ALBA: PORTFOLIO AND FIRST HALF 2012 RESULTS

- Alba recorded a consolidated net loss of 166.7 M€ in the first half of 2012 due to ACS' non-recurring extraordinary net loss which was mainly caused by a writedown of its holding in Iberdrola and by the capital losses generated on the sale of a 3.69% stake in this company, partially offset by the capital gains obtained in the sale of stakes in Abertis and Clece. These extraordinary results in ACS have an overall negative impact of 295.3 M€ in Alba's half-year results.

- Taking out from ACS' results all the extraordinary results and Iberdrola's net results contribution, Alba's net profit would be 128.6 M€, a 54.7% lower than the results obtained in the same period of the previous year due to the substantial capital gains obtained in the first half of 2011.

- Net asset value (NAV) stood at 2,608.3 M€ at 30 June 2012, or 44.80 € per share. At that same date Alba shares were trading at 26.37 €, a discount of 41.1% with respect to the NAV per share.

- In June Alba paid out a gross final dividend against 2011 earnings 29.1 M€, with a distribution of 0.50 € per share.

I. PERFORMANCE OF OUR MAIN EQUITY INVESTMENTS

- The 2012 first half results of **ACS** are significantly impacted at operating level by the full consolidation of Hochtief since June 2011 and at net income level by extraordinary items related to its investment in Iberdrola. Thus, consolidated revenues and EBITDA have respectively increased by 98.8% and 75.9% up to 18,833 M€ and 1,578 M€. International activities contributed 81.3% of total sales in the semester with a constant growth in the order backlog outside Spain. The net income for the period reflects a 1,233 M€ loss due to the aforementioned negative extraordinaries coming from the investment in Iberdrola which include the capital losses generated in the sale of a stake in April, the writedown of its remaining stake according to the estimated fair value at the end of the semester and provisions related to the refinancing of the different investment vehicles carried out in July. The positive extraordinaries include the capital gains obtained in the sale of stakes in Abertis and Clece. Excluding all these extraordinaries and the contribution of Iberdrola through dividends (net of related financial costs), ACS' first-half net income reached 380 M€, a 16.7% lower than the comparable result for the same period of 2011. Consolidated net financial debt declined by 12.9% in the last twelve months down to 8,579 M€ as of June 30, 2012, being especially relevant the debt reduction in the second quarter.

- **Acerinox** achieved a net profit of 40 M€ in the first half of 2012, thanks to the strength of the US market, which offset weakness in the European market and low prices in Asia. Melting output grew 10.6% with respect to the first half of 2011. Despite the rise in tonnage sold, lower selling prices brought revenues down 5.5% to 2,419 M€. International sales represented 92.0% of total. EBITDA and net profit for the period were 166 M€ and 40 M€, respectively, 35.5% and 60.5% lower than in the first half of 2011, but significantly better than the figures recorded in the last six months of that year. Phase one of Bahru Stainless (Malaysia) has been started up very satisfactorily and construction of phase two is proceeding at a good pace, with implementation expected in the first quarter of 2013.

- **Prosegur** sales rose 33.2% in the first half of 2012 to reach 1,753 M€, driven both by robust organic growth (12.0%, with Latin America standing up with a 23.8% increase versus a 0.7% decrease in Europe and Asia) and inorganic growth (22.0% due to the major acquisitions made at the end of 2011). International sales accounted for 73.0% of the total, highlighted by Latin America, with 58.2% of overall sales. EBITDA rose 14.0% to 187 M€, while net profits declined 9.1% to 70 M€ as a result of the significant expansion of financial expenses associated with the additional debt taken on in the acquisitions. Operating margins deteriorated slightly as a result of the integration of new businesses and the negative evolution in Europe and Asia.
- **Indra** consolidated sales increased 8.5% in the first six months of the year to 1,469 M€ (+1% excluding acquisitions), boosted by a 41.9% advance in international activities (51.3% of the total), offsetting the weakening performance in Spain (-13.0%). Sales rose in all vertical markets over the first half of 2011, except in Security and Defence, which remained stable. Recurrent EBITDA fell 10.7% to 145 M€ while net profits dropped 41.7% to 61 M€ due to the restructuring expenses incurred in the period and higher financial costs. Thanks to strong foreign growth, new orders and the backlog increased 11.5% and 13.5% during the period, and the order book now covers 93% of the 2012 sales target.
- **Ebro Foods** recorded sales growth of 20.6% with respect to the first half of last year, up to 1,012 M€, as a result of the acquisitions made in 2011 and higher prices in the pasta business. During the period 92.6% of sales were made outside Spain. EBITDA improved 14.7% to 134 M€ and net profit advanced 19.1% to 67 M€ despite higher financial expenses on the additional borrowing used to finance the acquisitions. The net debt, however, declined by 30 M€ in this last quarter.
- **Clínica Baviera** saw its sales decline 5.5% to 47 M€, dragged down by weak consumer spending in Spain, which drove revenue in the domestic businesses down -9.1%, partially offset by growth in the international business (+10.6%). International sales accounted for 21.7% of total sales for the period. EBITDA and net profits respectively decreased 38.7% and 56.1%, reaching 6 M€ and 2 M€.

