



SECOND HALF 2002

In 2002, a year characterised by considerable financial market instability, Alba invested €164m in Acerinox and Prosegur. These are leading companies in their respective sectors and boast international scope. This move increases the diversification of the Company's investment portfolio. As well as these new investments, Alba maintained its presence in top-ranking Spanish and foreign groups such as ACS, Carrefour, Havas and Vodafone. Alba's share price in the year outperformed the Ibex 35 by two hundred basic points.

PORTFOLIO AT 31-12-2002

	Book value	
	% stake	Million euros
Listed holdings		
Acerinox (*)	6.33	101.4
ACS (*)	22.34	218.7
Carrefour (*)	3.27	216.4
Havas (*)	4.30	50.1
Prosegur (*)	5.23	10.6
Spirent	0.68	1.6
Vodafone	0.23	36.1
Total book value		634.9
Goodwill		126.9
Total market value (31-12-02)		1,927.4
Unrealised capital gains		1,165.6

	Book value	
	% stake	Million euros
Unlisted holdings		
Banco Urquijo	10.0	23.7
MSI (Mobile Systems International)	2.7	15.7
Palio	17.0	3.8
Princes Gate	n. a.	6.4
Quavitae (*)	20.0	3.4
Unipsa (*)	82.6	2.9
Xfera	7.1	33.8
Other	n. a.	4.5
Total book value		94.2
Real estate under lease		155.2

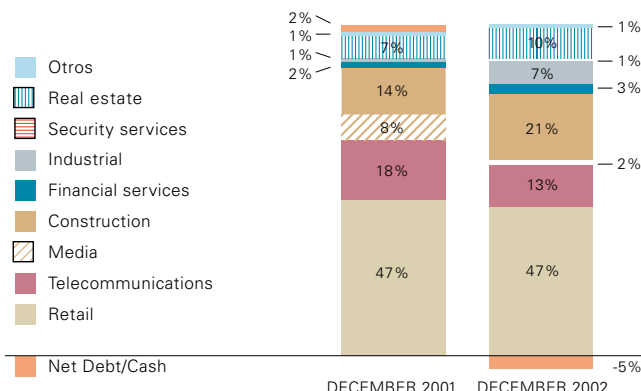
(*) Investments consolidated by the Equity method

NET ASSET VALUE

The most representative figure for a company like Alba is its net asset value. Calculated using internal methods consistent with those normally used by analysts, at 31 December 2002 Alba had an estimated net asset value of €2.112bn, or €29.11 per share, after deducting own shares held as treasury stock.

	Million euros
Listed holdings	1,927.4
Unlisted holdings and real estate	305.4
Other assets and debt	(120.6)
Net asset value	2,112.2
Million shares (minus Treasury Stock)	72.55
Net asset value/share	29.11 €

SECTOR DISTRIBUTION OF NET ASSET VALUE



KEY OPERATIONS

One of Alba's most noteworthy deals in 2002 was the acquisition of a 4.44% equity stake in Acerinox, which increased its total shareholding in the company to 6.33%, from 1.89% at the end of 2001. This company's healthy margins, together with its growth prospects and experienced management team, represent a good long-term investment opportunity for Alba. Alba has invested €155.3m in Acerinox and is represented on the board of directors.



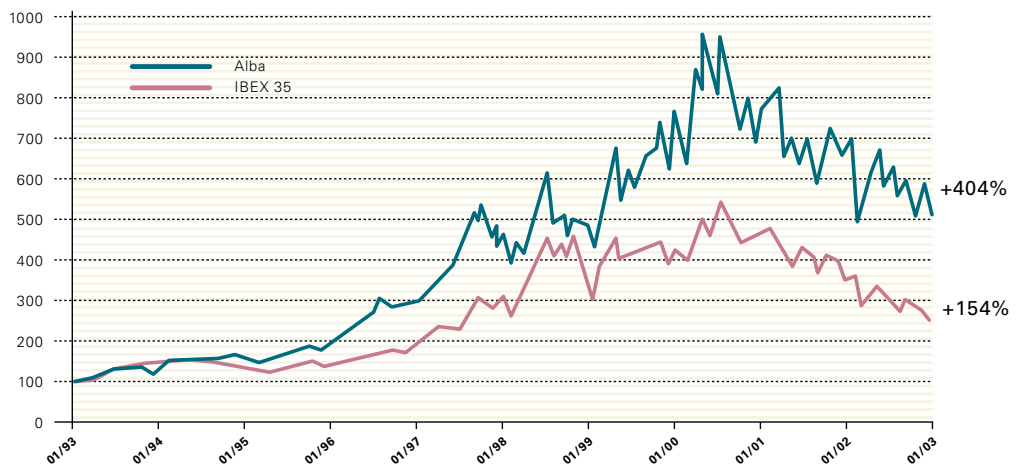
Also in 2002, Alba acquired a 5.23% holding in Prosegur, the leading security services company in Spain and Portugal, which also has a significant presence in South America and operations in other European countries like France and Italy. The sustained growth forecast for the security sector and the capacity shown by Prosegur to expand both organically and via acquisitions, place the company in an excellent position to take advantage of the sector's favourable prospects. This investment represents an outlay of €50.3m for Alba and brings with it a position on the board of directors.

