

GENERAL DE ALQUILER DE MAQUINARIA, S.A.

Annual Accounts at 31 December 2009
and Directors' Report for 2009

GENERAL DE ALQUILER DE MAQUINARIA, S.A.**CONTENTS OF THE ANNUAL ACCOUNTS FOR 2009**

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GENERAL DE ALQUILER DE MAQUINARIA, S.A.

**BALANCE SHEETS AT 31 DECEMBER 2009 AND 2008
(expressed in thousand euro)**

ASSETS	Note	At 31 December	
		2009	2008
NON-CURRENT ASSETS			
Intangible assets	5	564	898
Property, plant and equipment	6	2,731	1,439
Long-term investments in group and associated companies		315,943	317,525
Equity instruments	8	189,023	196,735
Loans to Group	9	126,920	120,790
Deferred tax assets	16	1,020	1,661
		320,258	321,523
CURRENT ASSETS			
Trade and other receivables	9	1,905	1,893
Trade receivables for sales and services rendered		143	147
Current tax assets		1,721	1,382
Personnel		2	-
Other receivables from public institutions		39	364
Short-term financial investments		526	-
Short-term loans	9	25	-
Other financial assets		501	-
Short-term prepayments and accrued income		-	12
Cash and other cash equivalents	11	55,036	36,266
		57,467	38,171
		377,725	359,694

The accompanying notes form an integral part of the consolidated annual accounts for 2009.

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BALANCE SHEETS AT 31 DECEMBER 2009 AND 2008
(expressed in thousand euro)

EQUITY AND LIABILITIES	Note	At 31 December	
		2009	2008
EQUITY			
Capital and reserves		144,902	142,826
Ordinary shares	12	30,764	30,764
Share premium	12	90,302	90,302
Reserves	13	26,116	28,610
Treasury shares	12	(7,426)	(10,757)
Prior year losses	13	-	(1,164)
Results for the year	14	1,507	1,416
Other equity instruments		3,639	3,655
NON-CURRENT LIABILITIES			
Long-term provisions		13,440	4,985
Other provisions		13,440	4,985
Long-term borrowings	15	175,305	170,984
Debentures and other marketable securities		55,412	111,476
Bank borrowings		115,954	58,218
Finance leases		-	9
Derivatives		1,532	1,281
Other financial liabilities		2,407	-
Long-term payables to Group companies and associates		15,722	3,517
Deferred tax liabilities	16	101	53
		204,568	179,539
CURRENT LIABILITIES			
Short-term borrowings	15	23,213	33,162
Debentures and other marketable securities		515	1,117
Bank borrowings		21,422	31,942
Finance leases		7	12
Other financial liabilities		1,269	91
Trade and other payables	15	5,042	4,167
Suppliers		1,902	1,242
Trade payables, Group companies		159	-
Sundry payables		1,366	22
Accrued wages and salaries (yet to be paid)		607	246
Other payables to public entities		1,008	2,657
		28,255	37,329
		377,725	359,694

The accompanying notes form an integral part of the consolidated annual accounts for 2009.

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INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008 (Thousand euro)

	Note	Year ended 31 December	
		2009	2008
<u>CONTINUED OPERATIONS</u>			
Net revenues	17	14,957	20,149
Services rendered		11,544	4,844
Interest		3,413	2,668
Dividends		-	12,637
Supplies		(45)	(99)
Raw materials consumed and other consumables	17	(45)	(99)
Other operating revenue		749	268
Sundry and other income		717	177
Capital grants released to income during the year		32	91
Personnel expenses	17	(6,191)	(5,487)
Wages, salaries and similar remuneration		(5,203)	(4,408)
Staff welfare expenses		(988)	(1,079)
Other operating expenses		(5,168)	(5,568)
External services		(5,154)	(5,406)
Taxes		(10)	(10)
Losses, impairments and changes in provisions for trade operations		(4)	(120)
Other ordinary management expenses		-	(32)
Fixed asset amortization/depreciation	5 and 6	(534)	(537)
Losses due to the impairment of securities representing long-term debt	8	(16,167)	(4,753)
Other results		293	-
OPERATING RESULTS		(12,106)	3,973
Financial income		352	7,643
Financial expense		(9,669)	(13,518)
Change in the fair value of financial instruments		(214)	-
Impairment and losses on disposal of financial instruments		28,797	311
FINANCIAL INCOME/EXPENSE	19	19,266	(5,564)
PROFIT BEFORE INCOME TAX		7,160	(1,591)
Corporate income tax	18	(5,653)	3,007
PRIOR YEAR RESULTS FROM CONTINUED OPERATIONS		1,507	1,416
PROFIT/LOSS FOR THE YEAR		1,507	1,416

The accompanying notes form an integral part of the consolidated annual accounts for 2009.

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STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008 (Thousand euro)

A) STATEMENT OF RECOGNIZED INCOME AND EXPENSE

	Year ended	
	2009	2008
Profit/ loss for the year	1,507	1,416
Income and expense attributed directly to equity		
Treasury shares	(2,690)	(3,513)
Tax effect	-	-
	<u>(2,690)</u>	<u>(3,513)</u>
TOTAL RECOGNIZED INCOME AND EXPENSE	<u>(1,183)</u>	<u>(2,097)</u>

