



ALBA: PORTFOLIO AND FIRST QUARTER 2005 RESULTS

I. FIRST QUARTER TRANSACTIONS

During the first quarter of 2005 Alba increased its holding in ACS and Acerinox, attaining holdings of 16.01 % and 10.76 % respectively.

In ACS Alba has acquired 0.49 % of the capital, with an investment of 33 M€. This operation has consolidated Alba's position as the main shareholder in Spain's foremost construction and services group. The holding in Acerinox has also been increased with the purchase of 0.40 % for 13.0 M€.

During the first months of the year, the company acquired 83,863 own shares, at an average price of 31.10 €. These purchases raise the balance in Treasury Stock, as at 31 March, to 1.31 % of the equity capital.

With regard to disinvestments, during the first quarter of 2005 Corporación Financiera Alba sold a shareholding of 0.06 % in Vodafone, and completed the sale of the remainder of the holding in Havas.

The shares in Vodafone which were sold, generated 86 M€ and a profit of 76.4 M€, while the sale of the remaining holding in Havas, amounting to 0.63%, realised 11.6 M€ and obtained a profit of 6.6 M€.

During this first quarter, and once competing offers had been presented which were a substantial improvement on the conditions initially offered by GEA, a company in which Alba has a holding, the takeover bid which this company had launched in December 2004 for 100 % of Aldeasa was called off.

II. SUBSEQUENT EVENTS

On the 5th of May, Corporación Financiera Alba, S.A. sold 85% of its investment in Celtel International BV, a Dutch company which manages GSM mobile telephone networks in Africa, to Mobile Telecommunications Company (MTC), for a consideration of 84.6 million dollars, after deducting the costs of the transaction. The remaining 15% will be sold in two years through the exercise of an option agreement, for 15 million dollars, at the same valuation as the initial 85%.

Alba invested 27 million dollars in acquiring a 3% stake in Celtel in several capital increases executed by the company. In the whole disinvestment process Alba will achieve a capital gain of 72.6 million dollars.

III. PORTFOLIO

Alba's portfolio on the 31st of March, 2005 was as follows:

<u>Listed holdings</u>	% <u>Stake</u>	Book value <u>Million €</u>
Acerinox (*)	10.76%	289.3
ACS (*)	16.01%	520.1
Carrefour (*)	3.40%	288.5
Prosegur	5.50%	56.0
Spirent	0.58%	5.2
Vodafone	0.01%	10.4
Total book value		1,169.5
Total market value (31-3-05)		2,495.3
Unrealised capital gains		1,325.8

<u>Unlisted holdings</u>	% <u>Stake</u>	Book value <u>Million €</u>
Celtel	3.0%	77.3
Palio	17.0%	4.4
Princes Gate	n.a.	0.5
Unipsa	82.6%	1.4
Xfera	11.3%	0.0
Other	n.a.	3.0
Total book value		86.6
Real estate		255.7

* Investments consolidated by the Equity method.

IV. NET ASSET VALUE

The key figure for gauging the value of a company such as Alba is its net asset value. Calculated according to internal methods consistent with those normally used by equity analysts, on the 31st of March 2005 Alba's net asset value was estimated at 2,659.8 M€ or 40.35 € per share, after deducting own shares held as Treasury Stock.

	<i>Million euros</i>
Listed holdings	2,495.3
Unlisted holdings and real estate	364.8
Other assets and debt	(200.3)
Net asset value	2,659.8
Million shares (minus Treasury Stock)	65.92
Net asset value / share	40.35 €

The breakdown of net asset value by sector is as follows:

	March 05	Dec 04
Construction	41%	40%
Retail	37%	37%
Industria	13%	14%
Real Estate	10%	10%
Telecommunications	4%	6%
Security	2%	2%
Financial	1%	1%
Media	0%	1%
Other	0%	0%
Net Debt	-8%	-11%
	100%	100%

V. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Consolidated financial information has been prepared, for the first time, in accordance with the International Financial Reporting Standard (IFRS). The transition to these Standards from the accounting principles generally accepted in Spain was carried out for the balance sheet at the opening of the fiscal year which started in 2004, in such a way that the information for 2004 and 2005 is perfectly comparable.

As far as Alba is concerned, the main changes that the International Standards have brought about are the following:

- The **real estate**, principally investment assets intended for rental and leasing, is recorded at fair value, is not amortised, and the difference between the initial fair value and the final fair value in a period will be recorded as results.
- **Unipsa, Correduria de Seguros, S.A.**, a company in which a holding of 82.6 % is maintained, and which was previously consolidated by the equity method due to its different area of activity, will now be consolidated by the global integration method.
- The **goodwill** will be subjected to analysis of impairment and will not be amortised.
- The **portfolio** not included within the scope of consolidation will be recorded at fair value. The difference between the initial fair value and the final value for a period will be recognised in the statement of changes in equity. Prosegur SA, will be affected by this rule, since it was previously consolidated by the equity method, and will now be accounted for at fair value.

VI. RESULTS

The following table highlights the main figures of Alba's Profit and Loss account to March 31st:

	31-3-05	31-3-04
Net profits from affiliates consolidated by the equity method	46.5	36.4
Income from securities portfolio	84.6	3.1
Rental income	3.6	3.5
Profits from disposals of Real Estate Assets	1.0	0.3
Net profit	109.4	39.0
Earnings per share (€) (after deducting own shares)	1.66	0.59

The net consolidated profit for Alba corresponding to the first quarter of the fiscal year was 109.4 M€, as against 39.0 M€ for the same period in the previous year. Earnings per share increased by 181%, from 0.59 € in the first quarter of 2004 to 1.66 € in the same period in 2005.

This increase in profits has been due in large part to the growth in *Income from the Securities Portfolio*, which in the first three months of 2005 stood at 84.6 M€ as against 3.1 M€ for the first quarter of 2004. The larger part of these results corresponds to the added-value generated by the sale of the shares in Vodafone and Havas, and this growth increase therefore cannot be extrapolated to the rest of the fiscal year.

On the other hand, the growth in *Net Profits from Affiliates Consolidated by the Equity Method* has also contributed to the increase in results. In the first three months of 2005 this portion amounted to 46.5 M€ as opposed to 36.4 M€ in the first quarter of 2004. This positive development is due both to the improvement in results obtained by the consolidated companies as well as by the increase in the shareholding in ACS and Acerinox.

VII. ANNUAL GENERAL MEETING

On the coming 25th of May, Alba will hold its Annual General Meeting in Madrid. Among other proposals, the AGM will discuss and vote a capital reduction through the amortisation of Treasury Stock representing 0.51% of the current share capital and the payment of a 2004 final dividend of 0.06 € per share, which, together with the interim dividend paid in 2004, makes a total dividend of 0.12 € per share.

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