Elsewhere, the normal portfolio rotation process carried out by holding companies such as Alba, together with the abovementioned investments, led the Company in the first half of the year to finish the divestment process in Sogecable begun at the time of the company's listing in July 1999, when Alba's shareholding in Sogecable was 15.8%. Alba has held a stake in the company since it was formed in 1989, allowing it to obtain a healthy return and to partake in the creation of a Spanish leader in the private pay-TV and film production sectors.

Alba's real estate portfolio expanded at the start of 2002 with the acquisition from Vallehermoso of six floors of office space with rentable area of 6,550 square metres in the Master's I building in the AZCA real estate complex in Madrid. The acquisition, which entailed an outlay of €28.6m, brought the property under Alba's direct management to over 112,000 square metres, the lion's share of which consists of offices in Madrid and Barcelona.



STOCK MARKET PERFORMANCE



- Corporación Financiera Alba trades on the secondary Spanish Stock Market and until december 2002 formed part of the Ibex 35.
- The average daily trading volume during 2002 was €2.91 M.



Given the discount at which Alba's shares traded in 2002 it acquired treasury stock worth €62.9m, representing 3.94% of the share capital. On May 27 the annual general meeting of shareholders approved the proposal for retiring treasury stock equal to 2.99%. This left own shares held as treasury stock at 2.87% of Alba's share capital at the end of the year.

Noteworthy amongst the main transactions carried out by Alba's investee companies was the acquisition by ACS of a 23.5% interest in the capital of Grupo Dragados, S.A. This makes ACS the key shareholder in one of the construction industry's leading companies, which in recent years has been successfully pursuing a diversification of its activities. In January 2003, ACS launched a public offer to purchase a further 10% of the capital in Grupo Dragados, S.A. at a price of €22.22 per share, which represents a 36% premium over the closing price on the date of the announcement. This offer was authorised by the Spanish Stock Exchange Authority (CNMV) on February 14.

In respect of Alba's managerial bodies, in September Mr. Luis Angel Rojo Duque, university professor and ex-Governor of the Bank of Spain, was appointed independent director of the Company. Subsequent to this, the Board of Directors of Alba has eleven members, nine of which are external, and five of the latter independents.

Another key event was the creation of the office of General Manager of the Company, with Mr. Santos Martínez-Conde, who was already part of the Management Committee, filling the position. Mr. José Ramón del Caño Palop was also appointed as General Secretary of the Company.

ALBA ONLINE



Alba's internet site (www.corporacionalba.es) provides comprehensive, up-to-date information on developments related to Alba, as well as information on the most relevant news for investee companies, with direct links to their respective web pages.

CONSOLIDATED PROFIT & LOSS ACCOUNT

(preliminary figures)

In 2002 Alba made a consolidated net profit of €177.0m, compared with €218.8m during the same period in the previous year. This results in an earnings per share figure of €2.44, a decline of 15.9% on the previous year.

The decrease in net profit is largely due to the decline in the non-recurring caption in the P&L account, Income from securities portfolio. In 2002, this totalled €81.7m, against €275.4m for the previous year.

There was a noteworthy gain in the caption Net profits from affiliates recorded by the equity method, to €103.8m from €77.4m a year earlier. This 34% advance reflects both, the healthy earnings performance of Alba's corporate holdings and the addition of new investments, such as in Acerinox and Prosegur.

Rental income from the real estate portfolio climbed to €12m, a 22% increase over the year-earlier figure, reflecting the addition of the six floors of office space acquired in the Master's I building in Madrid at the beginning of the year and the upward revision of rents in certain leases.

	Million euros	
	31-12-01	31-12-02
Net profits from affiliates recorded by the equity method	77.4	103.8
Rental income	9.8	12.0
Income from real estate & other disposals	0.0	1.2
Income from securities portfolio	275.4	81.7
Extraordinary income and provisions	(100.4)	28.9
	262.2	227.6
Overheads	(10.5)	(11.1)
Net financial expenses	2.0	2.0
Depreciation	(4.1)	(5.0)
Goodwill Amortisation	(27.7)	(34.0)
Corporate income tax	(3.3)	(2.6)
	(43.6)	(50.7)
Minority interests	0.2	0.1
Net profit	218.8	177.0

CONSOLIDATED BALANCE SHEET

(preliminary figures) (1)

Assets	Million euros	
	31-12-01	31-12-02
Real estate	132.2	155.2
Other fixed assets	6.9	6.5
Net tangible fixed assets	139.1	161.7
Listed securities	594.6	634.9
Unlisted securities	103.7	94.2
Portfolio provisions	(28.3)	(25.8)
Financial investments	670.0	703.3
Goodwill	57.9	126.9
Debtors	12.9	84.3
Treasury stock	33.0	44.1
Net cash and equivalents	83.4	0.0
Total assets	996.3	1,120.3

Liabilities	Million euros	
	31-12-01	31-12-02
Share capital (2)	77.0	74.7
Reserves	588.1	664.5
Profits for the year	218.8	177.0
Interim dividend	(4.6)	(4.5)
Shareholders equity	879.3	911.7
Minority interests	0.8	0.7
Provisions	105.1	74.6
Long-term creditors	5.2	2.0
Net debt	0.0	100.8
Current liabilities	5.9	30.5
Total liabilities and shareholders equity	996.3	1,120.3

(1) Year 2001 audited and before profit distribution.

(2) The share capital is composed of 74,700,000 shares with a nominal value of 1€ each.