B) STATEMENT OF TOTAL CHANGES IN EQUITY

	Share capital	Share Premium	Reserves	(Treasury shares)	Profit and loss brought forward	Consolidated of in year	Other equity instruments	TOTAL
CLOSING BALANCE 2007	<u>30,764</u>	<u>90,302</u>	<u>24,707</u>	<u>(9,221)</u>	<u>(1,164)</u>	<u>6,566</u>	-	<u>141,954</u>
Adjustments for changes in policy in 2007	-	-	844	(2,212)	-	-	3,270	1,902
ADJUSTED OPENING BALANCE 2008	<u>30,764</u>	<u>90,302</u>	<u>25,551</u>	<u>(11,433)</u>	<u>(1,164)</u>	<u>6,566</u>	<u>3,270</u>	<u>143,856</u>
Total recognized income and expense	-	-	(3,513)	-	-	1,416	-	(2,097)
Transactions with shareholders or owners	-	-	-	-	-	-	-	-
- Trading in treasury shares (net)	-	-	-	676	-	-	-	676
Distribution of results	-	-	6,566	-	-	(6,566)	-	-
Stock options	-	-	-	-	-	-	550	550
Other changes in equity	-	-	6	-	-	-	(165)	(159)
CLOSING BALANCE 2008	<u>30,764</u>	<u>90,302</u>	<u>28,610</u>	<u>(10,757)</u>	<u>(1,164)</u>	<u>1,416</u>	<u>3,655</u>	<u>142,826</u>
Adjustments for changes in policy in 2008	-	-	-	-	-	-	-	-
ADJUSTED OPENING BALANCE 2009	<u>30,764</u>	<u>90,302</u>	<u>28,610</u>	<u>(10,757)</u>	<u>(1,164)</u>	<u>1,416</u>	<u>3,655</u>	<u>142,826</u>
Total recognized income and expense	-	-	(2,690)	-	-	1,507	-	(1,183)
Transactions with shareholders or owners	-	-	-	-	-	-	-	-
- Trading in treasury shares (net)	-	-	-	3,331	-	-	-	3,331
Distribution of results	-	-	252	-	1,164	(1,416)	-	-
Stock options	-	-	-	-	-	-	326	326
Other changes in equity	-	-	(56)	-	-	-	(342)	(398)
CLOSING BALANCE 2009	<u>30,764</u>	<u>90,302</u>	<u>26,116</u>	<u>(7,426)</u>	<u>-</u>	<u>1,507</u>	<u>3,639</u>	<u>144,902</u>

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CASH FLOW STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008 (Thousand euro)

	Year ended 31 December	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxes	7,160	(1,591)
Adjustments to profit/loss		
+ Depreciation	534	537
+ Other costs	2,003	1,315
+ Financial expense	9,883	13,518
+ Impairment of shares in group companies	16,167	4,753
- Interest and Group dividends	(3,413)	(15,305)
- Financial income	(29,149)	(7,954)
Adjusted profit	3,185	(8,966)
Changes in trade and other receivables	(12)	2,425
Changes in other current assets	(514)	(13,919)
Changes in trade and other payables	875	2,246
Cash flows from operating activities (Note 20)	3,534	(18,214)
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Amounts paid for investments	(1,573)	1,276
Payments for acquisitions of companies	(98)	
Cash flows from investment activities (Note 21)	(1,671)	1,276
CASH FLOWS FROM FINANCING ACTIVITIES		
+ Movements in treasury shares and convertible bonds	640	(4,343)
+ Other sources of financing	42,885	11,231
- Repayment of loans and other credit facilities	(1,500)	(14,874)
+ Change in current financing	15,777	29,793
- Early redemption of convertible bonds	(32,093)	(10,141)
- Repayments of deferred price on company acquisitions	-	(5,000)
- Financial expense	(9,154)	(8,625)
+ Interest income	352	3,016
Cash flows from financing activities (Note 22)	16,853	1,057
Net increase/ decrease in cash or cash equivalents	18,770	(15,881)
Cash and cash equivalents at beginning of the year	36,266	52,147
Cash and cash equivalents at end of the year	55,036	36,266
	18,770	(15,881)

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NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2009 (Thousand euro)

1. General information

General de Alquiler de Maquinaria, S.A. (hereinafter the company) was incorporated as a limited liability company in Spain on 29 October 2002 for an indefinite period under the name of Milon Investments, S.L.

On 9 February 2006 Company shareholders held a General Meeting and adopted a resolution to transform the Company from a private limited liability company (SL company) to a public limited liability company (SA company). This resolution was executed in a public document on 28 March 2006.

Its corporate purposes consists of the purchase, subscription, swap and sale of securities on its own behalf without carrying out intermediary activities, in order to manage and administrate those shareholdings. GAM's corporate purposes includes the purchase, sale, rental and repair of machinery and vehicles.

The Company's primary activity consists of leading and managing a group of companies fundamentally dedicated to the rental of machinery for the construction, civil works and other sectors.

The Company operates throughout Spain, and its registered address is located in Madrid at María de Molina N° 39.

These annual accounts, which were prepared by the Company's Board of Directors on 24 February 2010, will be submitted for approval at the General Meeting and it is expected that they will be approved without any modification being made.

The Company prepared consolidated annual accounts with its investees in 2009 in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union in a separate document. As is indicated by the consolidated annual accounts, consolidated assets, consolidated profits for 2009 and consolidated equity at 31 December 2009 for the Company and its investees totaled €809,816 thousand (€8,938 thousand) and €182,097 thousand, respectively. These consolidated annual accounts were prepared on 24 February 2010 and will be filed with the Madrid Mercantile Registry.

2. Basis of presentation

a) True and fair view

The annual accounts have been prepared on the basis of the Company's accounting records and are presented in compliance with current Spanish Company Law and the Spanish General Accounting Plan approved by Royal Decree 1514/2007 so as to provide a true and fair view of the Company's net worth, its financial situation and the results of its operations, as well as the reality of the cash flows included in the cash flow statement.

The figures contained in the accompanying annual accounts are expressed in thousand euro.

b) Key aspects of the measurement and estimation of uncertainty

The preparation of the annual accounts requires the Company to apply certain forward-looking estimates and judgments that are evaluated on a continuous basis and are based on past experience and other factors, including expectations of future events that are deemed to be reasonable under the circumstances.

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The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value of derivatives or other financial instruments

The fair value of financial instruments that are not traded on an active market is determined by using measurement techniques provided by an outside expert (Note 10).

Income tax and deferred tax assets

The calculation of income tax requires interpretation of the tax legislation applicable to each company. The Company evaluates the recoverability of deferred tax assets based on the existence of future taxable income against which these assets may be offset.

Provisions

Provisions are recognized when it is probable that a present obligation, resulting from past events, will require the application of resources and when the amount of the obligation may be reliably estimated. To comply with the requirements of accounting rules significant estimates are necessary. Company management makes estimates, evaluating all relevant information and events, of the probability of a contingency and the amount of the liability to be settled in the future.

Useful lives of property, plant and equipment and intangible assets

Company management estimates the useful lives and relevant depreciation and amortization charges for its property, plant and equipment and intangible assets. The useful lives of assets are estimated in accordance with the period over which the fixed asset concerned will generate profits. At each closing the Company reviews the useful lives of assets and if the estimates differ from those made previously the effect of the change is recorded on a prospective basis as from the year in which the change is made.

c) Comparability

By virtue of the response from the Audit and Accounting Institute on 23 July 2009, and taking into account the Company's primary activity (Note 1), it recorded dividends and interest from the financing granted to investee companies under revenues (Note 8). In addition, it recorded the measurement adjustments deriving from the impairment of investee companies under operating margins.

