earnings per share decreased 1.7% in the year, from 7.08 to 6.96 euros.

Income from **Share of profit of associates** fell 35.5% to 241.9 million euros, mainly due to the decline (-42.6%) in the profit contributed by ACS, partly because of the reduction of ownership from 23.31% to 18.30% and partly because of the relative decline (-26.7%) in ACS's profit for the year following the substantial extraordinary gains recorded in 2010.

Lease income from investment property was 15.5 million euros, down 1.2% on the previous year. The occupancy rate at 31 December 2011 was 90.7%.

According to appraisals by independent experts, the value of Alba's investment property decreased by 9.1 million euros in 2011. 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 of 4.1% in appraised value at the reporting date compared to the end of the previous year. At 31 December 2011 the fair value of leased investment property was 213.3 million euros.

The decline in **Interest income**, which went from 34.2 to 19.0 million euros, is attributable mainly to the non-recurring income obtained the previous year from liquid assets, such as the fees received in the stock lending agreements with ACS for the Exchange Offer on Hochtief AG.

Impairment of assets includes a 56.5 million euros income to adjust the book value of long-term investments to the best estimate of their current fair value, which results in a partial recovery of the impairment losses recognised in previous years.

Profit/(loss) on assets includes gross capital gains of 185.3 million euros, mainly obtained in the sale of the stake in ACS already mentioned.

Operating expenses were held steady over the year at 17.1 million euros. At 31 December 2011 these expenses represented 0.58% of NAV before taxes.

The increase in **Interest expenses**, which went from 23.4 to 28.1 million euros, was due mainly to the valuation of various interest rate hedging instruments.

Corporate income tax, totalling 55.1 million euros in 2011, includes mainly the tax impact of the gains on asset disposals obtained in the year. The income of 39.6 million euros from 2010 came largely from the recognition of deferred tax assets arising from unused tax losses, based on the likelihood of their recovery.

Review of Consolidated Financial Performance

Consolidated Income Statements (1)

In millions of euros	2011	2010	2009
Share of profit/(loss) of associates	241.9	375.1	444.1
Lease income and other items	15.5	15.7	16.3
Change in the fair value of investment property	(9.1)	(8.4)	(18.4)
Interest income	19.0	34.2	20.8
Impairment of assets	56.5	-	(100.1)
Profit/(loss) on assets	185.3	6.3	70.9
Sum	**509.1**	**422.9**	**433.6**
Operating expenses	(17.1)	(17.1)	(16.9)
Interest expenses	(28.1)	(23.4)	(20.9)
Amortisation and depreciation	(1.0)	(1.0)	(1.0)
Provisions for liabilities and charges	-	-	0.4
Corporate income tax	(55.1)	39.6	(2.8)
Minority interests	(1.6)	(1.6)	(1.8)
Sum	**(102.9)**	**(3.5)**	**(43.0)**
Net profit	**406.2**	**419.4**	**390.6**
Net earnings per share (euros)	**6.96**	**7.08**	**6.48**

(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, 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. This effort culminated last year with the acquisition of a controlling interest in Hochtief, which consequently is consolidated by the full consolidation method since 1 June 2011.

This acquisition makes ACS one of the world's largest construction and infrastructure concession groups in terms of sales and backlog, with a very strong presence in Europe, North America, Australia, Asia and the Middle East.

www.grupoacs.com

Equity Investments
Listed

Key financial data

In millions of euros unless otherwise indicated	2011	2010	2009
Sales	28,472	15,380	15,387
EBITDA	2,318	1,505	1,429
EBIT	1,333	1,099	1,074
Net profit	962	1,313	1,946
Net earnings per share (euros)	3.24	4.38	6.26
Gross dividend paid per share (euros)	2.05	2.05	2.05
Total assets	47,988	34,185	31,361
Net financial debt	9,334	8,003	9,271
Net recourse debt	3,369	957	302
Non-recourse financing	5,965	7,046	8,969
Own funds (1)	3,319	4,178	4,220
Shareholders' equity	6,191	4,442	4,508
Debt / Equity (%)	150.8	180.2	205.7

Note: The data for 2009 and 2010 are presented on a comparable basis, applying IAS 31 and IFRIC 12. The data for 2010 have not been adjusted for the changes in the consolidation perimeter in 2011. ACS has accounted for Hochtief by the full consolidation method since 1 June 2011.
(1) Shareholders' equity less adjustments for changes in value. Does not include minority interests.

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

- The **Construction** area encompasses the civil engineering, residential and non-residential construction, both those of ACS, through Dragados, and those of Hochtief and its subsidiaries, the most important of which are Leighton Holdings in Australia and Turner and Flatiron in the United States. It is worth pointing out the large weight of civil works in the Group's total turnover.

  In civil engineering, the Construction division also participates in the design, tender, financing and execution of concessions. The ACS Group is a world leader in the development, financing, construction, management and operation of new transport infrastructures.

  Through Iridium, ACS has interests in several toll road concessionaires in Spain, the United States, Chile, Greece, Ireland, Portugal and the United Kingdom, among other countries; and in railway and public facility concessionaires in Spain. On the other hand, Hochtief has an active presence in the development and operation of motorway concessions and airports and the management of mining operations, among others.

Equity Investments
Listed

- ACS has extensive experience throughout the **Industrial Services** value chain, from development, 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,** which includes turnkey projects of, among others, wind and solar thermal power and the investments made in concession-based transmission line projects in Latin America.

- Lastly, the **Environment** area includes the collection, management, treatment and recycling of urban and industrial waste, which are carried out through the subsidiary Urbaser. These activities are generally performed under concessions or long-term contracts. Urbaser is one of the main urban services companies in Spain, with a growing presence in France, the United Kingdom and North America, especially through waste processing plants.

Sales by activity

- Construction 69.4%
- Industrial Services 24.7%
- Environment 5.9%

Net profit by activity

- Construction 36.1%
- Industrial Services 48.0%
- Environment 12.5%
- Listed Investments 3.4%

Note: Chart based on the contribution of the different businesses to sales and net profit, excluding consolidation adjustments. Net profit by activity includes extraordinary results in some activities, such as the gains made on the sales of renewable assets in Industrial Services or of Iridium concessions in Construction.

In Net profit by activity, “Listed Investments” includes the contribution of Abertis and Iberdrola to net profit, after deducting associated finance costs, taxes and the adjustment to the carrying amount of the interest in Iberdrola.

Equity Investments
Listed

Review of the company's operations during 2011

Although the first-time consolidation of Hochtief in 2011 makes comparisons with previous years difficult, the operational performance of ACS' different businesses has been good, considering the prevailing deep economic crisis. Thanks to the industry and geographical diversification strategy pursued in recent years, the Group has been able to compensate for the weakness of Spanish residential and civil construction with a greater contribution from businesses outside Spain (72.5% of 2011 sales and 80.9% of the total backlog at year-end) and non-construction activities (63.9% of consolidated net profit for 2011).

ACS achieved consolidated sales of 28,472 million euros, practically doubling the comparable sales of the previous year, thanks to the consolidation of Hochtief since 1 June 2011, and increased its ordinary net profit from continuing operations by 8.8% to 951 million euros.

Total net profit in 2011 was 962 million euros, down 26.7% on 2010 due to reduced extraordinary profit.

The total backlog of the Group reached 66,152 million euros at the end of 2011, up 139.7% on the previous year on account of the consolidation of Hochtief (-7.0% excluding this effect).

Key performance indicators by business segment

In millions of euros	2011	2010	Change 11/10
Construction			
Turnover	19,802	5,703	247.2%
Net profit	370	187	97.5%
Order backlog	50,336	11,088	354.0%
Industrial Services			
Turnover	7,045	7,158	-1.6%
Net profit	492	400	23.0%
Order backlog	6,875	6,846	0.4%
Environment			
Turnover	1,686	1,511	11.6%
Net profit	128	152	-15.8%
Order backlog	8,941	9,669	-7.5%
Number of employees (average workforce)	164,923	90,887	81.5%

Note: Net profit of the activities includes extraordinary income and the income from discontinued operations and available-for-sale assets.
Construction includes Hochtief on a fully consolidated basis since June 2011. In addition, Construction includes the concessions business of Iridium in both years.
Environment does not include Clece in either year, as Clece is classified as a discontinued operation held for sale.

Equity Investments
Listed

The figures for **Construction** were very strongly affected by the consolidation of Hochtief from June. Construction sales reached 19,802 million euros, 247.2% more than in 2010. Excluding Hochtief, sales would have been down 13.7% due to the decline in domestic activity (-22.1%) as a result of the contraction of public investment in infrastructure and the slowdown in construction activity, both residential and non-residential. Consolidated sales include 16,859 million euros relating to international sales, which account for 85.1% of the total.

The net profit of Construction was 370 million euros in 2011, an increase of 97.5% in the year, including the gains on the sale of various concessions belonging to Iridium, once their launching phase has been completed.

The order backlog at year-end stood at 50,336 million euros, 40,486 million of which are attributable to the consolidation of Hochtief. Excluding Hochtief, the Construction backlog would have decreased by 11.2%, under the impact of the 24.5% fall in the domestic backlog. The international order backlog represents 91.4% of the total backlog at the end of 2011.

In 2011 Iridium, ACS's concessions subsidiary, headed for the fifth consecutive year the list of the world's top infrastructure concession groups published by Public Works Financing Newsletter.

Industrial Services maintained the strong performance of previous years, albeit at a slower pace: sales reached 7,045 million euros, down 1.6% on 2010, while net profit climbed to 492 million, up 23.0% on the previous year, including the gains on renewable energies asset sales.

Around 48.0% of 2011 sales were international. The order backlog increased by 0.4% to 6,875 million euros at the end of the year, of which 4,170 million (60.7% of the total) related to international projects.

Environment achieved sales of 1,686 million euros in 2011, 24.2% from outside Spain, representing an increase of 11.6% compared to the previous year.

The domestic business increased its sales by 4.1% and the international business, by 43.7%. Net profit was down 15.8% compared to the previous year at 128 million euros, as a consequence of the contribution, in 2010, of the profit of Dragados SPL as a discontinued operation.

The order backlog grew 7.5% in 2011 to 8,941 million euros, of which 37.0 million related to international markets.

Among the **Listed Investments**, the gross contribution of Abertis to ACS's 2011 result was 74 million euros using the equity method, 49.7% less than the previous year because of the decrease in ownership interest in August 2010. The contribution of the investment in Iberdrola was 373 million euros, up 50.0% on 2010, via accrued dividends accounted for as financial income.

If the financial costs, net of taxes, associated with these interests and the adjustment of 180 million euros in the interest in Iberdrola are taken into account, the net contribution of the interest in Abertis to the ACS result was 36 million euros (-70.1% compared to the previous year) and zero in the case of Iberdrola.

Equity Investments
Listed

As detailed in the following table, in 2011 ACS made **investments** totalling 4,755 million euros and asset disposals of 1,854 million euros.

Investments in 2011

In millions of euros	Gross investment	Disposals	Net investment
Construction	2,320	944	1,376
Industrial Services	1,236	680	556
Environment	93	229	(137)
Corporation	1,106	0	1,106
Total	**4,755**	**(1,854)**	**2,902**

The operating investments in the Construction area relate basically to purchases of machinery for Leighton mining contracts (800 million euros) and Iridium and Hochtief concession projects (1,121 million euros), while the divestments relate to Iridium motorway concessions and the sale of Leighton mining contracts.

In Industrial Services, most of the investments were for renewable energy projects such as solar thermal plants (482 million euros) and wind farms (135 million euros), transmission lines (407 million euros) and gas storage facilities (68 million euros). The divestments include renewable energy assets (400 million euros) and transmission lines in Brazil (223 million euros).

In Environment, 93 million euros were invested in waste treatment facility maintenance and equipment renewal.

Additionally, ACS invested 1,106 million euros at corporate level, of which 1,080 million euros relate to the acquisition of an additional 21.9% in the share capital of Hochtief, of which 3.6% was acquired through the share exchange offered in the voluntary tender offer completed in February 2011. As already mentioned, ACS has consolidated its interest in Hochtief using the full consolidation method since 1 June 2011, having reached a majority position in the General Meeting held in May.

Equity Investments
Listed

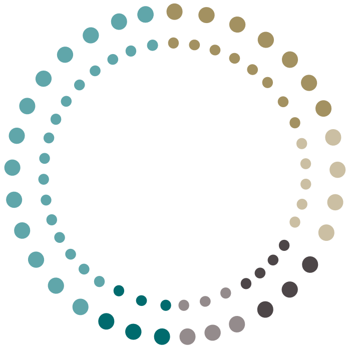
At the same time, it should be pointed out that ACS distributed 614 million euros in dividends to its shareholders.

As a result of these investments and divestitures, ACS's net debt at the end of 2011 stood at 9,334 million euros, 5,965 of which was financing without recourse to the shareholders. 83.2% of this non-recourse debt was linked to the acquisition of shares of Iberdrola and the rest to concession projects and the acquisition of the initial stake in Hochtief.

Shareholder structure

In 2011 Alba sold 5.01% of ACS for 535.2 million euros, reducing its stake to 18.30% at 31 December 2011. Alba is ACS's largest shareholder and has three representatives on the company's Board of Directors: Pablo Vallbona Vadell (Vice-Chairman), Juan March de la Lastra and Santos Martínez-Conde Gutiérrez-Barquín.

Shareholder structure of ACS at 31 December 2011



- Alba 18.3%
- Imvernelin, Alcor and Other 13.0%
- Inv. Vesan 12.5%
- Southeastern Asset Mgmt. 7.5%
- Iberostar 5.6%
- Free-float 43.1%

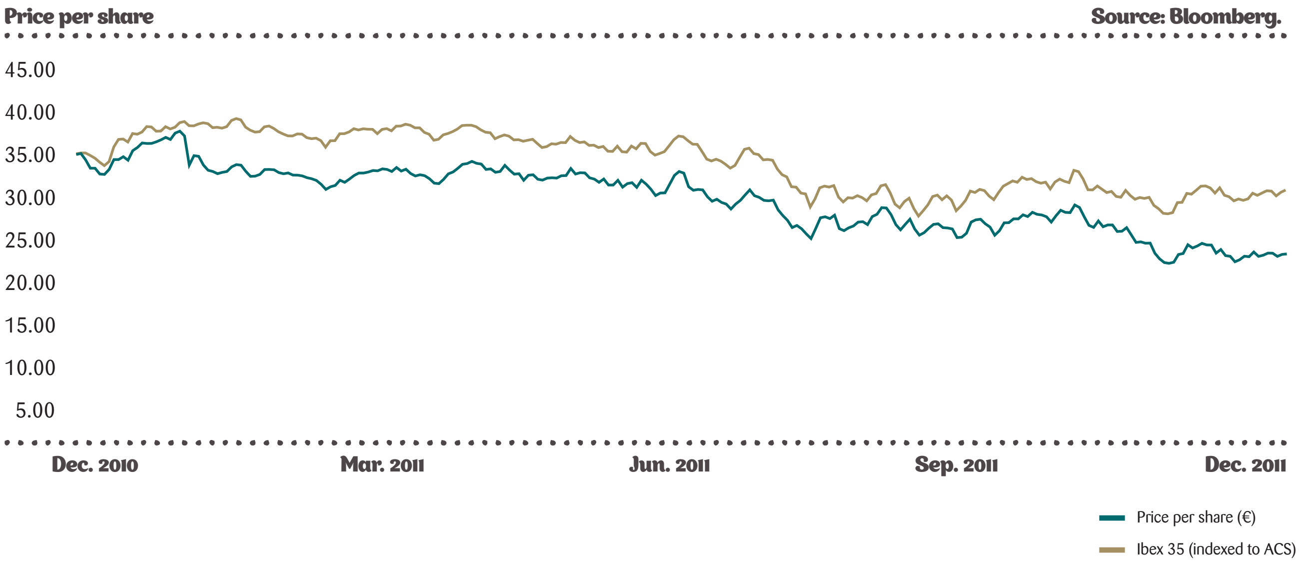
Source: Corporate Governance Report for 2011.

