ANNUAL REPORT

2010

Compañía Española
de Financiación
del Desarrollo,
COFIDES, S.A.

COFIDES

ANNUAL REPORT 2010

CONTENTS

INTRODUCTION

COFIDES was founded in 1988 with State and private capital for the purpose of co-financing productive investments involving Spanish interests in emerging or developing countries. In addition to its own resources, COFIDES manages two State funds: the Fund for Foreign Investment (FIEX) and the Fund for SME Foreign Investment Operations (FONPYME). These resources can be used to finance projects in any country in the world to further the internationalisation of Spanish enterprise and the national economy.

COFIDES' State shareholders include the Spanish Foreign Trade Institute (ICEX), the Official Credit Institute (ICO) and the national innovation company, Empresa Nacional de Innovación (ENISA), which together account for 61 % of the company's share capital. The remaining 39 % is held privately, specifically by three financial institutions, Banco Bilbao Vizcaya Argentaria (BBVA), Banco Santander and Banco de Sabadell.

THE COFIDES MISSION:

COFIDES' dual mission as a financial institution consists of furthering the internationalisation of Spanish enterprise and the country's economy while contributing to the development of the countries hosting its investments.

To that end, drawing from its own and third party resources (in particular, the State-owned FIEX and FONPYME funds that it manages), COFIDES uses equity and quasi equity instruments to provide medium- and long-term financing for viable private investment projects in other countries in which Spanish interests are involved.

COFIDES is a member of the association of bilateral European Development Finance Institutions (EDFI), whose 15 members provide long-term financing for private sector investments in developing or transition economies.

THE COFIDES VISION:

COFIDES aspires to become Spain's foremost financial institution committed to furthering the internationalisation of Spanish enterprise and financing the private sector in developing countries.

As part of the international development finance architecture, COFIDES seeks to empower the private sector's role as a driver of development and to rank among the European bilateral development finance institutions having the greatest positive impact on the sustainable growth of countries hosting European investments.

THE COFIDES VALUES:

- COFIDES' **additionality** constitutes a differential value and can be attributed, primarily, to the flexibility and versatility of its financial support, which are not readily found on the market; to its adaptation to each project's and each sponsor's financial needs, with generous maturities and grace periods; to its potential to provide institutional support for the investment projects financed; and to its personality as a temporary financial partner that stands by the investor without intervening in everyday project management.

- The **sustainability** of the resources and funds managed by COFIDES enables the company to maintain its investment capacity over time and continue to provide its services to a growing number of businesses.

- **Responsible financing** is based on compliance with a code of ethics and a series of guiding principles that in turn rest on values such as the respect for human

rights, the social, environmental and economic sustainability of the projects financed, the commitment to long-term economic development for local communities, the awareness of the positive impact of investment on target country development, and the public dissemination of information on anti-bribery and anti-corruption agreements in international commercial transactions.

• The courteous, **high quality service** provided by COFIDES' team is one of the mainstays of the company's relationships with its stakeholders. COFIDES, which aspires to business excellence, has adopted a number of lines of action in the area of corporate responsibility that ensure ongoing improvement in its working methods and the quality of its services.

EXPERIENCE:

Since its founding, COFIDES has approved a total of 507 investment projects in over 65 countries, where it has committed resources amounting to over 1.4 billion euros.

COFIDES may finance viable private investment projects such as the creation of new companies, the purchase of existing companies or the expansion of their business, providing they involve assets that require medium- and long-term financing, are undertaken abroad and entail some Spanish interest.

On 31 December 2010, the live portfolio of COFIDES-managed projects was worth 561.42 million euros.

PRODUCTS:

COFIDES offers the financial products listed below for viable private investment projects abroad.

• Holdings in the share capital of companies founded in host countries.

• Medium- and long-term subordinated, mezzanine and joint venture loans for companies founded in host countries.

• Medium- and long-term loans for companies founded in host countries.

• Medium- and long-term loans for Spanish investors.

• Multi-project loans.

LETTER FROM THE CHAIRWOMAN

The upturn in Spanish foreign direct investment in 2010 is, indisputably, a favourable development for the national economy. It is a sign that internationalisation has once again proven to be the strategic option chosen by the many Spanish companies that have taken a growth-driven approach to the future.

As a result, and given COFIDES' anti-cyclical nature, this year the company continued to meet its customers' needs for financing and expand its project portfolio, which reached a historic peak of 561 million euros, after record outlays of 155 million euros during the year.

The COFIDES, FIEX and FONPYME equity capital and loan portfolios have behaved reasonably well in the present economic context. This means that parent companies have withstood the difficult circumstances prevailing in Spain and their subsidiaries have been able to capitalise on the opportunities existing in emerging countries.

In 2010 COFIDES continued the policy initiated in previous years, on the one hand introducing more flexible operating procedures to respond to companies' needs, and on the other suitably tightening its precautionary measures to protect State resources that have become scarcer than ever.

Many of the measures designed to enhance flexibility, particularly for SMEs, began to bear fruit in 2010. Indeed, the number of operations approved for SMEs grew in the target year. And that market segment will continue to be prioritised in 2011.

In the international institution domain, COFIDES, as a member of EDFI, participated in the European Financing Partners' fourth round, which renewed the EFP agreement, a vehicle designed to channel funds to Sub-Saharan Africa, the Caribbean and the Pacific. This initiative, which dates back to 2004, is proving to be a unique multilateral co-financing experience worldwide.

The company's commitment to corporate social responsibility materialised with the publication of its first Yearly Sustainability Report, which contains a description of the main management policies in place to implement sustainable activity.

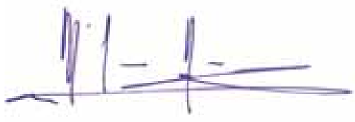
The year recently ended has been exceptional from the standpoint of financial results, both for the company itself and the funds it manages. As usual, expenditure policy was characterised by austerity. And the ordinary revenues were supplemented by exceptional earnings deriving from successful divestments, a common practice carried out routinely by venture capital organisations. For the first time since COFIDES was founded in 1988, the Board of Directors will ask the General Meeting to approve a dividend.

Beyond its symbolic value, that milestone affords proof that the company has an organisational structure able to manage State resources efficiently, even during crisis situations. For that reason, I trust that the country's policy makers will continue to stand firmly behind institutions of this nature that aim to support the private sector in its role as a development tool.

In closing, I wish to reiterate my thanks to COFIDES' staff for its professional excellence. They are the company's most prized partners and unquestionably its most valuable asset.

My gratitude extends as well to the board members and members of the steering committee for their confidence and support afforded me and my entire team.

Remedios Romeo
Chairwoman



HIGHLIGHTS IN 2010

J F M A M J J A S O N D

///> A record **7.39 million** euros **approved** in the target year was drawn from **FONPYME** resources. This State-owned fund is designed to finance projects undertaken abroad by small and medium-sized companies.

///> At **141.09 million euros**, the total value of yearly **formalisations** also topped the previous record.

///> Historic heights were also reached in **outlays**, which came to **155.35 million euros** in the target year.

///> The **live portfolio under management** amounted to **561.42 million euros**, setting a new record in this regard as well. The live portfolio is calculated as the difference between the sums laid out and the amounts repaid. The **total portfolio of investments under management**, in turn, which is the live portfolio plus the sums committed but pending outlay, came to **625.56 million euros** at year end.

///> COFIDES successfully **divested** the FIEX holding in the **BAKWENA PLATINUM CORRIDOR** consortium in South Africa.

///> **The company's operating income** came to over **15.99 million euros** and its **EBITDA** to **18.34 million, up 365 % and 167 %, respectively, from 2009.**

///> A 100 million-euro **facility** was created **for investments in the United States**.

///> COFIDES took part in the conclusion of the **Master Investment Agreement** whereby it renewed its participation in the **European Financing Partners (EFP)** facility and raised its commitment by contributing an additional **5 million euros** to finance private sector investment in Africa, the Caribbean and the Pacific.

///> COFIDES approved a **5 million-euro** commitment to the **Interact Climate Change Facility (ICCF)**. ICCF will finance viable private investment projects that contribute to mitigating climate change and furthering energy efficiency in countries hosting official development assistance.

///> **FONPYME+** was created to finance projects in emerging and developing countries with no need for co-financing from COFIDES' own resources.

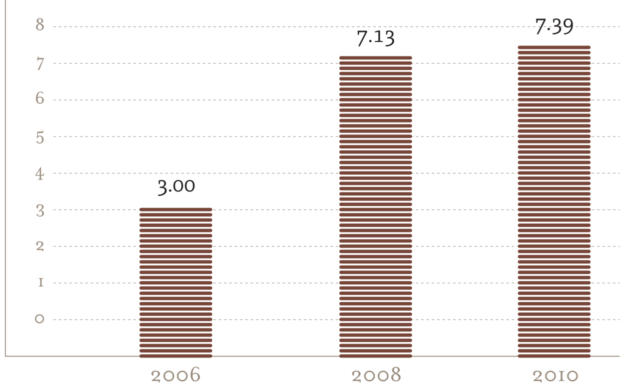
///> The proposed scheme for Investment in **Projects with High Potential** was approved to enable COFIDES to assume greater project risk.

///> New lines were implemented for financing investments in three industries: **renewable energy** (FINER), **infrastructure concessions** (FINCONCES) and **electronics and information and communication technologies** (FINTEC).

///> COFIDES held the **third edition of its Seminar on Private Sector Financing in Developing Countries**.

> COMMITMENTS APPROVED BY FONPYME 2006-2010

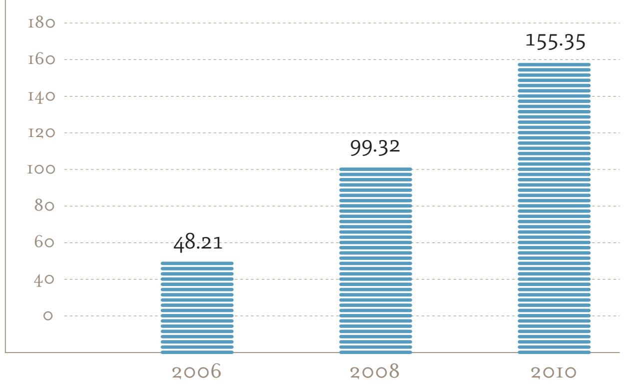
In million euros



> OUTLAYS

2006-2010

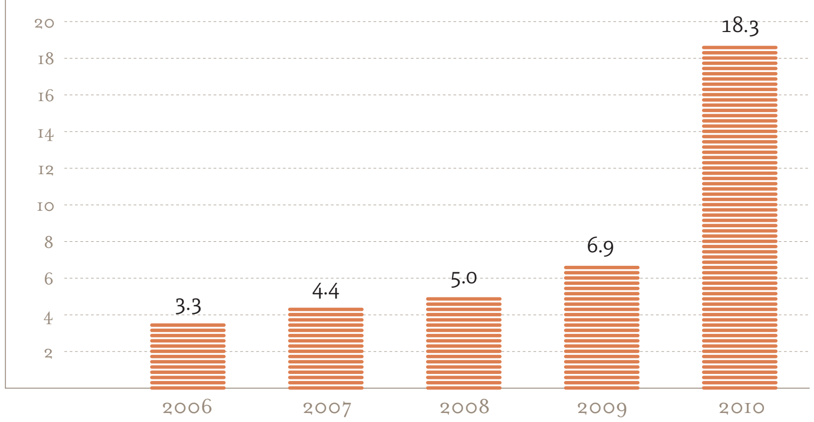
In million euros



> EBITDA

2006-2010

In million euros



BOARD OF DIRECTORS

CHAIRWOMAN AND CHIEF EXECUTIVE OFFICER
Ms. Remedios Romeo

BOARD MEMBERS
Mr. Rafael Aguilar
Mr. José Corral
Mr. Javier Cruz
Mr. Mariano Ferrer
Mr. Alberto Gómez
Mr. Guillermo Jiménez
Mr. Valentín Laiseca
Ms. María del Carmen Moreno
Mr. Francisco Javier Puig
Ms. María del Mar Rodrigo
Mr. Marcos Saldaña
Mr. José Enrique Gómez

SECRETARY, NON-MEMBER AND LEGAL ADVISER
Ms. Ana Victoria Fernández

Absent:
Mr. José Corral
Mr. Alberto Gómez
Mr. Javier Cruz

STEERING COMMITTEE

Chairwoman and Chief Executive Officer
Ms. Remedios Romeo
General Manager
Mr. Carlos San Basilio
Investment Manager
Ms. Consuelo Díaz
Economic and Financial Manager
Mr. Darío Polo
General Secretary
Ms. Ana Victoria Fernández
Deputy Manager, Strategy and Business Development
Mr. Fernando Aceña
Deputy Manager, Corporate Social Development
Ms. Regina Pálla
Deputy Investment Manager
Mr. Miguel Ángel Ladero
Deputy Manager, Project Monitoring
Ms. María Victoria de Luis

MAP OF ACTIVITIES COFIDES

Countries with +40 PROJECTS

- Mexico 100
- China 51
- Brazil 49

Countries with 1 - 9 PROJECTS

- Algeria 7
- United States 7
- Colombia 6
- El Salvador 5
- Senegal 5
- Uruguay 5
- Kenya 4
- Peru 4
- Portugal 4
- Thailand 4
- Turkey 4
- Costa Rica 3
- Dominican Rep. 3
- Ecuador 3
- Ivory Coast 3
- South Africa 3
- Tunisia 3
- U.A.E. 3
- Venezuela 3
- Bulgaria 2
- Cuba 2
- France 2
- Germany 2
- Mauritius 2
- Nicaragua 2
- Slovakia 2
- Tanzania 2
- Ukraine 2
- United Kingdom 2
- Angola 1
- Australia 1
- Belarus 1
- Benin 1
- Bolivia 1
- Canada 1
- Egypt 1
- Ghana 1
- Guinea Bissau 1
- Indonesia 1
- Italy 1
- Jamaica 1
- Jordan 1
- Kazakhstan 1
- Latvia 1
- Lithuania 1
- Mali 1
- Moldova 1
- Mozambique 1
- Namibia 1
- Nigeria 1
- Panama 1
- Puerto Rico 1
- Singapore 1
- Slovenia 1
- The Netherlands 1
- Togo 1
- Zambia 1

Countries with

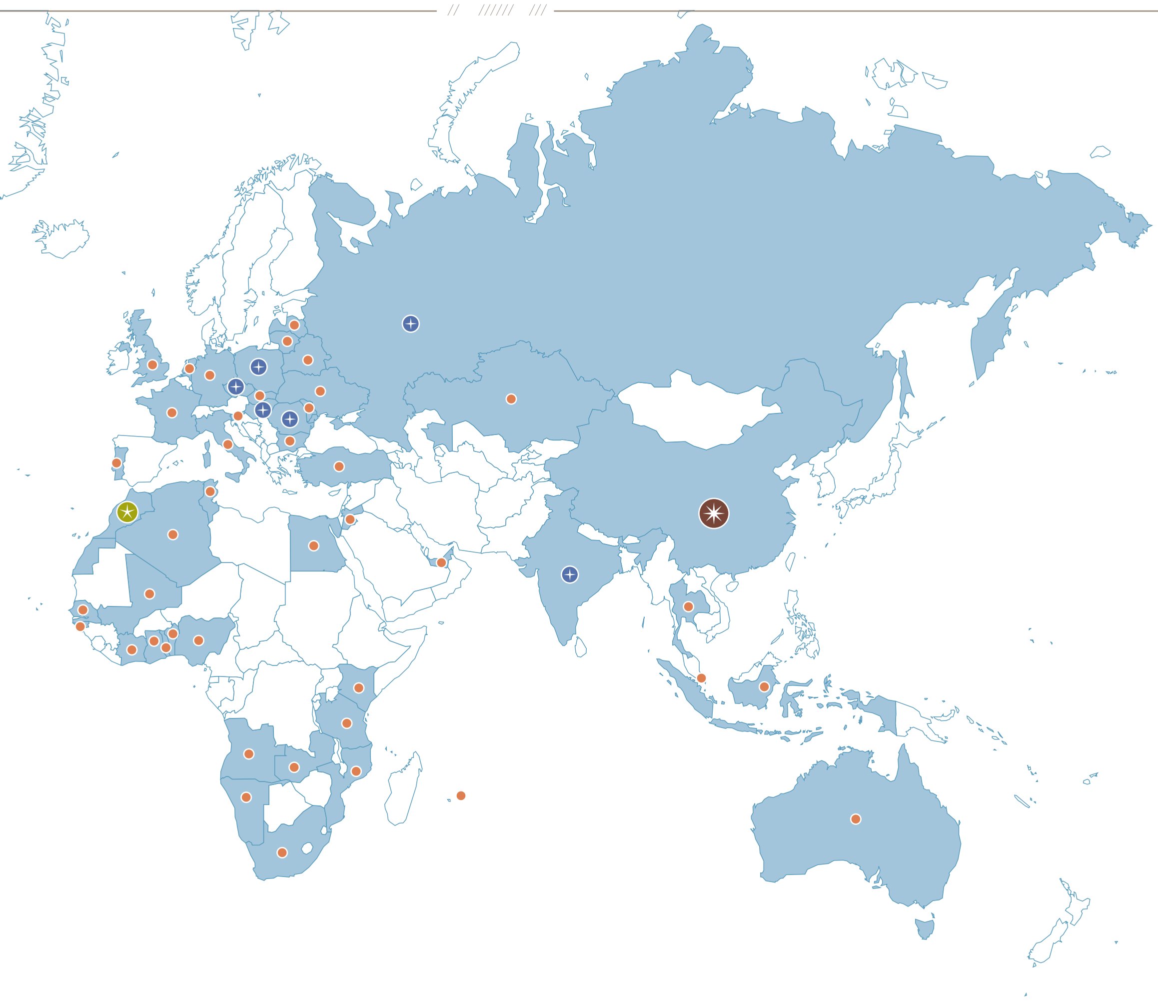
20 - 40 PROJECTS

Morocco 38
Argentina 35
Chile 20

Countries with

10 - 19 PROJECTS

Poland 19
Czech Rep. 14
Russia 12
Romania 12
India 11
Hungary 10



PORTFOLIO OF INVESTMENTS

under management on 31.12.2010

AFRICA

COUNTRY	INDUSTRY	BUSINESS
Algeria	Energy	BO&M solar thermal plant
Algeria	Water supply	Desalination plant construction and operation
Mauritius	Services	Preventive health at the workplace
Kenya	Energy	Electric power generation
Kenya	Finance	Micro-finance
Kenya	Energy	Geothermal power generation
Kenya	Finance	Regional development bank
Morocco	Construction	Real estate development: social housing
Morocco	Services	Chemical analyses
Mozambique	Services	Private hospital
Nigeria	Iron & steel manufacture	Forging
Senegal	Chemistry	Cement production
Tanzania	Services	Airline
Tanzania	Telecommunications	Mobile telephony operator
Togo	Construction	Cement production
Zambia	Agri-food	Production and distribution of food staples
Regional	Finance	Investment project financing