As a result, certain figures for 2008 have been reclassified in these annual accounts to conform with current year presentation, to facilitate comparison. The most significant reclassification is set out below:

	<u>(Thousand euro)</u>	
	<u>Dr</u>	<u>Cr</u>
Financial income	15,305	
Impairment and losses on disposal of financial instruments	4,753	
Revenues		15,305
Impairment losses on securities representing long-term debt		4,753

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d) Groupings of items

For the purposes of facilitating the understanding of the balance sheet, the income statement, the statement of changes in equity and the cash flow statement, these financial statements are presented in a group format and all necessary analysis is set out in the notes to the financial statements.

3. Accounting policies

3.1 Intangible assets

a) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over the assets' estimated useful lives (3 years).

Costs associated with maintaining computer software programs are recognized as an expense when incurred. Costs directly related to the production of identifiable and unique computer programs controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Software development costs recognized as assets are amortized over the software's estimated useful life (which does not exceed 3 years).

3.2 Property, plant and equipment

Property, plant and equipment is stated at acquisition price or production cost less accumulated depreciation and accumulated impairment losses recognized.

Own work capitalized is calculated by adding to the price of the consumable materials used the direct or indirect costs attributable to the assets.

Costs incurred to extend, modernize or improve property, plant and equipment are only recorded as an increase in the value of the asset when the capacity, productivity or useful life of the asset is extended and it is possible to ascertain or estimate the carrying amount of the assets that have been replaced in inventories.

Depreciation of property, plant and equipment, with the exception of land, which is not depreciated, is calculated systematically using the straight-line method over the assets' estimated useful lives based on the actual decline in value brought about by operation, use and possession. Estimated useful lives are as follows:

	<u>Years</u>
Buildings	3
Plant and machinery	8
Fixtures, fittings, tools and furnishings	10
Other assets	6

The residual values and useful lives of assets are reviewed and adjusted, if necessary, at each balance sheet date.

If an asset's carrying amount is greater than its estimated recoverable amount, its carrying amount is written down immediately to its recoverable amount (Note 3.4).

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Gains and losses on the disposal of property, plant and equipment are calculated by comparing the sale revenue with the carrying amount and are recognized in the income statement.

3.3 Interest costs

Financial expense directly attributed to the acquisition or construction of property, plant and equipment that requires more than one year to be prepared for use is stated at cost until they are in a state of operation. At 31 December 2009 no significant amount had been capitalized in this respect (0 at 31 December 2008).

3.4 Impairment of non-financial assets

Assets subject to amortization/depreciation are subjected to in impairment tests provided that some event or a change in circumstances indicates that the book value may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount, understood as the asset's fair value less the higher of costs to sell and value in use. For the purposes of assessing impairment losses, assets are grouped together at the lowest level for which there are separately identifiable cash flows (Cash Generating Units). Non-financial assets, other than goodwill, that present an impairment loss are reviewed at each balance sheet date to determine whether or not the loss has reversed.

3.5 Financial assets

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets except for assets maturing in more than 12 months of the balance sheet date which are classified as non-current assets. Loans and receivables are included under "Loans to companies" and "Trade and other receivables" on the balance sheet.

Financial assets are initially carried at fair value, including directly attributable transaction costs, and are subsequently measured at amortized cost. Accrued interest is recognized at the effective interest rate, which is the discount rate that brings the instrument's carrying amount into line with all estimated cash flows to maturity. Trade receivables falling due in less than one year are carried at their face value at both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

At least at the year-end value adjustments are made as necessary for impairment losses if there is objective evidence that not all amounts due will be collected.

The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate prevailing at the date of initial recognition. Value adjustments, and reversals, where applicable, are recognized in the income statement.

b) Investments held-to-maturity

Held-to-maturity financial assets are debt securities with fixed or determinable payments and fixed maturity, that are traded on an active market and that Company management has the positive intention and ability to hold to maturity. If the Company disposes of a significant amount of the held-to-maturity assets, the entire category would be reclassified as available-for-sale. These financial assets include non-current assets, except for those that mature within 12 months as from the date of the balance sheet in which they are classified as current assets.

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The measurement criteria applied to these investments are the same as for loans and receivables.

c) Financial assets held for trading and other financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are considered to be all those assets held for trading that are acquired with the intention of being sold in the short-term or which form part of an identified securities portfolio that is jointly managed to obtain short-term profits, as well as financial assets designated by the Company at initial recognition to be included under this category as it provides more relevant information. Derivatives are also classified as held for trading provided that they do not consist of a financial guarantee and have not been designated as hedging instruments (Note 3.6) Assets in this category are classified as current assets if they are held for trading or are expected to be realized within 12 months of the balance sheet date.

These financial assets are measured, both initially and subsequently, at fair value and any changes affecting this value are taken to the income statement for the year. Directly attributable transaction costs are recognized in the income statement for the year.

d) Investments in the equity of group, multigroup and associated companies.

They are stated at cost less, where appropriate, accumulated value adjustments for impairment. However, when there is an investment prior to being classified as a group, multigroup or associated company the carrying value before being so classified is considered to be a part of the investment cost. The prior measurement adjustments that are directly recorded under equity are maintained there until written off.

If there is objective evidence that the carrying value is not recoverable, the relevant value adjustments are reflected for the difference between the carrying value and recoverable amount, understood as the higher of fair value less costs to sell and the present value of cash flows from the investment. Unless better evidence is available of the recoverable amount, when estimating the impairment of these investments, the investee's equity is taken into account, adjusted for any latent capital gains existing at the measurement date. The value adjustment and, if appropriate, its reversal, are reflected in the income statement for the year in which they arise.

3.6 Financial derivatives and hedge accounting

Financial derivatives are measured, both initially and subsequently, at fair value. The method for recognizing the resulting gain or loss depends on whether the derivative has been designated to be a hedge instrument or not, and, if appropriate, the type of hedge.

The Company's derivatives have been obtained to hedge financial debt and do not meet the requirements to be considered accounting hedges. As a result, the Group accounts for these items as held for trading.