Equity Investments
Listed

ACS share price performance

During 2011 the ACS share price fell 34.7% to 22.90 euros per share, compared to the fall of 13.1% in the Ibex 35.

ACS share price performance since 31 December 2010



Equity Investments
Listed

Historical stock market data

	2011	2010	2009
Stock market capitalisation at 31/12 (million euros)			
High	37.94	38.80	38.75
Low	21.75	28.59	27.67
Close	22.90	35.08	34.81
Share price in euros per share (closing prices)	7,206	11,037	10,953
Dividend yield (gross, on closing price for the year)	9.0%	5.8%	5.9%
P/E ratio (on closing price for the year)	7.1 x	8.0 x	5.5 x

Equity Investments
Listed

Through its shareholding in ACS, Alba has an indirect interest in three listed companies: Abertis, Hochtief and Iberdrola. The market value of ACS's shareholdings in these companies totalled 8,038 million euros at year-end, or 6,344 million euros if only Abertis and Iberdrola are considered.

In millions of euros	Abertis	Hochtief	Iberdrola
Activity	Infrastructure concessions	Construction	Utilities
Market capitalisation (31/12)	9,576	3,442	28,465
ACS shareholding (31/12)	10.28%	49.20%	18.83%
Market value of ACS shareholding (31/12)	984	1,693	5,360
Sales 2011	3,915	23,282	31,648
EBITDA 2011	2,454	1,409	7,651
Net profit 2011	720	(160)	2,805

Equity Investments
Listed

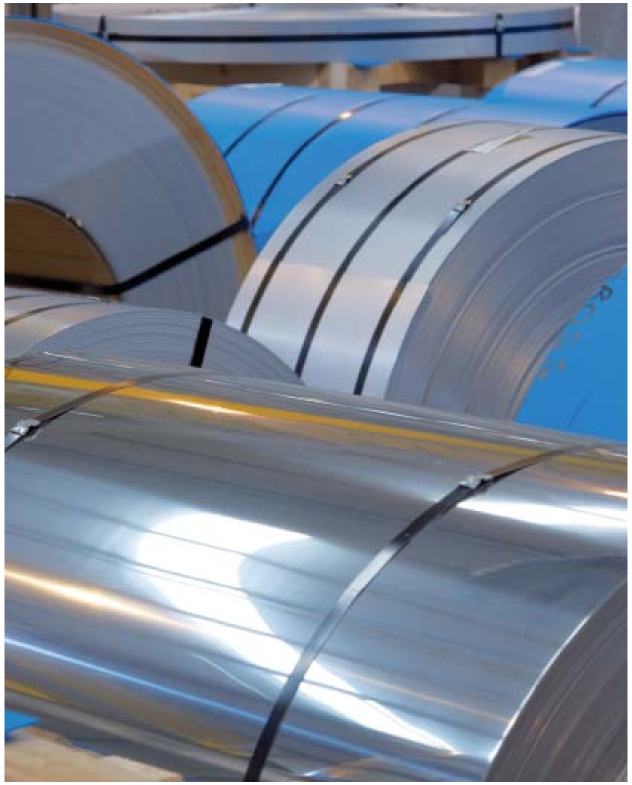
Acerinox

Company description

Acerinox is one of the main stainless steel producers worldwide.

The company has four flat product plants (in Spain, the United States, South Africa and Malaysia); 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.

It should be noted that the construction of the first phase of the new stainless steel plant in Johor Bahru (Malaysia) was completed in December 2011 and the plant is now fully operational. The second phase is currently under construction and is expected to come into operation in 2013. The budget of this second phase amounts to 310 million dollars.



www.acerinox.es

Equity Investments
Listed

Sales by region

- Americas 46.6%
- Europe 37.8%
- Asia 8.8%
- Africa 6.3%
- Oceania 0.5%

Sales by company

- NAS 47.1%
- Acerinox Europa 30.3%
- Columbus 17.2%
- Other 5.5%

Equity Investments
Listed

Key operating data

	2011	2010	2009
Annual output in thousands of tonnes			
Melting shop	2,021	2,060	1,806
Hot-rolled products	1,779	1,783	1,628
Cold-rolled products	1,270	1,291	1,071
Long products (hot-rolling)	195	210	141
Number of employees	7,358	7,386	7,328

Key financial data

In millions of euros unless otherwise indicated	2011	2010	2009
Sales	4,672	4,500	2,993
EBITDA	341	381	(165)
EBIT	192	232	(319)
Net profit	74	123	(229)
Net earnings per share (euros)	0.30	0.49	(0.92)
Gross dividend and share premium per share (euros)	0.45	0.45	0.45
Total assets	4,071	4,240	3,618
Net financial debt	887	1,084	1,075
Shareholders' equity	1,881	1,924	1,753
Debt / Equity (%)	47.2	56.3	61.3

Review of the company's operations during 2011

The world stainless steel production rose 3.3% in 2011. The strong recovery of world production in 2010 (+24.9%) offset the falls in the three previous years and brought production back into line with its historical trend, with a compound growth rate close to 6.0% per year for the last 60 years.

Among the various markets, the strong growth of production in Asia, especially China, stands out. Chinese production increased 11.9% in the year and already accounted for 39.2% of world production. Already in 2010 China became a net exporter of stainless steel, although it continues to import high value-added products. The clear shift of production towards Asia is leading to overcapacity problems in other markets, especially in Europe.

The difficult economic environment and the turbulence in the financial markets seriously affected the stainless steel market in general which, after a good first quarter, gradually deteriorated with falls in nickel and stainless steel prices and in demand, both from distributors and end-consumers. The situation was particularly negative in the last quarter of the year, exacerbated by a widespread inventory run-down with a view to the year-end, especially in Europe.

Equity Investments
Listed

Reflecting the trend in demand and the financial turbulence, the nickel price fell 26.8% in 2011, from 24,960 to 18,280 dollars per tonne, reversing the sharp price rise seen in 2010. The nickel price started the year with strong rises, reaching a high of 29,030 dollars per tonne at the end of February. After that, however, there was a marked downward trend, until a low of 16,935 dollars was reached at the end of November, followed by a slight recovery at the end of the year.

All these circumstances made it especially difficult for the industry to continuously maintain operating profit. Acerinox has shown remarkable competitive strength, being the only European manufacturer to post a net profit in 2011.

The announced takeover of Inoxum, the stainless steel business of ThyssenKrupp, by Outokumpu may be good news for Acerinox and the rest of the European producers in the medium term insofar as it translates into capacity cutbacks that help reduce the excess of installed capacity in Europe.

In this market context, Acerinox's production levels were slightly down on the previous year. Production of raw steel reached 2.0 million tonnes, down 1.9% on 2010, while hot-rolled production was 1.8 million tonnes, down scarcely 0.2%. Higher value added cold-rolled production decreased 1.6% to 1.3 million tonnes. Production of long products totalled 195 thousand tonnes for the year, down 6.9% compared to 2010.

In 2011 Acerinox posted sales of 4,672 million euros (+3.8%), EBITDA of 341 million euros (-10.6%) and net profit of 74 million euros (-39.9%).

The Company's operational strength was to a significant extent attributable to the 2009-2010 Excellence Plan, which yielded recurring savings of 97 million euros per year. In February 2011 the Company approved the 2011-2012 Excellence Plan, with the aim of obtaining further savings of 90 million euros per year from 2013. This plan includes the targets that were not fully achieved in the first plan as well as other new objectives ones, with special emphasis on improving plants efficiency, purchasing management and excellence management of the supply chain.

At the end of 2011 Acerinox had shareholders' equity of 1,881 million euros and net debt of 887 million euros, of which 80% was long-term. The net debt was reduced substantially compared to December the previous year, despite the investments made, thanks to the generation of cash from operations and, in particular, good working capital management. Furthermore, in 2011 Acerinox diversified its funding sources, increasing its long-term debt.

Acerinox has the financial strength to undertake the investments included in the Strategic Plan and consolidate shareholder remuneration, while keeping its debt at moderate levels.

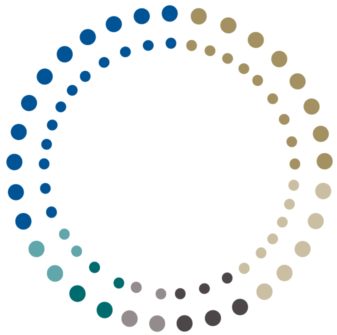
In 2011 Acerinox invested 177 million euros, 20.9% less than in 2010, due to the slower pace of investment in Bahru Stainless (104 million euros, compared to 154 million the previous year), the first phase of which has been fully operational since the end of 2011. The second phase of investments in Bahru, in a total amount of 310 million dollars, is currently under way and the new cold rolling stand is expected to be in operation by the beginning of 2013.

Equity Investments
Listed

Shareholder structure

Alba kept its stake in Acerinox stable during 2011 and remains the largest shareholder, with 24.24% of the company's share capital at 31 December 2011. Alba has three representatives on the company's Board of Directors: Santos Martínez-Conde Gutiérrez-Barquín, Luis Lobón Gayoso and Pedro Ballesteros Quintana.

Shareholder structure of Acerinox at 31 December 2011



- Alba 24.2%
- Nishin Steel 15.3%
- Omega Capital 11.8%
- Casa Grande de Cartagena 5.0%
- Metal One 3.8%
- IDC 3.1%
- Free-float 36.8%

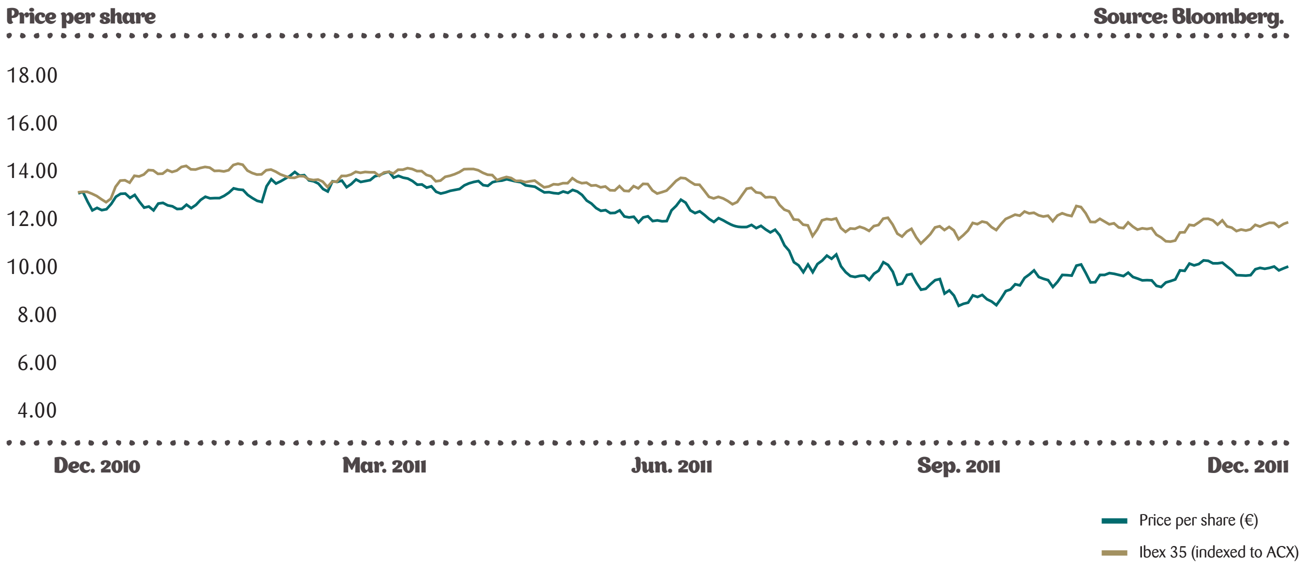
Source: Corporate Governance Report for 2011.

Equity Investments
Listed

Acerinox share price performance

The Acerinox share fell 23.6% in 2011, ending the year at 9.91 euros per share, underperforming the Ibex 35 (-13.1%).

Acerinox share price performance since 31 December 2010



Equity Investments
Listed

Historical stock market data

	2011	2010	2009
Share price in euros per share (closing prices)			
High	13.91	15.38	15.55
Low	8.08	10.95	8.00
Close	9.91	13.13	14.53
Stock market capitalisation at 31/12 (million euros)	2,471	3,272	3,622
Dividend yield and share premium (gross, on closing price for the year)	4.5%	3.4%	3.1%
P/E ratio (on closing price for the year)	33.0 x	26.8 x	n.m.

Equity Investments
Listed

Prosegur

Company description

With almost 40 years' experience, Prosegur is the leader in Spain in private security services. It also has a significant presence in other countries in Europe and Latin America and recently entered the Asian market.

Prosegur currently has more than 400 offices in 13 countries and nearly 150,000 employees.

The company offers a wide range of services to corporate and retail customers, including active security, access control, telecontrol and telesurveillance, intrusion protection and alarms, cash management, ATM management, secure transport, security consulting and training, fire protection and residential security and for small and medium businesses.

www.prosegur.es

Equity Investments
Listed

Key financial data

In millions of euros unless otherwise indicated	2011	2010	2009
Sales	2,809	2,560	2,187
EBITDA	364	347	295
EBIT	284	263	231
Net profit	167	161	148
Net earnings per share (euros)	2.85	2.69	2.46
Gross dividend paid per share (euros)	0.98	0.88	0.79
Total assets	2,192	1,976	1,603
Net financial debt	360	174	234
Shareholders' equity	671	667	525
Debt / Equity (%)	53.7	26.1	44.6

Equity Investments
Listed

Review of the company's operations during 2011

In 2011 Prosegur posted sales of 2,809 million euros, up 9.7% on the previous year, achieved mainly through organic growth, based on the strength of its activities in Latin America. EBIT reached 284 million euros, up 8.2% compared to 2010.

Consolidated net profit rose 4.1% to 167 million euros. The lower growth of net profit compared to sales and EBIT is attributable mainly to a higher tax rate in 2011.

Sales by activity

- Guarding 48.3%
- CIT 39.1%
- Technology 12.6%

Sales by geography

- Latin America 54.0%
- Spain 33.9%
- Other European countries and Asia 12.0%

Equity Investments
Listed

All business lines increased their revenues in the year: Cash In Transit (CIT) by 13.5%, Technology by 11.6% and Guarding by 6.3%.

By geography, sales growth was especially strong in Latin America, where the increase was 20.3%, compared to declines of 2.3% in Spain and 0.6% in Europe and Asia as a whole. Latin America, with total sales of 1,518 million euros in 2011, accounted for 54.0% of the group total, while the domestic business represented only 33.9% of Prosegur's sales.

Again at the level of results, a diverging trend can be seen between the two geographic areas into which Prosegur divides its activities. The growth of 8.2% in consolidated EBIT breaks down into growth of 28.6% in Latin America and a fall of 29.3% in Europe and Asia. It is important to note the high operating margin of the Latin American activities (14.4%), which explains why their contribution to consolidated EBIT is 77.1%, considerably higher than their contribution to sales.

Operating investments amounted to 120 million euros in 2011, 48.1% more than in 2010. In addition, Prosegur continued with its policy of selective acquisitions in key markets, having completed 12 acquisitions for a combined total of 125 million euros during the year. Most of these acquisitions were in Latin America, although there were also acquisitions in Germany, France, Spain and Singapore, this being Prosegur's first incursion into Asia. A joint venture with a local operator was established to provide Secure Transport and Cash Management services in India.

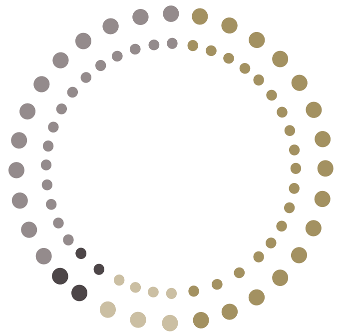
These investments increased the net debt of Prosegur to 360 million euros at the end of 2011, slightly less than the EBITDA for the year.