LATIN AMERICA

COUNTRY	INDUSTRY	BUSINESS
Argentina	Capital goods	Machinery for the food industry
Argentina	Chemistry	Plastic packaging
Argentina	Automobile	Large-scale press-forming
Argentina	Agri-food	Cuttlefish fishery
Argentina	Finance	Venture capital for local SMEs
Argentina	Tourism	Hotel construction and operation
Brazil	Tourism	Hotel construction and operation
Brazil	Metal working	Plumbing and drainage material
Brazil	Capital goods	Irrigation systems
Brazil	Energy	Electric power transmission line
Brazil	Energy	Electric power transmission line
Brazil	Environment	Waste management
Brazil	Environment	Electric power generation
Brazil	Energy	Manufacture of steel towers for wind generators
Brazil	Energy	Electric power generation
Chile	Agri-food	Salmon fish farm
Chile	Agri-food	Salmon fish farm
Chile	Agri-food	Salmon fish farm
Chile	Chemistry	Varnish and paint
Chile	Transport infrastructure	Toll motorway

PROJECT COMPANY	SPONSOR	CAPITAL	QUASI-EQUITY	LOAN
Solar Power Plant One	Abener Energía	X		
Myah Bhar Honaine Spa	Befesa Agua	X		
Careworks Africa	EFP (IFU)			X
Rabai Power	EFP (PROPARCO)			X
Equity Bank	EFP (FMO)		X	
OrPower4	EFP (DEG)			X
PTA Bank	EFP (FMO)			X
Mixta Maroc	Mixta África			X
AGQ Maroc	Labs&Technological Holding SOLEA		X	
Maputo Private Hospital	EFP (DEG)			X
African Foundries Limited (AFL)	EFP (FMO)			X
Les Cements du Sahel	EFP (DEG)			X
Precision Air Services	EFP (FINNFUND)		X	
Millicom	EFP (PROPARCO)		X	
Scancem International	EFP (PROPARCO)			X
Zambeef Products	EFP (DEG)			X
European Financing Partners	EDFI-BEI	X		

PROJECT COMPANY	SPONSOR	CAPITAL	QUASI-EQUITY	LOAN
Frigoríficos Doina	Grupo Fibosa			X
EDP-Míguez	EDP		X	
Gestamp Argentina	Gestamp		X	
Vieira Argentina	Grupo Vieira		X	
PYMAR	Fund. Empresa y Crecimiento	X		
Pulitzer Maipú	Reginahotel		X	
Alagamar Empreendimentos Turisticos	Grupo Sehrs		X	
Genebre do Brazil	Genebre			X
Azud do Brazil	Sistema Azud		X	
ATE Transmisora do Energía	Abengoa	X		
ATE III Transmisora do Energía	Abengoa	X		
Ros Roca Brazil	Ros Roca Group		X	
Ventos do Sul Energía	Elecnor		X	
Gestamp Wind Steel Pernambuco	Gestamp Wind Steel		X	
Guascor do Brasil	Guascor		X	
Pescachile	Pescanova		X	
Acuinova Chile	Pescanova		X	
Nova Austral	Pescanova		X	
Barpimo Chile	Barpimo		X	
Americo Vespucio Norte	Dragados y Construcciones	X	X	

PORTFOLIO OF INVESTMENTS

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LATIN AMERICA (Cont.)

COUNTRY	INDUSTRY	BUSINESS
Chile	Agri-food	Mussel processing
Chile	Agri-food	Preserves
Chile	Services	Chemical analyses
Ecuador	Agri-food	Prawn aquiculture
Mexico	Automobile	Plastic components
Mexico	Textiles and footwear	Sports clothing
Mexico	Capital goods	Machinery for lovestock
Mexico	Capital goods	Irrigation systems
Mexico	Tourism	Hotel construction and operation
Mexico	Automobile	Large-scale press-forming
Mexico	Automobile	Large-scale press-forming
Mexico	Electronics	Valves for barbeque grills
Mexico	Tourism	Hotel construction and operation
Mexico	Consumer electronics	Vitroceramic hobs
Mexico	Metal working	Bridge cranes
Mexico	Telecommunications	Antenna manufacture
Mexico	Consumer electronics	Lamp manufacture
Mexico	Automobile	Automobile components
Mexico	Services	Textile logistics warehouse
Mexico	Environment	Industrial waste management
Mexico	Electronics	Measuring and electrical instrument manufacture
Mexico	Transport infrastructure	Road construction and operation
Mexico	Telecommunications	Information technologies
Mexico	Metal working	Steel component manufacture
Mexico	Metal working	Steel component manufacture
Mexico	Metal working	Steel component manufacture
Mexico	Services	Library software
Panama	Capital goods	Aggregate processing plant
Peru	Agri-food	Scallop aquiculture
Uruguay	Capital goods	Machinery for the food industry
Regional	Finance	Private equity fund for L.A. SMEs

ASIA and OCEANIA

COUNTRY	INDUSTRY	BUSINESS
Australia	Chemistry	Instruments for blood tests
China	Agri-food	Mushroom growing
China	Capital goods	Lift components
China	Chemistry	Thermoplastic injection
China	Consumer electronics	IT hardware repair
China	Textiles and footwear	Elastic fibre manufacture
China	Environment	Photovoltaic panels
China	Metal working	Plumbing valve distribution
China	Textiles and footwear	Industrial textile manufacture
China	Chemistry	Active ingredient manufacture
China	Extractive industry	Natural stone transf. and sales
China	Electronics	Electrical transformers
China	Automobile	Automobile components
China	Automobile	Automobile components
China	Automobile	Automobile components
China	Automobile	Large-scale press-forming
China	Water supply	Desalination plant construction and operation

PROJECT COMPANY	SPONSOR	CAPITAL	QUASI-EQUITY	LOAN
Blue Shell	Mascato		X	
Inmuebles Cataluña	Conservas Dani		X	X
Agriquem América	Labs&Technological Holding Solea		X	
Promarisco	Pescanova		X	
Altcamp Mexico	Plastics Altcamp		X	
Lorpen Mexico	Industrias Savidai		X	
Gashor Equipos de Panificación	Equipos de Panificación		X	
Siberline Mexico	Siberline		X	
Newco Mexico	Occidental Hoteles	X		
Gestamp Cartera de Mexico	Gestamp	X		
Gestamp Cartera de Mexico Toluca	Gestamp	X		
Copreci de Mexico	Copreci		X	
OHCM	OHL	X		
Eika Mexico	Eika		X	
Equipos de elevación y mantenimiento	Industrias Electromecánicas GH		X	
RYMSA de Mexico	Radiación y Microondas			X
TM Industrial	J. Feliu de la Penya			X
Tapsa de CV	Bravo Enterprises			X
Logisfashion Mexico	Logisfashion			X
Sistemas Desarrollo Sustentables	Befesa Medio Ambiente	X		
Arteche Mexico	Arteche Lantegi Elkartea			X
Concesionaria Mexico	Aldesa Construcciones	X		
Dominion Mexico	Global Dominion Access		X	
Aernnova Componentes Aeronaúticos de Mexico	Aernnova Aerospace		X	
Aernnova Estructuras Aeronaúticas de Mexico	Aernnova Aerospace		X	
Aernnova Composites Aeronaúticos de Mexico	Aernnova Aerospace		X	
Baratz México	Baratz		X	
Talleres ZB	Talleres ZB		X	
Vieira Perú	Grupo Vieira		X	
Fibosa Hispania	Grupo Fibosa		X	
Aureos Latin American Fund	Aureos Latin American Managers	X		

PROJECT COMPANY	SPONSOR	CAPITAL	QUASI-EQUITY	LOAN
Woolloomooloo	Grifols		X	
Ayecué Liaocheng Foodstuff	Ayecué			X
Shouzhou Savera Shangwu Elevator	Perfiles Especiales Selak			X
Suzhou Giravi JST Plastic 1	Giravi			X
Compuspar China	Compuspar			X
Dogi China	Dogi		X	
Isofotón Beijing	Isofotón			X
Genebre Ningbo Plumbing	Genebre			X
Relats Insulation Material	Relats			X
Esteve Huayi Pharma	Esteve Química			X
Tino China	Tino Stone Group		X	
Arteche DYH	Arteche Lantegi Elkartea			X
Doga (Nantong) Auto Parts	Doga			X
Dongguan Facomsa Motorcycle Components Manufacture	Facomsa		X	
Jiaxing Fersa Bearing	Fersa Bearings		X	
Gestamp Autocomponents Kungshan	Gestamp Automoción	X		
Befesa CTA Qingdao	Befesa Agua	X		

PORTFOLIO OF INVESTMENTS

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ASIA and OCEANIA (Cont.)

COUNTRY	INDUSTRY	BUSINESS
China	Automobile	Automobile components
India	Automobile	Vehicle lights equipment
India	Transport infrastructure	Road construction and operation
India	Textiles and footwear	Long fibre spinning
India	Capital goods	Irrigation systems
India	Chemistry	Essential oil and extract processing

EASTERN EUROPE, MIDDLE EAST AND CIS

COUNTRY	INDUSTRY	BUSINESS
Belarus	Agri-food	Meat
Jordan	Agri-food	Vegetable oil
Kazakhstan	Construction	Civil works explosives
Poland	Iron & steel manufacture	Forging
Poland	Construction	Bridge cranes
Poland	Automobile	Automobile components
Poland	Automobile	Automobile components
Poland	Automobile	Automobile components
Poland	Chemistry	Plastic and rubber parts for automobiles
Poland	Metal working	Lighting product manufacture
Czech Rep.	Automobile	Automobile components
Czech Rep.	Construction	Construction materials
Czech Rep.	Agri-food	Fodder
Romania	Electronics	Outdoor and underground cabinets
Romania	Iron & steel manufacture	Body work and press-forming
Romania	Iron & steel manufacture	Steel service centre
Romania	Automobile	Automobile components
Russia	Construction	Civil works explosives
Russia	Agri-food	Spirits
Russia	Automobile	Component press-forming
Turkey	Electronics	Valves for barbeque grills
UAE	Chemistry	Plastic materials manufacture
Romania, Czech Rep., Lithuania	Automobile	Automobile components

NORTH AMERICA

COUNTRY	INDUSTRY	BUSINESS
USA	Services	Engineering consultants
USA	Chemistry	Plasma centres
USA	Environment	Industrial waste management
USA	Energy	Ethanol production
USA	Automobile	Automobile components

WESTERN EUROPE

COUNTRY	INDUSTRY	BUSINESS
France	Iron and steel manufacture	Cylinder tooling
France	Retail	Toy production and distribution
Germany	Environment	Waste management
Italy	Retail	Toy production and distribution
Netherlands	Finance	Exchange rate hedging derivatives
United Kingdom	Automobile	Wire insulation
United Kingdom	Tourism	Youth hostel management

PROJECT COMPANY	SPONSOR	CAPITAL	QUASI-EQUITY	LOAN
Infun Cast (WUHU)	Infun		X	
Rinder India	Rinder Industrial			X
Soma Isolux NH1 Tollway	Grupo Isolux Corsán		X	
Hindesa Yarns	Hilaturas Miel		X	
Harvel Agua	Sistema Azud			X
Minerva Flavours & Fragances	Solutex	X		

PROJECT COMPANY	SPONSOR	CAPITAL	QUASI-EQUITY	LOAN
Belis	Aruni-2			X
Borges Middle East	Aceites Borges Pont			X
UEE Kazajstán	Maxam (UEE)			X
CELSA Polska	Grupo Celsa		X	
Intertech Polska	Industrias Electromecánicas GH		X	
Teknia Polska	Teknia Manufacturing Group		X	
Ficomirrors Polska	Ficosa International		X	
Sic Lazaro Polska	Sic Lázaro		X	
Plásticos Durex Poland	Plásticos Durex		X	
Aga Light	J. Feliu de la Penya	X		
CIE Plasty	CIE Automotive			X
ZPSV Uhersky Ostroh	Grupo OHL		X	
Dibaq	Dibaq Diproteg		X	X
Casbar Romania	Casbar Tecnología Industrial		X	
CSC Transmetal	Consuegra	X	X	
Bamesa Otel	Bamesa Aceros		X	
GJM Components	GJM Components		X	
UEE Siberia	Maxam (UEE)			X
RISP	ARPOSA			X
Gestamp Severstal Kaluga y S.Petersburgo	Gestamp	X		
Copreci Turquía	Copreci			X
Atarfil Middle East Fze	Atarfil		X	
Cie Plasty,Cie Matricon,Cie Praga Louny, UAB Cie Lt Forge	CIE Automotive		X	

PROJECT COMPANY	SPONSOR	CAPITAL	QUASI-EQUITY	LOAN
AEC Engineering	IDOM		X	
Biomat USA	Grifols		X	
Tradebe Environmental Services	Grupo Tradebe Medioambiente	X		
AB of Illinois & AB of Indiana	Abengoa Bioenergía	X		
Ficosa North America Corporation	Ficosa International		X	

PROJECT COMPANY	SPONSOR	CAPITAL	QUASI-EQUITY	LOAN
Atelier de Cylindres de Seremange	SSC		X	
Eureka Kids Francia	Damerik		X	
NH Schorling	Ros Roca Internacional	X		
Eureka Kids Italia	Damerik		X	
TCX	FMO Holanda	X		
Relats UK	Relats		X	
Equity Point UK	Equity Point Holding Empresarial		X	

J — F — M — A — M — J — J — A — S — O — N — D —

SUCCESS STORIES

AFRICA

AGQ MAROC S.A.R.L. - MOROCCO – AFRICA

Sponsor:	**Labs & Technological Holding Solea S.L.**
Business:	**Chemical laboratories**
Industry:	**Chemicals and pharmaceuticals**
Product:	**Joint venture loan**
Total investment:	**1.11 million euros**
Drawn from:	**COFIDES / FONPYME**

SOLEA, an Andalusian group created in 1993, specialises in chemical analyses, consultancy and outsourcing services in primarily three areas: agriculture, food and environment. AGQ Labs & Technological Services is the subsidiary that conducts the group's productive businesses.

In the agricultural sector, AGQ, an SME, engages in nutritional monitoring and fertiliser optimisation for fruit (especially citric) and olive orchards and vegetable farms. In the food industry, the group audits production processes and provides specialised counselling on product quality. Its analyses are geared to ascertaining the nutritional composition of food and detect pesticides and other pollutants. Lastly, in the environment industry, the group analyses soil and water, performs environmental quality studies and proposes depollution measures.

At the outset, AGQ was a consultant laboratory specialising in agriculture. The food and environment divisions were created later, in 1996 and 2003, respectively. Its newest division, mining, was founded in 2010 to provide specialised laboratory and consultancy services for that industry.

In addition to this industrial diversification, the group has gradually branched out geographically. At this time AGQ has a productive subsidiary in Chile, which received COFIDES financing in 2008. It also has commercial subsidiaries across a wide range of countries: Argentina, Ecuador, Peru, the United States, Egypt and Morocco.

Having consolidated its commercial presence in Morocco, the group has decided to install a laboratory there. The new laboratory, to be located on the outskirts of Casablanca, will strengthen the group's business in that country, one of the main potential exporters of agricultural products to the European Union. The new facility calls for a total investment of over one million euros and will be equipped with two units, one for organic and the other for inorganic analyses.

COFIDES has granted AGQ Maroc, the group's Moroccan subsidiary, a joint venture loan for 732,000 euros to finance the purchase of laboratory instruments and material. The loan will be drawn from both COFIDES (25 %) and FONPYME (75 %) resources.

The project is expected to have a significant impact on development, generating an estimated 30 direct jobs. Similarly, local development will benefit from the technology and know-how transfer implicit in the founding of this laboratory.

SUCCESS STORIES

AFRICA

EUROPEAN FINANCING PARTNERS: EFP IV – AFRICA, CARIBBEAN AND PACIFIC

Financing Partners:	**European bilateral development finance institutions and the European Investment Bank**
Industry:	**All, except the ones on the EFP's exclusion list**
Product:	**Loans, equity capital or guarantees**
Total investment:	**230 million euros**
Drawn from:	**FIEX**

EFP, European Financing Partners, is an institution created by the European Investment Bank (EIB) and European bilateral finance development institutions, COFIDES among them, to jointly finance productive private sector investment projects in African, Caribbean and Pacific (ACP) countries. EFP was created in 2003 for the dual purpose of furthering sustainable development and the private sector in ACP countries, and of furthering cooperation between European development finance institutions and the EIB. Since its inception, EFP has committed a total of 388.69 million euros for 28 projects in 14 ACP countries. To date, EFP has undertaken four rounds of financing commitments, the last of which was signed in Paris in December 2010.

As FIEX manager, COFIDES renewed and raised the amount of resources committed in this fourth round, contributing an additional 5 million euros to finance private sector investment in ACP countries. COFIDES' renewed participation in this round reflects the company's commitment to an initiative which, according to the EIB's operation assessment department, is clearly aligned with European development cooperation policies. Similarly, the commitment acquired by COFIDES runs parallel to the Spanish Government's Africa Plan 2009-2012, which consolidates its policy and action on that continent. The objectives pursued by the Africa Plan include contributing to the struggle against poverty, furthering African economic development and deepening Spanish-African trade and investment relations.

Under the new Master Investment Agreement concluded in Paris, EFP will have an additional 230 million euros for financing private sector projects in ACP countries. The EIB is contributing to this new round with a total of 100 million euros, drawn from Cotonou Agreement Investment Facility funds. The remaining 130 million euros are being furnished by EDFI (association of bilateral European development finance institutions to which COFIDES belongs) members. COFIDES thereby reinforces its collaboration with its European counterparts by co-financing projects in ACP countries, while diversifying its investment portfolio, expanding its presence in Africa and growing the number of projects and countries in which it operates.

