



ALBA: PORTFOLIO AND THIRD QUARTER 2005 RESULTS

I. THIRD QUARTER TRANSACTIONS

The largest investment made by Corporación Financiera Alba in the third quarter of the financial year was in ACS, Spain's leading construction and services group, in which it invested 10.9 M€ to acquire an additional 0.13% holding, bringing its total participation to 16.38%.

Also during the third quarter, in view of the high discount at which its shares were trading, Alba acquired 56,062 own shares for an amount of 2.0 M€. These purchases increase the balance of Treasury Stock, as at 30 September, to 1.14% of the Share Capital.

Alba received 1.6 M€ from the distribution of results by Palio, an investment company in which Alba has a 17% capital participation. Palio had a 1.1% participation in Celtel that was sold at 85%, the same as the Alba participation.

Princes Gate III, a private equity fund managed by Morgan Stanley, also sold the last major investment it had in the portfolio, the participation in the American insurance company Axis, and distributed the proceeds of the sale to its shareholders. Following this transaction, Alba concluded its investment in this fund, having obtained an IRR (Internal Rate of Return) of 11% on its investment.

II. PORTFOLIO

Alba's portfolio on the 30th of September, 2005 was as follows:

	%	Book value
<u>Listed holdings</u>	<u>Stake</u>	<u>Million €</u>
Acerinox (*)	11.18%	317.1
ACS (*)	16.38%	590.0
Carrefour (*)	3.39%	281.3
Prosegur	5.23%	69.7
Spirent	0.58%	4.2
Total book value		1,262.3
Total market value (9-30-05)		2,725.6
Unrealised capital gains		1,463.3

	%	Book value
<u>Unlisted holdings</u>	<u>Stake</u>	<u>Million €</u>
Celtel	0.45%	12.5
Palio	16.98%	3.1
Unipsa	82.57%	2.4
Xfera	11.35%	0.0
Other	n.a.	3.1
Total book value		21.1
Real estate		255.1

* Investments consolidated by the Equity method.

III. 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 30th of September 2005 Alba's net asset value was estimated at 2,917.9 M€ or 44.41 € per share, after deducting own shares held as Treasury Stock.

	<i>Million euros</i>
Listed holdings	2,725.6
Unlisted holdings and real estate	302.1
Other assets and debt	(109.8)
Net asset value	2,917.9
Million shares (minus Treasury Stock)	65.70
Net asset value / share	44.41 €

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

	<u>September 05</u>	<u>December 04</u>	<u>Difference</u>
Construction	49%	40%	9%
Retail	31%	37%	-6%
Industrial	11%	14%	-3%
Real estate	9%	10%	-1%
Security services	2%	2%	0%
Telecommunications	1%	6%	-5%
Financial Services	1%	1%	0%
Media	0%	1%	-1%
Net Debt / cash	-4%	-11%	7%
	100%	100%	

The 49% weight of Construction corresponds to the value of Alba's investment in ACS. However, due to the broad diversification of the ACS group and in order to provide a better understanding of the Net Asset Value by sector of the portfolio, we further break down by sector the value of this investment, which is as follows:⁽¹⁾

- Construction	19%
- Industrial Services	14%
- Urban Services	9%
- Concessions	4%
- Real Estate	3%
	<hr/> 49%

⁽¹⁾ Breakdown reflects the contribution of each sector to the Net Earnings of ACS.

IV. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Consolidated financial information has been prepared 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. Property for own use is valued according to the revaluation method. It continues to be amortised and variations in the fair value are carried over to reserves.
- **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.
- Acerinox, ACS and Carrefour still being consolidated by the equity method. The rest of our investments will be accounted for at fair value, and fair value variations will be recorded as changes in equity.

V. RESULTS

Net Consolidated Profit for Alba corresponding to the first nine months of the year has reached 252.5 M€ 70.8% more than the result obtained in the same period in the previous year. This growth is due fundamentally to capital gains achieved in the disinvestment of the stakes in Vodafone and in Celtel during the first half of the year. Earnings per share amounted to 3.84 euros as compared with 2.24 euros for the previous financial year.

Net profits from affiliates consolidated by the equity method increased by 14.6%, to 134.9 M€ due to the improvement in results obtained by the consolidated companies as well as by the increase in the shareholding in ACS and Acerinox.

The item *Income for the provision of services*, originating from the consolidation by Global Integration of UNIPSA, S.A., amounts to 6.7 M€ 36.0% more than in the previous financial year.

The *Results from the securities portfolio* have amounted 147.0 M€ as against 32.7 M€ for the same period in the previous year thanks to the capital gains achieved from the sale of 0.07% of Vodafone, 85% of the participation in Celtel and 0.63% of Havas. The evolution of this item is irregular, due to the fact it depends on the disinvestment opportunities in each period.

General expenses increased from 14.5 M€ in the first nine months of the previous financial year, to 20.5 M€ in the same period of the current financial year. This increase is due partly to the cost of the options plan approved by General Meeting of Shareholders on 22 May 2002, whose rights have been exercised on May 2005.

Corporation tax increased to 29.1 M€ due fundamentally to the capital gains obtained from the sale of the rest of the participation in Vodafone in the first months of 2005.

	Million euros	
	30-9-05	30-9-04
Net profits from affiliates consolidated by the equity method	134.9	117.7
Rental income	11.2	10.6
Income from services	6.7	4.9
Income from Real Estate disposals	1.6	-
Financial Income	5.6	5.6
Results from the securities portfolio	147.0	32.7
	307.0	171.5
Overheads	(20.5)	(14.5)
Financial expenses	(3.4)	(6.4)
Depreciation	(0.9)	(0.5)
Corporate income tax	(29.1)	(1.9)
Minority shareholders	(0.6)	(0.4)
	(54.5)	(23.7)
Net profit	252.5	147.8
EPS (€)	3.84	2.24

CONSOLIDATED BALANCE SHEET

Assets	Million euros		Liabilities	Million euros	
	30-9-05	31-12-04		30-9-05	31-12-04
<i>Real estate under lease</i>	255.1	255.2	<i>Share capital (1)</i>	66.5	66.8
<i>Other fixed assets</i>	0.3	0.3	<i>Reserves</i>	1,103.7	880.3
Net tangible fixed assets	255.4	255.5	<i>Profits for the year</i>	252.5	258.6
<i>Listed securities</i>	1,262.3	1,145.3	Shareholders equity	1,422.7	1,205.7
<i>Unlisted securities</i>	21.1	37.5	Minority interests	1.9	1.8
<i>Other financial investments</i>	2.1	2.2	Provisions	20.2	21.9
Financial investments	1,285.5	1,185.0	Long-term creditors	2.6	2.1
Debtors	10.0	33.2	Net debt	71.0	221.7
			Current liabilities	32.5	20.5
Total assets	1,550.9	1,473.7	Total liabilities and shareholders equity	1,550.9	1,473.7

(1) The share capital is composed of 66,460,000 shares with a nominal value of 1 € each.

VI. DIVIDEND

On the 11th of November Alba will pay an interim dividend of 0.06 € per share, representing a 6% of the nominal value of the shares.

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