In March 2012 Prosegur announced the acquisition of the Brazilian group Nordeste for 359 million euros, reinforcing its leadership in the country. Founded in 1970, Nordeste has a presence in 13 Brazilian states and estimated sales of 345 million euros in 2011, 56% from Secure Transport and Cash Management, 40% from Security and the remaining 4% from other activities.

Shareholder structure

At 31 December 2011 Alba had a 10.01% interest in Prosegur, unchanged with respect to the previous year. Alba is represented on Prosegur's Board of Directors by Isidro Fernández Barreiro, who has been Vice-Chairman of Prosegur since December 2007.

Shareholder structure of Prosegur at 31 December 2011



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

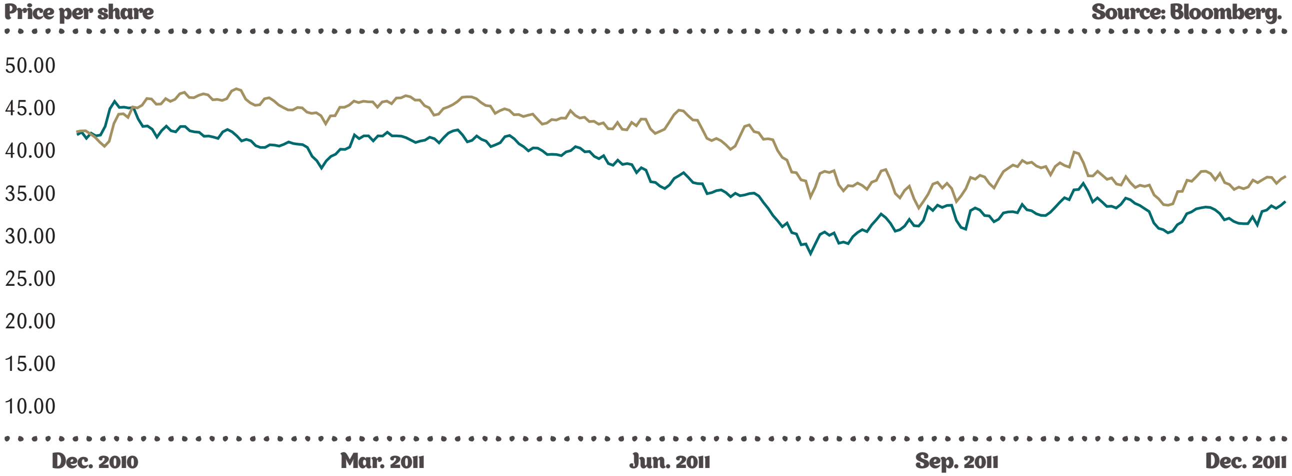
Source: Corporate Governance Report for 2011.

Equity Investments
Listed

Prosegur share price performance

During 2011 the Prosegur share fell 19.8% to 33.79 euros per share, contrasting with the fall of 13.1% in the Ibex 35. Since the end of 2008 Prosegur has gained nearly 45%, one of the biggest gains largest increases on the Spanish stock market over that period. This excellent performance is due to the continuous improvements in the Company's results and its exposure to growth markets such as Latin America.

Prosegur share price performance since 31 December 2010



Equity Investments
Listed

Historical stock market data

	2011	2010	2009
Share price in euros per share (closing prices)			
High	46.32	47.07	34.80
Low	27.25	28.01	18.15
Close	33.79	42.13	34.22
Stock market capitalisation at 31/12 (million euros)	2,085	2,600	2,112
Dividend yield (gross, on closing price for the year)	2.9%	2.1%	2.3%
P/E ratio (on closing price for the year)	11.9 x	16.2 x	14.3 x

Equity Investments
Listed

Indra

Company description

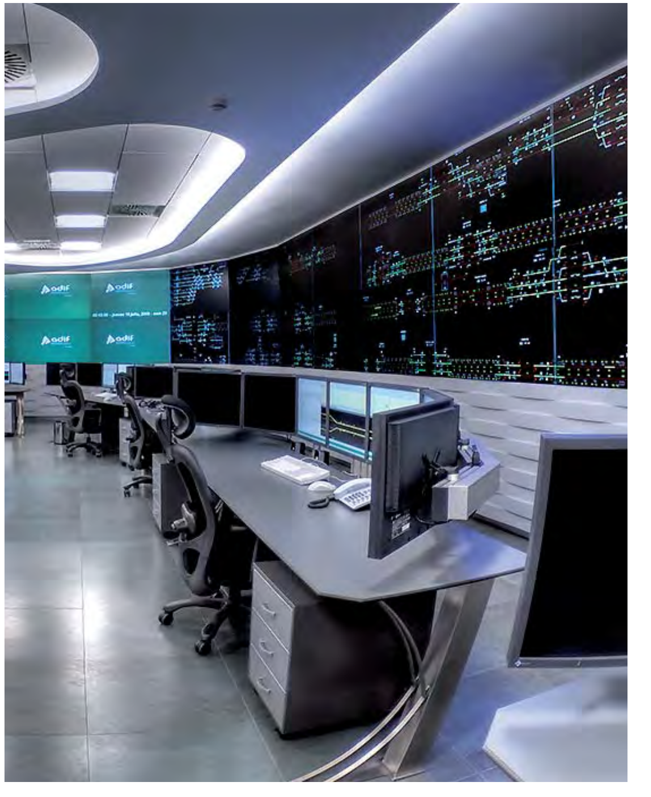
Indra is the leading company in information technologies and systems for security and defence in Spain and one of the largest in Europe and Latin America. It offers high value added solutions and services for the Security and Defence, Transport and Traffic, Energy and Industry, Financial Services, Health Care and Public Services, and Telecom and Media industries. It ranks second in Europe in R&D investment, with nearly 500 million euros invested in the last three years.

The company operates in more than 110 countries and employs nearly 36,000 professionals. Indra continues to expand its international presence, with sales abroad already accounting for 43.3% of the total in 2011, with relevant figures in Europe and Latin America.

Indra offers end-to-end management of customer needs, from the design, development and implementation of a solution, to its operational management. Indra divides its service offering in two main segments: Solutions and Services.

- **Solutions:** The Solutions segment includes a wide range of integrated systems, applications and components, proprietary or from third parties, for the capture, processing, transmission and subsequent presentation of 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.

- **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.



www.indracompany.com

Equity Investments
Listed

Key financial data

In millions of euros unless otherwise indicated	2011	2010	2009
Sales	2,688	2,557	2,513
EBITDA	313	294	327
EBIT	268	252	285
Net profit	181	189	196
Net earnings per share (euros)	1.11	1.16	1.21
Gross dividend paid per share (euros)	0.68	0.66	0.61
Total assets	3,525	2,976	2,490
Net financial debt	514	275	135
Shareholders' equity	1,067	1,014	977
Debt / Equity (%)	48.1	27.1	13.8

Equity Investments
Listed

Review of the company's operations during 2011

In 2011 Indra posted sales of 2,688 million euros, up 5.1% on the previous year, partly thanks to the acquisitions made in Brazil and Italy. Excluding these acquisitions, the sales growth would have been 2.7%, beating the target announced at the beginning of the year.

EBIT increased 6.3% to 268 million euros due to the major restructuring expenses incurred in 2010. Excluding these prior year extraordinary expenses, recurring EBIT fell 6.1%.

Consolidated net profit reached 181 million euros in 2011, down 4.0% on the previous year.

These results were achieved in a very complex 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 greater preference for outsourcing of services and processes as a form of cost saving for customers and stronger interest in services for the maintenance of already installed applications.

Order intake grew 3.3% in 2011 to 2,976 million euros (46.6% international) and the order book stood at 3,231 million euros at the end of the year, up 11.4% on December 2010. This order book gives a good indication of revenue for 2012. The ratio of order book to sales is higher than in previous years.

Sales by segment

- Solutions 67.4%
- Services 32.6%

Sales by vertical market

- Transport and Traffic 22.2%
- Security and Defence 19.0%
- Energy and Industry 15.2%
- Telecoms and Media 14.8%
- Public Admin. and Healthcare 14.5%
- Financial Services 14.3%

Equity Investments
Listed

The **Solutions** segment accounts for the bulk of group revenue, with sales of 1,811 million euros in 2011, slightly down on the previous year (-0.9%). This stagnation of sales is attributable mainly to the fall in revenue in the Security and Defence sector, which has been offset by the growth in the vertical markets of Transport and Traffic and Telecom and Media. The lower order intake in Security and Defence also explains the flat performance of order intake in 2011 (+0.2%). However, the ratio of order intake to sales improved slightly, so that the order book continued to grow, reaching 2,216 million euros at the end of the year (+0.4%). It is important to note that the acquisitions of Galyleo and Politec did not affect the results of this segment, as both companies specialise in service provision. The contribution margin fell 4.8% to 338 million euros in 2011.

This year, Indra continued to pursue its policy of differentiating its Solutions offering by investing in all the vertical markets, notably in Security and Defence, rail transport, intelligent electricity networks and large systems for the banking and insurance industry.

Services performed well over the year, increasing its sales by 20.3% to 878 million euros. Order intake grew 9.1% to 1,082 million euros, which, given the level of sales, increased the order book by 46.7% to 1,015 million euros at the end of 2011. The contribution margin, meanwhile, was up 12.9% at 127 million euros. These growth figures include the contribution of the abovementioned acquisitions of Galyleo and Politec, but this segment has also achieved significant organic growth: +12.0% in sales, +4.0% in order intake and +30.0% in the order book at the end of the year.

The trend among large customers towards supplier concentration, already mentioned in previous years, facilitated the renewal and signing of new multi-year service contracts in all the vertical markets in which Indra operates.

Looking at individual **vertical markets**, Telecom and Media and Energy and Industry, both of them important markets within the Services segment, delivered a particularly strong performance. In 2011 all the vertical markets increased their revenue, except Security and Defence, which was affected by the budget restrictions in Spain and the decline in activity in the Eurofighter programme, offset by an extension of the life of the programme. In any case, Indra expects the revenue from this important vertical market (19.0% of 2011 sales) to stabilise in 2012.

By geography, growth was particularly significant in export sales, which increased by 17.4% overall (+11.0% excluding Galyleo and Politec), with the strongest performance in Latin America and Other Countries (mainly Africa, Asia and Australia), compared to a fall of 2.6% 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 the heavy investments made, including acquisitions. Net debt at the end of 2011 was 514 million euros (+86.8%), 1.6 times EBITDA for the year.

Equity Investments
Listed

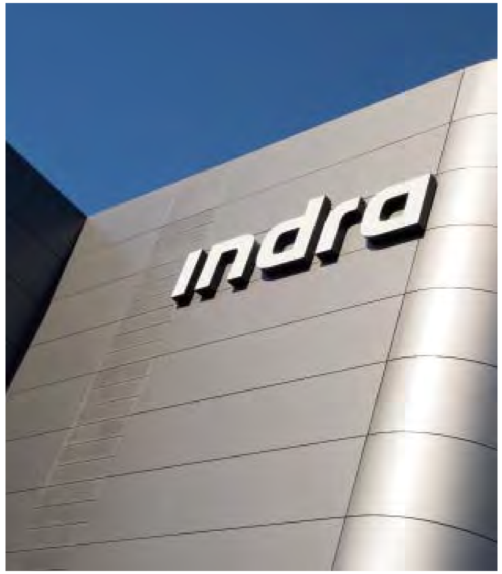
Shareholder structure

In 2011 Alba acquired an additional 1.30% of the share capital of Indra for 24.5 million euros, increasing its interest to 11.32%. At 31 December 2011 Alba was Indra's second largest shareholder. Alba is represented on Indra's Board of Directors by Juan March de la Lastra.

Shareholder structure of Indra at 31 December 2011

- Banco Financiero y de Ahorro 20.1%
- Alba 11.3%
- Liberbank 5.0%
- Casa Grande de Cartagena 5.0%
- Free-float 58.6%

Source: Indra.

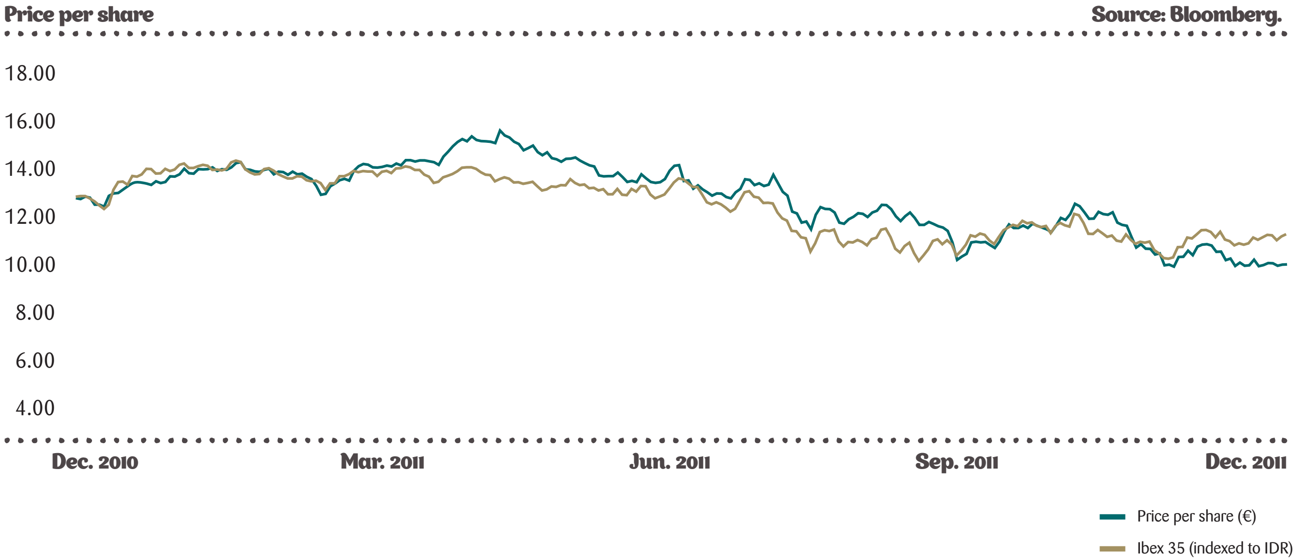


Equity Investments
Listed

Indra share price performance

During 2011 the Indra share fell 23.1% to 9.84 euros per share, underperforming the Ibex 35 (-13.1%) over the year. This fall is attributable to the slowdown of the company's earnings in 2011 and its exposure to consulting businesses (highly dependent on the business cycle) and public clients (affected by the current budget restrictions).

Indra share price performance since 31 December 2010



Equity Investments
Listed

Historical stock market data

	2011	2010	2009
Share price in euros per share (closing prices)			
High	15.80	17.30	18.20
Low	9.74	12.18	13.25
Close	9.84	12.79	16.46
Stock market capitalisation at 31/12 (million euros)	1,615	2,098	2,702
Dividend yield (gross, on closing price for the year)	6.9%	5.2%	3.7%
P/E ratio (on closing price for the year)	8.8 x	11.0 x	13.6 x

Equity Investments
Listed

Ebro Foods

Company description

Ebro Foods is a multinational food company operating in the rice and pasta sectors. It has a sales or manufacturing presence in more than 25 countries in Europe, North America, Asia and Africa through an extensive network of subsidiaries and brands, positioning itself as the world leader in the rice sector and the world's second largest pasta manufacturer.

Ebro Foods has a wide range of leading brands. Its main markets are United States and France, while Spain represents a small part of its business (8.1% of sales in 2011).

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 (2008) and dairy products (2010). Ebro Foods has been successful in integrating its acquisitions, consolidating leadership positions in these markets and substantially improving its profitability.