The bilateral development finance institutions, EDFI members, that renewed their commitment to EFP IV are: BIO (Belgium), CDC (United Kingdom), COFIDES (Spain), DEG (Germany), FINNFUND (Finland), FMO (Netherlands), NORFUND (Norway), PROPARCO (France), SIFEM (Switzerland) and SWEDFUND (Sweden).

SUCCESS STORIES

AMERICA

PULITZER MAIPÚ, S. A.- ARGENTINA - AMERICA

Sponsor:	**Reginahotel S.A.**
Business:	**Boutique hotel management and operation**
Industry:	**Hostelry**
Product:	**Joint venture loan**
Total investment:	**7.5 million euros**
Drawn from:	**COFIDES / FONPYME**

REGINAHOTEL, headquartered at Barcelona, is an (originally family-run) SME engaging in luxury urban hotel management and operation, preferably under ownership arrangements, in the world's foremost cities. Design is its trademark. At this time, the group manages 270 rooms in four hotels located in Barcelona and Paris. Its experience dates back to 1967, when it purchased Barcelona's Regina Hotel. It was not until 2000, however, with the opening of its Pulitzer Paris Hotel, that the present group was founded and began its international expansion.

Having identified a business opportunity and in line with its expansion policy, the Catalonian company decided to undertake an investment project in Buenos Aires in 2008, patterned on its successful Pulitzer Hotel in Barcelona. The venture in Argentina is REGINAHOTEL's first experience in a country outside the European Union.

The new hotel, which will be sited in Buenos Aires' Microcentro quarter, will have 13 storeys and 104 rooms. The project calls for a total investment of nearly 8 million euros and is expected to create 40 new jobs. COFIDES has granted PULITZER MAIPÚ, the investee company whose main shareholder is REGINAHOTEL, a joint venture loan for 2 million euros to finance part of the cost of building and commissioning the hotel. The loan will be drawn from both COFIDES (25 %) and FONPYME (75 %) resources.

By financing foreign investment projects undertaken by SMEs such as REGINAHOTEL, COFIDES continues to further the internationalisation of Spain's business fabric in a market such as Argentina's, where the number of Spanish companies, particularly SMEs, is growing steadily. With a gross Spanish investment volume of 164 million euros, in 2010 Argentina continued to be one of the primary targets for the country's direct investment. COFIDES, in turn, has approved 35 projects located in Argentina since its inception.

SUCCESS STORIES

AMERICA

GESTAMP WIND STEEL PERNAMBUCO, S.A. – BRAZIL - AMERICA

Sponsor:	**Gestamp Wind Steel S.L.**
Business:	**Wind turbine tower production**
Industry:	**Energy**
Product:	**Joint venture loan**
Total investment:	**25 million euros**
Drawn from:	**FIEX**

Around the world, the countries where wind energy is reaching a significant size are essentially the countries that have a stable regulatory structure favourable to investment in wind farms. While Brazil first began to take an interest in wind power in the early 1990s, it was only recently, due primarily to a lack of regulatory incentives until 2003, that a significant number of new farms started to come on stream. The enactment of the PROINFA Act (Alternative Energy Incentive Programme) by Brazil's Federal Government in that year constituted an impetus that has proven to be instrumental to the country's wind energy industry. This programme, structured around two stages, seeks to develop technologies for producing electric power from renewables.

The investment reflects the importance of the energy industry as one of the strategic mainstays for Spanish enterprise in Brazil, both in terms of the size of the investment required and the volume of business involved. In wind energy specifically, Spain has accumulated extensive know-how and cutting-edge technology, which favour the internationalisation of the country's business fabric. Moreover, Brazil is regarded by Spanish trade authorities to be a high priority market for which a Comprehensive Market Development Plan has been designed by the Secretariat of State for Foreign Trade. COFIDES, in turn, has a facility for financing investment in Brazil.

Drawing on this facility and FIEX resources, in 2010 COFIDES granted GONVARRI STEEL INDUSTRIES' Brazilian subsidiary a joint venture loan for 9.54 million euros to finance the establishment of a production plant in that country.

Located in Brazil's Pernambuco region, the new plant, with a total investment of 25 million euros, will engage in the manufacture of steel towers for wind generators. The project is expected to create over 200 direct jobs in the next 5 years. GONVARRI STEEL INDUSTRIES, through GESTAMP WIND STEEL, its renewable energies division, intends to supply Brazil's promising market, identifying the opportunities afforded by its size, the scale of the country's wind resources and the substantial rise in renewable energy-fuelled electric power production in recent years.

GONVARRI STEEL INDUSTRIES, founded over 50 years ago, is a manufacturer and supplier specialising in steel products for the automotive, construction and manufacturing industries. Its two production plants in Brazil date back to 1999. The group is also present in Portugal, Poland, Germany, Slovakia, Russia, India, Mexico and Argentina.

SUCCESS STORIES
AMERICA

TALLERES ZB S.A. – PANAMA – AMERICA

Sponsor:	**Talleres ZB S.A.**
Business:	**Aggregate processing plants**
Industry:	**Aggregate and mineral processing**
Product:	**Joint venture loan**
Total investment:	**3.15 million euros**
Drawn from:	**COFIDES / FONPYME**

After a succession of mergers and acquisitions, the formerly atomised aggregate and minerals processing industry is now virtually controlled by a handful of large multinational groups. That notwithstanding, companies such as TALLERES ZB, an independent SME with proprietary technology, continue to operate in this highly concentrated industrial environment.

TALLERES ZB was founded in 1983, initially to grind aggregate intended for construction and public works. Over time, the company has come to specialise in the design, manufacture, commissioning and operation of turnkey aggregate processing plants. TALLERES ZB defines the pillars of its corporate strategy to be the implementation of R&D programmes for its lines of business and the gradual internationalisation of its activity.

In connection with the latter objective, TALLERES ZB has landed a contract to design, manufacture, commission and operate an aggregate processing plant at Buena Vista in the Panamanian province of Colón. The total investment for the project comes to over 3 million euros and constitutes TALLERES ZB's first experience in managing and operating a plant outside Spain.

COFIDES has granted the TALLERES ZB subsidiary in Panama a joint venture loan for 300,000 euros toward the investment. The loan will be drawn from both COFIDES (25 %) and FONPYME (75 %) resources.

TALLERES ZB employs a staff of 36 in Spain, while the Panamanian project is expected to generate six direct jobs. This is the first project financed by COFIDES in Panama. Since its inception, COFIDES has committed over 33 million euros for 11 operations in Central American countries, including Costa Rica, El Salvador, Nicaragua and now Panama.

SUCCESS STORIES
ASIA

BEFESA CTA QINGDAO, S.L. - CHINA - ASIA

Sponsor:	**Befesa Agua, S.A.U.**
Business:	**Desalination plant construction and operation**
Industry:	**Water supply**
Product:	**Equity capital**
Total investment:	**134.7 million euros**
Drawn from:	**FIEX**

China, which needs to supply water for domestic use for 20 % of the world's population, has only 7 % of the planet's hydric resources. Guaranteeing potable water for all its inhabitants is, therefore, a sizeable challenge. Over half of China's 661 cities are subject to periodic restrictions in supply, and in 100 water shortages are severe. According to the World Bank, pollution in one-third of Chinese rivers has reached such levels that the water is not even apt for industrial use. Consequently, while desalination is still an emerging market in China, there is every indication that it will acquire a very large scale in the years to come. This is an area of significance for Spain, the world leader in reverse osmosis desalination.

Against this backdrop of growth and expansion and the concomitant opportunities, BEFESA AGUA, the company that leads the Spanish desalination market, has undertaken a new investment project: the construction and 25-year operation of a seawater desalination plant at Qingdao, China, under DBOO (design, build, own and operate) arrangements. The plant, with a daily capacity of 100,000 m3, will supply drinking water.

The total investment amounts to around 134.73 million euros, 30 % of which will be raised as equity and the remaining 70 % as debt. COFIDES will have a final holding of 17 % in the investee company, with a maximum commitment of 6.7 million euros, to be drawn from FIEX resources.

This is the first major seawater desalination project for human consumption in China and the first desalination plant in the world to be funded by local Chinese banks under a project finance scheme. Qingdao, the port in Shandong province where the desalination plant will be built, is one of the major cities on China's north coast. The project is strategically important for stimulating the Chinese economy overall and forms part of a Desalination Industry Plan backed by the Chinese National Development and Reform Committee.

BEFESA AGUA, an international technology firm specialising in water generation and management, develops, designs, builds and operates infrastructure for the entire water cycle. It is wholly owned by Befesa Medio Ambiente, the predominant company in Abengoa's environmental services business group. The company's 60 plus years of experience and ongoing investment in R&D+I have made it one of the world's largest companies in terms of installed or hired capacity, a privileged position from which to broach the water supply market. BEFESA AGUA is present in 16 countries. Its concessions and operation and maintenance contracts for large-scale desalination plants in Spain, Northern Africa, India and China together supply nearly eight million people with water.

SUCCESS STORIES

ASIA

Minerva
Flavours & Fragrances

MINERVA FLAVOURS AND FRAGRANCES PRIVATE LTD. – INDIA – ASIA

Sponsor:	**Soluciones Extractivas Alimentarias S.L. (SOLUTEX)**
Business:	**Essential oil and extract processing**
Industry:	**Aromas and fragrances, nutrition and pharmacy**
Product:	**Joint venture loan**
Total investment:	**1.60 million euros**
Drawn from:	**COFIDES / FONPYME**

Since its inception in March 2004, SOLUTEX has maintained its commitment to health, safety and sustainability and its strategy of offering solutions tailored to its customers' needs.

As a company specialising in extraction, concentration and purification using its proprietary FLUTOX technology, it processes natural products renowned for their quality, purity and reliability for the aroma and fragrance, nutrition and pharmacy industries. SOLUTEX divides its activity into two business units: essential oils and extracts, primarily from citric plants, and biolipids with unique functional and nutraceutical ingredients, such as EPA and DHA (omega-3 fatty acid) concentrates.

SOLUTEX has built a production facility in India to diversify its product portfolio and continue internationalising its markets. The company has founded a joint venture with its local partner, Minerva Flavours & Fragrances Private Ltd, in which the Spanish firm holds 74 % of the share capital.

The Indian plant will produce and market essential oils and extracts and afford SOLUTEX access to the wide variety of prime materials in that country, enabling it to expand its product catalogue. SOLUTEX will likewise have access to one of the world's fastest growing markets. A total investment of 1.60 million euros will be needed to attain these project objectives.

The project will have a positive impact on the local economy thanks, among others, to the creation of around 20 jobs, along with the effects of technology transfer. SOLUTEX's business is basically scientific in nature and the company obtains its products with patented green extraction technology and supercritical CO_2 chromatography.

This being an internationalisation project sponsored by a Spanish SME with a positive impact on the local economy in an emerging country, COFIDES granted a joint venture loan for 500,000 euros to Minerva Flavours & Fragrances Private Ltd. The loan draws from COFIDES (25 %) and FONPYME (75 %) resources.

Lastly, India is a priority country for Spanish trade, for which the Secretary of State for Foreign Trade has designed a Comprehensive Market Development Plan, one of whose objectives is to further Spanish investment in the sub-continent. COFIDES, in turn, has a facility for financing investment in India. By financing projects such as the endeavour undertaken by SOLUTEX in India, COFIDES contributes to internationalising Spanish SMEs in high added value industries and countries at the top of the list of Spain's commercial priorities.

SUCCESS STORIES
EUROPE

CIE MATRICON S.A., CIE PLASTY CZ S.R.O., CIE PRAGA LOUNY A.S., UAB CIE LT FORGE – ROMANIA, CZECH REP., LITHUANIA - EUROPE

Sponsor:	**CIE Automotive S.A.**
Business:	**Component and sub-assembly manufacture for the automotive industry**
Industry:	**Automobile**
Product:	**Multi-project joint venture loan**
Total investment:	**29.37 million euros**
Drawn from:	**FIEX**

The world-wide production of automobiles has followed an upward pattern throughout its history, although subject as it is to cyclical consumption, it has been characterised by periodic crises lasting from two to four years. At this time, the global automobile industry is feeling the effects of three developments: declining sales in mature markets and growth in emerging markets (such as China, Russia, Brazil, India and Eastern Europe); excess capacity; and downward pressure on margins.

Despite the difficulties in the surrounding area, the prospects for new automobile production and sales are particularly promising for regions such as Eastern Europe, with estimated yearly growth rates of 12.6 % in sales and 9.2 % in production through 2016. This is the result of the large scale investments made in the region by industry majors to reduce costs, ensure their presence in markets with high growth potential and locate in strategic geographic positions for such important markets as Germany and Russia.

These manufacturers, in turn, exerted considerable drawing power on automobile component suppliers, which began to set up production plants in the same regions to provide their customers with better service. This is the case of Grupo CIE, a Spanish automobile component manufacturer that has established production facilities in the Czech Republic, Romania and Lithuania.

Four projects for Eastern Europe received COFIDES financing in 2010 in the form of a multi-project joint venture loan worth 12 million euros. This financing, drawn from FIEX resources, is intended to modernise and expand the production capacity of the Grupo CIE plants presently operating in these countries, and more specifically for CIE MATRICON (Romania), CIE LT FORGE (Lithuania), and CIE PLASTY and CIE PRAGA LOUNY (Czech Republic). The total investment associated with these projects comes to nearly 30 million euros and is expected to create 600 local jobs.

CIE is an industrial group with over 65 plants engaging essentially in some area of the automobile industry. The group's main business is the design, manufacture and sale of automobile components and sub-assemblies for the world-wide market for supplementary automobile technology (aluminium, forged steel, metals and plastic) and a number of related processes (machining, welding, painting and assembly). The group presently has production facilities in Spain, France, Portugal, Czech Republic, Romania, Lithuania, Morocco, Mexico, Brazil and China.

COFIDES has financed several projects undertaken by Grupo CIE in connection with its international expansion strategy. In 2004, drawing on FIEX resources, COFIDES granted the group a 9 million-euro joint venture loan for the company's Mexican subsidiary, CIE Celaya. Also in 2004, the group received a 3-million euro loan to expand it business in the Czech Republic. With its support for Grupo CIE, COFIDES reiterates its commitment to the automobile industry, an area with high strategic value for the country's economic interests.

DIVESTMENT:

A SIGN OF MATURITY IN SPANISH CORPORATE INTERNATIONALISATION

CASE STUDY OF BAKWENA PLATINUM CORRIDOR, SOUTH AFRICA

Spanish companies' investment abroad has become one of the most significant characteristics of Spain's economy in the last 20 years, contributing to position Spain as a prominent actor on the worldwide business stage.

The fact that a substantial number of Spanish multinationals are presently prominent in Latin America is the result of a first wave of investment outflows initiated by the country's private sector. That first wave, which arose in the early nineteen nineties, was followed by others targeting Europe and, more recently, the United States. Similarly, although more hesitantly, Spanish enterprise and primarily Spanish manufacturers have begun to disembark in Asia, in particular in China and India. These trends in the country's foreign investment have moved in parallel with and, to a greater or lesser extent, been driven by, the globalisation of the world economy, a process in which market liberalisation and de-regulation, along with the privatisation of companies, infrastructures and public services, have played a key role.

In the context of the recent international financial crisis, Spanish companies have not been immune to the collapse of foreign direct investment. The consecutive declines in net Spanish investment outflows in 2008 and 2009 were reversed in 2010, when the total figure turned upward, reaching 24.1 billion euros. In this regard, divestiture has played a significant role. From December 2009 to June 2010, divestments exceeded investment in most months. As a result, Spain's net investment outflows in those seven months were negative. Beginning in July of the target year, however, divestiture declined significantly, and net foreign investment figures rose to nearly pre-crisis levels.

The divestment process should not be regarded, *prima facie,* to be a defensive strategy or a measure for mere survival of Spanish parent companies. During financial downturns, what are commonly known as tactical or strategic divestments have contributed to many companies' debt restructuring. The revenues obtained from sales of assets, shareholdings and other rights deriving from foreign investment positions have constituted a source of essential additional financing for many companies. Such revenues may be earmarked to reduce indebtedness, raise shareholder equity or avoid undesired rights issues. In any event, revenues from divestiture improve parent company ra-

tios, facilitate compliance with previously formalised financial covenants and, in many cases, lead to the culmination of complex debt rescheduling processes.

The divestment revenues have enabled Spanish companies to re-steer their investment strategies into lines of business that generate greater flows and diversify foreign investment positions, opting for potentially more profitable projects or faster growing markets.

It is no less true, however, that divestment revenues, often with capital gains, have enabled Spanish companies to re-steer their investment strategies into lines of business that generate greater flows and diversify foreign investment positions, opting for potentially more profitable projects or faster growing markets.

Moreover, on many an occasion, divestiture forms part of an exit process programmed from the outset to take place at the end of the life of the investment.

Over 45 % of COFIDES' financing adopts the form of temporary holdings in foreign companies' share capital. Divestiture materialises when the predefined life of the holding lapses and after the company has contributed to project launch by providing its investees with financial, shareholder and institutional stability. Such investment recovery enables COFIDES to maintain its investment capacity over time and continue to offer service to a growing number of businesses.

COFIDES is a financial institution managed under private sector criteria. The viability and profitability of the projects financed ensure the company's own sustainability.

DIVESTMENT OF THE FIEX HOLDING IN THE BAKWENA PLATINUM CORRIDOR CONSORTIUM IN SOUTH AFRICA

In October 2010 COFIDES divested FIEX's holding in the BAKWENA PLATINUM CORRIDOR consortium in South Africa. The 16.64-million euro investment, which dated from 2001, grossed a cumulative 88.45 million euros, the sum of the dividends paid during the life of the holding and the sale of the FIEX shares.

In 2000, the BAKWENA PLATINUM CORRIDOR consortium, headed by Grupo ACS, was awarded a 30-year BOT concession to design, build, finance, operate and maintain the Platinum toll motorway in South Africa, which was tendered by the South African National Roads Agency as part of its road privatisation programme.

In addition to the consortium leader, Grupo ACS, the concessionaire's shareholders include local motorway companies and financial partners representing South African social groups.

The buyer of the Grupo ACS and FIEX shares is a consortium of institutional investors specialising in Africa, whose members include fund managers such as Macquarie (South African Infrastructure Fund and Kagiso Infrastructure Empowerment Fund), the African Infrastructure Investment Fund and Africa Finance Corporation.