Their fair value at each date is recorded as a non-current asset or liability if the remaining term of the hedged item exceeds 12 months and as a current asset or liability if the remaining term of the hedged item is less than 12 months, charging or crediting profit and loss, respectively. Changes in the fair value of these derivatives are immediately recognized in the income statement. The fair value at each date is provided by external experts.

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3.7 Equity

Share capital consists of ordinary shares.

The costs of issuing new shares or options are recognized directly in equity as a reduction in reserves.

In the event that the Company acquires treasury shares, the compensation paid including any incremental cost that is directly attributable, is deducted from equity until the shares are eliminated, issued again or otherwise disposed of. When the shares are sold or are subsequently issued again any amount received, net of any incremental cost that is directly attributable to the transaction, is included under equity.

3.8 Financial liabilities

a) Borrowings and payables

This category includes trade and non-trade payables. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months as from the balance sheet date.

Payables are initially recognized at fair value, adjusted for directly attributable transaction costs, and subsequently measured at amortized cost using the effective interest method. The effective interest rate is the discount rate that brings the instrument's carrying amount into line with the expected future flow of payments to the maturity date of the liability.

Notwithstanding the above, loans for commercial operations maturing within one year, and which do not have a contractual interest rate, are stated, both at the time of initial recognition as well as subsequently, at their nominal value provided that the effect of not restating flows is not significant.

Should any existing liabilities be renegotiated, no substantial modification to financial liabilities is deemed to exist when the new lender is the same party that granted the initial loan and the present value of cash flows, including net commissions, does not differ by more than 10% of the present value of the cash flows pending payment with respect to the original liability calculated using the same method.

In the case of convertible bonds, the Company determines the fair value of the liability component by applying the interest rate for similar non-convertible bonds. This amount is recorded as a liability based on its amortized cost up until settlement at the time it is converted or matures. All other income obtained is assigned to the conversion option which is recognized under equity.

b) Financial liabilities held for trading and other financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are considered to be all those liabilities held for trading that are issued with the intention of being required in the short-term or which form part of an identified securities portfolio that is jointly managed to obtain short-term profits, as well as financial liabilities designated by the Company at initial recognition to be included under this category as it provides more relevant information. Derivatives are also classified as held for trading provided that they do not consist of a financial guarantee and have not been designated as hedging instruments (Note 10)

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These financial liabilities are measured, both initially and subsequently, at fair value and any changes affecting this value are taken to the income statement for the year. Costs that are directly attributable to the issue are recognized in the income statement for the year.

3.9 Current and deferred taxes

Income tax expense (income) is that amount of income tax that accrues during the period. It includes both current and deferred tax expense (income).

Both current and deferred tax expense (income) is recognized in the income statement. However, the tax effect of items recorded directly in equity is recognized in equity.

Current tax assets and liabilities are carried at the amounts that are expected to be payable to or recoverable from the tax authorities, in accordance with prevailing legislation or regulations that have been approved and are pending publication at the year end.

Deferred taxes are calculated in accordance with the liability method on the temporary differences between the tax bases of assets and liabilities and their carrying values. However, if the deferred taxes arise from the initial recognition of a liability or an asset on a transaction other than a business combination that at the time of the transaction has no effect on the tax or accounting gain or loss, they are not recognized. The deferred tax is determined by applying tax rates and tax legislation approved or about to be approved at the balance sheet date and which are expected to be applied when the corresponding deferred tax asset is realised or deferred tax liability is settled.

Deferred tax assets are recognized insofar as future tax profits will probably arise against which to offset the temporary differences.

Deferred taxes on temporary differences arising on investments in subsidiaries, associates and joint ventures are recognized, except where the Company is able to control the reversal date of the temporary differences and such differences are unlikely to reverse in the foreseeable future.

The Company is taxed under the consolidated corporate income tax system together with the companies forming part of the Group. Accordingly, the assessment base is determined based on the consolidated results obtained by the Group.

3.10 Employee benefits

a) Stock-based compensation

In 2006 the Company General de Alquiler de Maquinaria, S.A. launched an executive compensation plan approved by shareholders at an Extraordinary General Meeting held on 19 May 2006, based on the following basic terms:

- Eligible parties: 45 directors and executives at GAM Group, which is led by the Company, who are considered to be for these purposes, the CEO of the Company, the Directors of functional areas (human resources, finance, etc.), the managers of regional divisions and any future executives that may be hired by GAM Group.
- Purpose and administration: Free of charge delivery of options for the acquisition of Company shares at a certain price (listed price for the share on the date entering the Plan) which are subject to the condition of remaining with GAM Group until that date on which the options may be exercised. These options will be non-transferable.

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- Volume of shares: 322,909 shares, equal to 1.13% of the Company's equity after being listed on the stock market.
- Duration of the plan: The Plan will be in force for a total of six (6) years as from the grant date. The options may not be exercised for at least three (3) years after the grant date.

On 18 December 2007 this plan was extended by 29,699 stock options relating to the entry of a new executive that was not included under the initial plan.

Based on the particular conditions of the plan, the operation is considered to be a stock-option payment transaction, through which the Company acquires the services rendered by executives and incurs a liability in an amount based on the value of the shares, which is recognized by the Company under equity.

In 2009 the plan was expanded by 13,903 stock options (Note 12.d) as a result of the entry of two new executives. The main information relating to the entry into the "Black Scholes" model in 2007 and 2008 was share prices (between €8.25 and €23.57) and the Company did not estimate the distribution of dividends, applies than expected option life of 6 years, a risk-free annual interest rate of between 3.44% and 4.66%, as well as market volatility affecting the share (between 42.54% and 56.30%) obtained as the average of the volatilities affecting similar companies in this sector in which the Group operates over the 6 years before the stock option plan was launched.

b) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes these benefits when it has demonstrably undertaken to terminate employees' employment in accordance with a formal detailed plan that cannot be withdrawn, or to provide severance indemnities as a result of an offer made to encourage voluntary redundancy. Benefits which are not going to be paid within 12 months of the balance sheet date are discounted at present value.

c) Profit-sharing and bonus plans

The Company recognizes a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

3.11 Provisions and contingent liabilities

Provisions for restructuring costs and legal claims are recognized when the Company has a present legal or constructive obligation as a result of past events; it is likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are stated at the present value of the payments that are expected to be necessary to settle the obligation using a pre-tax rate that reflects an evaluation of the current market, the current value of money and the specific risks of the obligation. Adjustments made to update the provision are recognized in finance costs as they accrue.