II. INVESTMENT PORTFOLIO

Shown below is the composition of the Alba investment portfolio at 30 June 2012:

Listed holdings	% Stake	Book value Million €	Web Site
ACS	18.3	862.9	www.grupoacs.com
Acerinox	24.2	705.8	www.acerinox.es
Indra	11.3	281.5	www.indra.es
Ebro Foods	8.1	180.9	www.ebrofoods.es
Prosegur	10.0	168.3	www.prosegur.es
Clínica Baviera	20.0	37.0	www.clinicabaviera.com
Antevenio	20.5	3.5	www.antevenio.com
Total book value		**2,239.9**	
Total market value (30-06-12)		**2,080.6**	
Unrealised capital gains/(losses)		**(159.3)**	
Unlisted holdings		**206.9**	
Real Estate *(appraisal value as of Dec. 31, 2011)*		**229.2**	

The main stakes in unlisted holdings are show below:

Unlisted holdings	% Stake	Book value Million €	Web Site
Mecalux (1) (2)	14.2	79.0	www mecalux.es
Pepe Jeans (1)	12.3	38.0	www.pepejeans.com
Panasa (1)	26.8	32.6	www.berlys.es
Ros Roca (1)	19.0	31.0	www rosroca.com
Flex (1)	19.8	18.5	www flex.es
Ocibar (1)	21.7	7.4	www.portadriano.com

Notes

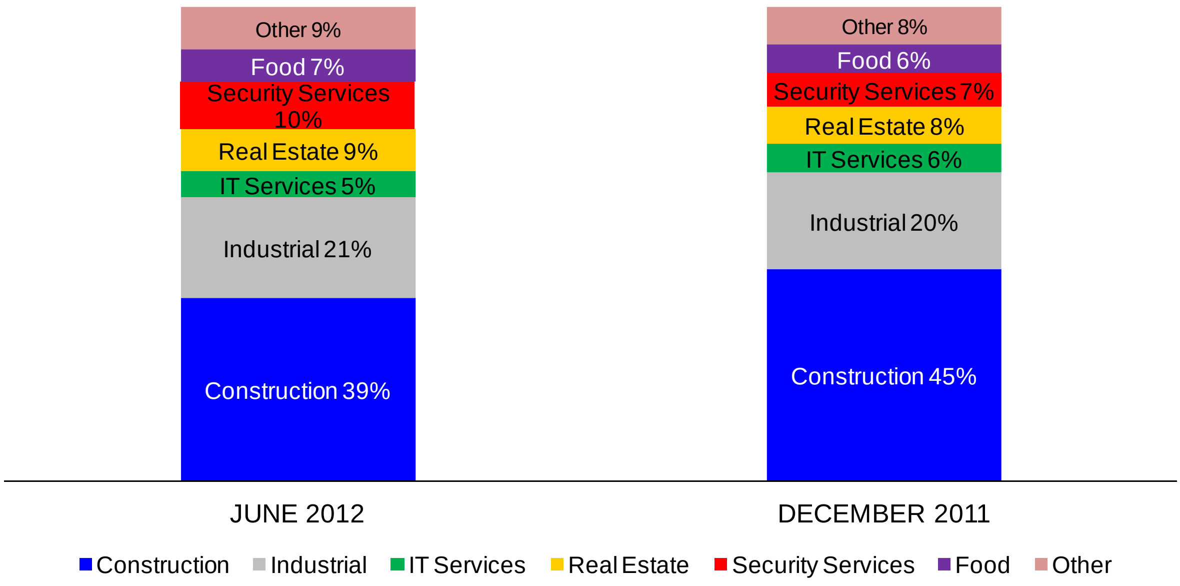
(1) Through Deyá Capital S.C.R.
(2) Includes a 5.23% direct interest held by Alba.

III. NET ASSET VALUE (NAV)

The most representative figure for a company like Alba is its Net Asset Value (NAV). Calculated according to internal methods consistent with those usually applied by equity analysts, at 30 June 2012, Alba's net asset value was estimated at 2,608.3 M€, or 44.80 € per share after deducting treasury shares, 11.2% below the year-end 2011 figure.