The PLATINUM TOLL HIGHWAY project consists of a 95-km stretch on National Road 1 from Pretoria to Warmbaths, plus a 290-km stretch on National Road 4 from Pretoria to the Botswana border. It forms part of a transcontinental corridor that runs across Mozambique, South Africa, Botswana and Namibia. The concession entailed laying 70 new kilometres on two stretches added to N4, plus the improvement of existing roads. The respective agreement also covers exclusive motorway operation and maintenance for 30 years, as well as rehabilitation, improvement and enlargement works. The motorway has been fully operational since construction was completed in December 2004.

In addition to the consortium leader, Grupo ACS, the concessionaire's shareholders include local motorway companies (Murray & Roberts, Tolcon, Concor Holdings, WBHO Construction, Keeve Steyn and Stewart Scott) and financial partners representing South African social groups (Real Africa Holdings and Royal Bafokeng Nation).

For Grupo ACS, FIEX's participation in this operation was of cardinal strategic importance. By magnifying its investment capacity, the Spanish company was able to lead the project hand-in-hand with a financial partner who temporarily put up

25 % of the equity, subject to an exit agreement and a "hands-off" policy in respect of everyday project management.

Moreover, inasmuch as FIEX is a State-controlled fund, its investment in this project reflected Spain's commitment to South Africa and a firm endorsement for that country at a particularly sensitive time, shortly after the end of apartheid, when the economic and financial situation was ridden with uncertainty and Black Economic Empowerment-based politics heralded a future difficult to predict. This investment contributed substantially to both the privatisation plan designed by South Africa and the country's economic and political consolidation, generating confidence that would prepare the ground for future Spanish investment.

> ***The project has had a significant, and positive, impact on social and economic development for the individuals, communities and companies in its sphere of influence.***

In addition, the project has had a significant, and positive, impact on social and economic development for the individuals, communities and companies in its sphere of influence. These beneficial effects have stemmed not only directly from the project per se, but also indirectly as a result of the exponential effect of the investment on the local community.

Motorway construction and subsequent operation and maintenance have led to the creation of over 1,000 new direct jobs. Local communities, in turn, through consortium shareholders Real Africa Holdings and Royal Bafokeng Nation, which focus their investments primarily on disadvantaged areas, have attained access to the management of large-scale infrastructures and the new wealth they generate.

By subcontracting services from SMEs and microenterprises owned by disadvantaged people, the project also had a beneficial effect on local economic development. At each stage of the project, a certain percentage of the work was outsourced to this kind of companies. Similarly, during the early years of the concession, a development fund was provisioned with the aim, among others, of lending to microenterprises and disadvantaged individuals. The motorway has also furthered the regional economy, particularly in areas such as tourism, agriculture, mining and manufacturing, in all of which the local communities' initiatives have played an important role.

FIEX's participation in the BAKWENA project enabled COFIDES to achieve the dual goal for which it was founded, furthering the internationalisation of Spanish enterprise and its economy on the one hand and contributing to the development of target countries' economies on the other.

MANAGEMENT REPORT 2010

1. ECONOMIC ENVIRONMENT

In 2010 the world economy began its gradual recovery from the international financial crisis. World GDP grew by 3.9 % in those twelve months, according to World Bank estimates, with developing countries accounting for nearly half the total. Worldwide foreign direct investment (FDI) flows, in turn, were similar to the 2009 figures. Further to UNCTAD estimates, FDI flows were up by around 1 % with respect to the preceding year.

Higher earnings from foreign subsidiaries, particularly businesses located in developing countries, generated an increase in the volume of reinvested profits. Transnational mergers and acquisitions, in turn, grew by 37 % in 2010. Greenfield projects, by contrast, declined both in number and investment volume, although their total value continued to be higher than the mergers and acquisitions total.

FDI flows toward developed countries were down by 7 % in 2010, while investment hosted by transition economies and developing countries saw growth rates of around 10 % and accounted for over 50 % of total world FDI flows.

> ***FDI flows toward transition economies and developing countries saw growth rates of around 10 % and accounted for over 50 % of total world FDI flows.***

FDI inflows into the United States grew by over 40 %, while in the European Union and Japan incoming investment declined by 20 % and 83 %, respectively. By whole regions, Latin America and the Caribbean (+21,1 %), along with Southeast Asia (+17,8 %) were the two with the highest rises in incoming FDI. Growth in these regions can be attributed essentially to the heavy inflows into countries such as Mexico (+53 %), Peru (+45 %), Chile (+44 %), Malaysia (+409 %), Indonesia (+163 %) and Singapore (+123 %). Negative growth was recorded in Western Asia (-16,2 %) and Africa (-14,4 %). In Africa, the increase in FDI inflows from Asia and Latin America was insufficient to offset the lower levels of FDI outflows from developed countries.

Spanish GDP declined by 0.1 % overall in 2010, following a significant slide in 2009 (-3.7 %). According to the Bank of Spain, the downturn in production in 2010 was the result of the decline in domestic demand (–1.2 %), which was nonetheless much smaller than observed in 2009 (–6 %). This was attributed to the more favourable behaviour of both household consumption and corporate investment, which showed positive growth on average throughout the year.

Spain's net investment outflows came to approximately 24.1 billion euros, i.e., levels close to the figures observed in 2008 after the steep decline recorded in 2009. The Netherlands, United Kingdom, United States, Mexico and China headed the list of countries hosting Spanish FDI. The Netherlands and China were the two hosts where percentage growth was highest. The industries where the volume of foreign direct investment was largest were financial services and telecommunications.

2. FINANCIAL SITUATION ON 31/12/2010

At 15.9 million euros, before-tax earnings were up by 364.7 % in 2010 compared to the preceding year, while the EBITDA, including equity instrument management, came to 18.342 million euros, a 167.1 % rise over 2009.

The company's total revenues climbed by 81.3 % over the year prior, to a total of 25.526 million euros.

While revenues grew, operating expenses were down by 1 % in 2010.

In the last 5 years, revenues have grown by 30 % on average, while expenses have risen 5.5 %.

Further to the policy in place for several years now, caution was prioritised in 2010 and corrective evaluations were applied to each operation depending on the specific risk involved. The value adjustments booked as a result of that policy came to 2.019 million euros, while the year-end default rate was 14.1 % of the total portfolio.

In conclusion, 2010 was an exceptional year for the company in terms of results and the fortitude of its liquidity and solvency rates, despite the underlying macroeconomic and financial environment.

At 15.9 million euros, before-tax earnings were up by 364.7 % in 2010 compared to the preceding year, while the EBITDA, including equity instrument management, came to 18.342 million euros, a 167.1 % rise over 2009.

3. PROJECT FINANCING

For COFIDES, 2010 was a historic year in terms of the value of annual formalisations, which totalled 141.09 million euros. At 164.83 million euros, approvals also reached very high levels, although they failed to exceed the volume approved in 2009.

3.1. Approvals

A total of 34 projects were approved in 2010, for an overall commitment of 164.83 million euros, compared to the 202.81 million-euro commitment recorded the year before.

Financial support drawn from COFIDES' own resources was approved for a total of 15 projects in 12 countries, with an overall commitment of 9.96 million euros.

Eight of these projects, located in seven countries, will be co-financed by the Fund for Small and Medium-sized Enterprise Foreign Investment Operations (FONPYME), for an additional 6.24 million euros. Two further FONPYME projects, for which COFIDES co-financing was not provided, were approved for an additional 1.15 million euros, bringing the total volume of commitments drawn from FONPYME resources to 7.39 million euros, up 40 % from 2009.

The Fund for Foreign Investment's (FIEX) Executive Committee, in turn, approved 18 new projects worth 147.49 million euros, spread across 13 countries. A further 15 project profiles, valued at 101.99 million euros, were also approved by the FIEX Executive Committee in 2010.

COFIDES/FIEX commitment to European Financing Partners (EFP), an investment financing scheme for ACP countries, was renewed during the EFP's fourth round, held in December of that year. COFIDES committed a further 5 million euros in the new round, to be drawn from FIEX resources. In addition to that commitment, a total of 3.76 million euros was approved for two EFP operations, each in a different country, to be charged to FIEX resources.

Latin America, with 65 % of the total resources committed, continued to host the largest share of the investment projects approved by COFIDES. The remaining targets were Asia (9 %), Central and Eastern Europe (9 %), North America, defined as the U.S.A. and Canada (5 %), Africa (3 %), Western Europe (3 %) and the Middle East (1 %). Regional commitments (ICCF and EFP) accounted for 6 % of the resources approved in 2010.

By volume of commitment, Brazil (18 %), Peru (15 %), Mexico (11 %), Ecuador (9 %), China (9 %) and Chile (9 %) were the main targets for COFIDES approvals, while by number of operations China and Mexico headed the list with four each, followed by Brazil and Morocco with three and Chile, Romania, and Czech Republic with two.

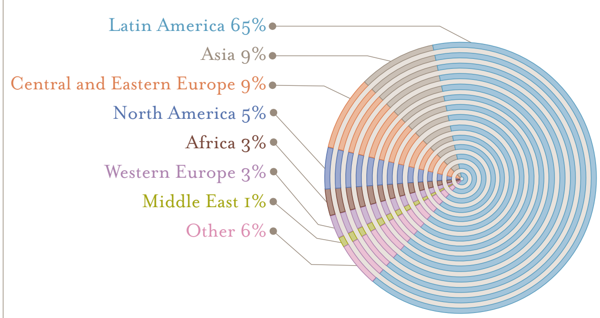
> ***The projects approved in 2010 entail a 1.975 billion-euro total investment and are expected to generate nearly 5,000 direct jobs.***

Investment was spread over a wide range of industries. The top target was the automobile industry, with eight COFIDES-supported projects. It was followed by the agrifood industry with five projects, chemicals and pharmaceuticals with four and transport infrastructure with three. In addition, projects were approved in 2010 covering areas such as water supply, environment, energy, capital goods, financial services, construction materials, hostelry, wood products, metal working and trade.

By investment volume, the most prominent host industries were transport infrastructure (accounting for 33 % of the total commitment), automobile (23 %), agrifood (19 %), financial services (6 %), construction materials (5 %), water supply (4 %), environment (3 %) and chemicals and pharmaceuticals (2 %).

Finally, these projects had an exponential effect on host country economies: the projects approved in 2010 entail a 1.975 billion-euro total investment and are expected to generate nearly 5,000 direct jobs. Furthermore, such projects will contribute significantly to host country development and strengthen both their economies and local capacities.

> GEOGRAPHIC DISTRIBUTION OF THE RESOURCES APPROVED IN 2010

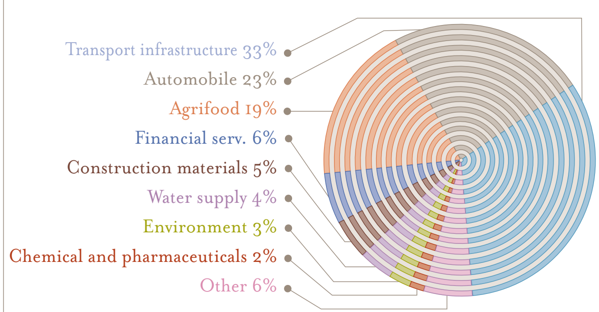


3.2. Formalisations

A total of 27 projects were formalised in 2010 for a volume of 141.09 million euros, compared to the 139.87 million-euro commitment for the 17 operations formalised in 2009.

Nine of these operations, for 4.14 million euros, drew from COFIDES own re-

> DISTRIBUTION BY INDUSTRY OF THE RESOURCES APPROVED IN 2010



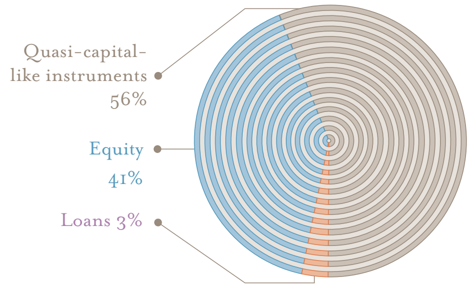
sources, six of which in conjunction with FONPYME for a commitment of 4.61 million euros. In addition, one 250,000-euro project drew exclusively from FONPYME. The 17 operations formalised with FIEX assets amounted to a total of 132.09 million euros.

Three operations were formalised under the European Financing Partners (EFP) scheme for a sum of 4.52 million euros, drawn from FIEX resources. In addition, the EFP IV Master Investment Agreement was formalised in the target year. This agreement initiated the fourth phase of cooperation among the institutions participating in the scheme.

Latin America, with 62 % of the resources committed, was the main geographic target for the COFIDES-funded projects formalised in 2010. The remaining targets were Asia (11 %), Central and Eastern Europe (8 %), Africa (7 %), North America, defined as the U.S.A. and Canada (6 %), and Western Europe (3 %). Regional financing, i.e., ICCF and EFP, accounted for 3 %.

Ninety seven per cent of the funds invested in the operations formalised in 2010 adopted the form of equity capital or quasi capital-like instruments, in line with COFIDES' mission to offer support through financial products that supplement standard market instruments.

> DISTRIBUTION OF VOLUME OF RESOURCES FORMALISED IN 2010 BY FINANCIAL PRODUCT



3.3. Outlays

The total outlays for operations managed by COFIDES in 2010 came to 155.35 million euros.

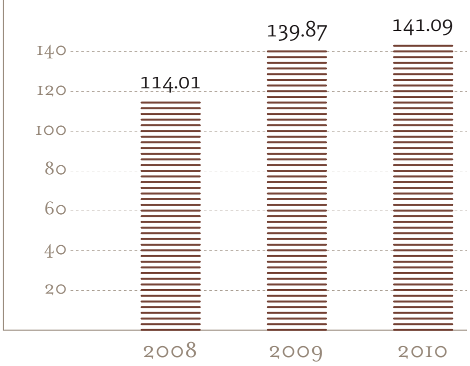
Part of that sum, 3.16 million euros, was drawn from COFIDES's own resources, while 5.80 million were provided by FONPYME and the remaining 146.39 million euros by FIEX.

The figures on projects approved, operations formalised and outlays in 2010 are compared to the numbers for the two preceding years in the table below:

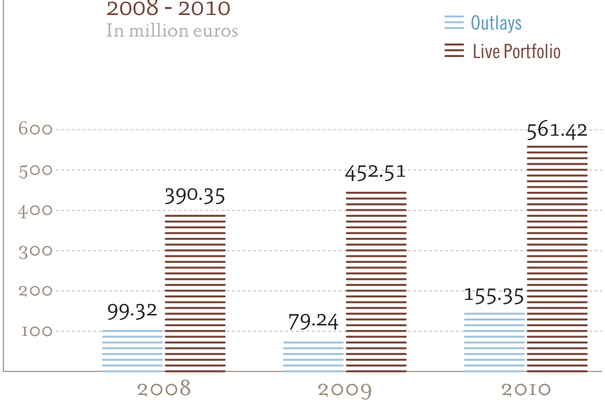
(In million euros)

	2008	2009	2010
> OUTLAYS	99.32	79.24	155.35
> FORMALISATIONS	114.01	139.87	141.09
> APPROVALS	132.16	202.81	164.83
> LIVE PORTFOLIO	390.35	452.51	561.42

> VOLUME OF RESOURCES FORMALISED 2008 - 2010
In million euros



> OUTLAYS AND LIVE PORTFOLIO UNDER MANAGEMENT 2008 - 2010
In million euros



3.4. Portfolio

The investment portfolio managed by COFIDES contains all the financial commitments formalised by COFIDES, FIEX and FONPYME, including sums committed but not yet laid out, net of repayments. Further to this criterion, on 31 December 2010 the investments managed by the company were worth 625.56 million euros, spread across 139 projects in 41 countries.

The live portfolio, in turn, which reflects the balance of the amounts actually laid out for formalized operations net of the sums repaid, amounted to 561.42 million euros on 31 December 2010, up by 24 % on 2009.

4. OPERATING CAPACITY

By year-end 2010, COFIDES' overall operating capacity had climbed to 1.0 billion euros.

4.1. FIEX and FONPYME

After adoption of the National Budget, the cumulative allocations to the FIEX and FONPYME funds on 31 December 2010 amounted to 768.19 million euros. Of this sum, 723.11 million euros were allotted to FIEX and the remaining 45.08 million to FONPYME.

FIEX continued to be a vehicle highly esteemed by Spanish companies undergoing internationalisation, and continued to commit significant sums in 2010. In that year the fund committed resources for projects in countries such as Brazil, Peru, Mexico, Ecuador, Chile, China, U.S.A. Romania, Czech Republic, Lithuania and Germany. By year-end, thanks partly to divestment and re-investment arrangements, 822.97 million euros had been drawn from the Fund to cover the needs of 93 operations, 71 of which were still in its portfolio on that date.

The live portfolio amounted to 561.42 million euros on 31 December 2010, up by 24 % on 2009.

The volume of FONPYME resources committed in 2010, in turn, came to 7.39 million euros. Seven operations were formalised during the year for a total of 4.86 million euros, to be drawn from this Fund. For FONPYME, 2010 was a historic year, in which approval and formalisation volumes reached new records. By year-end, 44 operations totalling 25.46 million euros had been drawn from the Fund; 30 of these projects were still in its portfolio on that date.

4.2. ICO lines

A Master Agreement on General Financing Conditions for "ICO Lines 2010" was concluded on 11 January 2010 between Spain's Official Credit Institute (ICO) and COFIDES. The latter, in turn, adhered to the "Specific Conditions" for the "ICO International Investment 2010" line of financing on 1 March 2010. This line was in place through the end of the year.

On 23 July 2010, the Official Credit Institute (ICO) and COFIDES concluded a Multi-currency Financing Agreement with a four million-euro ceiling. The draw period for this facility will expire on 22 July 2011.

4.3. Multilateral and bilateral resources

4.3.1. Multilateral Investment Fund (FOMIN)

Three of the operations in COFIDES's portfolio at year-end 2010 were financed with resources drawn from the Multilateral Investment Fund (FOMIN) line for investments in small companies located in Latin America and the Caribbean.

4.3.2. European Development Finance Institutions (EDFI)

Under the Master Investment Agreement formalised in Paris, France in December 2010, the European Financing Partners (EFP) scheme obtained an additional 230 million euros with which to conduct its business. By virtue of this agreement, COFIDES committed to a 5-million euro contribution, drawn from FIEX. On 31 December 2010 this financing scheme, funded by the European Investment Bank (EIB) in conjunction with bilateral European Development Finance Institutions (COFIDES and its counterparts) to finance investments in ACP countries, had a total commitment of 388.69 million euros spread across 28 projects located in 14 countries. COFIDES' and FIEX's year-end 2010 participation translated into a commitment of 23.96 million euros for 20 projects located in 13 countries, all of which are located in Sub-Saharan Africa.

