



SECOND HALF 2005

• During the 2005 financial year, Alba invested 235 M€, which included an increase in its stakes in ACS and Acerinox. In the last quarter of the year, the Carrefour holding became recognised as a financial investment, with disinvestment in the company being completed in January 2006. • The consolidated profit after tax stood at 445 M€, up 73.9% on the previous year, while earnings per share rose by 74.9%. • In the course of the year, Alba shares appreciated by 52.7%, compared with the 18.2% increase recorded by the IBEX 35 index.

PORTFOLIO AT 31-12-2005

Listed holdings	% Stake	Million €
Acerinox (*)	11.2	316.0
ACS (*)	17.9	763.0
Carrefour	2.5	705.3
Prosegur	5.2	62.4
Spirent	0.6	4.0
Total book value		1,850.7
Total market value (31-12-05)		2,849.6
Unrealised capital gains		998.9

Unlisted holdings	% Stake	Million €
Celstel	0.5	12.7
Palio	17.0	3.1
Unipsa(1)	82.6	1.9
Xfera	11.4	0.0
Other	n.a.	3.2

Total book value	20.9
Real estate	274.1

(*) Investments consolidated by the Equity method.

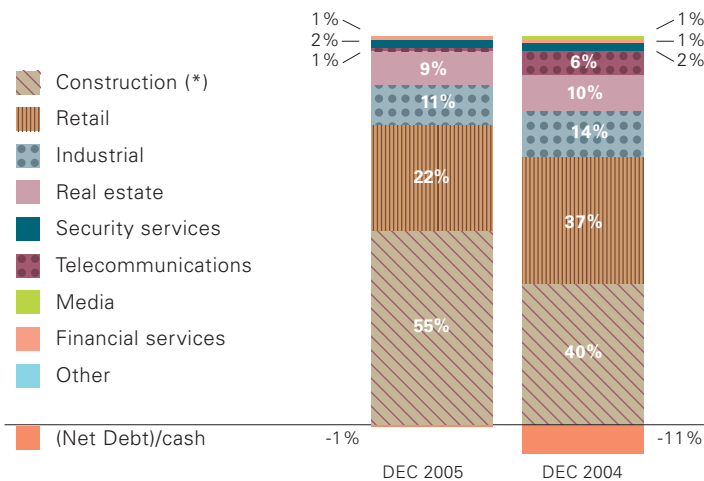
(1) UNIPSA SA is fully consolidated while its investments are consolidated by the Equity method.

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 December 2005 Alba's net asset value was estimated at 3,174 M€ or 48.38 € per share, after deducting own shares held as Treasury Stock.

	Million €
Listed holdings	2,849.6
Unlisted holdings (market value) and real estate	344.0
Other assets and debt	(19.9)
Net asset value	3,173.7
Million shares (minus Treasury Stock)	65.60
Net asset value/share	48.38 €

SECTORIAL DISTRIBUTION OF THE NET ASSET VALUE



(*) The 55% represented by the Construction sector reflects the investment in ACS. Given ACS's broad diversification, in order to provide a clearer picture of the distribution of Alba's portfolio by sector, this 55% has been broken down between the following sectors (1):

Construction	19%
Industrial Services	15%
Urban Services	9%
Concessions	9%
Real Estate	2%
Electricity	1%

55%

(1) Breakdown reflects each sector's contribution to the net profit of ACS.



MOST SIGNIFICANT TRANSACTIONS



In the course of the 2005 financial year, Corporación Financiera Alba completed the sale of its holdings in Vodafone and Havas and increased its investments in ACS and Acerinox. In the last quarter, it became to consider non-strategic its investment in Carrefour and reduced its holding from 3.4% to 2.5%.



The most significant investment made in 2005 was the increase of its stake in ACS to 17.9%, with an investment of 201 M€. This investment, combined with strong share price performance, raised ACS's weighting in Alba's net asset value to 55% in December 2005. In the first months of 2006, in light of the good prospects offered by ACS, Alba has continued buying shares in the construction and services

company, achieving its target holding of 20.0% in January, with an additional investment of 201 M€.

With the purchase of 0.6% of the capital of Acerinox for 20 M€, at the year-end Alba's stake stood at 11.2%. The weighting of the investment in this company in Alba's net asset value is 11.0%.