	Million euros
Listed holdings	2,080.6
Unlisted holdings and Real Estate	436.1
Net financial debt	(176.6)
Other short-term and long-term assets and liabilitie	268.2
Net asset value	**2,608.3**
Million shares (minus Treasury Stock)	58.23
Net asset value / share	**44.80 €**

IV. BREAKDOWN OF NET ASSET VALUE BY SECTOR[1] (GAV)



The 39% contribution of the Construction sector includes the stake in ACS. Given ACS's broad diversification, in order to provide a fuller picture of the distribution of Alba's portfolio by sector, this percentage has been broken down as follows[2]:

Industrial Services	17%
Construction	6%
Environment	4%
Other	12%
	39%

[1] Assets measured at market prices.

[2] Breakdown based on each sector's estimated contribution to ACS net profit for 2012.

V. CONSOLIDATED RESULTS

Alba recorded a consolidated net loss of 166.7 M€ in the first half of 2012 due to ACS' non-recurring extraordinary net loss mainly caused by a writedown of its holding in Iberdrola and by the capital losses generated on the sale of a 3.69% stake in this company, partially offset by the capital gains obtained in the sale of stakes in Abertis and Clece. These extraordinary results in ACS have an overall negative impact of 295.3 M€ in Alba's half-year results.

Taking out from ACS' results all the extraordinary results and Iberdrola's net results contribution, Alba's net profit would be 128.6 M€, a 54.7% lower than the results obtained in the same period of the previous year. These results included the pre-tax capital gains of 187.5 M€ obtained in early February of 2011 from the sale of 5% of ACS, which are recorded under *Profit/(loss) on assets*.

The earnings per share for the period were -2.86 € (+2.21 € if all the extraordinary results and the contribution from Iberdrola are excluded from ACS' results), compared with 4.85 € in the first half of 2011.

Income from *Share of profits of associates* totalled -196.0 M€. Excluding from ACS' results all the extraordinaries and the contribution from Iberdrola, this income would be 99.3 M€, versus 130.8 M€ in the first half of 2011, a decline of 24.1% caused by the weaker earnings performance of our investee companies.

Recovery of assets recorded an entry of 43.7 M€ to bring the book value of other financial investments into line with the best estimate of their current fair value.

Operating expenses declined by 3.5% during the first six months of the year compared with one year earlier.

Net financial income, calculated as the difference between interest income and interest expenses, showed a negative balance of 1.3 M€, compared with a negative 0.2 M€ for the same period of 2011.

Corporate income tax declined to 12.8 M€ for the period, down from 59.2 M€ in the first half of 2011, reflecting the tax impact of the capital gains obtained in that year.

INCOME STATEMENT

	Million euros	
	30/06/2012	30/06/2011
Share of profits of associates	(196.0)	157.9
Rental income	7.0	7.8
Profit / (Loss) on assets	0.0	187.6
Assets impairments	43.7	0.0
Commissions and Financial Income	8.3	13.1
Sum	**(137.0)**	**366.4**
Operating expenses	(8.4)	(8.6)
Financial expenses	(9.6)	(13.3)
Depreciation	(0.5)	(0.5)
Provisions for contingencies and expenses	2.1	0.0
Corporate income tax	(12.8)	(59.2)
Minority shareholders	(0.5)	(0.8)
Sum	**(29.7)**	**(82.4)**
Net earnings	**(166.7)**	**284.0**
EPS (€)	**(2.86)**	**4.85**

CONSOLIDATED BALANCE SHEET (1)

Assets	Million euros	
	30/06/2012	31/12/2011
Real Estate Investments	213.5	213 3
Fixed assets	11.0	11 3
Investments in Associates	2,239.9	2,439.8
Available for sale securities l.t.	206.9	206 9
Other financial investments and other assets	189.8	145 9
Non-current assets	2,861.1	3,017 2
Financial investments	-	1.8
Debtors and other assets	159.7	120.4
Total assets	**3,020.8**	**3,139.4**

Liabilities	Million euros	
	30/06/2012	31/12/2011
Share capital (2)	58.3	58.3
Reserves and treasury stock	2,876.8	2,397.8
Earnings for the year	(166.7)	406.2
Minority interests	0.5	0.7
Shareholders equity	2,768.9	2,863.0
Provisions	0.0	2.8
Other non-current liabilities	40.7	40.7
Financial debt	176.6	219.4
Current liabilities	34.6	13.5
Total liabilities and shareholders equity	**3,020.8**	**3,139.4**

(1) Year 2012 unaudited

(2) The share capital at 30/06/12 is composed of 58,300,000 shares with a nominal value of 1 € each

VI. STOCK MARKET PERFORMANCE

- In the first half of 2012, Alba's share price fell 12.8% from 30.23 € to 26.37 €, while the select IBEX 35 index was declining 17.1 % to 7,102 points.

(31 August 2012)

www.corporacionalba.es