In December 2010, COFIDES approved its participation in the Interact Climate Change Facility (ICCF). ICCF is the new investment facility crated by the French Development Agency (AFD), the European Investment Bank and the association of bilateral European Development Finance Institutions (EDFI). ICCF will finance viable private investment projects that contribute to mitigating climate change and furthering energy efficiency in countries hosting official development assistance. COFIDES' approved participation will entail a total contribution of five million euros, half of which to be drawn from FIEX and half from its own funds.

Lastly, as a member of EDFI, in 2010 COFIDES participated in the following working groups with a view to harmonising member institutions' practices and facilitate the joint financing of operations: Communication Strategy, Technical Assistance, ICCF, EFP, Development Impact, Environmental and Social Standards, Risk Rating, Corporate Governance, Interact Working Lawyers. The last group listed met in Madrid, with COFIDES as host.

5. COMMERCIAL ACTION

5.1. Commercial activity

The Commercial Action Plan for 2010 was clearly geared to SMEs with the explicit purpose of expanding the COFIDES and FONPYME portfolios. In pursuit of that aim, the optimisation of the time devoted to preliminary project analysis became a priority to streamline the selection of operations to be studied by COFIDES while rendering the process more rigorous. For SMEs, the optimisation of preliminary project analysis times is of particular importance because the characteristics of these projects call for a much more flexible and streamlined approach.

The Commercial Action Plan for 2010 was clearly geared to SMEs with the explicit purpose of expanding the COFIDES and FONPYME portfolios.

The company's key strategic lines in 2010 were: (i) continuation and expansion of company business adaptation and flexibility measures undertaken in previous years; and (ii) empowerment of its activity as a fund manager for private sector development in less advanced countries. To this end, the company contacted a variety of institutions to offer its foreign investment management skills for projects geared to internationalisation or development.

In connection with the first strategic line, the launch of FONPYME+ was approved in the first half of the year, under which financing for projects in developing countries can be drawn exclusively from FONPYME. The so-called programmes for Special Investments or Investment in Projects with High Potential were approved in the second half. Under these arrangements, most of the financing costs are variable, depending on project success. In addition, a review of the company's operating criteria carried out during the year led to a series of adaptations to the requirements to be met to qualify for access to financing. The most consequential of these adaptations related to the ceilings on COFIDES and fund financing as well as on joint COFIDES and FIEX financing. Under the latter measure, in co-financed operations, COFIDES can now allocate 30 million euros to one and the same project, up from the former 25 million-euro ceiling.

In line with the campaign to bring COFIDES' financial offering to the attention of Spanish SMEs, 63 % of the interviews held under the commercial calls scheme for 2010 involved companies in that category.

In another vein, collaboration with regional and sectoral entities was intensified, with the conclusion of partnering agreements with bodies such as the Institute for the Economic Development of the Principality of Asturias (IDEPA), the Institute for the Promotion of Castile-La Mancha Abroad (IPEX) and the Multi-sectoral Business Association (AMEC). In this regard, a new form of cooperation with regional bodies was instituted: working breakfasts followed by interviews with individual companies.

In 2010, in addition to other initiatives, COFIDES launched new instruments to finance investments in three industries, electronics and information and communication technologies (FINTEC), renewable energies (FINER) and infrastructure concession (FINCONCES).

Another milestone was the creation of a facility for investment in the United States, regarded by Spanish trade authorities to be a priority market. The initial allocation to the facility for investment in that country came to 100 million euros.

5.2. Promotional activities

In 2010, COFIDES attempted to consolidate its role as the benchmark financier for projects furthering the internationalisation of Spanish enterprise, thereby strengthening the company's corporate image.

Consequently, in addition to holding the third edition of the Seminar on Private Sector Financing in Developing Countries (item 5.3.), measures were taken in COFIDES to implement a suitable communication policy. A Communication Plan was approved for institution in 2011. The company also continued to seek ongoing improvement in 2010 and updated its corporate website, as well as the digitised versions of all its corporate leaflets. Four new brochures were published and circulated on both hard copy and electronic media.

COFIDES participated actively in events directly related to the furtherance of investment in different geographic areas and industries. In this regard company representatives both in Spain and abroad attended investment and business cooperation fora organised by a number of institutions, in particular ICEX, in cities such as Tel Aviv, Israel; El Cairo, Egypt; Seoul, South Korea; Moscow, Russia; Muscat, Oman; and Lima, Peru. COFIDES also participated actively in industrial fairs and congresses such as Intergune at San Sebastián, the ASCRI General and Eleventh Council Meetings and Genera 2010 in Madrid.

5.3. Other action

Third edition of the Seminar on Private Sector Financing in Developing Countries

COFIDES, the Barcelona Chamber of Commerce and Banco de Sabadell organised the third edition of the Seminar on Private Sector Financing in Developing Countries.

Held in November 2010 in Barcelona, this third edition provided the opportunity to continue to reflect on subjects such as the role of enterprise and private initiative in emerging country development, existing financial constraints, and the action to be taken to enable development finance banks and institutions to serve as vehicles for financing profitable as well as socially and environmentally sustainable projects.

Mr Alfredo Bonet, Secretary of State for Foreign Trade, opened the round of panels with an address on the future of private sector financing in developing countries. Mr Bonet stressed the importance of the private sector's role in economic and social structures, as a stimulus for economic activity, employment, new business opportunities and as a source of the tax revenues that are so essential to the welfare state.

The seminar was opened and adjourned by the three co-organisers, with the participation of Ms Remedios Romeo (COFIDES Chairwoman), Mr Miquel Valls (President of the Barcelona Chamber of Commerce) and Mr Jaume Guardiola (Banco de Sabadell CEO).

Bilateral and multilateral development finance institution representatives, Messrs Nanno Kleiterp (FMO – Dutch development finance company), Gonzalo de Castro (CAF – the Andean development corporation) and Carlos San Basilio (COFIDES), reviewed the role of these institutions as instruments for driving private sector financing in developing countries by supporting private companies that invest in profitable and socially and environmentally sustainable projects.

In addition to the above, Messrs José Moisés Martín (AECID - Spanish International Cooperation for Development Agency) and Ricardo Martínez (Casa África – Spanish State-supported centre for relations with Africa) described the experience acquired by their respective institutions in the area of international development cooperation geared to the struggle against poverty and to sustainable human development in socially and economically less advantaged countries.

Academic experts in international financing (Messrs. José Antonio Alonso and Antonio Argandoña) addressed private sector development in emerging countries and corporate responsibility and its implications for private enterprise.

The seminar included a panel devoted entirely to the strategic vision and experience of internationalised companies, whose members represented Hilaturas Miel (Mr Jorge Pascual), Relats (Mr Pere Relats), Pescanova (Mr Antonio Táboas) and Fundación Empresa y Crecimiento (Mr Juan José Zaballa). The panel members described their companies' strategic outlook on internationalisation and their experience in obtaining financing to locate in developing countries.

total of 80 reports were drawn up for new operations in 2010 to justify outlays amounting to 155.3 million euros. The time needed to formulate these reports was shortened thanks to closer coordination with the COFIDES areas involved in operation analysis and formalisation.

In 2010, priority continued to be given to operations experiencing difficulties; 17 proposals for rescheduling were approved, along with 15 flexibility measures, for a total value of 71.6 million euros. Risk was re-

6. BRANCH OFFICES

The activity conducted in the Catalonian and Mexican offices is linked to the company's various areas and therefore to the different stages of the project cycle. Hence, these offices assume not only commercial responsibilities, but also undertake advisory and institutional tasks and provide support for project analysis and monitoring. In addition to their intensive proactive commercial initiatives, which materialised as approximately 150 visits to potential client companies, the foreign branches also provided follow-up support in connection with the company's portfolio.

7. PROJECT MONITORING

In 2010, the Project Monitoring area continued to actively manage all the risks inherent in the funds under COFIDES management.

All the operations in the company portfolio were the object of significant action. Assessments were conducted on 90 % of the total risk managed in the combined FIEX-FONPYME-COFIDES portfolio. A

duced in this type of operations by recovering funds or raising collateral; or the financial conditions governing the operations were adapted to the new risk circumstances.

Equity operations continued to be the object of exhaustive monitoring, with two substantial divestitures in the transport infrastructure industry, one in South Africa and the other in Mexico.

Finally, 2010 witnessed ongoing improvement in internal control tools and monitoring-related communication, while the project monitoring and operation liquidation analysis areas were reinforced.

8. CREDIT RATING

On 22 March 2010 Standard and Poor's, a credit risk rating agency, awarded COFIDES the same rating as in previous years, namely A+/Stable/A-1. The classification of long-term debt (A+) was maintained in the investment category, while short-term debt was rated at level A-1. While at the time the report was emitted and further to the methodology in place, the prospects for these classifications was stable, subsequently, as a result of the reclassification of Spanish sovereign debt from AA+ to AA, they were downgraded to negative. Consequently, this rating launches a signal to customers in particular and financial markets in general to the effect that COFIDES is a solvent and financially sound institution, whose position was strengthened even further in financial year 2010.

S&P stressed the growing importance of COFIDES' activity as a manager of State funds.

In its 2010 report, S&P stressed the growing importance of COFIDES' activity as a manager of State funds and emphasised the improvements made in recent years in its credit risk management culture as well as the reinforcement of its preventive asset assessment policy.

S&P also underscored COFIDES' growing profitability and enhanced efficiency in the use of its resources despite the implementation of the aforementioned asset assessment policy and the unfavourable low interest rate environment. The agency also found the company's capitalisation to be very sound and to constitute a guarantee of ongoing solvency.

SUSTAINABLE OPERATION MANAGEMENT

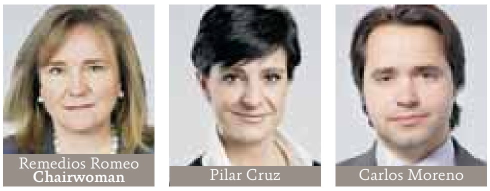
COFIDES' commitment to corporate social responsibility materialised with the publication of its first Yearly Sustainability Report, which addressed the main management policies implemented by the company to ensure sustainable activity.

The main actions stemming from these policies included the environmental and social analysis of all the projects awarded COFIDES financing, systematic monitoring of the environmental and social aspects of the portfolio projects, and the implementation in 2010 of the new revised version of the Operation Impact Rating (RIO). This tool evaluates each operation's external impact on the host country and internal impact on the COFIDES mandate.

Moreover, as a member of the Executive Committee of Spain's Global Compact network, COFIDES participated in network management and representation. In 2010, COFIDES participated in the working group created by Spain's Global Compact network to formulate the first practical Guide to combat corruption.

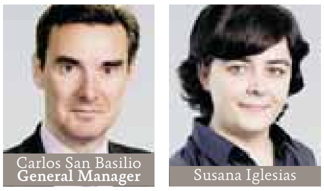
All the information on the corporate social responsibility policies and actions implemented by the company are addressed in its Sustainability Report 2010.

CHAIRMANSHIP



Remedios Romeo, Chairwoman · Pilar Cruz · Carlos Moreno

GENERAL MANAGEMENT



Carlos San Basilio, General Manager · Susana Iglesias

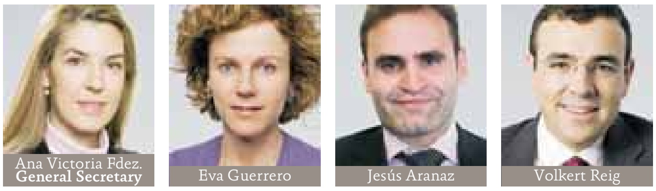
STRATEGY AND BUSINESS DEVELOPMENT
BRANCH OFFICES

Fernando Aceña, Deputy Director · Cristina Mena · Jone Ordeñana · Nuria Calleja · Silvia Rodado · Teresa Madrigal

CORPORATE SOCIAL DEVELOPMENT
QUALITY AND SUSTAINABLE DEVELOPMENT / HH.RR. & GENERAL SERVICES / INFORMATION TECHNOLOGY

Regina Pálla, Deputy Director · Alfonso Sánchez · Belén de la Fuente · Cristina Rodríguez · Daniel Martínez · José Luis Viana

GENERAL COUNSEL



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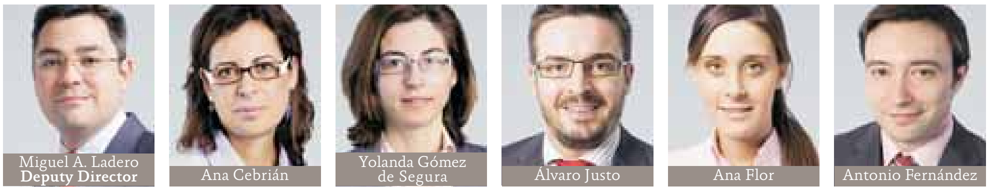
INVESTMENT DEPARTMENT

Consuelo Díaz, Director · Marisol García

ANALYSIS AND LEGAL



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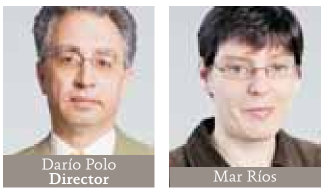

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Design:
Manululu
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Photographs:
COFIDES photographic archive:
Photographer: Luis Marino Cigüenza: pages 5, 7, 10, 11, 32, 37 and 41.
Photographer: Gabriel Cazado Hodara: pages 38, 39 and 40.
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Soluciones Extractivas Alimentarias S.L.: page 26.
CIE Automotive S.A.: page 27.
Grupo ACS: page 29 and 30.

Edition date:
May 2011

Printed by:
Apel Gráfica

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FINANCIAL STATEMENTS

2010

Compañía Española
de Financiación
del Desarrollo,
COFIDES, S.A.

COFIDES

FINANCIAL STATEMENTS

(31 December 2010)

AUDITOR'S LETTER

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KPMG Auditores S.L.
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

Auditor's Report on Financial Statements

To the shareholders of
Compañía Española de Financiación del Desarrollo, COFIDES, S.A.

We have audited the financial statements of COFIDES, S.A. (the Company), comprising the balance sheet as of 31 December 2010, the income statement, the statement of changes in equity, the cash flow statement and the notes to the financial statements for the year then ended. Preparation of these financial statements is the responsibility of the Company's directors, further to the legislation on financial information applicable to the institution (listed in Note 2 in the attached notes to the financial statements) and in particular to the accounting principles and criteria laid down therein. Our responsibility is to express an opinion on the aforementioned financial statements taken as a whole based on our audit work; such work is performed in accordance with the legislation governing accounts auditing in effect in Spain, which requires the examination, by means of selective tests, of the documentation supporting the financial statements and the evaluation of whether their presentation, as well as the accounting principles and criteria used and the estimates made, conform to the applicable legislative framework on financial information.

In our opinion, the attached financial statements for financial year 2010 provide, in all material respects, a true and fair view of the net worth and financial position of Compañía Española de Financiación del Desarrollo, Cofides, S.A. as of 31 December 2010 and of the results of its operations and its cash flow in the year then ended, pursuant to the applicable legislative framework on financial information and in particular the accounting principles and criteria contained therein.

The accompanying management report for 2010 contains the explanations deemed to be relevant by the Company's directors about its situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked the accounting information in the management report for consistency with the data contained in the financial statements for 2010. Our work as auditors was confined to reviewing the management report within the scope defined, and did not include verification of any information other than that drawn from the Company's accounting records.

KPMG Auditores, S.L.

Antonio Gómez-Jareño de la Plaza

30 March 2011

SPANISH INSTITUTE OF
CHARTERED ACCOUNTANTS
Member in good standing
KPMG AUDITORES S.L.
Year 2011 No. 01/11/02283
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****
This report is subject to all applicable
fees laid down in
Act 44/2002 of 22 November.

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO,
COFIDES, S.A.

Balance Sheet

31 December 2010 and 2009

(in thousand euros)

ASSETS	Note	2010	2009
NON-CURRENT ASSETS		20,649	28,384
Intangible assets	5		
Patents, licences, trademarks and others		-	-
Software		161	411
Advances on software		311	49
Non-current tangible assets	6		
Other facilities		50	69
Furnishings		36	48
Computer hardware		75	98
Advances on tangible assets		24	-
Property investments	7	-	267
Long-term financial investments			
Equity instruments	10	78	948
Loans to third parties	11.2	19,829	26,408
Other financial assets	11.1	85	86
CURRENT ASSETS		51,390	33,583
Trade and other receivables	11.3	7,355	5,695
Short-term financial investments			
Loans to third parties	11.1	5,388	5,793
Other financial assets	11.1	24,740	-
Short-term accrual accounts		69	55
Cash and Cash Equivalents	12	13,838	22,040
TOTAL ASSETS		**72,039**	**61,967**

///> EQUITY AND LIABILITIES	Note	2010	2009
EQUITY	13	65,428	54,841
Share capital		39,396	39,396
Reserves			
Legal reserve		1,581	1,405
Other reserves		13,864	12,285
Profit for the year		10,587	1,755
NON-CURRENT LIABILITIES		2,335	2,949
Long-term receivables	14 and 15.1	2,279	2,925
Deferred taxes	17	56	24
CURRENT LIABILITIES		4,276	4,177
Bank borrowings	14 and 15.1	945	1,500
Other debts	14	-	99
Trade accounts payable	14 and 15.2	422	825
Other payables	14	2,430	925
Short-term accrual accounts	16	479	828
///> TOTAL EQUITY AND LIABILITIES		72,039	61,967

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO,
COFIDES, S.A.

Income Statements

for the financial years ending on 31 December 2010 and 2009

(in thousand euros)

ONGOING OPERATIONS	Note	2010	2009
Other operating revenues			
Ordinary and ancillary management revenues	19.1	24,368	12,565
Personnel expenses	19.2	(3,993)	(3,907)
Other operating expenses			
External services	19.3	(3,143)	(3,282)
Taxes		(48)	(25)
Loss, impairment and variation in provisions for trade operations	11.3	(3,347)	(681)
Amortisation and depreciation of non-current assets	5, 6 and 7	(327)	(318)
Impairment losses and losses on disposal of non-current assets		(2)	-
Other results		-	(28)
OPERATING EARNINGS OR LOSS		13,508	4,324
Financial revenues			
Returns on loans	11.1	809	1,389
Excess cash management	12	354	127
Financial expenses	15.1.2	(44)	(95)
Exchange rate differences		35	(35)
Impairment on and results for disposal of financial instruments			
Impairment on equity investments	10	(737)	(426)
Impairment on financial instruments	11	2,054	(1,843)
Results from disposals and similar	10	11	-
FINANCIAL EARNINGS OR LOSS		2,482	(883)
EARNINGS OR LOSS BEFORE TAXES		15,990	3,441
Tax on earnings	17	(5,403)	(1,686)
RESULT FOR THE YEAR FOR ONGOING OPERATIONS		10,587	1,755
PROFIT FOR THE YEAR		**10,587**	**1,755**

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO,
COFIDES, S.A.