Provisions maturing in one year or less the financial effect of which is immaterial are not discounted.

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Where a part of the outflow necessary to settle the obligation is expected to be reimbursed by a third party, the reimbursement is recognized as a separate asset, provided collection is virtually assured.

Contingent liabilities are considered to be potential liabilities deriving from past events, the existence of which are subject to the occurrence of one or more future events that lie outside the control of the Company.

3.12 Revenue recognition

Revenue comprises the fair value of the consideration receivable and represents amounts receivable for goods delivered and services rendered in the ordinary course of the Company's activities, net of returns, rebates, discounts and value added tax.

The Company recognizes revenue when the amount may be reliably estimated, it is likely that the future economic benefits will flow to the Company and the specific conditions are fulfilled for each activity, as described below. It is deemed that revenue amounts cannot be reliably determined until all contingencies relating to the sale have been resolved. The Company's estimates are based on historical results, taking into account customer type, transaction type and specific terms.

a) Rendering of services

The company renders advisory services to its subsidiaries as a result of the holding activity that it carries out. These services are invoiced in accordance with the contracts concluded between the Company and its subsidiaries that stipulate objective calculation formulas as the invoice calculation method.

b) Interest income

Interest income is recognized using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Loan interest revenues that have suffered impairment losses are recognized using the effective interest rate method.

c) Dividend income

Dividend revenue is recognized in the income statement at the time the entitlement to receive the dividends is established. Notwithstanding the above, if the dividends distributed originate from profits generated prior to the acquisition date they are not recognized as income but rather as lowering the carrying value of the investment.

3.13 Leases

a) When the Company is the lessee – Finance lease

The Company leased certain property, plant and equipment. When, in accordance with a lease covering property, plant and equipment, the Company has substantially all the rights and benefits of ownership, it is classified as a finance lease. Finance leases are capitalized at the start of the lease period at the lower of the fair value of the leased property or the present value of the minimum payments due on the lease. To calculate present value the implicit interest rate for the agreement will be used, or the interest rate for the lessee in similar transactions, if the first rate cannot be determined.

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Each lease payment is made up of the liability and financial charges. The total financial charge is distributed over the course of the lease and is taken to the income statement in the year in which it accrues, applying the effective interest rate method. Contingent installments are expenses for the year incurred. The relevant lease obligations, net of financial charges, are included under "Finance leases payable". Assets acquired under finance leases are amortized over the lower of their useful life or the term of the lease.

b) When the Company is the lessee – Operating lease

Leases under which the lessor maintains a significant portion of the risks and benefits of ownership are classified as operating leases. Operating lease payments (net of any incentive received by the lessor) are charged against the income statement for the year in which they accrue on a straight-line basis over the lease period.

3.14 Related-party transactions

In general, transactions between group companies are initially recognized at fair value. If applicable, where the agreed price differs from the fair value, the difference is recognized based on the economic reality of the transaction. Transactions are subsequently measured in accordance with applicable standards.

Notwithstanding the above, in mergers, spin-offs and non-monetary contributions of a business the Company follows the following criteria:

- a) In transactions between group companies involving the parent company or the parent of a sub-group and a direct or indirect subsidiary, the items constituting the acquired business are measured at their carrying value in the consolidated annual accounts for the group or sub-group after the transaction takes place.
- b) In the case of transactions between other Group companies, the equity items making up the business are measured at their carrying value in the individual annual accounts before the transaction.

Any difference is taken to reserves.

4. Financial risk management

4.1 Financial risk factors

The company's activities are exposed to several financial risks such as: cash flow interest rate risks, liquidity risks and risks relating to the fair value of derivatives. The company's financial management controls the above risks in accordance with the guidelines issued by the Board of Directors. To mitigate these risks, financial management obtains surety insurance, credit policies, and factoring and derivative arrangements. Financial management's decisions are supervised and approved by the Board of Directors.

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The risks, and their management, are as follows:

a) Cash flow interest rate risk

The company has financed its strong growth mainly through deferred payments to the sellers of the acquired businesses and loans obtained from credit institutions to acquire companies. Except for the deferred payments, which have an implicit interest rate, and convertible bonds issued bearing a fixed interest rate, all of the other borrowings accrue an interest rate indexed to the Euribor plus a spread, which gives rise to the risk that future cash flows will vary and that, consequently, finance costs will change.

In accordance with the simulations performed, the impact of a 50 basis point change in interest rates would have a maximum impact on profits of a €394 thousand (€336 thousand in 2008) upward or a decline of €419 thousand (€337 thousand in 2008), respectively.

The company covers these risks financially, to the extent deemed adequate, by contracting derivatives for which a set fee is paid and receives flows indexed to the Euribor rate (Note 10).

b) Liquidity risk

On a monthly basis financial management analyses the debt payment schedule and the relevant need for short and medium-term liquidity. To date the flows generated by the business are sufficient to repay debt and the Group habitually enters into factoring agreements with banks and uses credit facilities that the company has obtained from several financial institutions.

Borrowings are structured such that the Group generates sufficient cash flows to satisfy repayment. The Group does not currently require additional financing and it is focused on reducing leveraging levels.

4.2 Equity management and debt levels

The Company's objective is to have adequate equity to obtain the financing necessary for the Group's expansion without compromising its solvency and maximizing yields that shareholders may obtain from their investments. The Group does not operate in sectors with specific equity requirements and it complies with general legislation (Spanish Companies Act) regarding minimum equity requirements.

In general, the acquisition of companies is financed through deferring part of the payment, bank loans and, when necessary, by increasing share capital; the purchase of property and land is financed through mortgage loans, and working capital is financed through discounting, factoring and credit facilities.

Due to its current need for financing, the Group has not distributed dividends since it was incorporated. The Company, acting as the Group parent and in its capacity as the financier of all subsidiaries, manages its capital needs by controlling debt levels measured as the net debt to equity ratio. Net debt includes finance leases, convertible bond issues and other financial debt, subtracting the financial debt through fixed asset supplier financing, bank loans and deferred payments to the sellers of acquired companies ("vendor loan"), guarantees and cash and cash equivalents. All assets and liabilities are considered to make up equity.