The abovementioned divestments allowed the company to end 2010 with almost zero net debt and the strength to continue to expand in the strategic rice and pasta sectors.

www.ebrofoods.es

Equity Investments
Listed

Part of this strategy is the acquisition in 2011 of the rice business of Deoleo (formerly SOS) for 205 million euros, which includes activities and brands in Spain, the United States, Saudi Arabia, Portugal and the Netherlands. Additionally, as part of this agreement, Ebro Foods subscribed part of a capital increase for cash carried out by this company at the end of 2010, investing 47 million euros to acquire a 9.3% interest.

At the end of 2011 Ebro Foods announced the agreement to buy the pasta business of Strom Products in the United States and Canada for 50 million dollars. This agreement includes the brands No Yolks and Wacky Mac, focused mainly on healthy pastas. This acquisition is part of the company's strategy of reinforcing its presence through acquisitions in key markets and segments.

Key financial data

In millions of euros unless otherwise indicated	2011	2010	2009
Sales	1,804	1,689	2,198
EBITDA	273	267	308
EBIT	224	212	240
Net profit	152	389	177
Net earnings per share (euros)	0.99	2.54	1.15
Gross dividend paid per share (euros)	0.89	0.70	0.94
Total assets	2,711	2,885	2,684
Net financial debt	390	18	557
Shareholders' equity	1,588	1,607	1,298
Debt / Equity (%)	24.6	1.1	42.9

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

Equity Investments
Listed

Review of the company's operations during 2011

Ebro Foods increased its sales by 6.8% in 2011 to 1,804 million euros, driven by the addition of the rice assets acquired from SOS.

Consolidated EBITDA rose 2.1% to 273 million euros, while consolidated EBIT was up 5.9% at 224 million. The slight deterioration in margins is attributable mainly to high durum wheat prices in the pasta business, delays in the Memphis factory and the adverse effect of the exchange rate.

Net profit from continuing operations reached 152 million euros, up 17.6% on 2010 as a result of the increase in operating income and improved finance results, thanks to lower average debt. Total net profit fell 61.0% compared to the previous year's figure of 389 million euros, which included the significant gains on the sale of Puleva.

The Group's return on capital employed (ROCE) continued to increase during the year to reach 22.2%, demonstrating efficient management of the company's results and assets.

Sales by activity

- Rice 50.2%
- Pasta 49.8%

Sales by geography

- Other EU countries 51.1%
- North America 35.4%
- Spain 8.1%
- Rest of the world 5.4%

Equity Investments
Listed

By business area, sales in the **Rice** division increased 13.5% to 921 million euros, due to the inclusion of the SOS businesses. Excluding the SOS acquisition, the organic sales growth rate was approximately 3.0%. EBITDA grew 10.3% (or nearly 6.0% excluding SOS) to 136 million euros, while EBIT was up 14.8% at 114 million euros. It should be stressed that these good results were achieved despite the adverse impact of the exchange rate and the delays in the packaging and palletising equipment for the new factory in Memphis. The return on capital employed of the Rice division was 18.8% in 2011, nearly one percentage point less than in 2009 and 2010.

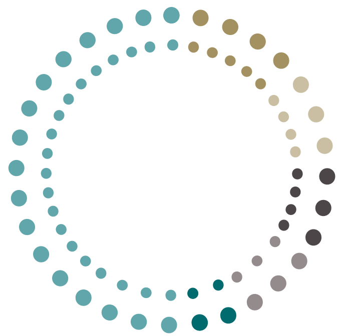
The 2011 results of the **Pasta** division were affected by the sharp rise in durum wheat prices, which forced the company to raise retail prices, albeit by a smaller amount, with the consequent impact on volumes and the need to boost investment in promotions in order to combat the aggressive pricing policies of competitors, especially in the United States.

In 2011 the sales of the pasta business increased 1.4% to 928 million euros, while EBITDA fell 10.0% to 144 million euros, due mainly to the impossibility of passing on the raw material price rises to end consumers and, to a lesser extent, to the negative impact of the exchange rate. Results were also down compared to the previous year because of the exceptionally high margins obtained in that year and the restructuring expenses incurred in Germany. Similarly to EBITDA, EBIT fell 11.0% to 119 million euros, while ROCE decreased by more than four percentage points to 26.1%.

Shareholder structure

During 2011 Alba increased its interest in Ebro Foods to 8.1% through the acquisition of an additional 2.42% for 61.7 million euros. At 31 December 2011 the investment in Ebro Foods was 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 December 2011



- Instituto Hispánico del Arroz 15.7%
- Alimentos y Aceites (SEPI) 10.2%
- C.E. DAMM 9.7%
- Alba 8.1%
- Casa Grande de Cartagena 3.4%
- Free-float 52.9%

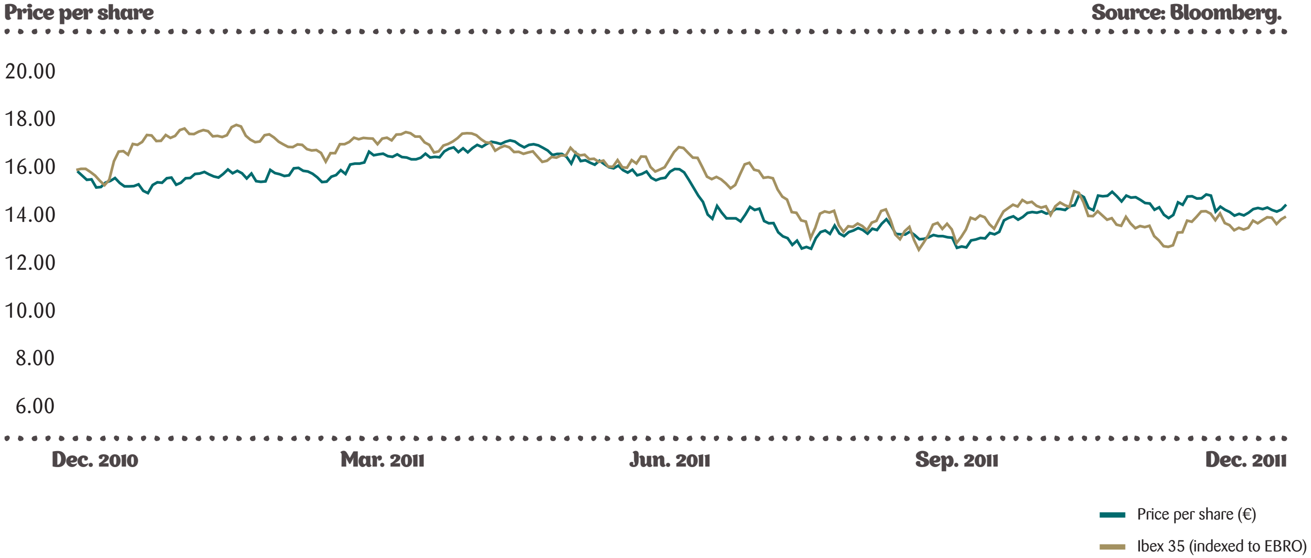
Source: Corporate Governance Report for 2011.

Equity Investments
Listed

Ebro Foods share price performance

During 2011 the Ebro Foods share fell 9.3% to 14.35 euros per share, compared to a fall of 13.1% in the Ibex 35, with a cumulative fair value gain of more than 46% over the last three years. 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.

Ebro Foods share price performance since 31 December 2010



Equity Investments
Listed

Historical stock market data

	2011	2010	2009
Share price in euros per share (closing prices)			
High	16.91	16.76	14.52
Low	12.27	12.80	7.92
Close	14.35	15.83	14.53
Stock market capitalisation at 31/12 (million euros)	2,208	2,436	2,201
Dividend yield (gross, on closing price for the year)	6.1%	4.4%	6.6%
P/E ratio (on closing price for the year)	14.4 x	6.3 x	12.4 x

Equity Investments
Listed

Clínica Baviera

Company description

Created in 1996, Clínica Baviera is Spain’s leading provider of ophthalmological services for the correction of eye conditions such as myopia, astigmatism, presbyopia and cataracts. At 31 December 2011 Clínica Baviera had 66 eye care clinics and counselling centres, of which 44 were in Spain, 19 in Germany, Austria and the Netherlands (through the subsidiary Care Vision), and three in Italy.

Additionally, it offers aesthetic medicine and surgery services in Spain through Clínica Londres. At year-end 2011 it had 14 centres in Spain, at which it provides services including aesthetic medicine, plastic surgery and obesity treatment.

Between these two activities, the Group carried out more than 70,000 operations in 2011 and handled more than 120,000 medical visits.

www.clinicabaviera.com

Equity Investments
Listed

Key financial data

In millions of euros unless otherwise indicated	2011	2010	2009
Sales	94	90	83
EBITDA	14	14	11
EBIT	8	8	4
Net profit	5	5	2
Net earnings per share (euros)	0.33	0.32	0.11
Gross dividend paid per share (euros)	0.26	0.19	0.00
Total assets	58	57	59
Net financial debt	5	6	11
Shareholders' equity	24	22	21
Debt / Equity (%)	22.1	27.3	51.6

Equity Investments
Listed

Review of the company's operations during 2011

Continuing with its expansion plan in Ophthalmology, the Baviera Group continued to add capacity in 2011 with the opening of seven new eye care centres, five of them outside Spain, and two transfers to improve its facilities and expand capacity. Surgical capacity in ophthalmology, which is essential to meet the expected growth in intraocular surgery for the treatment of presbyopia and cataracts, was increased significantly.

Also, for the first time in several years, Clínica Londres opened a new clinic in Spain, increasing surgical capacity in Bilbao, where it was already present.

Sales by business unit

- Ophtalmology Spain 64.6%
- Ophtalmology International 19.5%
- Aesthetics 15.9%

Sales by country

- Spain 80.5%
- International 19.5%

Equity Investments
Listed

The **Ophthalmology** area, which accounts for the bulk of the Group's turnover, increased its sales by 5.1% in 2011 to 79 million euros, with increases both in Spain (+4.6%) and in international activities (+6.8%), notably Germany. This increase in revenue shows the company's competitive strength in a very complicated economic and consumer environment, especially in Spain.

The EBITDA of Ophthalmology decreased 4.4% in 2011 to 15 million euros, with a fall of 7.4% in Spain and an improvement of 20.2% in the international businesses. The decline in margins in Spain is attributable to the change in product mix, towards a greater emphasis on intraocular surgery, and the higher marketing expenditure during the year. The increase in the profitability of the international businesses is largely explained by the absorption of fixed costs as new facilities are opened, especially in Germany.

The **Aesthetics** area improved its results yet again in 2011 in a very difficult market environment in Spain, maintaining sales of approximately 15 million euros (+0.8%) but substantially reducing its losses for the second consecutive year to reach a negative EBITDA of barely 138,000 euros in the year.

At consolidated level, sales rose to 94 million euros in 2011, up 4.4% on the previous year. In contrast, EBITDA decreased 0.1% over the year to 15 million euros for the reasons stated previously in relation to Ophthalmology. Thanks to lower depreciation and amortisation expense and an improved financial result, net profit increased 3.2% to 5 million euros.

The Company invested nearly 7 million euros in 2011, 30.8% more than the previous year. Of this total, 71.1% related to the opening of new clinics and transfers, while the rest related to the maintenance and replacement of existing equipment and centres.

Despite the increase in investments and the dividend paid in the year, the Company continued to reduce its net debt, which stood at 5 million euros at the end of 2011.

Shareholder structure

In 2011 Alba maintained its 20.00% interest in the share capital of Clínica Baviera unchanged and remains one of the company's largest shareholders. Alba is represented on Clínica Baviera's Board of Directors by Javier Fernández Alonso.

Shareholder structure of Clínica Baviera at 31 December 2011

- Eduardo y Julio Baviera 19.6%
- Alba 20,0%
- Zriser 10.0%
- Inv. Dario3 9.1%
- Southamerican Farming 5.0%
- Free-float 36.3%

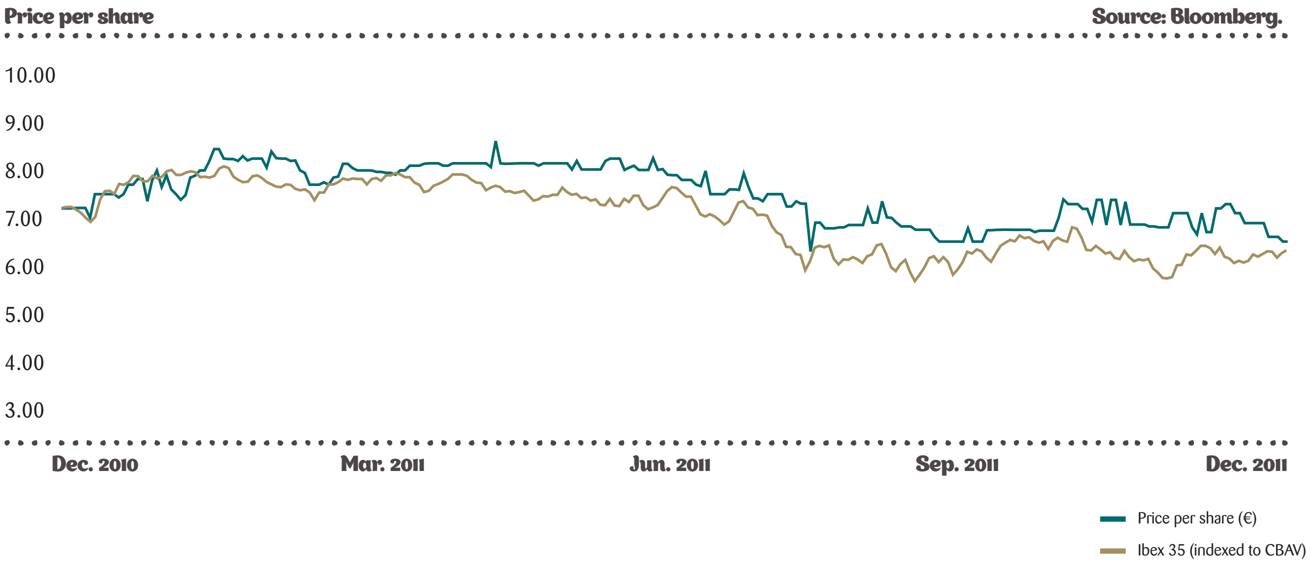
Source: Corporate Governance Report for 2011.

Equity Investments
Listed

Clínica Baviera share price performance

The price of the Clínica Baviera share fell 9.7% in 2011 to 6.50 euros per share at the end of the year, performing better than the Ibex 35, which fell 13.1%.

Clínica Baviera share price performance since 31 December 2010



Equity Investments
Listed

Historical stock market data

	2011	2010	2009
Share price in euros per share (closing prices)			
High	8.62	9.10	9.55
Low	6.29	5.87	6.50
Close	6.50	7.20	8.00
Stock market capitalisation at 31/12 (million euros)	106	117	130
Dividend yield (gross, on closing price for the year)	4.0%	2.6%	0.0%
P/E ratio (on closing price for the year)	19.7 x	22.4 x	72.7 x

Equity Investments
Listed

Antevenio

Company description

Antevenio is one of the leading companies in Spain in the digital marketing sector, currently offering online advertising, affiliate marketing, mobile marketing, e-mail marketing and e-commerce services. Despite the current economic crisis, the Internet is the only segment of the advertising market that is expected to see strong growth over the next few years. 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 several European countries in which it is not yet physically present. Antevenio is firmly committed with launching new products and services and expanding its activities internationally; a strategy that is set to continue in the coming years.

Gross sales reached 24.2 million euros in 2011, representing purely organic growth of 13.6% compared to the previous year. EBITDA and Net income grew 35.0% and 41.4% respectively, to 3.6 and 1.3 million euros each. The increase in results is due mainly to the launch of new products and services and improved results in expansion areas that were a drag on performance in previous years as they were still in the launch phase.

www.antevenio.com

Equity Investments
Listed

Key financial data

In millions of euros	2011	2010	2009
Shareholders' equity	16.6	16.3	16.0
Sales	24.2	21.3	17.1
EBITDA	3.6	2.7	2.7
Net profit	1.3	0.9	1.2

Shareholder structure of Antevenio at 31 December 2011

- Alba 20.5%
- Aliada 20.2%
- Joshua Novick 11.9%
- E-Ventures Capital 10.3%
- Free-float 37.1%

Source: Antevenio.