Statements of Changes in Equity

in the financial years ending on 31 December 2010 and 2009

(in thousand euros)

A) Statements of Recognised Income and Expense in the financial years ending on 31 December 2009 and 2010

	2010	2009
Profit for the year	10,587	1,755
///> **TOTAL RECOGNISED INCOME AND EXPENSE**	**10,587**	**1,755**

B) Statements of Total Changes in Equity in the financial years ending on 31 December 2009 and 2010

	Share capital	Legal reserve	Voluntary reserve	Profit for the year	Total
Balance on 31 December 2008	39,396	1,142	9,914	2,634	53,086
Balance on 1 January 2009	39,396	1,142	9,914	2,634	53,086
Total recognised income and expense	-	-	-	1,755	1,755
Distribution of 2008 earnings	-	263	2,371	(2,634)	-
Balance on 31 December 2009	39,396	1,405	12,285	1,755	54,841
Balance on 1 January 2010	39,396	1,405	12,285	1,755	54,841
Total recognised income and expense	-	-	-	10,587	10,587
Distribution of 2009 earnings	-	176	1,579	(1,755)	-
///> **BALANCE ON 31 DECEMBER 2010**	**39,396**	**1,581**	**13,864**	**10,587**	**65,428**

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO,
COFIDES, S.A.

Cash Flow Statements

for the years ending on 31 December 2010 and 2009

(in thousand euros)

	2010	2009
A) OPERATING CASH FLOW	**(7,098)**	**4,863**
1. Earnings before taxes	15,990	3,441
2. Adjustments to profit	1,195	1,882
a) Depreciation and amortisation (+)	328	318
b) Impairment of investments (+)	2,019	2,950
c) Gains (losses) on disposal of non-current assets (+/-)	2	-
d) Financial income (-)	(1,163)	(1,516)
e) Financial expenses (+)	44	95
f) Exchange rate differences (+/-)	(35)	35
3. Change in working capital	(26,105)	(2,405)
a) Trade and other receivables	(958)	(1,887)
b) Other current assets	(24,486)	8
c) Creditors and other payables	(1,010)	(124)
e) Other non-current assets and liabilities	349	(402)
4. Other cash flow from operations	1,822	1,945
a) Receipts from repayments on loans	7,669	8,269
b) Receipts from interest on loans (+)	841	1,709
c) Outlays for loans granted	(4,146)	(7,687)
d) Advance receipts for repayments on loans granted	1,500	1,211
e) Corporation tax receipts (payments) (-/+)	(4,042)	(1,557)
B) CASH FLOW (FROM) USED IN INVESTING ACTIVITIES	**97**	**(99)**
5. Payments on investments (-)	(228)	(99)
a) Intangible assets	(180)	(43)
b) Tangible assets	(47)	(56)
c) Other assets	(1)	-
6. Receipts from divestments (+)	325	-
b) Tangible assets		-
c) Property investments	325	-
C) CASH FLOWS USED IN FINANCING ACTIVITIES	**(1,201)**	**(537)**
7. Receipts from (payments on) equity instruments	-	-
8. Receipts from (payments on) liability instruments	(1,201)	(537)
b) Return and redemption	(1,201)	(537)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(8,202)**	**4,227**
Cash and cash equivalents at beginning of year	22,040	17,813
Cash and cash equivalents at year end	13,838	22,040

NOTES

TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

1. Nature of Company, Business Activity and Group Composition

Compañía Española de Financiación del Desarrollo, COFIDES S.A. (hereafter the company or COFIDES), is a state-owned company whose corporate purpose is to provide financial support for private direct investment projects involving Spanish interest and sited in developing or emerging countries.

In addition to deploying its own resources to meet that purpose, the company draws from various financing agreements concluded with State-owned or multilateral financial institutions.

Pursuant to Act 66/1997 of 30 December, COFIDES manages the Fund for Foreign Investments (FIEX – Spanish acronym for Fondo para Inversiones en el Exterior) and the Fund for Small and Medium-sized Enterprise Foreign Investment Operations (FONPYME, Spanish acronym for Fondo para Operaciones de Inversión en el Exterior de la Pequeña y Mediana Empresa), on its own behalf and on behalf of such funds. In addition, fund activities and operations are governed by Royal Decree 1226/2006 of 27 October, which supersedes previous legislation. Provisioned yearly from the national budget, both FIEX and FONPYME pursue the internationalisation of Spanish companies and the Spanish economy in general through syndicated financial instruments under co-financing arrangements with project sponsors.

On 24 January 2000 a ten million-dollar co-financing facility was formalised between the Multilateral Investment Fund (FOMIN) and COFIDES to finance investment projects undertaken by Spanish SMEs under joint venture arrangements in all Latin American and Caribbean countries except Cuba. Although the facility was initially scheduled to remain live through 31 July 2011, that date was later set back to 31 December 2013 to ensure recovery of the investment in company projects with a subsequent repayment or divestment date. That notwithstanding, the line was closed for further operations in financial year 2006.

The company's registered office for business and tax purposes is located at 132 Príncipe de Vergara Street, 12th storey, Madrid, Spain.

2. Criteria for Presenting Statements

2.1 True and fair view

The financial statements were drawn from COFIDES, S.A.'s accounts. The financial statements for 2010 were prepared pursuant to existing commercial legislation and in accordance with the standards established in the National Chart of Accounts to provide a true and fair view of the company's financial situation on 31 December 2010, as well as of the results of its operations, changes in its equity and its cash flow during the financial year ending on that date.

The company's directors expect the attached financial statements for 2010, prepared by the said directors, to be approved by the General Meeting of Shareholders on 29 March 2011 with no amendments whatsoever.

2.2 Comparative information

In addition to the figures for financial period 2010, the present financial statements include the figures for the previous year, 2009, reported in the financial statements approved at the General Shareholders' Meeting held on 27 April 2010, for each item on the balance sheet, income statement, statement of changes in equity, cash flow statement and the respective notes, for the purposes of comparison.

Further to Additional Provision three (duty of information) of Act 15/2010 of 5 July, amending Act 3/2004 of 29 December that establishes measures to prevent delinquency in commercial operations, the Notes to the company's financial statements must contain explicit reference to the payment period for its suppliers.

Inasmuch as this item constitutes a new obligation, the respective information for the preceding year is not included in the present financial statements, which, in this sole respect, are regarded to be first year accounts in terms of the application of the principle of uniformity and comparability requirements.

2.3 Functional currency and reporting currency

The company presents its financial statements in thousands of euros, its functional and reporting currency, rounded to the nearest thousand.

2.4 Critical aspects of the valuation and estimation of uncertainties and relevant judgements in the application of accounting policies

The preparation of the financial statements and application of the company's accounting policies calls for significant decision-making in terms of accounting estimates, judgements, and assumptions. In this regard, the aspects entailing greatest discretion or complexity or in which the assumptions and estimates have a significant impact on the preparation of the financial statements are summarised below.

- **Assumptions and relevant accounting estimates**

The company has a specific Project Monitoring Area to supervise and manage the risks involved in its commercial financial operations, one of whose tasks is to analyze the possible impairment of the quality of such financial assets throughout the year. The Financial Area, in turn, draws up two types of budgets: a one-year or short-term budget, and a medium- or long-term budget covering several years. The formulation of these budgets is based on assumptions befitting current economic and financial market circumstances, as well as the company's own situation.

- **Changes in estimates**

Furthermore, although the estimates made by the company's directors are based on the best information available on 31 December 2010, future events may call for amendments thereto in the years to come. The impact of such amendments, if any, on the financial statements stemming from the adjustments to be made in the years to come would be recorded prospectively.

Notes to the Financial Statements

3. Distribution of Earnings

The distribution of earnings for the year ending on 31 December 2009, proposed by the directors and approved by the General Meeting of Shareholders on 27 April 2010, was as itemised below:

	Euros
Basis for distribution	
Earnings for the year	1,755,259.98
Distribution	
Legal reserve	175,869.51
Voluntary reserve	1,579,390.47
	1,755,259.98

The distribution of earnings proposed by the directors for the year ending on 31 December 2010, outstanding approval by the General Meeting of Shareholders, is as shown below.

	Euros
Basis for distribution	
Earnings for the year	10,587,417.56
Distribution	
Distribution of dividends	2,648,220.00
Legal reserve	1,058,741.76
Voluntary reserve	6,880,445.80
	10,587,417.56

4. Accounting and Valuation Standards

4.1 Intangible assets

Intangible assets are booked at their purchase price or production cost and carried on the balance sheet at that value less amortisation and any accumulated impairment losses, as appropriate.

4.1.1 Patents, licences, trademarks and others

The sum shown for "Patents, licences, trademarks and others" on 31 December 2010 and 2009 reflects the sum booked in connection with the company name or trade name.

4.1.2 Software

Software is booked at its purchase price. Maintenance expenses are booked when incurred.

4.1.3 Service life and amortisation

Intangible assets are amortised by distributing the sum subject to amortisation evenly across the service life of the asset, pursuant to the following criteria:

	Depreciation method	Estimated service life (years)
Patents, licences, trademarks and others	Straight-line	10
Software	Straight-line	4

For these intents and purposes, the sum subject to amortisation is understood to be the acquisition cost less the residual value, as appropriate.

The company revises the residual value, service life and amortisation method for intangible assets at the end of each financial year. Any amendments to the criteria initially established are posted as changes in the estimate.

4.1.4 Impairment of non-current assets

The company assesses and corrects intangible assets for indications of impairment losses and reversal of such losses pursuant to the criteria set out in Note 4.3.

4.2 Non-current tangible assets

4.2.1 Initial value

Non-current tangible assets are booked at their purchase price or production cost and carried on the balance sheet at that value less depreciation and any accumulated impairment losses, as appropriate.

4.2.2 Depreciation

Non-current tangible assets are depreciated by distributing the sum subject to depreciation evenly across their service life. For these intents and purposes, the sum subject to depreciation is understood to be the acquisition cost less the residual value. The company determines the depreciation costs for each asset.

Non-current tangible assets are depreciated in accordance with the criteria shown below:

	Depreciation method	Estimated service life (years)
Other facilities	Straight-line	10
Furnishings	Straight-line	10
Computer hardware	Straight-line	2/4

The company revises the residual value, service life and depreciation method for tangible assets at the end of each reporting period. Amendments to the criteria initially established are booked as changes in the estimate.

4.2.3 Subsequent costs

Subsequent to the initial posting of an asset, only costs that entail an increase in its capacity, productivity or service life are capitalised. In this regard, the routine maintenance costs for non-current tangible assets are expensed against income when they are incurred.

4.2.4 Impairment of asset value

The company assesses and corrects non-current tangible assets for indications of impairment losses and reversal of such losses pursuant to the criteria set out in Note 4.3.

4.3 Impairment of the value of non-financial assets subject to amortisation or depreciation

The company is alert to indications that might denote impairment of the value of non-financial assets subject to amortisation or depreciation. The purpose of such monitoring is to verify whether their carrying value exceeds their recoverable value, understood to be the higher of their value in use, or the fair value, less costs of sale, that they can be expected to command.

After the impairment loss or loss reversal is posted, subsequent years' amortisation/depreciation is based on the new book value.

That notwithstanding, if analysis of the specific circumstances of any given asset reveals an irreversible loss, such loss is expensed directly against losses on non-current assets and shown as such on the income statement.

Impairment losses are expensed against income.

Notes to the Financial Statements

4.4 Property investments

Under this heading, the company groups property totally or partially earmarked for generating income, capital gains or both. It does not include property intended for use in the production or supply of goods or services, or for the company's administrative purposes or sale in the ordinary course of operations.

In financial period 2009, the courts awarded COFIDES a building as repayment of a loan. This property was listed as a property investment insofar as it is rented to third parties. The building in question was sold in financial year 2010. (see Note 7).

The company posts non-monetary assets awarded in payment of loans at the lower either of the book value of the loans plus all expenses incurred as a result of the operation, or the fair value of such non-cash assets.

Property investments are amortised using the straight-line method over a 25-year period.

4.5 Leases

Leases in which the lessor essentially transfers all risks and rewards incident to legal ownership to the lessee are regarded to be financial leases; all others are classified as operational leases.

4.5.1 Lessor accounting

The company has concluded an operational lease for the use of the property awarded as payment for a loan.

The revenues from operating leases are posted evenly across the term of the lease.

4.5.2 Lessee accounting

The company has been assigned entitlement to use the building housing its offices as well as vehicles for its staff is under operational leases.

The rent paid for operational leases, net of incentives, is expensed evenly across the term of the lease.

4.6 Financial instruments

4.6.1 Classification and separation of financial instruments

When initially booked, financial instruments are classified as financial assets, financial liabilities or equity instruments, depending on the economic substance of the respective arrangements and in accordance with the definitions of financial asset, financial liability and equity instrument.

The company classifies its financial instruments into different categories for valuation purposes, depending on their characteristics and Management's intention when they are initially posted.

4.6.2 Loans and accounts receivable

Loans and accounts receivable consist of loans for trade and non-trade operations that are not listed on a live market and whose settlement involves fixed or determinable sums. These assets are initially carried at fair value, including the transaction costs incurred, and are subsequently valued at their amortised cost, computed using the effective interest rate method.

Nonetheless, financial assets with no established interest rate, with a maturity of under one year or for which repayment is expected in the short term and not significantly affected by possible updating, are appraised at face value.

4.6.3 Investments held through maturity

Investments held through maturity are debt securities with a set maturity date, involving fixed or determinable sums and traded on a live market, that the company fully intends and has sufficient capacity to hold through their maturity date, unlike securities classified under other categories. The valuation criteria applicable to financial instruments classified in this category are the same as applied to loans and accounts receivable.

In the target year, the company neither reclassified nor sold financial assets classified as investments held through maturity.

4.6.4 Other financial assets carried at fair value

Investments in companies are initially carried at cost, which is the same as the fair value of the consideration including the transaction costs incurred, and subsequently valued at cost, less any accumulated impairment losses.

Although the company holds stakes of over 20% in some firms, as these are support investments subject to repurchase agreements by a specific deadline, they are not consolidated in company accounts. Consequently, they are neither regarded to be long-term investments nor is their management, which is not incumbent upon the company, integrated in COFIDES' overall strategy.

4.6.5 Interest

Interest is booked pursuant to effective interest rate criteria.

4.6.6 Disposal of financial assets

Financial assets are retired from the books when the right to receive cash flows related thereto expire or are transferred and the company has effectively disposed of any risks or rewards incident to legal ownership.

The full retirement of a financial asset entails the recognition of the profit or loss resulting from the difference between its book value and the sum of the consideration received, net of transaction costs, including the assets obtained or liabilities assumed and any deferred loss or gain in the company's recognised income and expense.

4.6.7 Impairment of financial asset value

A financial asset or group of financial assets becomes impaired, generating a loss, if objective evidence of impairment is forthcoming. Such evidence consists of one or several events occurring after the asset is initially booked that have a reliably estimable impact on the future cash flows calculated for the financial asset or group of financial assets.

In 2009 the company adopted a new provisioning policy, based on the New Basil Capital Agreement and its implementation guidelines set out in Bank of Spain Circular 4/2004. Application of this new policy involves the institution of the following lines of action.

- Ongoing individualised analysis of the loan portfolio in terms of risk quality. This policy is based on the in-house rating of each operation and the collateral furnished to hedge the risk, further to the information furnished by the manager's Analysis and Investment and Project Monitoring Departments. The provision ranges from a minimum of 0.10 to a maximum of 20%. The provisioning factors applied by the company for projects in the (A: C-) rating range are presently more conservative than the factors established by the Bank of Spain for such levels.

- Provisioning of the highest risks at the rates set out in Bank of Spain Circular 4/2004, which are more demanding for non-performing projects.

Notes to the Financial Statements

- Application of the existing rating schedule for loans to equity operations with a fixed provisioning rate.

- Adjustment for foreign currency risk in the event of default.

- Introduction of a new risk status (presumed risk) to allow for a certain degree of flexibility in asset valuations in accordance with manager experience and understanding, providing the adjustment is suitably justified. Under this new risk status, provisioning may be expedited, case by case, upon the first indications of non-performance, possible financial difficulties, lack of transparency or similar.

- Adjustments in anticipation of risk rating agency trends. In certain situations and for specific projects, the tendency provided by a risk rating agency will be included in the model to enhance its dynamics and adopt stricter precautions in scenarios of greater uncertainty.

By building these lines of action into the existing methodology, the new project provisioning policy fortifies its preventive function and the gradual introduction of a more rigorous, accurate and flexible recognition of the impairment of portfolio project value, in keeping with existing market standards.

In this regard, value in use is computed on the grounds of the company's holdings in the current value of both the estimated cash flow from ordinary business and of the final disposal of the asset, or the flows expected from the distribution of dividends and final divestment.

In the case of equity instruments, value becomes impaired when the asset's carrying value cannot be recovered due to a prolonged or significant decline in its fair value.

Impairment loss or reversal of loss is posted against income.

4.7 Financial liabilities

Financial liabilities, including trade and other accounts payable, are initially carried at fair value less, as appropriate, the transaction costs directly attributable to their issue. After the initial entry, the liabilities classified in this category are valued at cost after redemption as calculated with the effective interest rate method.

Nonetheless, financial assets with no established interest rate, with a short-term maturity or for which redemption is foreseen in the short term and not significantly affected by possible updating, are appraised at face value.

4.7.1 Security deposits

Security deposits established as a result of leases are valued in accordance with the criteria described for financial assets.

4.7.2 Retirements and modifications in financial liabilities

The Company retires all or part of a financial liability when it meets the obligation inherent in the liability or is legally dispensed from the essential responsibility incident thereto, by virtue of a court ruling or by the creditor.

Any difference between the book value of the financial liability, or any part thereof that is cancelled or assigned to a third party, and the consideration paid, including any asset assigned other than cash or the liability assumed, is posted to the profit and loss account.