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The Group's debt ratios at 31 December 2009 were as follows:

	Thousand euro	
	2009	2008
Total borrowings	554,018	652,923
Bonds and other negotiable securities issued	55,927	112,593
Finance leases (non-current)	255,071	284,025
Other financial borrowings (non-current)	158,266	89,385
Finance leases (current)	51,799	116,873
Other financial borrowings (current)	32,955	50,047
Less: Cash and cash equivalents	(10,471)	(41,419)
Less: Vendor loan ⁽¹⁾	(4,000)	(4,000)
Less: Payable to suppliers of assets ⁽²⁾	(16,906)	(23,441)
Less: Guarantee deposits	(136)	-
Plus: Other off-balance sheet liabilities (guarantees)	4,177	-
Net Financial Debt	526,682	584,063
Total equity	182,097	189,785
Ratio Net financial debt/Equity	2.89	3.08

⁽¹⁾ This relates to payments to be made to the former owners of the acquired companies. The deferred amount is exempt from any explicit financial charge. For this reason it is not considered to be financial debt.

⁽²⁾ Debt relating to the deferred amounts relating to machine a suppliers. These deferrals are exempt from any explicit financial charge and for this reason they are not considered to be financial debt.

GAM Group has compliance covenants at the consolidated level relating to:

- a) Four loans that the Company has concluded with four financial institutions that are intended to finance part of the acquisition of the company Vilatel, S.L. in 2007. The outstanding balance at 31 December 2009 on these four loans amounts to €55,472 thousand (Note 24 b) (€55,472 thousand at 31 December 2008). These covenants must be complied with over the entire life of the loans.
- b) As a result of the refinancing transaction concluded on 24 and 30 July 2009 (Note 15), the Group maintains the same compliance covenants mentioned above with all of the financial institutions that have signed the refinancing agreements for the renewed debt totaling €243,963 thousand.

The ratios to be met at the consolidated group level are as follows:

- a) Net financial debt / EBITDA: The ratio to be met at 31 December 2009 is less than or equal to 6.5x (3.5x at 31 December 2008).
- b) Net Financial Debt / Equity: The ratio to be met at 31 December 2009 is less than or equal to 450% (250% at 31 December 2008).

At 31 December 2009 the ratios totaled 6.4x and 289%, respectively.

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4.3 Fair value estimation

The fair value of the company's financial instruments is provided by outside experts.

The market measurement of the derivatives by independent experts is based on the year-and measurement of interest rate swaps and options (Cap, Floor) for which the ICAP curve (Embedded Curve) and the Vcap curve (Volatility curve) obtained from Reuters is used. Both curves generate flows as a result of comparing the structural fixed rate with the reference rate (Euribor) in the case of interest rate swaps, and as a result of the probability that a reference rate reached that threshold (Cap, Floor) in the case of options.

The carrying amounts of trade receivables and payables are assumed to approximate their fair value. The fair value of financial liabilities for financial reporting purposes is estimated by discounting future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

5. **Intangible assets**

The breakdown and movements in the items included under "intangible assets" is as follows:

	Thousand euro		
	Concessions	Computer software	Total
Balance at 1 January 2008	-	713	713
Cost	1	1,216	1,217
Accumulated amortization	(1)	(503)	(504)
Carrying value	-	713	713
Other additions	-	557	557
Amortization charge	-	(372)	(372)
Balance at 31-12-2008	-	898	898
Cost	1	1,773	1,774
Accumulated amortization	(1)	(875)	(876)
Carrying value	-	898	898
Other additions	-	22	22
Amortization charge	-	(356)	(356)
Balance at 31-12-2009	-	564	564
Cost	1	1,795	1,796
Accumulated amortization	(1)	(1,231)	(1,232)
Carrying value	-	564	564

a) Fully amortized intangible assets

At 31 December 2009 there are fully-amortized intangible assets with a cost of €496 thousand still in use (€221 thousand in 2008).

b) Insurance

The Company has taken out a number of insurance policies to cover risks relating to intangible fixed assets. The coverage provided by these policies is considered to be sufficient.

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6. Property, plant and equipment

The breakdown and movements in the items included under "Property, plant and equipment" is as follows:

	Thousand euro			Total
	Land and buildings	Plant and other property, plant and equipment	Prepayments and assets under construction	
Balance at 1 January 2008	333	483	90	906
Cost	333	771	90	1,194
Accumulated amortization	-	(288)	-	(288)
Carrying value	333	483	90	906
Other additions	104	375	240	719
Other transfers	250	-	(250)	-
Disposals	-	(28)	-	(28)
Elimination from amortization	-	7	-	7
Amortization charge	(20)	(145)	-	(165)
Decrease in amortization due to the transfer to other accounts	-	50	-	50
Increase in amortization due to the transfer to other accounts	(50)	-	-	(50)
Balance at 31-12-2008	617	742	80	1,439
Cost	687	1,118	80	1,885
Accumulated amortization	(70)	(376)	-	(446)
Carrying value	617	742	80	1,439
Other additions	-	36	1,515	1,551
Disposals	-	(24)	(79)	(103)
Amortization charge	(19)	(159)	-	(178)
Elimination from amortization	-	22	-	22
Balance at 31-12-2009	598	617	1,516	2,731
Cost	687	1,130	1,516	3,333
Accumulated amortization	(89)	(513)	-	(602)
Carrying value	598	617	1,516	2,731

a) Fully depreciated assets

At 31 December 2009 fully depreciated computer equipment with an original cost of €70 thousand are still being used in operations (€41 thousand in 2008).

b) Finance leases

The heading "Plant and other property, plant and equipment" includes the following amounts in respect of vehicles under which the Company is the lessee:

	Thousand euro	
	2009	2008
Cost - capitalized finance leases	120	120
Accumulated amortization	(120)	(120)
Carrying value	-	-

c) Operating leases

The income statement includes €879 thousand for operating lease expenses mainly relating to the rental of premises (€662 thousand in 2008).

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d) Insurance

The Company has taken out a number of insurance policies to cover risks relating to property, plant and equipment. The coverage provided by these policies is considered to be sufficient.