Shareholder structure

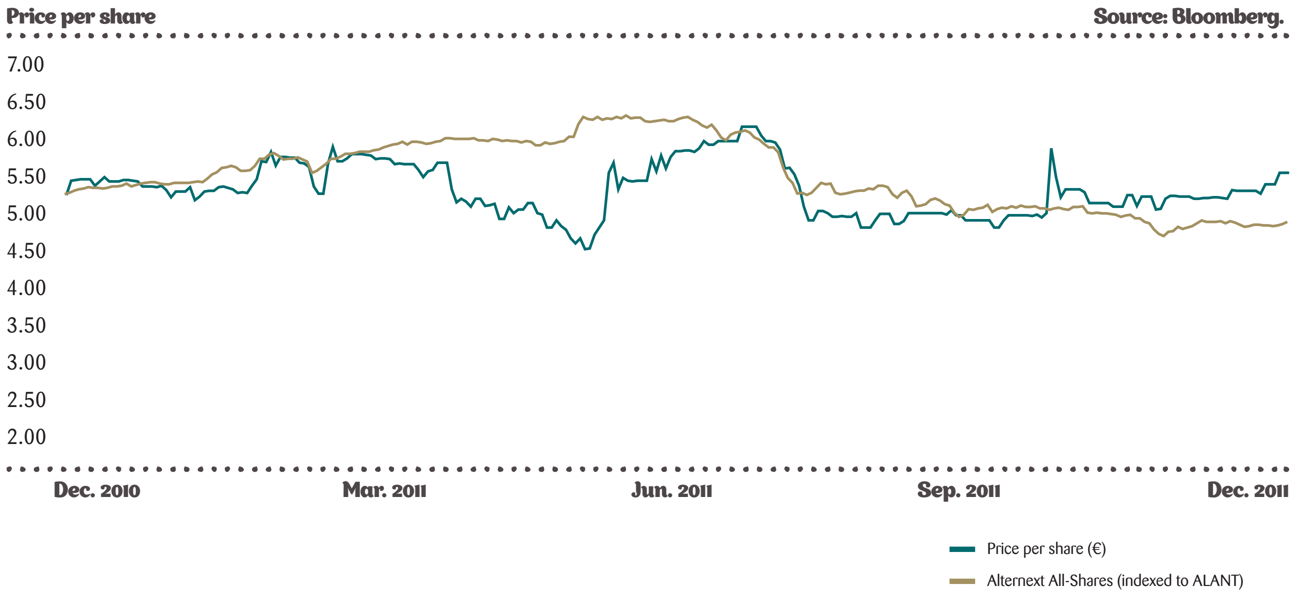
At 31 December 2011 Alba was Antevenio's largest shareholder, with 20.54% of the capital. Alba is represented on Antevenio's Board of Directors by Javier Fernández Alonso.

Equity Investments
Listed

Antevenio share price performance

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. The share price rose 5.9% in 2011, ending the year at 5.56 euros per share, outperforming the Alternext All-Shares benchmark index (-7.5%) and the Ibex 35 (-13.1%).

Antevenio share price performance since 31 December 2010



Equity Investments
Listed

Historical stock market data

	2011	2010	2009
Share price in euros per share (closing prices)			
High	6.20	6.34	6.60
Low	4.50	4.26	4.36
Close	5.56	5.25	6.50
Stock market capitalisation at 31/12 (million euros)	23	22	27
Dividend yield (gross, on closing price for the year)	0.0%	3.8%	0.0%
P/E ratio (on closing price for the year)	16.8 x	27.6 x	23.1 x

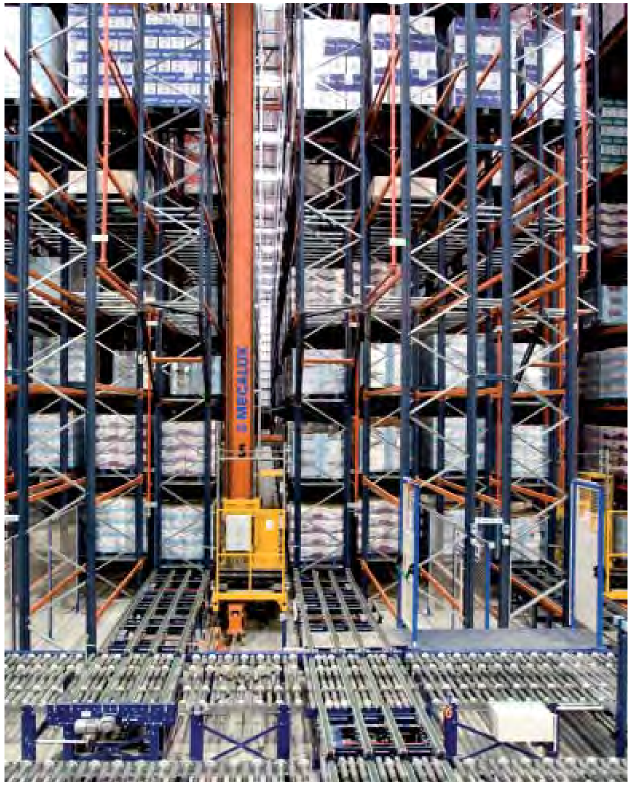
Equity Investments
Unlisted

Mecalux

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 has a broad international presence, with sales in more than 70 countries. It has production facilities in Spain, Poland, the United States, Mexico, Brazil and Argentina and an extensive sales and distribution network, which make it the market leader in shelving in southern Europe, NAFTA and Mercosur

At 31 December 2011 Alba had an interest of 14.23% in the share capital of Mecalux, 5.23% held directly and 9.00% through Deyá Capital SCR.



www.mecalux.es

Equity Investments
Unlisted

Pepe Jeans

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

At 31 December 2011 Alba's interest in Pepe Jeans, through Deyá Capital, was 12.28%.

www.pepejeans.com

Equity Investments
Unlisted

Panasa

Founded in 1968, the Panasa (Panaderías Navarras) group is one of the main manufacturers of fresh and frozen bread, pastry goods and cakes in Spain, with a unique positioning in its market.

Through Berlys, its main brand, it offers its products to more than 16,000 customers, including bakeries, hotels, restaurants, large retailers and other food stores, thanks to its broad distribution network covering the whole of the Iberian Peninsula. It also has a network of more than 180 own stores in Navarra and the Basque Country, through which it distributes its fresh and frozen products.

It has modern production facilities, having invested heavily in recent years.

On 28 February 2011 the growth capital vehicles managed by Artá Capital (Deyá Capital, Deyá Capital II and Deyá Capital III) acquired an interest of 35.68% in Panasa.

At 31 December 2011 Alba's interest in Panasa, through Deyá Capital, was 26.76%.

www.berlys.es

Equity Investments
Unlisted

Ros Roca Environment

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 the 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 other major subsidiaries and production centres in the United Kingdom, France, Germany, Brazil, Mexico and Malaysia.

At 31 December 2011 Alba's interest in Ros Roca, through Deyá Capital, was 19.04%.

www.rosrocaenvironment.com

Equity Investments
Unlisted

Flex

Flex is one of largest companies in Europe in sleep systems, with a strong presence in Latin America. Founded in 1912, it manufactures and markets mattresses, pillows, adjustable beds and other accessories.

Thanks to a powerful portfolio of brands, including Flex, Vi-Spring, Mash and Molaflex, among others, it is the largest manufacturer of sleep systems in Spain, Portugal and the United Kingdom (luxury segment) and has an excellent positioning in Chile, Brazil and Cuba. More than 75% of the Group's activity takes place outside Spain. It has production plants in Spain, Portugal, the United Kingdom, Brazil, Chile and Cuba.

In addition, the Group has a network of more than 130 stores under the Noctalia, Plumax and And So To Bed (Europe and the Middle East) brands.

On 21 March 2011 the growth capital vehicles managed by Artá Capital (Deyá Capital, Deyá Capital II and Deyá Capital III) reached an agreement to acquire a 26.33% interest in Flex. The others shareholders consist of various branches of the founding family.

At 31 December 2011 Alba's interest in Flex, through Deyá Capital, was 19.75%.

www.flex.es

Equity Investments
Unlisted

Ocibar

Ocibar specialises in the development and operation of marinas on a concession basis and currently has several concessions in operation on the Balearic Islands, notably Port Adriano in Calvià (Majorca) and Ibiza Magna.

In April 2007 Ocibar was granted the concession for the construction and operation of an expansion to the Port Adriano marina. This extension includes 82 berths for yatchs between 20 and 60 metres in length and a commercial area covering more than 4,000 square metres, making Port Adriano one of the main ports for mega-yachts in the Mediterranean Sea. The expansion has been fully operational since the second half of 2011, both the marine part and the commercial area.

At 31 December 2011 Alba's interest in Ocibar, through Deyá Capital, was 21.66%, making Alba the second largest shareholder.

www.ocibar.com

Real Estate Investments

Real Estate Investments

At the end of 2011 Alba had more than 82,000 square metres of leasable area and 1,100 parking spaces, 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, who at 31 December 2011 valued the properties at 213.3 million euros, down 4.1% compared to the previous year. Despite the decrease in value during the year, the valuation amount exceeds the carrying amount of the investment by 75.7 million euros.

The main office rental market ratios in 2011 and 2010, obtained from market studies carried out by the main specialised consulting firms, are as follows:

	Madrid	Barcelona
New office rentals	-22.0%	+ 13.0%
Average rent	-6.5%	-8.2%
Vacancy rate at 31.12.2011	11.4%	13.7%

Alba obtained better results than the industry average. The vacancy rate at the end of 2011 was 9.3%.

Rental income amounted to 15.5 million euros, down 1.2% on 2010. The direct costs of the property business increased 3.6% to 2.9 million euros.

The gross yield, calculated using the year-end valuation, was up from 7.06% in 2010 to 7.25% in 2011.

During the year, investments totalling 0.6 million euros were made in improvements to the structure and facilities of the buildings, as required.

Auditors' Report

Auditors' Report

Ernst & Young

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INFORME DE AUDITORÍA DE CUENTAS ANUALES CONSOLIDADAS

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

Hemos auditado las cuentas anuales consolidadas de Corporación Financiera Alba, S.A. (la Sociedad dominante) y Sociedades dependientes (el Grupo), que comprenden el estado de situación financiera consolidado al 31 de diciembre de 2011, la cuenta de resultados consolidada, el estado del resultado global consolidado, 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 consolidada 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.

En nuestra opinión, las cuentas anuales consolidadas del ejercicio 2011 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 2011, 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.

El informe de gestión consolidado adjunto del ejercicio 2011 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 2011. 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.

INSTITUTO DE CENSORES JURADOS DE CUENTAS DE ESPAÑA

ERNST & YOUNG, S.L.

Año 2012 Nº 01/12/01798
IMPORTE COLEGIAL: 93,00 EUR

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

16 de abril de 2012

Francisco V. Fernández Romero

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the members 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 statement of financial position at 31 December 2011 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.

In our opinion, the accompanying consolidated financial statements for 2011 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 2011 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 2011 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 2011. 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 2011

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 2011 and 2010

Assets

In thousands of euros	Notes	2011	2010
Investment property	5	213,320	221,880
Property, plant and equipment	6	11,330	11,974
Intangible assets		68	99
Investments in associates	7	2,439,819	2,867,708
Available-for-sale financial assets	8	206,907	155,802
Other financial assets	9	101,951	45,631
Deferred tax assets	19	43,945	90,435
Non-current assets		**3,017,340**	**3,393,529**
Trade and other receivables	10	120,359	75,523
Financial assets held for trading		1,779	25,403
Cash and cash equivalents	12	325,191	203,371
Current assets		**447,329**	**304,297**
Total assets		**3,464,669**	**3,697,826**

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	2011	2010
Share capital	13	58,300	59,330
Retained earnings		3,630,812	3,443,161
Treasury shares	13	(2,976)	(20,757)
Other reserves	13	(619,149)	(503,755)
Interim dividend	3	(204,672)	(29,424)
Shareholders' equity		**2,862,315**	**2,948,555**
Minority interests		680	699
Total shareholders' equity		**2,862,995**	**2,949,254**
Amounts owed to credit institutions	17	250,000	75,000
Other financial liabilities	9	2,019	1,936
Provisions	15	2,755	4,434
Deferred tax liabilities	19	38,667	45,637
Non-current liabilities		**293,441**	**127,007**
Trade and other payables	16	13,627	9,225
Amounts owed to credit institutions	17	294,606	612,340
Current liabilities		**308,233**	**621,565**
Total equity and liabilities		**3,464,669**	**3,697,826**

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 2011 and 2010

In thousands of euros	Notes	2011	2010
Share of the profit/(loss) of associates	7	241,865	375,148
Lease income	22	15,476	15,670
Changes in the fair value of investment properties	5	(9,121)	(8,388)
Profit/(loss) on disposal of financial assets and other assets	7 and 11	185,283	6,294
Impairment of assets	6 and 9	56,484	(47)
Staff costs	23.a	(9,572)	(9,387)
Other operating expenses	22	(7,539)	(7,736)
Depreciation and amortisation		(998)	(1,007)
Operating profit/(loss)		**471,878**	**370,547**
Finance income	23.b	19,040	34,177
Finance costs and exchange differences		(21,879)	(23,356)
Change in fair value of financial instruments	23.c	(6,195)	-
Net financial income/(expense)		**(9,034)**	**10,821**
Profit/(loss) before tax from continuing activities		**462,844**	**381,368**
Corporate income tax expense	19	(55,114)	39,617
Profit/(loss) from continuing activities		**407,730**	**420,985**
Consolidated profit/(loss) for the year		**407,730**	**420,985**
Profit/(loss) attributable to minority interests		1,556	1,615
Consolidated profit/(loss) for the year attributable to the group		**406,174**	**419,370**
Average number of shares outstanding during the year (excluding treasury shares)		58,363,359	59,271,325
Basic and diluted earnings per share (euros/share)		6.96	7.08

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Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

for the years ended 31 December 2011 and 2010

In thousands of euros	Notes	2011	2010
Consolidated profit/(loss) per income statement		**407,730**	**420,985**
Income and expenses recognised directly in equity			
Arising from valuation of financial instruments		(237,439)	(153,681)
Arising from investments in associates	7	(237,439)	(153,681)
Other adjustments		(101)	(110)
Total income and expense recognised directly in equity		**(237,540)**	**(153,791)**
Total comprehensive income		**170,190**	**267,194**
Attributable to the parent		168,634	265,579
Attributable to minority interests		1,556	1,615

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

Statement of Changes in Consolidated Shareholders' Equity

for the years ended 31 December 2011 and 2010

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 2010	**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	-	(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**
Changes in consolidated equity of associates (Note 7)	-	(122,045)	-	(115,394)	-	(237,439)	-	(237,439)
Other	-	(101)	-	-	-	(101)	-	(101)
Profit for the year	-	406,174	-	-	-	406,174	1,556	407,730
Total income and expenses for the year	-	284,028	-	(115,394)	-	168,634	1,556	170,190
Interim dividend for the previous year (Note 3)	-	(29,424)	-	-	29,424	-	-	-
Dividends paid during the year (Note 3)	-	(29,113)	-	-	(204,672)	(233,785)	(1,575)	(235,360)
Redemption of capital	(1,030)	(37,840)	38,870	-	-	-	-	-
Purchase of own shares (Note 13)	-	-	(21,089)	-	-	(21,089)	-	(21,089)
Balance at 31 December 2011	**58,300**	**3,630,812**	**(2,976)**	**(619,149)**	**(204,672)**	**2,862,315**	**680**	**2,862,995**

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Consolidated Financial Statements

Consolidated Cash Flow Statements

for the years ended 31 december 2011 and 2010 (Note 28)

In thousands of euros	Notes	2011	2010
Operating activities			
Profit/(loss) for the year		406,174	419,370
Adjustments to profit/(loss)			
Depreciation and amortisation		998	1,007
Changes in the fair value of investment properties	5	9,121	8,388
Share of the profit/(loss) of associates	7	(241,865)	(375,148)
Profit/(loss) on assets	7, 9 and 11	(241,767)	(6,051)
Finance income	23.b	(19,040)	(34,177)
Finance costs		21,879	23,356
Change in fair value of financial instruments	23.c	6,195	-
Corporate income tax paid	19	55,114	(39,617)
Other cash flows from operating activities			
Purchases of equity investments	7 and 8	(137,317)	(126,991)
Sales of equity investments	7	535,160	18,309
Purchases of investment properties	5	(561)	(1,118)
Purchases of property, plant and equipment and intangible assets	6	(126)	(109)
Purchases/sales of financial assets		21,280	(116,941)
Dividends received		170,760	189,189
Changes in working capital		-	7,029
Payments on account of corporate income tax		(64,390)	-
Other items		652	(889)
Net cash from operating activities		**522,267**	**(34,393)**

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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	2011	2010
Investing activities			
Purchases of own shares	13	(21,089)	(44,802)
Net cash from investing activities		**(21,089)**	**(44,802)**
Financing activities			
Dividends paid	3	(233,785)	(59,069)
Net interest paid		(2,839)	10,886
Movements in bank borrowings		(142,734)	49,376
Net cash from financing activities		**(379,358)**	**1,193**
Increase/(decrease) in net cash		**121,820**	**(78,002)**
Cash and cash equivalents at 01/01 (Note 12)		203,371	281,373
Cash and cash equivalents at 31/12 (Note 12)		325,191	203,371

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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2011

1. Business activities

Corporación Financiera Alba, S.A. (Alba), headquartered in Madrid, Spain, has significant holdings in various companies in different 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 2011 were prepared and authorised for issue by the Board of directors at its meeting held on 26 March 2012 and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, as required by Regulation (EC) 1606/2002 of the European Parliament and Council, of 19 July, and subsequent amendments thereto, so as to give a true and fair view of the consolidated net assets and financial position of Alba at 31 December 2011 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, the figures in these consolidated financial statements are presented together with the figures for the previous year.