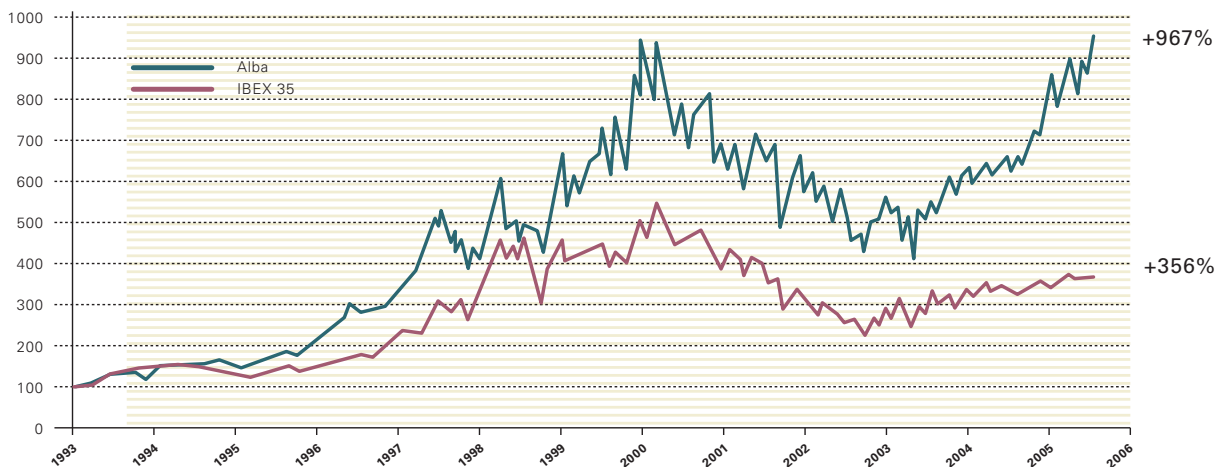
In the area of disinvestments, which totalled 415 M€ for the year as a whole, the sale of a portion of the investment in Carrefour is of particular relevance. In the last quarter of 2005, 0.9% of the capital was sold, for 236 M€ with a capital gain of 158 M€. In 2006, Alba sold the remaining 2.5% stake for 679 M€ with a



STOCK MARKET EVOLUTION

- Corporación Financiera Alba is listed on the Spanish Stock Exchanges, and in 2005 had an average daily trading volume of 3.53 M€

- In 2005, the value of Alba shares rose by 52.7%, from €25.70 to €39.25 per share.





capital gain of 493 M€, completing its disinvestment in Carrefour.

2005 saw the completion of the disinvestment in Vodafone, with the sale of 0.1% for 100 M€; Alba also sold its last 0.6% stake in Havas, for 12 M€. Furthermore, 85.0% of Alba's shares in Celtel were sold, for 63 M€.

During this year, Alba acquired 0.6% treasury stock for 13 M€. Following the redemption of 340,000 and 860,000 shares, approved by the General Meetings of May and December respectively, Alba's share capital is now made up of 65.6 million shares.

With regard to the performance of the main investee companies, Grupo ACS had a particularly good year, achieving growth of more than 30% in its net profit, which was in excess of 600 M€. ACS has also increased its stake in Abertis and Urbis, and acquired 24.5% of the energy group Unión Fenosa, subsequently launching a takeover bid to increase its holding to 34.5%.

Meanwhile, Acerinox maintained reasonable profitability, especially considering that the sector is at a low point in the cycle and its main competitors have recorded losses. In the first quarter of 2006, the stainless steel sector has begun to show signs of recovery.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The consolidated financial information was prepared in accordance with the International Financial reporting Standards (IFRS). The transition from Spanish generally accepted accounting principles to IFRS was included in the opening balance sheet for the financial year that commenced in 2004, so the information for 2004 and 2005 is entirely comparable.

For Alba, the main changes resulting from the adoption of IFRS are as follows:

- **Real estate investments** linked to rental are recorded at their fair value, they are not amortised and the difference between the initial fair value and the final fair value within a given period is recorded under the Results item.
- **Real estate for own use** was revalued on 01/01/2004, for the first-time adoption of IFRS, with any changes being

recorded in reserves. This value is taken as the acquisition cost, and its amortisation method remains unchanged.