4.8 Foreign exchange transactions, balances and flows

Foreign exchange transactions are converted to euros at the cash exchange rate in effect on the date of the transaction.

Monetary and non-monetary assets and liabilities denominated in foreign currencies are converted to euros at the exchange rate in effect at year-end.

Non-monetary assets carried at fair value are converted to euros at the exchange rate in effect at year-end.

In the cash flow statement, flows from foreign exchange transactions are converted to euros at the cash exchange rate in effect on the date of the transaction.

The positive and negative differences arising in foreign currency transaction settlements and in the conversion to euros of monetary assets and liabilities denominated in foreign currency are booked against results.

Exchange rate losses or gains on non-monetary financial assets and liabilities assessed at fair value are posted together with variations in such fair value. That notwithstanding, the exchange rate variation component in non-monetary financial assets denominated in foreign currency is booked against results when the assets are classified as saleable and fair value hedging is in place for such component. The rest of the variation in fair value is posted as described in Note 4.6 (Financial instruments).

4.9 Cash and cash equivalents

Cash and equivalent current assets include cash and demand deposits in financial institutions. This item also includes other short-term, highly liquid investments that can be readily converted into cash and whose risk of change in value is insignificant. For these intents and purposes, this includes investments with a maturity of less than three months from the date of purchase.

4.10 Short-term remuneration for employees

The expected cost of short-term remuneration is posted as the services that afford employees entitlement thereto are rendered.

The company books the expected cost of employee profit sharing or incentive plans when a present, legal or implicit, obligation exists as a result of past events and the value of the obligation can be reliably estimated.

4.11 Severance pay

Severance payments are booked as soon as a detailed formal plan is in place and the staff affected has been notified of the intention to terminate the employment relationship, either because the plan is underway or because its chief characteristics have been announced.

4.12 Provisions

Provisions are posted: when the company incurs an obligation, be it legal, contractual, implicit or tactical, as the result of a past event; when an outlay of resources from future economic earnings is likely to be needed to meet such obligation; and when the sum of the obligation can be reliably estimated.

The financial effects of such provisions are expensed against income as financial expenses.

Provisions include neither the fiscal effect nor the earnings expected from the sale or abandonment of assets.

Provisions are reversed against results when it becomes unlikely that outflows will be required to cancel the obligation.

4.13 Tax on earnings

Expenses or revenues under this item include both current and deferred taxes on earnings.

Notes to the Financial Statements

Current tax assets or liabilities are assessed as the sums expected to be paid to or refunded by tax authorities, further to the legislation and tax rates in effect or approved and pending publication at the end of the financial year.

The current or deferred tax on earnings is posted against results, unless it is the consequence of a transaction, economic event or combination of operations recorded against equity in the same or another reporting period.

Timing adjustments are posted in all cases, barring the exceptions laid down in the existing legislation, while deductible timing adjustments are recorded whenever they are likely to be offset by future positive taxable income.

Deductible timing adjustments are recorded whenever future positive taxable income is likely to be large enough to offset such adjustments.

Deferred tax assets and liabilities are estimated at the tax rates that will be applicable in the years when the assets are expected to be refunded or the liabilities to be paid.

Deferred tax assets and liabilities are carried on the balance sheet as non-current assets or liabilities, regardless of the expected refund or payment date.

4.14 Classification of current and non-current assets and liabilities

The company classifies assets and liabilities as current when it expects settlement to be forthcoming in its normal operating cycle. They are recorded primarily for the purposes of negotiation and their expected date of liquidation is within twelve months of closing.

Financial liabilities are classified as current when they must be settled within twelve months of closing, even if the original term is for a period of more than twelve months, and when long-term refinancing or payment restructuring arrangements are in place that expire after the end of the financial year but before the financial statements are prepared.

4.15 Revenues and expenses

Revenues and expenses resulting from increases or decreases in the company's resources are recorded on an accrual basis in the target year, providing the sum thereof can be reliably determined.

Ordinary management revenues are booked at the fair value of the consideration received or to be received, in proportion to the fraction of the service provided by the end of the financial year.

The company posts the ordinary revenues and costs associated with the operations in which it acts as mere manager, collecting the sums involved on behalf of the funds managed. In these operations only the fees earned are booked as ordinary revenues.

4.16 Related party transactions

Related party transactions, other than mergers, spin-offs or non-monetary business contributions, are recorded at the fair value of the consideration laid out or received. The difference between that value and the sum covenanted is booked in accordance with the underlying economic substance.

5. Intangible Assets

The composition of and entries in the intangible fixed asset accounts, in thousand euros, are as follows:

	2010			
	Patents, licences, trademarks and other	Software	Advances on computer software	Total
Cost on 1 January 2010	2	1,277	49	1,328
Acquisitions	-	-	262	262
Cost on 31 December 2010	**2**	**1,277**	**311**	**1,590**
Accumulated amortisation on 1 January	(2)	(866)	-	(868)
Amortisation	-	(250)	-	(250)
Accumulated amortisation on 31 December 2010	**(2)**	**(1,116)**	**-**	**(1,118)**
Net book value on 31 December 2010	**-**	**161**	**311**	**472**

	2009			
	Patents, licences, trademarks and other	Software	Advances on computer software	Total
Cost on 1 January 2009	2	1,366	40	1,408
Acquisitions	-	43	49	92
Retirements	-	(172)	-	(172)
Transfers	-	40	(40)	-
Cost on 31 December 2009	**2**	**1,277**	**49**	**1,328**
Accumulated amortisation on 1 January 2009	(2)	(791)	-	(793)
Amortisation	-	(247)	-	(247)
Retirements	-	172	-	172
Accumulated amortisation on 31 December 2009	**(2)**	**(866)**	**-**	**(868)**
Net book value on 31 December 2009	**-**	**411**	**49**	**460**

5.1 Totally amortised assets

The cost of totally amortised intangible assets still in use on 31 December is as follows:

	Thousand euros	
	2010	2009
Software	683	324

On 31 December 2010, the company had a 321 thousand euros purchase commitment for intangible assets in connection with an information technology renewal process. The respective 5-year agreement involves a total outlay of 632 thousand euros, including maintenance.

Notes to the Financial Statements

6. Non-Current Tangible Assets

The composition of and entries in the non-current tangible asset accounts are as follows:

	Thousand euros				
	Other facilities	Furnishings	Computer hardware information	Advances	Total
Cost on 1 January 2010	276	241	295	-	812
Acquisitions	-	1	22	24	47
Retirements	(3)	(3)	(33)	-	(39)
Cost on 31 December 2010	**273**	**239**	**284**	**24**	**820**
Accumulated depreciation on 1 January 2010	(207)	(193)	(197)	-	(597)
Depreciation	(18)	(12)	(45)	-	(75)
Retirements	2	2	33	-	37
Accumulated depreciation on 31 December 2010	**(223)**	**(203)**	**(209)**	**-**	**(635)**
Net book value on 31 December 2010	**50**	**36**	**75**	**24**	**185**

	Thousand euros			
	Other facilities	Furnishings	Computer hardware information	Total
Cost on 1 January 2009	276	241	282	799
Acquisitions	-	-	56	56
Retirements	-	-	(43)	(43)
Cost on 31 December 2009	**276**	**241**	**295**	**812**
Accumulated depreciation on 1 January 2009	(187)	(180)	(202)	(569)
Depreciation	(20)	(13)	(38)	(71)
Retirements	-	-	43	43
Accumulated depreciation on 31 December 2009	**(207)**	**(193)**	**(197)**	**(597)**
Net book value on 31December 2009	**69**	**48**	**98**	**215**

6.1 Totally depreciated assets

The cost of totally depreciated tangible assets still in use on 31 December is as follows:

	2010	2009
Other facilities	97	93
Furnishings	120	113
Computer hardware	124	130
	341	**336**

6.2 Commitments

On 31 December 2010 and 2009 the company had no commitments to purchase tangible assets.

6.3 Insurance

The company has a number of insurance policies to cover the risks to its tangible assets. The cover provided by these policies is regarded to be sufficient.

7. Property Investments

The composition of and entries in the property investment accounts are as follows:

	Thousand euros		
	Land	**Construction**	**Total**
Cost on 1 January 2010	168	99	267
Retirements	(168)	(99)	(267)
Cost on 31 December 2010	-	-	-
Accumulated depreciation on 1 January 2010	-	-	-
Acquisitions	-	2	2
Retirements	-	(2)	(2)
Accumulated depreciation on 31 December 2010	-	-	-
Net book value on 31 December 2010	-	-	-

	Thousand euros		
	Land	**Construction**	**Total**
Cost on 1 January 2009	-	-	-
Acquisitions	168	99	267
Retirements	-	-	-
Cost on 31 December 2009	**168**	**99**	**267**

On 26 October 2009, Court of First Instance No. 2 at Vic delivered a sentence awarding COFIDES property located at Santa Eulalia de Riuprimer, in the Spanish province of Barcelona, as the result of foreclosure on a mortgage. The award value of the said property, which was leased to a third party, was 241 thousand euros.

COFIDES recorded the property at the award value plus all the expenses incurred as a result of the operation.

In 2010 COFIDES booked rental revenue for a sum of 5 thousand euros.

On 31 July 2010, COFIDES sold that real estate investment for 325 thousand euros. The return was booked in the context of a foreclosure to repay a loan and not as the separate sale of a real estate investment.

8. Risk Policy and Management

8.1 Financial risk factors

The company's business is exposed to foreign currency, credit, liquidity and cash flow interest rate risks. Globally speaking, its risk management focuses on the uncertainty of the economic environment and attempts to minimise the potentially adverse effects if that environment on its own financial profitability.

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Risk management is incumbent upon COFIDES's Investment and Economic-Financial Management Divisions, which implement the policies adopted by the Board of Directors, and more specifically, the policies laid down in the company's Operating Criteria, last revised in December 2010. The Investment Division identifies, assesses and itemises the financial risks in new proposals for operations submitted to the company. The Economic-Financial Division's Project Monitoring Area manages live financial risks in financial operations underway, with a view to anticipating future contingencies.

8.1.1 Credit risk

In conformity with the provisions of its own Operating Criteria, the company has not incurred in any significant concentration of credit risk. It implements policies able to accurately evaluate its financing operations and ensure that all its clients have a suitable credit history.

Corrections in valuations due to client insolvency entail a fair amount of discretion on the part of Management, as well as a revision of individual balances based on client credit ratings, current market trends and a historical analysis of aggregate insolvencies. The country-specific component in corrections of individual valuations is based on the country's credit rating drawn from information furnished by external agencies. In corrections in valuations deriving from an aggregate analysis of default history, a reduction in the size of the balance implies a reduction in valuation corrections, and vice-versa.

8.1.2 Foreign currency risk

Since the company operates internationally, some of its operations are exposed to foreign currency risk, specifically as regards the U.S. dollar. Foreign currency or exchange rate risk is incurred in forward trade transactions, booked assets and liabilities, and net investments in business abroad.

The company has a refinancing line denominated in U.S. dollars with the Official Credit Institute, one of its shareholders, to hedge its foreign currency risk. Under this formula, all financial asset operations with its clients are refinanced under a financial liability operation charged to that line.

8.1.3 Liquidity risk

The company conducts prudent liquidity risk management, maintaining sufficient cash and marketable securities, guaranteeing the availability of financing for a sufficient sum under credit facility commitments, and retaining sufficient capacity to unwind market positions.

9. Operational Leases - Lessee

The company leases the buildings where it conducts its ordinary business and as well as vehicles for its employees from third parties. Specifically, it holds leases for its head and branch offices and two vehicles.

The rent paid under operating leases and booked as an expense is shown below.

	2010	**2009**
Buildings	664	649
Vehicles	13	21
Others	11	9
	688	**679**

The minimum future payments in euros for non-cancellable operating leases are given below:

	2010	2009
Up to one year	293	759
From one to five years	2,298	272
	2,591	**1,031**

10. Equity Instrument Investments

The fair value of equity instrument investments can be broken down as shown in the table below.

2010

Company	Country	Business	% Holding	Net book value of holding
Indelor Lens (Thailand) Co., ltd.	Thailand	Optics	21.6	51
European Financing Partners	Luxembourg	Financial intermediation for African, Caribbean and Pacific countries	0	6
CSC TRANSMETAL S.R.L.	Romania	Precision sheet metal working, press-forming and tooling, design and assembly of metal and electronic items	4.17	21
TOTAL				**78**
				(note 11)

2009

Company	Country	Business	% Holding	Net book value of holding
Rocas Chile, S.A.	Chile	Marble works	7.41	46
Indelor Lens (Thailand) co., ltd.	Thailand	Optics	21.6	874
European Financing Partners	Luxembourg	Financial intermediation for African, Caribbean and Pacific countries	0	6
CSC TRANSMETAL S.R.L.	Romania	Precision sheet metal working, press-forming and tooling, design and assembly of metal and electronic items	4.17	22
TOTAL				**948**
				(note 11)

All equity capital operations are subject to a minimum divestment charge, established yearly in the agreement with the respective shareholders.

In 2010 the company sold its holding in Rocas Chile S.A., a company located in Chile. The total revenue for this sale, 145 thousand euros, generated capital gains of 11 thousand euros.

In foreign holdings, the functional currency is the currency of the countries where the companies are headquartered. Moreover, the net investment in holdings concurs with the book value of the investment.

The sums of the impairment loss adjustments and reversals recorded in such holdings are shown below.

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Holding	2010 Balance on 1 January	2010 Impairment loss	2010 Balance on 31 December
Rocas Chile S.A.	87	(87)	-
Indelor Lens (Thailand) Co., Ltd.	336	823	1,159
CSC TRANSMETAL S.R.L.	3	1	4
	426	**737**	**1,163**

The value impairment adjustment for the Indelor Lens (Thailand) Co., Ltd., operation can be attributed primarily to the insolvency proceedings presently underway.

Holding	2009 Balance on 1 January	2009 Impairment loss	2009 Balance on 31 December
Rocas Chile S.A.	-	87	87
Indelor Lens (Thailand) Co., Ltd.	-	336	336
CSC TRANSMETAL S.R.L.	-	3	3
	-	**426**	**426**

11. Financial Assets by Category

11.1 Financial assets classified by category

The company's financial assets, classified by category and class, are listed in the table below.

	Thousand euros			
	2010		2009	
	Non-current	Current	Non-current	Current
Other financial assets carried at fair value (note 10)	78	-	948	-
Loans and accounts receivable				
Variable rate loans	19,829	5,204	26,408	5,577
Other financial assets	-	24,500	-	-
Interest on debt securities	-	240	-	-
Security deposits	85	-	86	-
Short-term interest on loans	-	184	-	216
	19,992	**30,128**	**27,442**	**5,793**
Trade and other receivables				
Accounts receivable	-	3,119	-	2,160
Other receivables	-	4,236	-	3,535
		7,355		**5,695**
	19,992	**37,483**	**27,442**	**11,488**

The directors deem that the fair values accorded the financial assets are very close to their book value.

The above loans bear interest at a fair market rate.

As a general rule, the loans granted by COFIDES are secured by real or personal collateral, depending on the case, to mitigate the risk assumed.

In 2010 variable interest rate loans generated financial income for a sum of 809 thousand euros (1,389 thousand euros in 2009).

The other financial assets item consists entirely of time deposits in banks for terms shorter than one year.

11.2 Financial investments. Loans

The following table shows the amounts and variations in the items comprising the company's long-term financial investments during the target year and their impairment on 31 December 2010:

	2010	
	Non-current	**Current**
Cost on 1 January	29,516	7,669
Increases	4,147	-
Decreases	(5,529)	(7,669)
Transfer from long- to short-term	(5,863)	5,863
Cost on 31 December	22,271	5,863
Impairment loss on 1 January	(3,108)	(2,092)
Increases	(848)	(1,058)
Decreases	810	3,150
Pay offs	45	-
Transfer from long- to short-term	659	(659)
Accumulated impairment loss on 31 December	(2,442)	(659)
Net book value on 31 December	**19,829**	**5,204**

The following table shows the amounts and variations posted during the financial year under the items comprising the company's long-term financial investments and their impairment on 31 December 2009.

	2009	
	Non-current	**Current**
Cost on 1 January	30,709	8,269
Increases	7,687	-
Decreases	(1,211)	(8,269)
Transfer from long- to short-term	(7,669)	7,669
Cost on 31 December	29,516	7,669
Impairment loss on 1 January	(2,596)	(761)
Increases	(2,604)	(262)
Decreases	-	1,023
Transfer from long- to short-term	2,092	(2,092)
Accumulated impairment loss on 31 December	(3,108)	(2,092)
Net book value on 31 December	**26,408**	**5,577**

11.3 Trade receivables

The trade receivables are itemised in the following table.

	Thousand euros	
	2010	**2009**
Business receivables	7,734	3,428
Other receivables	4,236	3,535
	11,970	**6,963**
Accumulated impairment loss on customer loans	(4,615)	(1,268)
	7,355	**5,695**

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"Business receivables" covers primarily the sums maturing on business transactions and any non-performing debts, as well as outstanding accrued interest.

The item "Other receivables" primarily comprises outstanding fund management fees.

The entries in the adjustment accounts reflecting impairment losses generated by financial asset credit risk is summarised below.

	Euros	
	2010	**2009**
Balance on 1 January	(1,268)	(587)
Provisions	(3,403)	(804)
Reversals	56	123
Balance on 31 December	**(4,615)**	**(1,268)**

As a general rule, the loans granted by COFIDES are secured by real or personal collateral, depending on the case, to mitigate the risk assumed.

11.4 Sums denominated in foreign currency

The breakdown of the total sums denominated in foreign currency (U.S. dollars) is as shown below.

	Thousand euros	
	2010	**2009**
Long-term financial investments		
Loans	2,221	2,608
Total non-current financial assets	**2,221**	**2,608**
Short-term trade and other receivables		
Loans	203	243
Short-term financial investments		
Loans	702	1,170
Interest on loans	12	16
	714	**1,186**
Cash and cash equivalents		
Cash	69	126
Total current financial assets	**986**	**1,555**
Total financial assets	**3,207**	**4,163**

12. Cash and Cash Equivalents

The sum under the caption "Cash and cash equivalents" on 31 December is itemised in the following table:

	Thousand euros	
	2010	**2009**
Cash and demand accounts	588	1,917
Highly liquid short-term investments	13,250	20,123
	13,838	**22,040**

Deposits in financial institutions constitute short-term, highly liquid investments, which in 2010 generated financial income for a sum of 354 thousand euros (127 thousand euros in 2009).