The accounting policies used in preparing the consolidated financial statements for the year ended 31 December 2011 are the same as those used in preparing the consolidated financial statements for the year ended 31 December 2010, except for the following standards and interpretations, which are applicable to financial years starting on or after 1 January 2011, inclusive:

- IAS 24 "Related Party Disclosures".
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments".
- IFRIC 14 "Prepayments of a Minimum Funding Requirement".
- Improvements to IFRS (May 2010).

The application of these amendments and interpretation has had no significant impact on these consolidated financial statements.

The Group has not early-adopted any published standard, interpretation or amendment that is not yet in force.

The Group is currently assessing the effect that the following amendment, which has been published by the IASB and enacted by the European Union but is not yet applicable, could have on the Group's accounting policies, financial position or results:

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

- Amendment to IFRS 7 “Financial Instruments: Disclosures”, applicable to financial years starting on or after 1 July 2011.

At the date of publication of these consolidated financial statements, the following standards and amendments had been published by the IASB but were not mandatory and had not been approved by the European Union:

- Amendment to IAS 12 “Deferred tax – Recovery of underlying assets”, applicable to financial years starting on or after 1 January 2012.
- Amendments to IAS 1 “Presentation of items of other comprehensive income”, applicable to financial years starting on or after 1 July 2012.
- IFRS 9 “Financial instruments” and amendments to IFRS 9 and IFRS 7 “Mandatory effective date and transition disclosures”, applicable to financial years starting on or after 1 January 2015.
- IFRS 10 “Consolidated financial statements”, applicable to financial years starting on or after 1 January 2013.
- IFRS 11 “Joint arrangements”, applicable to financial years starting on or after 1 January 2013.
- IFRS 12 “Disclosure of interest in other entities”, applicable to financial years starting on or after 1 January 2013.
- IFRS 13 “Fair value measurement”, applicable to financial years starting on or after 1 January 2013.
- Revised IAS 19 “Employee benefits”, applicable to financial years starting on or after 1 January 2013.
- Revised IAS 27 “Separate financial statements”, applicable to financial years starting on or after 1 January 2013.
- Revised IAS 28 “Investments in associates and joint ventures”, applicable to financial years starting on or after 1 January 2013.
- Amendments to IAS 32 “Offsetting financial assets and financial liabilities”, applicable to financial years starting on or after 1 January 2014.
- Amendments to IFRS 7 “Disclosures – Offsetting financial assets and financial liabilities”, applicable to financial years starting on or after 1 January 2013.

The Group is currently analysing the impact that application of these standards, amendments and interpretations could have. Based on the analyses carried out to date, the Group considers that application of these standards and amendments in the period of initial application will have no material impact on the consolidated financial statements.

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

In relation to the deferral of payment to suppliers in commercial transactions, the Resolution of 29 December 2010 of the Institute of Accounting and Auditing (ICAC) on the information to be disclosed in the notes to consolidated financial statements in relation to deferrals of payment to suppliers in commercial transactions was applicable for the first time in financial year 2010. In accordance with the provisions of the Second Transitional Provision of said Resolution, in the first year of application of this Resolution the Company supplied exclusively information regarding the amount of the outstanding balance payable to suppliers that at the end of said year had been deferred beyond the legal limit.

Financial year 2011 is therefore the first year in which Alba has presented information about: i) the total amount of payments made to suppliers during the year, stating separately those that have exceeded the legal limits for deferral; ii) the weighted average time by which payment has been deferred beyond the

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legal limit; and iii) the amount of the outstanding balance payable to suppliers which at year-end has been deferred beyond the legal limit. Accordingly, the information presented in 2010, in first-time application, is not comparable with the information presented in relation to the present year.

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

- Impairment losses and the useful lives of tangible assets (Note 4.b).
- The testing of consolidation goodwill for impairment (Note 4.c).
- The fair value of certain non-traded assets (see 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. Alba understands control to exist when it holds a majority of the voting rights in a company, has the power to appoint or remove a majority of the directors, controls a majority of the voting rights under agreements with other shareholders, or has appointed a majority of the directors exclusively through its votes.

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

The interest of minority shareholders in the Group's net assets and profit for the year is presented under "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.

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The information for 31 December 2011 and 2010 is shown below:

Subsidiary	Activity	Years	% ownership interest	Net carrying amount before consolidation	Shareholders' equity before undistributed profit	Profit/ (loss)
Alba Participaciones, S.A.	Securities investment	2011	100.00	117,633	2,114,147	423,600
Castelló, 77, 5ª planta		2010	100.00	117,633	2,135,998	208,148
28006-Madrid						
Artá Capital, Sociedad Gestora de	Venture capital	2011	62.50	1,156	1,722	4,150
Entidades de Capital Riesgo, S.A.	management	2010	62.50	1,156	1,722	4,307
Pza. Marqués de Salamanca, 10	company					
28006-Madrid						
Balboa Participaciones, S.A.U.	Securities investment	2011	100.00	8,929	16,057	(7,128)
Castelló, 77, 5ª planta		2010	100.00	5,000	4,946	1,115
28006-Madrid						
Deyá Capital, S.C.R. de Régimen	Private equity	2011	100.00	184,255	190,281	(4,212)
Simplificado, S.A.	company	2010	100.00	133,321	137,530	(4,235)
Pza. Marqués de Salamanca, 10						
28006-Madrid						

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

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

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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 2011 and 2010 is shown below:

			% ownership interest	
Associate / Auditor	**Registered address**	**Activity**	**At 31-12-2011**	**At 31-12-2010**
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	18.30	23.31
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	20.00
Ebro Foods, S.A. Deloitte	Paseo de la Castellana, 20 (Madrid)	Food	8.12	5.70
Indra Sistemas, S.A. KPMG Auditores	Avda. de Bruselas, 35 (Alcobendas - Madrid)	New technologies	11.32	10.02
Prosegur, Compañía de Seguridad, S.A. KPMG Auditores	Pajaritos, 24 (Madrid)	Security, cash transport and alarms	10.01	10.01

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During 2011, 2.42% of Ebro Foods, S.A. and 1.30% of Indra Sistemas, S.A. were acquired. The interest in ACS, Actividades de Construcción y Servicios, S.A. decreased as a result of the sale of 5.01%.

During 2010, 1.85% of Clínica Baviera, S.A. and 5.70% of Ebro Foods, S.A. were acquired. The interest in ACS, Actividades de Construcción y Servicios, S.A. decreased as a result of the sale of 0.17%.

3. Allocation of profit

The proposed allocation of profit for 2011, which the Board of Directors will submit to the General Meeting for approval, and the allocation of profit for 2010 approved by the General Meeting are as follows:

	2011	2010
Consolidated profit for the year	406,174	419,370
Profit to be allocated		
Profit for the year attributable to the parent	230,778	185,802
Retained earnings	137,439	48,014
Total	**368,217**	**233,816**
Allocation		
To retained earnings	134,432	175,279
To dividends	233,785	58,537
Total	**368,217**	**233,816**

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The dividends paid by the parent company in 2011 and 2010 were as follows:

	No. of shares with dividend rights	€/share	€ '000
2011			
Interim dividend for 2011	58,219,918	0.500	29,110
Extraordinary dividend for 2011	58,520,545	3.000	175,562
Final dividend for 2010	58,225,979	0.500	29,113
2010			
Interim dividend for 2010	58,847,458	0.500	29,424
Final dividend for 2009	59,290,790	0.500	29,645

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 Board of Directors has presented the liquidity statement required under article 277 of the Corporations Law in the Notes to the individual financial statements of the parent company.

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4. Valuation rules

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

a) Investment property (Note 5)
Investment property, consisting of buildings for lease, is carried initially at cost, including transaction costs. Subsequently, it is carried at its 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 acquisition cost. 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 that 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 percentage
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 the results of associates is included, net of the 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.

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In 2011 the associated companies whose market price at year-end is less than their book value are Acerinox, S.A., 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) Acerinox, S.A.
The projection period used is 2012 to 2014. The residual value has been calculated based on the flow of the last projected year with a growth rate (in perpetuity) of 2.5% per year

The projected cash flows have been discounted at a rate of 8.6%, based on the average weighted cost of capital.

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

- Capital structure: 75% capital and 25% debt
- Equity ratio: 9.8%
- Cost of debt after tax: 4.7%
- Levered beta: 1.22 has been used
- Estimated fair value: €11.99/share

c.2) Clínica Baviera, S.A.
The projection period used is 2012 to 2016. The residual value has been calculated based on the flow of the last projected year with a growth rate (in perpetuity) of 2.0% per year

The projected cash flows have been discounted at a rate of 8.3%, based on the average weighted cost of capital.

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

- Capital structure: 90% capital and 10% debt
- Equity ratio: 8.7%
- Cost of debt after tax: 4.0%
- Levered beta: 1.00 has been used
- Estimated fair value: €12.29/share

c.3) Indra Sistemas, S.A.
The projection period used is 2012 to 2016. The residual value has been calculated based on the flow of the last projected year with a growth rate (in perpetuity) of 2.0% per year

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

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

- Capital structure: 85% capital and 15% debt
- Equity ratio: 8.7%
- Cost of debt after tax: 4.7%
- Levered beta: 1.00 has been used
- Estimated fair value: €16.70/share

In 2010 the only associated companies whose market price at year-end was less than their book value were 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 was 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% per year

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

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

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

c.2) Indra Sistemas, S.A.

The projection period used was 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% per year

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: has been used 0.77
- Estimated fair value: €16.27/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.

Available-for-sale financial assets are recognised at fair value, with changes in value being recorded in “Other reserves” in the accompanying consolidated balance sheet. When an investment is sold, the accumulated gain or loss is transferred to the consolidated 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 appropriate 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, the appropriate valuation adjustment is calculated and recorded.

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, provided 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.

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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.

Alba uses financial derivative instruments to hedge interest rate risk. These instruments are recognised initially at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at their fair value at each reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gain or loss resulting from changes in the fair value of derivatives is recognised directly in the income statement.

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 where 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 of a fully owned subsidiary who retire on reaching retirement age.

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The main assumptions used in 2011 and 2010 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%
CPI growth	2.00%
Salary growth	2.50%
Rate of increase in social security bases	2.00%
Retirement age	65

The results of the actuarial valuation are shown below.

	31/12/2011	31/12/2010
Pension obligations towards current employees	26,635	34,216
Vested	18,615	25,918
Unvested	8,021	8,298
Fair value of plan asstes (policies)	20,435	26,356

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)

Alba 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 consolidated 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.

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5. Investment property

This item consists of property held to earn rental income. At 31 December 2011 and 2010 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	
	2011	2010
Madrid	173,000	179,100
Barcelona	34,500	36,400
Palma de Mallorca	3,770	4,400
Rest	2,050	1,980
Balance at 31 December	**213,320**	**221,880**

The movements in investment property are as follows:

Balance at 1-1-10	**229,150**
Increases	1,118
Change in fair value	(8,388)
Balance at 31-12-10	**221,880**
Increases	561
Change in fair value	(9,121)
Balance at 31-12-11	**213,320**

The increases in 2011 relate mainly to improvements carried out, while those in 2010 related to the acquisition of some parking spaces.

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

	2011	2010
Floor area above grnd level (square metres)	82,267	82,267
Leased floor area (square metres)	74,611	74,054
Leased area as % total floor area	90.7%	90.0%

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 2011 and 2010 is as follows:

	2011	2010
In one year	13,017	13,195
Rest	37,628	20,370
Total	**50,645**	**33,565**

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

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6. Property, plant and equipment

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

	Buildings	Other PPE	Total
Cost:			
Balance at 1-1-10	**19,300**	**2,941**	**22,241**
Increases	-	109	109
Disposals	-	(39)	(39)
Balance at 31-12-10	**19,300**	**3,011**	**22,311**
Increases	-	126	126
Disposals	-	(245)	(245)
Balance at 31-12-11	**19,300**	**2,892**	**22,192**
Accumulated depreciation			
Balance at 1-1-10	**(6,853)**	**(2,355)**	**(9,208)**
Increases	(798)	(176)	(974)
Disposals	-	39	39
Balance at 31-12-10	**(7,651)**	**(2,492)**	**(10,143)**
Increases	(786)	(178)	(964)
Disposals	-	245	245
Balance at 31-12-11	**(8,437)**	**(2,425)**	**(10,862)**
Provision			
Balance at 1-1-10	**(147)**	**-**	**(147)**
Increases	(47)	-	(47)
Balance at 31-12-10	**(194)**	**-**	**(194)**
Disposals	194	-	194
Balance at 31-12-11	-	**-**	**-**
Net PPE at 31-12-10	11,455	519	11,974
Net PPE at 31-12-11	10,863	467	11,330

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

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7. Investments in associates

The changes in this item in 2011 are as follows:

Company	Consolidated value at 01/01/11	Profit/(loss) of investees	Accrued dividends	Acquisitions/ (Disposals)	Changes in consolidated equity of associates	Consolidated value at 31/12/11	Quoted market value at 31/ 12/11
Acerinox, S.A.	721,718	17,873	(21,153)	(6,043)	(4,505)	707,890	598,940
ACS, Actividades de Construcción y Servicios, S.A.	1,557,876	176,075	(118,078)	(345,474)	(215,312)	1,055,087	1,319,022
Antevenio, S.A.	3,083	289	-	-	-	3,372	4,804
Clínica Baviera, S.A.	36,905	1,086	(848)	-	19	37,162	21,202
Ebro Foods, S.A.	119,975	11,181	(9,283)	61,747	(5,804)	177,816	179,358
Indra Sistemas, S.A.	258,528	18,608	(11,183)	24,465	(1,606)	288,812	182,842
Prosegur, Compañía de Seguridad, S.A.	169,623	16,753	(6,465)	-	(10,231)	169,680	208,653
Total	**2,867,708**	**241,865**	**(167,010)**	**(265,305)**	**(237,439)**	**2,439,819**	**2,514,821**

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The changes in this item in 2010 are as follows:

Company	Consolidated value at 01/01/10	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 the Group's share of the net assets of associates in 2011 are due mainly to adjustments to the valuation of available-for-sale financial assets and hedging transactions and to translation differences; in 2010 the changes were due mainly to the purchase of own shares, adjustments to the valuation of available-for-sale financial assets and exchange differences (note 13).