- **Unipsa, Correduría de Seguros, S.A.**, in which Alba holds an 82.6% stake, which was recognised by the equity method due to its different activity, has now been fully consolidated.
- **Goodwill** will be subject to impairment analysis and will not be amortised.
- Acerinox and ACS will continue to be consolidated by the equity method. The remainder of our investments will be accounted for at their fair value, and changes in this value will be recorded under the Equity item.



CONSOLIDATED RESULTS

(2005 Preliminary figures)

In 2005, Alba achieved a Net Profit of 444.6 M€, a 73.9% improvement on the 255.7 M€ obtained the previous year. Earnings per share rose from €3.87 in 2004 to €6.78 in 2005, up 74.9%. The stronger growth in EPS than in Net Profit is a result of the retirement of treasury stock in 2005.

Net profits from associates consolidated by the Equity method, which comprises a proportion of the profits of associates based on Alba's holdings, was affected by the withdrawal of Carrefour from the scope of consolidation as it is now treated as a financial investment. However, the increased stake in ACS, and the healthy evolution of this company's results, have partially offset the effect of the said withdrawal, reaching 121.8 M€ in the period.

The increase in **Financial Income**, from 6.5 M€ in 2004 to 29.3 M€ in 2005, is mainly attributable to the dividends received from Carrefour which, due to the company's withdrawal from the scope of consolidation, are now treated as financial income.

Income from the sale of assets, an irregular item which includes capital gains generated from disinvestments during the financial year, totalled 312.4 M€, almost three times more than the previous year. The capital gains are primarily the result of the sale of Carrefour shares, 163.4 M€, the sale of the remainder of the holdings in Vodafone and Havas, 89.2 M€ and 6.6 M€ respectively, and the sale of 85.0% of the stake in Celtel, a further 43.7 M€.

As a result of the application of the International Financial Reporting Standards, Alba's real estate investments are now recorded at fair value, and any differences in value from one year to the next are treated as a profit or loss for the period. During 2005 the fair value of Alba's real estate portfolio has increased by 18.8 M€, which have been recorded in the **Gains from fair value adjustments in real estate investments** item. On the 31st of December 2005, fair value of real estate investments was 252.8 M€.

The **Operating expenses**, which include direct expenses linked to Alba's rental and insurance brokerage activities, stood at 27.4 M€.

	Million euros	
	31-12-05	31-12-04
Net profits from associates consolidated by the equity method	121.8	162.5
Rental income	15.1	14.0
Income from services	9.5	7.6
Gains from fair value adjustments in real estate investments	18.8	11.1
Financial income	29.3	6.5
Results from the sale of assets	312.4	105.7
	506.9	307.4
Overheads	(27.4)	(20.8)
Financial expenses	(4.4)	(8.8)
Depreciation	(1.1)	(1.2)
Corporate income tax	(28.6)	(20.3)
Minority shareholders	(0.8)	(0.6)
	(62.3)	(51.7)
Net profit	444.6	255.7
EPS (€)	6.78	3.87

CONSOLIDATED BALANCE SHEETS

(2005 Preliminary figures)

Assets	Million euros	
	31-12-05	31-12-04
Real Estate Investments	252.8	234.1
Other fixed assets	21.3	22.2
Tangible fixed assets	274.1	256.3
Investments in Associates	1,082.8	999.0
Available for sale securities	788.8	169.0
Other financial investments	1.9	2.2
Financial Investments	1,873.5	1,170.2
Financial Investments	70.0	9.6
Debtors and other assets	11.7	32.3
Total assets	2,229.3	1,468.4

Liabilities	Million euros	
	31-12-05	31-12-04
Share capital (1)	66.5	66.8
Reserves	1,614.7	869.7
Profits for the year	444.6	255.7
Minority interests	2.1	1.8
Shareholders equity	2,127.9	1,194.0
Provisions	21.3	22.6
Long-term creditors	2.6	2.6
Financial debt	54.3	229.3
Current liabilities	23.2	19.9
Total liabilities and shareholders equity	2,229.3	1,468.4

(1) The share capital is composed of 66,460,000 shares with a nominal of 1 E each. In January 2006 860,000 shares were cancelled. Current share capital is composed of 65,600,000 shares.