13. Shareholders' Equity

The composition of and entries in shareholders' equity are given in the statement on changes in equity.

13.1 Share capital

The company's share capital on 31 December 2010 and 2009 consisted of 6,555 registered, subscribed and paid-up shares with a face value of 6,010.12 euros each.

All shares have the same political and economic rights and are freely transferable.

The companies having a direct or indirect holding in the company's share capital are listed in the table below.

Shareholder	% Holding	Face value
Instituto Español de Comercio Exterior	28.15	11,089
Instituto de Crédito Oficial	25.25	9,947
Banco Bilbao Vizcaya Argentaria, S.A.	21.81	8,594
Santander Central Hispano, S.A.	13.73	5,409
Empresa Nacional de Innovación, S.A.	7.63	3,005
Banco de Sabadell, S.A.	3.43	1,352
TOTAL	**100.00**	**39,396**

13.2 Legal reserve

Pursuant to Article 274 of the Spanish Companies Act, 10 % of companies' yearly profit must be earmarked for the legal reserve until the funds provisioned amount to at least 20 % of the share capital.

Such funds may not be distributed and if used to offset losses, in the event that other reserves are insufficient to cover this item, they must be replenished with future profits.

On 31 December 2010 and 2009, the company had not funded this reserve to the minimum ceiling established by law.

13.3 Voluntary reserve

Voluntary reserves may be drawn freely.

14. Financial Assets by Category

14.1 Classification

The company's financial liabilities, classified by categories and classes, are listed below:

	Thousand euros			
	2010		2009	
	Non-current	Current	Non-current	Current
Debits and payables				
Payable to financial institutions (Note 15.1)	2,279	945	2,925	1,500
Other debts	-	-	-	99
Trade and other payables				
Trade payables (Note 15.2)	-	422	-	825
Personnel	-	488	-	412
Tax payables (Note 17)	-	1,850	-	513
Customer advances	-	92	-	-
Total financial liabilities	**2,279**	**3,797**	**2,925**	**3,349**

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The directors deem that the fair values accorded the company's financial liabilities are very close to their book value.

15. Debts and Trade Payables

15.1 Payable to financial institutions

The breakdown of accounts payable to financial institutions on 31 December is given below.

	Thousand euros			
	2010		2009	
	Non-Current	Current	Non-Current	Current
ECIP Programme	-	104	-	104
ICO line	2,279	837	2,925	1,390
Accrued interest payable	-	4	-	6
TOTAL	**2,279**	**945**	**2,925**	**1,500**

By virtue of the agreement concluded by the company and the European Union in the framework of the ECIP programme, COFIDES was given access to a line of credit to finance productive investment projects undertaken by Spanish companies under joint venture arrangements in countries included in the programme. Moneys could be drawn under the above programme until 31 December 1999.

A Master Agreement on General Financing Conditions for "ICO Lines 2010" was concluded on 11 January 2010 between Spain's Official Credit Institute (ICO) and COFIDES. The latter, in turn, adhered to the "Specific Conditions" for the "ICO International Investment 2010" line of financing on 1 March 2010. This line was in place through the end of the year.

On 23 July 2010, the Official Credit Institute (ICO) and COFIDES concluded a Multi-currency Financing Agreement with a four million-euro ceiling. The deadline for drawing on for this facility is 22 July 2011.

An addendum to the ICO-COFIDES agreement on a multi-currency line for up to 6 million euros was concluded on 1 June 2009. The deadline for drawing on this line was 31 May 2010.

On 8 December 2010, the European Financing Partners, S.A. (EFP) Master Investment Agreement was formalised by the European Investment Bank (EIB) and other European Development Finance Institutions (EDFI) members. Under that Master Agreement, European Financing Partners, S.A. (EFP) has a financing capacity of 235 million euros. The deadline for drawing on the Master Agreement for financial operations is 7 December 2012. On 31 December 2010, no sums had yet been drawn.

The company uses the financing obtained from the aforementioned facilities to grant loans to eligible investment projects.

15.1.1 Sums denominated in foreign currency

The itemised list of financial liabilities denominated in foreign currency (U.S. dollars) is shown below.

	Thousand euros			
	2010		2009	
	Non-current	Current	Non-current	Current
Bank borrowings	1,919	720	2,445	1,160

15.1.2 Net losses and gains on debts with financial institutions

In 2010 the company expensed 44 thousand euros as the financial cost of the financing lines used (95 thousand euros in 2009).

15.2 Trade payables

The balance in "Trade accounts payable" on 31 December 2010 reflects the current liabilities for both services rendered and settlements outstanding on European Union ECIP programme operations.

Information on deferred payments to suppliers. Additional Provision three, Act 15/2010 of 5 July: "Duty of information"

In connection with the information required of these first financial statements prepared since the entry into effect of Act 15/2010 of 5 July, as laid down in Additional Provision three of the act, on 31 December 2010 the company's accounts showed no balance due to suppliers that had been deferred for longer than legally allowed.

Pursuant to Act 3/2004 of 29 December on measures to combat delinquency in trade operations, the company may defer payment to its suppliers for no more than 85 days for agreements concluded after 7 July 2010 and for no more than 90 days for agreements concluded prior to that date.

15.3 Classification by maturity date

The schedule of financial liabilities by maturity date is given below (in thousand euros).

	2010				
	2011	2012	2013	2014	Subsequent years
Payables					
Bank borrowings	945	749	669	716	145
Sundry payables	422	-	-	-	-
Personnel	488	-	-	-	-
Tax payables (Note 17)	1,850	-	-	-	-
Customer advances	92	-	-	-	-
Total financial liabilities	**3,797**	**749**	**669**	**716**	**145**

	2009				
	2010	2011	2012	2013	Subsequent years
Payables					
Bank borrowings	1,500	785	703	507	930
Other debts	99	-	-	-	-
Sundry payables	825	-	-	-	-
Personnel	412	-	-	-	-
Tax payables (Note 17)	513	-	-	-	-
Total financial liabilities	**3,349**	**785**	**703**	**507**	**930**

16. Accrual Accounts

16.1 Financial year 2010

The item "Short-term accrual accounts" under current liabilities showed a balance on 31 December of 479 thousand euros, which includes an adjustment entry for consultant fees charged to the Fund for Foreign Investment accruing during the year, in accordance with Provision two of the Order issued by

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H.E. the Minister of the Economy and Finance on 28 July 1999[1]. This heading also includes 109 thousand euros in income to be distributed across several years, for customer commissions received.

16.2 Financial year 2009

The item "Short-term accrual accounts" under current liabilities showed a balance on 31 December 2009 of 828 thousand euros, which includes an adjustment entry for consultant fees charged to the Fund for Foreign Investment accruing during the year, in accordance with Provision two of the Order issued by H.E. the Minister of the Economy and Finance on 28 July 1999.

17. Tax Matters

The breakdown of tax payables on 31 December is shown below.

	Thousand euros			
	2010		2009	
	Non-Current	Current	Non-Current	Current
Liabilities				
Deferred taxes	56	-	24	-
Current taxes	-	1,631	-	361
Social security	-	59	-	54
Value added tax	-	56	-	-
Withholdings	-	104	-	98
	56	**1,850**	**24**	**513**
		(Note 14.1)		(Note 14.1)

Pursuant to the legislation in force, taxes may not be regarded to be definitively settled until the returns submitted are audited by the tax authorities or four years have lapsed from the submission deadline. On 31 December 2010, the company was liable to tax audits by the authorities in connection with the corporation tax from 1 January 2006 onward, and with all the other main taxes to which it is subject from 1 January 2007 onward.

As a result of possible differences in the interpretation of the existing tax legislation, among others, such audits may give rise to additional liabilities. Nonetheless, the company's directors deem that in the event, such liabilities would have no material effect on the financial statements.

17.1 Tax on earnings

Companies are required to file a yearly corporation tax return. Taxable earnings, determined as specified in the legislation, are subject to a 30% corporation tax. Certain deductions may be applied to the resulting tax liability.

(1) "...If at the end of each financial year, the expenses incurred by the Fund for Foreign Investment's fund manager in the study and tendering phase specified above amount to less than seventy five (75) per cent of the sums accruing thereto for the respective analysis fees laid down in paragraph 1.a above, fifty (50) per cent of this difference will be held in the fund manager's account and used to pay fees accruing in subsequent financial years. The fund manager may receive no further sums for this item until such surplus has been fully expended..."

The reconciliation in thousand euros between the year's net earnings and taxable income is set out below.

	Increases	
	2010	**2009**
Earnings for the year	10,587	1,755
Corporation tax	5,403	1,686
Before tax earnings	**15,990**	**3,441**
Permanent differences	-	28
Temporary differences treated as if they were permanent	1,904	2,274
Taxable earnings	**17,894**	**5,743**
30 % tax	5,368	1,723
Adjustments from previous years	35	-
Tax on earnings abroad	16	-
Deductions for the year	(16)	(37)
Tax on earnings	**5,403**	**1,686**

The estimated corporation tax payable is given below.

	Euros	
	2010	**2009**
Taxable earnings	17,894	5,743
30 % corporation tax	5,368	1,723
Deductions	(16)	(37)
Withholdings and advance payments	(3,721)	(1,290)
Corporation tax	1,631	396
Taxes paid abroad	-	(35)
Corporation tax payable	**1,631**	**361**

18. Environmental Information

No significant assets were earmarked for environmental protection or improvement on 31 December 2010 or 2009, nor were any relevant expenses incurred under that item during the year.

The company's directors have identified no significant contingencies in connection with environmental protection or improvement and consequently deem provisions in this regard to be unnecessary.

No environment-related subsidies were received in 2010 or 2009.

19. Revenues and Expenses

19.1 Ordinary and ancillary management revenues

The company's "Operating revenues" are the fees earned for managing not only the FIEX and FONPYME funds, but also the programmes and funds sponsored by multilateral organisations (see Note 1).

The itemised list of these amounts, computed on the grounds of the provisions of the Order signed by H.E. the Minister of Economy and Finance on 28 July 1999, is given in the table below.

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Item	Basis for calculation	Thousand euros 2010	2009
Analysis fees	1.65% of the investment proposal submitted to FIEX	1,777	2,559
Formalisation charges	1% on investments drawn from FIEX and 1.5% on FONPYME-financed investments	1,399	1,352
Outlay fees	1% of the sums actually laid out by FONPYME	58	6
Management fees	1.25% of the value of the FIEX live investment portfolio	5,806	4,613
Performance fees	20% of the dividends and other returns actually received by the funds	14,469	3,692
Settlement fees	1.5% of the value of the investment laid out and actually repaid to FIEX	664	245
		24,173	**12,467**

The performance fees item primarily includes non-recurrent revenues generated by two FIEX capital divestments amounting to 13.52 million euros. In 2009, such non-recurrent revenues amounted to 1.98 million euros.

In 2010 the company also took in 190 thousand euros in ancillary revenue for managing other investments (98 thousand euros in 2009) and 5 thousand euros in rentals on a real estate investment (0 in 2009).

19.2 Personnel expenses

Personnel expenses are itemised below, in thousand euros.:

	2010	2009
Salaries and wages	3,048	2,953
Indemnities	-	8
Board member per diem	141	149
Social security tax	549	543
Other personnel expenses	255	254
	3,993	**3,907**

19.3 External services

The accounts comprising the “External services” listed on the income statement are itemised below.

	Thousand euros 2010	2009
Publicity, advertising and public relations	143	169
Leases	688	679
Repairs and upkeep	105	109
Independent professional services	1,509	1,554
Insurance premiums	1	2
Training costs	64	75
Travel expenses	236	301
Other expenses	397	393
	3,143	**3,282**

The item "Independent professional services" essentially covers the sums paid to outside consultants for the study and appraisal of company projects.

20. Related Party Balances and Transactions

During the year ending on 31 December 2010, the company's directors received salaries and per diem for a total of 141 thousand euros (149 thousand euros in 2009).

The books showed no advances or loans to any of its directors or managers on 31 December 2010 or 2009, nor had any obligations been assumed as security on their behalf. The company has undertaken no pension or life insurance obligations for any of its present or former directors.

The members of the COFIDES, S.A. board of directors attest to their compliance with the provisions of Articles 229 and 230 of the Corporate Enterprises Act. Details on their shareholdings, positions or duties, on their own or third party behalf, in companies engaging in the same business as COFIDES are contained in Annex I hereto.

21. Information on Employees

The company's average headcount in the last two years, broken down by category, is shown in the table below.

	2010	**2009**
Directors	13	14
Managers	13	12
Junior managers and technicians	33	33
Support staff	9	9
	68	**68**

The distribution of company staff and directors by sex is as follows:

	2010			**2009**		
	Women	**Men**	**Total**	**Women**	**Men**	**Total**
Directors	2	11	13	4	10	14
Managers	8	6	14	7	5	12
Others	27	15	42	26	15	41
	37	**32**	**69**	**37**	**30**	**67**

22. Auditors' Fees

KPMG Auditores S.L., the firm that audits the company's financial statements, and all related persons and organisations as defined in the provisions of Act 19/1988 of 12 July on Accounts Auditing, billed the company for professional fees and expenses for a sum of 33 and 32 thousand euros in the reporting periods ending on 31 December 2010 and 2009, respectively.

The aforementioned sum includes all the fees for auditing services provided in 2010 and 2009, irrespective of the date on which they were invoiced.

23. Events After the Reporting Period

No event worthy of note that would have any material effect on the financial statements was forthcoming between 31 December 2010 and the date on which they were prepared by the Board of Directors.

Annexes

List of company directors' shareholdings and positions in other companies on 31 December 2010

Director	Company
Francisco Javier Puig Asensio	Banco de Sabadell, S.A.
Mariano Ferrer Pascual	ICO Instituto de Crédito Oficial
José Corral Vallespín(*)	Banco Santander S.A.
María del Mar Rodrigo Casanova	Banco Bilbao Vizcaya Argentaria
Remedios Romeo García	Banco Bilbao Vizcaya Argentaria Banco Santander, S.A. Bankinter
Alberto Gómez Nicolau	Dinner's Club Banco Santander, S.A. Santander Factoring
Javier Cruz Veira	Banco Bilbao Vizcaya Argentaria
Guillermo Jiménez Gallego	ICO Instituto de Crédito Oficial
María del Carmen Moreno Raymundo	N/A (not applicable)
José Enrique Gómez Espinar (ENISA representative)	Caixa Capital Pyme Innovación, S.A. Fondo Axón I F.C.R. LUZARO, EFC, S.A. MONDRAGÓN PROMOCIÓN S.P.E., S.A. UNINVEST S.G.E.C.R., S.A. I+D UNIFONDO F.C.R. NEOTEC CR Sociedad de Fondos, SCR, S.A. Banesto – ENISA- SEPI Desarrollo, FCR Fondo GED Sur, FCR YSIOS BIOFUND I, FCR INVEREADY SEED CAPITAL, SCR, S.A. BCNA EMPRÉN, S.C.R., R.C., S.A. XES IMPULSA FERROL 10, F.C.R. FONDO ENISA-FESPYME-SEPIDES PARA LA EXPANSIÓN DE LA PYME F.C.R. AUDIOVISUAL AVAL S.G.R.

(*) Related parties holding under 0.005 % in Sociedad Banco Santander, S.A. and performing duties such as member of the Board or the Executive Committee or Chairman of Sociedad Banesto, S. A. Board's Risk Committee (since January 2011).

This annex should be read in conjunction with Note 20 to the Financial Statements, of which it forms an integral part.

No. of shares	Holding in per cent	Position and duties
-	-	International Business Director
-	-	Deputy Director
-	< 0.005%	Deputy General Manager - Risk
-	<0.01%	Director, Business Partner, Private Banking and BEC
209	-	-
129	-	-
5	-	-
-	-	Board member
-	>0.01%	-
-	-	Board member
-	-	Corporate Product Management Director
-	-	Department Manager
N/A	N/A	N/A
	9.68 %	-
	7.92 %	-
	4.71 %	Board member
	1 %	-
	3.13 %	Board member
	5.4 %	-
	1.09 %	-
	33.3 %	-
	2.04 %	-
	1.4 %	-
	9.96 %	Board member
	6.68 %	Board member
	8.3 %	-
	33.3%	-
	-	Board member

Annexes

List of company directors' shareholdings and positions in other companies on 31 December 2009

Director	Company
José Corral Vallespín	Banco Santander S.A.
María del Mar Rodrigo Casanova	Banco Bilbao Vizcaya Argentaria
Remedios Romeo García	Banco Bilbao Vizcaya Argentaria Banco Santander, S.A. Bankinter
Enrique Villarreal Rodríguez	ICO Instituto de Crédito Oficial AXIS: Participaciones Empresariales, SGECR, S.A.
Alberto Gómez Nicolau	DINNERS Banco Santander, S.A.
Javier Cruz Veira	BBVA Finanzia
José Enrique Gómez Espinar (ENISA representative)	Caixa Capital Pyme Innovación, S.A. Fondo Axón I F.C.R. MCC Desarrollo S.P.E., S.A. MCC PROMOCIÓN S.P.E., S.A. UNINVEST S.G.E.C.R., S.A. I+D UNIFONDO F.C.R. NEOTEC CR Sociedad de Fondos, SCR, S.A. Banesto – ENISA- SEPI Desarrollo, FCR Fondo GED Sur, FCR YSIOS BIOFUND I, FCR INVEREADY SEED CAPITAL, SCR, S.A. BCNA EMPRÉN, S.C.R., R.C., S.A. FERROL INICIATIVAS EMPRESARIALES, FCRRS

This annex should be read in conjunction with Note 20 to the Financial Statements, of which it forms an integral part.

No. of shares	Holding in per cent	Position and duties
-	< 0.005%	Deputy General Director Wholesale Banking and Global Business Risk Area Manager
23,249	-	Transactional Services Manager
206	-	-
126	-	-
1	-	-
-	-	General Manager, Technical Area
-	-	Board member
-	-	Board member
-	-	Deputy General Director
-	-	Director of Equipment Financing, BBVA Finanzia
	9.68 %	-
	8 %	-
	1.25 %	-
	1 %	-
	3.13 %	Board member
	5.4 %	-
	1.09 %	-
	33.3 %	-
	2.04 %	-
	1.4 %	-
	9.96 %	Board member
	6.68 %	Board member
	8.3 %	-