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

	2011			2010		
	%	Selling price	Profit/(loss)	%	Selling price	Profit/(loss)
ACS, Actividades de Construcción y Servicios, S.A.	5.0	535,160	187,545	0.2	18,309	8,325
Total		**535,160**	**187,545**		**18,309**	**8,325**

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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.						
2011	1,819,784	2,251,438	1,201,712	988,318	4,672,244	73,726
2010	2,004,793	2,235,567	1,324,428	992,194	4,500,467	122,739
ACS, Actividades de Construcción y Servicios, S.A.						
2011	27,947,941	20,039,669	28,319,794	13,476,552	28,471,883	961,940
2010	18,189,522	15,995,005	18,971,136	10,771,005	14,328,505	1,312,557
Ebro Foods, S.A.						
2011	849,747	1,164,337	545,481	576,667	1,804,111	151,542
2010	1,164,337	1,720,693	604,045	673,539	1,688,957	388,797
Indra Sistemas, S.A.						
2011	2,280,704	1,244,151	1,830,049	627,606	2,688,495	180,999
2010	2,050,691	898,040	1,584,106	350,604	2,557,042	188,521
Prosegur, Compañía de Seguridad, S.A.						
2011	1,091,823	1,099,741	829,724	690,939	2,808,531	167,430
2010	1,014,879	961,340	873,177	436,474	2,560,344	160,785
Clínica Baviera, S.A.						
2011	16,048	41,807	16,889	17,140	93,593	5,430
2010	16,398	40,444	17,116	17,322	89,683	5,220

Notifications of changes in shareholdings:
Acquisitions, modifications and disposals of equity interests in companies have been notified in accordance with applicable laws and regulations.

- In 2011 the Company notified:

ACS, Actividades de Construcción y Servicios, S.A. that the Company had sold an equity interest of 5.01%

Ebro Foods, S.A. that the Company's equity interest had reached 8.12%

- 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%

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At 31 December 2010, through a securities loan as part of the consideration for the Exchange Offer that ACS issued in Germany in respect of all the Hochtief A.G. shares, Alba had placed at ACS's disposal 67,713,138 shares of ACS, so that ACS could use them. In 2011 these shares were released, as the securities loan agreement was cancelled. The remuneration received for this commitment to make the securities available was 15,231 thousand euros (note 24).

8. Available-for-sale financial assets

The composition of this item at 31 December 2011 and 2010 is detailed below:

	2011		2010	
Long-term unlisted	**% ownership interest**	**Fair value**	**% ownership interest**	**Fair value**
Mecalux, S.A.	14.23	78,983	14.23	78,983
Pepe Jeans, S.A.	12.28	37,959	12.28	37,959
Grupo Empresarial Panasa, S.L.	26.76	32,630	-	-
Ros Roca Environment, S.L.	19.04	31,013	19.04	31,013
Grupo Empresarial Flex, S.A.	19.75	18,475	-	-
Ocibar, S.A.	21.66	7,430	21.66	7,430
C. E. Extremadura, S.A.	2.55	417	2.55	417
Total		**206,907**		**155,802**

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In 2011 the investments in Grupo Empresarial Panasa, S.L. and Grupo Empresarial Flex, S.A. are stated at their acquisition cost on the understanding that this is the best estimate of their fair value, these being recent acquisitions. For the rest of the investments an impairment test was conducted, using the discounted cash flow method. In the case of Ros Roca Environment, S.L., a discount rate of 9.1% per year was used and the flows were calculated taking the weighting according to the geographical origin of the estimated cash flows and present market values into account. In the case of Ocibar, S.A., the same assumptions were used as in the initial investment, updated in some cases with the assumptions used in the model used by the lending banks, using a discount rate of 12% per year and including the flows until the value of the last concession, with no terminal value. And in the case of Mecalux, S.A. and Pepe Jeans, S.A., the same assumptions were used as in the initial investment, updated. As a result of said analyses no impairment was found to exist.

In 2010 the investments in Mecalux, S.A. and Pepe Jeans, S.A. were stated at their acquisition cost on the understanding that this was the best estimate of their fair value, being recent acquisitions. Fair value was calculated, in the case of Ros Roca Environment, S.L., using the multiples method, based on current and historical measures of EV/EBITDA, and in the case of Ocibar, S.A., using the discounted cash flow method, with the same assumptions as were used in the initial investment, updated in some cases by the assumptions used in the model used by the lending banks, with a discount rate of 12% per year, and including the flows until the value of the last concession, without terminal value, which coincides with the acquisition cost.

9. Other non-current financial assets and liabilities

The composition of these items at 31 December 2011 and 2010 is as follows:

	2011	2010
Other non-current financial assets		
Loans to third parties	100,214	43,908
Guarantees received from customers	1,737	1,723
Balance at 31 December	101,951	45,631
Other non-current financial liabilities		
Guarantees given to public bodies	2,019	1,936

Loans to third parties relate to the fair value of the amount owed by Grupo Bergé.

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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 initial 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 2011 this debt was valued at 100 million euros based on the present value, without cash sweep, using a discount rate of 7.60% (10-year EUR SWAP rate plus an implied risk premium). The recovery of 56,290 thousand euros in value has been recorded under "Impairment of assets" in the accompanying consolidated income statement.

10. Trade and other receivables

The composition of this item at 31 December 2011 and 2010 is detailed below:

	2011	2010
Accrued and unpaid dividends	63,036	63,358
Corporate income tax withheld	54,560	9,925
Sundry debtors	2,577	2,067
Prepaid expenses	153	173
Trade receivables	33	-
Balance at 31 December	**120,359**	**75,523**

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11. Financial assets held for trading

These are listed shares. The effect that the sales and the changes in fair value, based on year-end quoted prices, have had on the accompanying income statements amounted to a loss of 2,262 thousand euros in 2011 and a loss of 2,031 thousand euros in 2010.

12. Cash and cash equivalents

The composition of this item at 31 December 2011 and 2010 is detailed below:

	2011	2010
Cash and banks	270,838	7,242
Deposits and short-term investments	54,353	196,129
Balance at 31 December	**325,191**	**203,371**

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.

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13. Equity

At 31 December 2010, the Company's issued share capital was represented by 59,330,000 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 2011, by resolution of the General Meeting of 25 May 2011, 1,030,000 shares were cancelled. As a result, at the reporting date the share capital was represented by 58,300,000 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 31 December, Banca March, S.A. and its shareholders jointly controlled (Concerted Action) 70.976% of Corporación Financiera Alba, S.A. Other equity interests greater than 3% reported to the CNMV at 31 December are as follows:

	2011	2010
Bestinver, S.A., S.G.I.I.C.	2.996%	3.046%

The breakdown of "Other reserves" is as follows:

	2011	2010
Due to changes in the consolidated net assets of associates		
Treasury shares	(158,689)	(165,396)
Translation differences	8,471	33,444
Valuation of financial instruments	(338,607)	(281,971)
Change in scope of consolidation and other changes	(118,634)	(78,142)
Due to changes in the fair value of available-for-sale assets	(11,690)	(11,690)
Total	**(619,149)**	**(503,755)**

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Movements in treasury shares in 2011 and 2010 were as follows:

	No. of shares	Percentage of share capital	Average acquisition price €/share	€ '000
At 31 December 2009	**773,387**	**1.27%**	**40.60**	**31,401**
Purchased	1,257,521	2.62%	35.63	44,802
Cancelled (General Meeting 26-05-10)	(1,430,000)	(2.61)%	38.77	(55,446)
At 31 December 2010	**600,908**	**1.01%**	**34.54**	**20,757**
Adquisiciones	502,964	0.85%	41.93	21,089
Cancelled (General Meeting 25-05-11)	(1,030,000)	(1.74)%	37.74	(38,870)
At 31 December 2011	**73,872**	**0.13%**	**40.29**	**2,976**

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.

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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 2011 and 2010 was as follows:

	2011	2010
Bank borrowing	544,606	687,340
Cash and cash equivalents	(325,191)	(203,371)
Financial assets held for trading	(1,779)	(25,403)
Total net debt	**217,636**	**458,566**
Shareholders' equity	2,862,315	2,948,555
Shareholders' equity + net debt	3,079,951	3,407,121
Gearing ratio	**7.07%**	**13.46%**

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15. Provisions

The movements in provisions during 2011 and 2010 were as follows:

	2011	2010
Balance at 1 January	**4,434**	**6,828**
Increases due to updating of interest rates	70	104
Applications due to payments	(1,749)	(2,498)
Balance at 31 December	**2,755**	4,434

16. Trade and other payables

The composition of this item at 31 December 2011 and 2010 is detailed below:

	2011	2010
Other financial liabilities	9,896	2,072
Accrued wages and salaries	1,362	1,457
Trade payables	679	1,181
Current tax liabilities (note 19)	1,003	3,623
Accruals and deferred income	687	892
Balance at 31 December	**13,627**	**9,225**

In 2011 “Other financial liabilities” includes two swaps to hedge the interest rate risk of a loan. These swaps are measured at fair value, with changes in fair value being recognised in profit or loss (Note 23.c).

In relation to Law 15/2010 of 5 July, amending Law 3/2004 of 29 December, which establishes measures to combat delinquency in commercial transactions, it is stated that at 31 December 2011 and 2010 there are, and were, no balances payable to suppliers deferred beyond the legal period for payment.

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In relation to the information to be included in the Notes to financial statements pursuant to the Resolution of 29 December 2010 of the Institute of Accounting and Auditing (ICAC), the amount of payments made by Spanish companies belonging to the Group to national suppliers and the outstanding balances payable to said suppliers that have been deferred beyond the legal limit are as follows:

	Payments and balances outstanding at 31/12/2011	
Within the maximum legal period	10,615	100.00%
Rest	-	-
Total payments for the financial year	**10,615**	**100.00%**
Weighted average period of exceeded payments (days)	-	-
Delay exceeding the legal maximum period at the closing date	-	-

In accordance with the Second Transitional Provision of the ICAC Resolution of 29 December 2010, the comparative information for 2010 corresponds to the information presented in the financial statements for 2010 and so is not comparable, in compliance with the gradual disclosure requirements established by said Resolution.

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17. Bank borrowings

Non-current:
In June 2011 Alba entered into two linked contracts with Credit Agricole, both maturing in June 2014, called the "Share basket forward transaction" and the "Cash-settled share basket swap transaction". Given that Alba has the legal right to net the two contracts and that it is Alba's intention to perform the netting settlements over the term of the contracts, the presentation of the transaction is similar to that of receiving a floating-rate loan in the amount of 250,000,000 euros, maturing in 2014 (see Note 23.c). This transaction is secured by the pledge of 5,000,000 shares of ACS, Actividades de Construcción y Servicios, S.A., 10,000,000 shares of Acerinox, S.A., 8,503,821 shares of Indra Sistemas, S.A. and 4,969,840 shares of Ebro Foods, S.A. At 31 December 2011 it is estimated that the fair value of this non-current liability does not differ significantly from its carrying amount. The 75 million euro Banco Santander loan in force at 31 December 2010 has been reclassified to current borrowings, as it matures in June 2012.

In 2010 the non-current bank borrowings consisted of a fixed-rate loan of 75 million euros maturing in June 2012. At 31 December 2010 it was estimated that the fair value of this non-current liability did not differ significantly from its carrying amount.

Current:
Current bank borrowings fall due within one year. Broken down by maturity, they are as follows:

	At 31/12/2011		At 31/12/2010	
Bank	**Maturity**	**Balance drawn**	**Maturity**	**Balance drawn**
Banca March	18/06/12	20	17/06/11	255
Banco Cooperativo	15/07/12	10,456	15/07/11	17,968
Banco Sabadell	04/07/12	84,239	04/07/11	84,819
Banesto	27/06/12	74,997	30/06/11	124,536
Barclays	06/07/12	24,953	06/07/11	24,975
La Caixa	29/06/12	24,927	29/06/11	14,906
Unicaja	02/05/12	1	15/02/11	49,996
BBVA	-	-	30/06/11	294,885
Popular	17/06/12	13	-	-
Santander	04/06/12	75,000	-	-
Total	-	**294,606**	-	**612,340**
Limit on credit lines granted	-	360,500	-	423,000

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

As a general rule, interest is payable quarterly, the benchmark index being the Euribor plus a market spread.

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18. Risk management objectives and policies

The Board of Directors of Corporación Financiera Alba, S.A. has formulated the following risk management and control policy for the Parent Company and its subsidiaries:

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 the capital of listed and unlisted companies, and (ii) investment in office buildings 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 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.

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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.

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 processes are duly documented in operating rules and instruction manuals. The Company has an integrated IT system 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.

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, when required, by the company's finance director, who is responsible for internal control and who reports to the committee on this matter.

Lastly, the company has an Internal Audit Service as a tool for the proper performance of the functions entrusted to the Board of Directors and the Audit Committee in relation to risk control and management and the monitoring of internal information and control systems. In this sense, Internal Audit contributes to the improvement and, where applicable, the formal establishment of internal procedures and, through specific audits, supervises compliance with the procedures.

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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:

	Allocated	
2011	**To profit or loss**	**To equity**
Balance of income and expenses	407,730	(237,439)
Corporate income tax	55,114	
Consolidated profit/(loss) before taxes	**462,844**	**(237,439)**
Differences arising on consolidation (1)	9,143	237,439
Gross tax base	**471,987**	**0**
Permanent differences	505	
Gross tax base	**472,492**	
Tax payable at 30%	141,748	
Deductions (double taxation and reinvestment)	86,654	
Tax payable	**55,094**	
Tax withheld on foreign dividends	20	
Tax for the year	**55,114**	

(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.

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2010	Allocated: To profit or loss	Allocated: To equity
Balance of income and expenses	420,985	(153,681)
Corporate income tax	(39,617)	
Consolidated profit/(loss) before taxes	**381,368**	**(153,681)**
Differences arising from consolidation (1)	(196,273)	153,681
Gross tax base	**185,095**	**0**
Permanent differences	508	
Gross tax base	**185,603**	
Tax payable at 30%	55,681	
Deductions (double taxation and reinvestment)	53,828	
Tax payable	**1,853**	
Corporate income tax returned following successful appeal of tax assessments	(994)	
Tax withheld on foreign dividends	34	
Tax paid in advance, deferred tax and tax credits for tax losses and deductions (2)	(40,510)	
Tax for the year	**(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 recognised the deferred tax assets generated in previous years as sufficient taxable income was generated, due to the sale of ACS shares before the consolidated financial statements for 2010 were issued.

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The movement in deferred tax assets and liabilities is as follows:

	31/12/11	Additions/ (Derecognitions)	31/12/10	Additions/ (Derecognitions)	01/01/10
Deferred tax assets					
Due to non deductible impairment	21,488	(16,888)	38,376	8,376	30,000
Tax credits from loss carryforwards and deductions pending application	11,607	(29,293)	40,900	40,900	-
For retirement plan and non-deductible expenses	5,841	(309)	6,150	6,150	-
From valuation adjustments against equity	5,009	-	5,009	-	5,009
Total deferred tax assets	43,945		90,435		35,009
Deferred tax liabilities					
Due to capital gains on investments	38,667	(6,970)	45,637	14,916	30,721
Total deferred tax liabilities	38,667		45,637		30,721

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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
2011	287,396	535,160	2011	2016
2008	686	15,758	2008	2013
2007	88,985	122,329	2007	2012
2006	19,280	27,390	2006 & 2007	2012

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

	31/12/2011		31/12/2010	
Year of expiry	**Deductions**	**Negative taxable income**	**Deductions**	**Negative taxable income**
2018	-	-	-	11,484
2019	-	-	-	116,256
2020	-	-	2,578	-
2021	11,607	-	-	-
Total	**11,607**	-	**2,578**	**127,740**

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The financial years from 2007 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 16 "Current tax liabilities" under the "Trade and other payables" heading breaks down as follows:

	2011	2010
For corporate income tax	506	470
For personal income tax	331	300
For VAT	115	103
Other	-	2,664
For social security contributions	51	86
Total	**1,003**	**3,623**

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

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

	2011	2010
Guarantees given for the sale of the stake in Banco Urquijo, S.A.	1,971	3,827
Total	**1,971**	**3,827**

Both in Xfera, now Yoigo, and in Broadnet, which were investees of Alba in previous years, 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 undetermined.

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21. Workforce

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

	2011			2010		
	Men	Women	Total	Men	Women	Total
Executive Directors and Senior Managers	6	-	6	6	-	6
Department heads	7	1	8	7	1	8
Administrative staff and others	22	15	37	21	14	35
Total	**35**	**16**	**51**	**34**	**15**	**49**

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

	2011			2010		
	Men	Women	Total	Men	Women	Total
Executive Directors and Senior Managers	6	-	6	6	-	6
Department heads	7	1	8	7	1	8
Administrative staff and others	22	18	40	20	16	36
Total	**35**	**19**	**54**	**33**	**17**	**50**

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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 2011 and 2010.

There were no transactions between segments.

2011 In thousands of euros	Property lease	Securities investment	Total Group
Direct segment income and expenses			
Lease income and other items	15,476	-	15,476
Profit from disposals	-	185,283	185,283
Share of profit/(loss) of associates	-	241,865	241,865
Dividends received	-	533	533
Increase/(decrease) in fair value	(9,121)	-	(9,121)
Other direct segment operating expenses	(2,948)	-	(2,948)
Segment profit/(loss)	**3,407**	**427,681**	**431,088**
Income and expenses not assigned to segments			
Impairment	-	-	56,484
Staff costs	-	-	(9,572)
Other operating expenses	-	-	(4,591)
Depreciation and amortisation	-	-	(998)
Net finance income	-	-	(9,567)
Profit/(loss) before taxes and minority interests	**-**	**-**	**462,844**
Corporate income tax	-	-	(55,114)
Minority interests	-	-	(1,556)
Net profit/(loss) for the year	**-**	**-**	**406,174**
Assets and liabilities			
Segment assets	215,099	2,646,726	2,861,825
Unassigned assets	-	-	602,844
Total assets	**-**	**-**	**3,464,669**
Segment liabilities	2,019	-	2,019
Unassigned liabilities	-	-	599,655
Total liabilities	**-**	**-**	**601,674**

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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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**

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

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

23. Other income and expenses

The following tables show the composition of the various items included under this heading in 2011 and 2010.

a) Staff costs

	2011	2010
Wages and salaries	7,633	7,457
Employer's social security contributions	544	523
Alternative pension plan systems	1,081	1,098
Insurance premiums	225	210
Other employee welfare costs	89	99
Balance at 31 December	**9,572**	**9,387**

b) Finance income

	2011	2010
Dividends	533	842
Gain/(loss) on derivatives	(1,915)	671
Interest Rate	18,316	30,204
Management fee	2,106	2,460
Balance at 31 December	**19,040**	**34,177**

At 31 December 2011 and 2010 Alba had no significant positions in financial instruments.

c) Change in the fair value of financial instruments

This item relates to the valuation at year-end 2011 of the two interest rate swaps entered into by the Company (Note 4.f) in the amount of 6,195 thousand euros.

It also includes the symmetric change in the fair value at 31 December 2011 of the two contracts entered into with Credit Agricole (Note 17) in the amount of 58,609 thousand euros, according to information provided by the financial institution itself.

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

24. Related parties

In 2011 the following transactions were carried out:

Description of the transaction	Amount	Related party
With significant shareholders of the company		
Finance costs	330	Banca March
Management and Collaboration Contracts	400	Banca March
Financing agreements and loans	20	Banca March
Guarantees and avals	1,971	Banca March
Dividends	165,443	Concerted action Banca March Group
With other related parties		
Dividends	167,010	ACS, Acerinox, Prosegur, Indra, Ebro Foods y Clínica Baviera
Repayment of share premium	6,043	Acerinox
Collaboration agreements	300	Fundación Juan March
Operating lease contracts	301	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	1,879	March Unipsa
Insurance premiums	327	March Vida

Consolidated Financial Statements

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 Banca March Group
With other related parties		
Dividends	188,377	ACS, Acerinox, Prosegur, Indra, Ebro Foods, Clínica Baviera y Antevenio
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

Consolidated Financial Statements

25. Share option scheme

On 25 May 2011 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 469,000.

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

e) The exercise price of each option will be 40.03 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 2011 and 2010 no liabilities were recorded in respect of this scheme.

Consolidated Financial Statements

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.:

2011	No. of people	Salaries and other	Directors' remuneration Alba	Directors' remuneration Group companies	Alternative pension plan systems and insurance
Proprietary directors	5	-	367	78	35
Independent non-executive directors	4	-	143	-	-
Executive directors	6	1,690	230	131	569
Senior management	3	962	-	42	96

2010	No of people	Salaries and other	Directors' remuneration Alba	Directors' remuneration 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

Neither in 2011 nor in 2010 had any advances or loans been extended to directors or senior managers.

Consolidated Financial Statements

The remuneration earned in 2011 by each director is as follows:

	Remuneration		Alba Group companies	Total remuneration	Pension plan contribution	Insurance premiums
	Fixed	Variable				
Brookes, Nicholas	-	-	46.00	46.00	-	-
Carné Casas, Ramón	195.62	-	30.00	225.62	-	-
Del Caño Palop, José Ramón	132.20	85.07	40.00	257.27	143.92	6.10
Fernández Barreiro, Isidro	-	-	90.50	90.50	-	16.09
March de la Lastra, Juan	71.58	-	40.00	111.58	103.75	6.56
March Delgado, Carlos	-	-	118.00	118.00	-	5.60
March Delgado, Juan	-	-	124.00	124.00	-	5.37
March Juan, Juan	45.46	-	40.00	85.46	20.24	2.46
Martínez-Conde Gutiérrez- Barquín, Santos	235.00	245.03	115.00	595.03	246.65	8.27
Nieto de la Cierva, José	-	-	47.50	47.50	-	8.33
Ruiz-Gálvez Priego, Eugenio	-	-	50.00	50.00	-	-
Serra Farré, José María	-	-	34.50	34.50	-	-
Serra Peris, José Manuel	-	-	12.50	12.50	-	-
Vallbona Vadell, Pablo	373.68	306.40	96.25	776.33	-	31.09
Verdú Pons, Francisco	-	-	65.50	65.50	-	-
Board Total	**1,053.54**	**636.49**	**949.75**	**2,639.78**	**514.56**	**89.86**

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 compliance with Articles 229 and 230 of the Law on Corporations, any situation where a director holds an interest or a position in a company that engages 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
Ramón Carné Casas	Artá Capital, S.G.E.C.R., S.A.	Venture capital management	-	Director
Ramón Carné Casas	Deyá Capital II, S.C.R., de Régimen Común, S.A.	Private equity	-	Director
Juan March de la Lastra	Artá Capital, S.G.E.C.R., S.A.	Venture capital management	-	Director
Juan March de la Lastra	Deyá Capital, S.C.R. de Régimen Simplificado, S.A.	Private equity	-	Director
Santos Martínez-Conde Gutiérrez-Barquín	Artá Capital, S.G.E.C.R., S.A.	Venture capital management	-	Chairman
Santos Martínez-Conde Gutiérrez-Barquín	Deyá Capital, S.C.R. de Régimen Simplificado, S.A.	Private equity	-	Chairman
Santos Martínez-Conde Gutiérrez-Barquín	Alba Participaciones, S.A.	Securities investment	-	First Vice-Chairman and CEO
José Ramón del Caño Palop	Deyá Capital II, S.C.R., de Régimen Común, S.A.	Private equity	-	Director and Secretary
José Ramón del Caño Palop	Artá Capital, S.G.E.C.R., S.A.	Venture capital management	-	Director and Secretary
José Ramón del Caño Palop	Deyá Capital, S.C.R. de Régimen Simplificado, S.A.	Private equity	-	Director and Secretary

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

27. Auditors' remuneration

Fees payable to Ernst & Young totalled 116 thousand euros, of which 50 thousand were for internal auditing services and the rest for the auditing of the 2011 individual and consolidated annual accounts of Alba and subsidiaries. Fees payable in 2010 amounted to 67 thousands euros, relating entirely to the auditing of the individual and consolidated financial statements for 2010 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 treasury shares.

- Net cash flows from financing activities: this includes the inflows of cash from external sources of funding and the outflows of cash for repayment of external funding, payment of interest on borrowings and payment of dividends.

29. Events after the balance sheet date

Corporación Financiera Alba has reached an agreement with Mercapital to increase its stake in Artá Capital, Sociedad Gestora de Entidades de Capital Riesgo, S.A. from 62.5% to 75% with the aim of driving the development of Artá Capital as a vehicle for its investments in unlisted companies. Subsequently, some members of the management team of Artá Capital will also take an equity interest, together acquiring 15% of Artá Capital from Mercapital.

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 2011

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 2011 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 2011 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 2011 are as follows:

	No. of shares	Percentage of share capital	Average acquisition price (euros/share)	€ '000
At 1 January 2010	773,387	1.27%	40.60	31,401
Purchased	1,257,521	2.62%	35.63	44,802
Cancelled (General Meeting 26-05-10)	(1,430,000)	(2.61)%	38.77	(55,446)
At 31 December 2010	**600,908**	**1.01%**	**34.54**	**20,757**
Purchased	502,964	0.85%	41.93	21,089
Cancelled (General Meeting 25-05-11)	(1,030,000)	(1.74)%	37.74	(38,870)
At 31 December 2011	**73,872**	**0.13%**	**40.29**	**2,976**

Management Report

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

Corporación Financiera Alba has reached an agreement with Mercapital to increase its stake in Artá Capital, Sociedad Gestora de Entidades de Capital Riesgo, S.A. from 62.5% to 75% with the aim of driving the development of Artá Capital as a vehicle for its investments in unlisted companies. Subsequently, some members of the management team of Artá Capital will also take an equity interest, together acquiring 15% of Artá Capital from Mercapital.

6. Risk management and control policy

The Board of Directors of Corporación Financiera Alba, S.A. has formulated the following risk management and control policy for the Parent Company and its subsidiaries:

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 buildings 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 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.

Management Report

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

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 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.

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.

Management Report

One of the Audit Committee's tasks is to ensure that the company has an effective system of internal supervision to guarantee compliance with applicable laws and regulations and to verify that the necessary procedures are in place to ensure that managers and employees comply with internal regulations. Audit Committee meetings are attended, when required, by the company's finance director, who is responsible for internal control and who reports to the committee on this matter.

Lastly, the company has an Internal Audit Service as a tool for the proper performance of the functions entrusted to the Board of Directors and the Audit Committee in relation to risk control and management and the monitoring of internal information and control systems. In this sense, Internal Audit contributes to the improvement and, where applicable, the formal establishment of internal procedures and, through specific audits, supervises compliance with said procedures.

7. Annual Corporate Governance Report

In fullfilment of the stablished in the article 538 of the Corporate Enterprises Act (Ley de Sociedades de Capital), 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 in 2011

Report on the Work of the Audit Committee

I. 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 were 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, which was passed on 30 September 2010, provided an opportunity to include in the Regulations the recommendations arising from the CNMV document relating to "Internal control of financial information in publicly traded companies" (June 2010).

II. 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.

4ª 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.

Report on the Work of the Audit Committee

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, the Committee 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.

III. 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 elegible for re-election one year after leaving office.

The directors who sat on the Audit Committee during 2011 are as follows:

a) Until 28 February 2011: 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 Eugenio Ruiz-Gálvez are independent directors, while Isidro Fernández Barreiro is a proprietary director.

b) From 28 February 2011 until 25 May 2011: Eugenio Ruiz-Gálvez Priego as chairman and Isidro Fernández Barreiro and Francisco Verdú Pons as members, with José Ramón del Caño Palop acting as secretary. The Chairman is an independent non-executive director, while Isidro Fernández Barreiro and Francisco Verdú Pons are proprietary directors.

c) From 25 May 2011: Eugenio Ruiz-Gálvez Priego as chairman and Isidro Fernández Barreiro and José Nieto de la Cierva as members, with José Ramón del Caño Palop acting as secretary. The Chairman is an independent non-executive director, while Isidro Fernández Barreiro and José Nieto de la Cierva are proprietary directors.

Report on the Work of the Audit Committee

IV. 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 2011 the Audit Committee held eight 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:

- 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 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 at 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 2011 was presented.

Within this area, it should also be noted that the current auditor was appointed in 2004 and that the last renewal was agreed for financial years 2011, 2012 and 2013.

Report on the Work of the Audit Committee

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 concern, among other matters: Accounting and Reporting, Investments and Divestments, Short-term Investments; Property and Receivables Management; Payables; and Relations with the CNMV.

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. 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.

In 2011, following the recommendations of the CNMV document titled "Internal control of financial information in publicly traded companies" (June 2010), the Audit Committee proposed, and the Board of Directors agreed, that an Internal Audit service be established as a tool for more effectively performing the functions entrusted to the Board of Directors and the Audit Committee in relation to risk control and management and the monitoring of internal information and control systems. A person was appointed to take charge of this service and it was decided that an audit firm would be engaged to perform the Internal Audit functions. These functions have been performed by the firm Ernst & Young.

In consequence of the above, steps were taken during 2011 to implement the Internal Audit service. This has entailed preparing a Statute for the service and drawing up a Company Risk Map and a Plan of Activities for the year, under the supervision and guidance of the Audit Committee.

In carrying out its Plan of Activities, Internal Audit has established various internal procedures, updating and improving existing procedures, and has carried out several internal audits, in particular of the procedures that were considered most important. The Audit Committee has monitored these activities and the Board has been informed of them and of the result of the internal audits.

In conclusion, it can be affirmed that during 2011 no material incident was detected in relation to the Company's risk identification and internal control.

d) Legal and 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.

Report on the Work of the Audit Committee

As regards the existence of internal procedures, as mentioned in the previous section the Company has in place certain operational rules that establish internal control criteria, which were improved this year as a result of the establishment of the Internal Audit service.

At the same time, during 2011 the Rules of Conduct in relation to the Securities Market were updated, and a Code of Ethics and Conduct and the Crime Prevention and Anti-fraud Policy were approved. These documents provide for control and monitoring bodies; and the Code of Ethics and Conduct establishes a confidential channel for reporting violations, broadening the scope of the channel that existed previously so as to encompass any action that is considered illegal or contrary to the provisions of the Code.

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.

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 2010).

Again within this same area of regulatory compliance, the transactions with Directors, significant shareholders, their representatives or persons 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

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 2011.

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. Appointment, re-election and ratification of Directors.

    - To re-elect Carlos March Delgado and Juan March de la Lastra as Directors of the Company.

    - To ratify the appointment of Ms Amparo Moraleda Martínez as a Director of the Company.

5. To ratify the corporate website (www.corporacionalba.es) as the Company's online headquarters for the purposes of Article 11 bis of the Law on Corporations.

6. To approve the amendment of the following articles of the Articles of Association: nos. 20, 22 and 31, relating to the General Meeting; and no. 41, relating to notice of Board of Directors meetings.

7. To approve the amendment of the following articles of the General Meeting Regulations: no. 7, "Right to information"; no. 11, "Proxies"; no. 12, "Public solicitation of proxies"; no. 14, "Voting right"; no. 18, "Notice of meetings"; no. 19, "Information available to shareholders"; and no. 30, "Publication of resolutions".

8. To approve, in a consultative capacity, the Directors' Remuneration Report for 2011.

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

11. To approve the minutes of the General Meeting.

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