7. Analysis of financial instruments

7.1 Analysis by category

The carrying value of each of the categories of financial instruments established under the measurement and accounting policy category "Financial Instruments", except investments in the equity of group, multigroup and associated companies (Note 8), is as follows:

	Thousand euro			
	Long-term financial assets		Short-term financial assets	
	Loans		Loans	
	Other		Other	
	2009	2008	2009	2008
Loans and receivables (Note 9)	126,920	120,790	1,930	1,905
Investments held-to-maturity	-	-	501	-
	126,920	120,790	2,431	1,905

	Thousand euro					
	Long-term financial liabilities					
	Bank borrowings		Debentures and other marketable securities		Derivatives and other	
	2009	2008	2009	2008	2009	2008
Financial liabilities						
Borrowings and payables (Note 15)	115,954	58,227	55,412	111,476	18,129	3,517
Derivatives (Note 15)	-	-	-	-	1,532	1,281
Total	115,954	58,227	55,412	111,476	19,661	4,798

	Thousand euro					
	Short-term financial liabilities					
	Bank borrowings		Debentures and other marketable securities		Derivatives and other	
	2009	2008	2009	2008	2009	2008
Financial liabilities						
Borrowings and payables (Note 15)	21,429	31,954	515	1,117	6,311	4,258
Total	21,429	31,954	515	1,117	6,311	4,258
Total	137,383	90,181	55,927	112,593	25,972	9,056

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7.2 Analysis by maturity date

The amounts of financial instruments with a maturity date that is certain or can be determined classified by year of maturity are as follows:

	Thousand euro		
	2010	2011	Total
Investments in Group and associated companies			
- Loans to companies	-	126,920	126,920
Other financial investments:			
- Loans to companies	1,930	-	1,930
- Other financial assets	501	-	501
	2,431	-	2,431
	2,431	126,920	129,351

	Thousand euro						
	Financial liabilities						Total
	2010	2011	2012	2013	2014	Años posteriores	
Amounts owed to Group and associated companies	159	15,722	-	-	-	-	15,881
Debentures and other marketable securities	515	-	55,412	-	-	-	55,927
Bank borrowings	21,422	33,441	16,202	20,646	19,860	25,805	137,376
Payables to third parties	4,883	-	-	-	-	-	4,883
Finance leases	7	-	-	-	-	-	7
Derivatives	-	-	36	1,496	-	-	1,532
Other financial liabilities	1,269	1,570	837	-	-	-	3,676
	28,255	50,733	72,487	22,142	19,860	25,805	219,282

8. Shareholdings in Group, multigroup and associated companies

a) Shareholdings in Group and associated companies

Company/Registered Office	Activity	Thousand euro	
		Direct stake	Indirect stake
Gam Noroeste, S.L.U (Llanera, Asturias) (1)	Machinery rental	100%	-
Gam Canarias, S.L.U (Fuerteventura) (1)	Machinery rental	100%	-
Gam Sureste, S.L. (Granada) (1)	Machinery rental	50%	50%
Gam Norte, S.L.U(*) (Baracaldo, Vizcaya)	Machinery rental	100%	-
Gam Este, S.L.U (Barcelona) (1)	Machinery rental	100%	-
Aldaiturriaga, S.A.U (Baracaldo, Vizcaya) (1)	Machinery rental	100%	-
Gam Levante Alquiler de Maquinaria S.L.U (Valencia) (1)	Machinery rental	100%	-
Gam Centro Alquiler de Maquinaria, S.L.U (Madrid) (1)	Machinery rental	100%	-
Gam Suroeste, S.L.U (Seville) (1)	Machinery rental	100%	-
Gam Portugal Alquiler de Máquinas e Equipamentos, Lda(1).	Machinery rental	100%	-
Gam Noreste, S.L.U (1)	Machinery rental	100%	-
Gam Energia Alquiler de Maquinaria, S.L.U (1)	Machinery rental	100%	-
Gam Renove, S.A.U (*)	Machinery rental	100%	-
General Alquiler de Maquinaria Industrial, S.L.U (*)	Machinery rental	100%	-
GAM Estructuras Alquiler de Maquinaria, S.L.U. (*)	Machinery rental	100%	-
GAM Verde, S.L.U (*)	Machinery rental	100%	-
GAM Vias, S.L.U (*)	Machinery rental	100%	-
GAM Eventos, S.L.U (*)	Machinery rental	100%	-
GAM Puertos, S.L.U (*)	Machinery rental	100%	-
GAM Islas Baleares, S.L.U (1)	Machinery rental	100%	-
GAM Maquinaria Pesada. S.L.U.**	Machinery rental	100%	-
Grupo Internacional de Inversiones en Maquinaria de Alquiler GAM, S.A.U (*)	Machinery rental	100%	-
NMS, S.A. (*)	Industrial activity	45%	-
Comercial Marsal, S.A.U (*)	Machinery rental	100%	-
Vilatel, S.L.U (1)	Machinery rental	100%	-
Servicios Generales de Alquiler de Maquinaria, S.L.U (*)	Machinery rental	100%	-
Movilidad Sostenible MOV-E S.L.(*)	Machinery rental	50%	-

(1) Companies audited by PricewaterhouseCoopers Auditores, S.L.
(*) These companies were not audited in 2009.

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None of the Group companies in which the Company holds an interest are listed on a stock exchange.

Set out below are the figures for capital, reserves and results for the year together with other relevant information as per the companies' individual annual accounts:

Company/Registered Office	Thousand euro				Provisions Recognized during the year
	Carrying value for the parent company	Capital and share premium	Reserves	Profit for 2009	
<u>Group companies</u>					
Gam Noroeste, S.L.U (Llanera, Asturias)	2,922	500	4,475	(3,460)	3,192
Gam Canarias, S.L.U (Fuerteventura)	30	30	4,112	(840)	-
Gam Sureste, S.L. (Granada)	2,250	60	4,325	(869)	-
Gam Norte, S.L.U(*) (Baracaldo, Vizcaya)	60	60	390	113	-
Gam Este, S.L.U (Barcelona)	60	60	956	(564)	-
Aldaiturriaga, S.A.U (Baracaldo, Vizcaya)	15,405	1,167	24,152	(2,356)	-
Gam Levante Alquiler de Maquinaria S.L.U (Valencia)	4,460	4,460	413	913	-
Gam Centro alquiler de maquinaria, S.L.U (Madrid)	15,880	15,099	3,902	2,435	-
Gam Suroeste, S.L.U (Seville)	19,961	93	16,730	(2,614)	-
Gam Portugal Aluguer de Máquinas e Equipamentos, Lda	8,385	4,515	3,660	(2,196)	4,348
Gam Noreste, S.L.U	60	60	1,059	132	-
Gam Energia Alquiler de Maquinaria, S.L.U	60	60	2,224	147	-
Gam Renove, S.A.U	57	60	(3)	843	-
General Alquiler de Maquinaria Industrial, SL.U	60	60	424	260	-
GAM Estructuras alquiler de maquinaria, S.L.U.	-	60	(2,105)	(2,260)	2,281
GAM Verde, S.L.U	-	60	(372)	(750)	750
GAM Vias, S.L.U	3	3	225	154	-
GAM Eventos, S.L.U	-	3	135	(1,179)	350
GAM Puertos, S.L.U	3	3	45	(20)	-
GAM Islas Baleares, S.L.U.	-	60	(1,090)	(2,869)	2,869
GAM Maquinaria Pesada. S.L.U	-	60	283	(385)	103
Grupo Internacional de Inversiones en Maquinaria de Alquiler GAM, S.A.U	-	300	(318)	(1,337)	1,337
Comercial Marsal, S.A.U	2,786	60	2,642	883	-
Vilatel, S.L.U	116,482	4,000	40,699	(9,699)	-
Servicios Generales de Alquiler de Maquinaria, S.L.U	-	60	(1,653)	(828)	828
Movilidad Sostenible MOV-E S.L	3	-	-	-	-
<u>Associated companies</u>					
NMS, S.A.	96	450	(201)	(56)	109
	189,023	31,403	105,109	(26,402)	16,167

9. Loans and receivables

	Thousand euro	
	2009	2008
Long-term loans and receivables:		
- Loans to group companies (Note 24)	126,920	120,790
Short-term loans and receivables:		
- Trade receivables	143	147
- Personnel	2	-
- Other financial assets	25	12
- Current tax assets	1,721	1,382
Other receivables from public entities	39	364
	1,930	1,905
	128,850	122,695

The fair values of loans and current receivables are similar to their carrying values.

The carrying value of all loans and receivables is denominated in euros.

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The effective interest rate applied to non-current receivables during 2009 was 3% (5% in 2008).

Trade receivables that have fallen due but are outstanding for less than three months are not considered to be impaired. At 31 December 2009 and 2008 no receivables have fallen due.

The maximum exposure to credit risk at the reporting date is the fair value of each of the categories of the aforementioned receivables. The Company does not maintain any guarantee as insurance.

10. Derivative financial instruments

Obtained mainly to hedge finance leases for investee companies and, to a lesser extent, bank borrowings that accrue interest at a rate indexed to the euribor plus a spread, the Company records derivatives for which it pays a fixed fee and receives 6-month euribor.

At 31 December 2009 the notional amount of derivatives totaled €37.1 million (€49.6 million in 2008), falling due between 2012 and 2014, for which a fixed rate is paid and 6-month Euribor rate is received.

The amount of the notionals not covered totals €103.9 million at 31 December 2009 (€40.6 million in 2008).

Although the derivatives have been obtained to hedge borrowings they do not comply with the requirements to be considered accounting hedges. As a result, the Company accounts for these items as held for trading. Their fair value at each date is recorded as a non-current asset or liability if the remaining term of the hedged item exceeds 12 months and as a current asset or liability if the remaining term of the hedged item is less than 12 months, charging or crediting profit and loss, respectively.

The fair value at each date is provided by experts outside of the Group and has a negative impact on the Company's financial results totaling €214 thousand (Note 19) at 31 December 2009 (€1,531 thousand loss in 2008). This impact gave rise to the recognition of a liability under the heading "Derivative financial instruments" totaling €1,532 thousand (€1,281 thousand in 2008).

As has been explained above, practically all borrowings are indexed to the Euribor rate plus a spread and derivatives are also affected by movements in the Euribor rate. Based on the information provided by external professionals, the Company has analyzed the effect that changes in interest rates would have on profit for the year.

Probable movements within one year are considered to consist of a 50 basis point change in the 6-month Euribor rate. Under this scenario:

- If the movement consisted of a rate increase, the financial cost of the debt will increase by approximately €394 thousand, offset by a gain in the fair value of the derivatives totaling €281 thousand.
- If the movement consisted of a rate reduction, the financial cost of debt would fall by the aforementioned amount of €419 thousand and the market value of the derivatives would fall by €263 thousand.

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11. Cash and other cash equivalents

	Thousand euro	
	2009	2008
Cash and deposits	49,036	18,231
Other cash equivalents	6,000	18,035
	55,036	36,266

For the purposes of the cash flow statement, cash and cash equivalents make up the entire balance.

12. Capital and share premium

a) Capital

	Thousand euro	
	2009	2008
Called capital documented	30,764	30,764

Capital stock at 31 December 2008 amounted to €30,764 thousand, and was represented by 30,674,121 fully paid ordinary shares of a single class, with identical voting and financial rights, with a par value of €1 each. All of the shares are represented by book entries and were listed on the Madrid, Barcelona, Valencia and Bilbao stock markets on 13 June 2006.

There are no restrictions on the free transfer of the shares.

In accordance with the disclosures received by the Company in compliance with the provisions of current legislation regarding the reporting of shareholdings, the significant shareholders at 31 December 2007 are:

<u>Company</u>	<u>Number of Shares (thousands)</u>	<u>Percentage interest</u>
Bilbao Bizkaia Kutxa Group	1,597	5.19%
Caja de Ahorros de Asturias	1,538	5.00%
Caixa de Aforros de Vigo, Orense e Pontevedra Gondaral, S.L.	1,541	5.01%
Gondaral, S.L.	1,646	5.35%
Gloval Procesos Corporación 2000 S.A.	3,452	11.22%
Caja de Ahorros y Monte Piedad de Navarra	2,843	9.24%
Catavi, S.L.	1,600	5.20%
QMC Development Capital Fund PLC	1,400	4.55%
Héctor Fabián Gómez Sainz	3,199	10.40%
Metotec, S.L.	2,661	8.65%

b) Share premium account

This reserve is freely available for distribution.

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c) Treasury shares

At 31 December 2009 the Company holds a total of 822,813 treasury shares with a carrying value of €7,426 thousand (€10,757 thousand in 2008).

Parent company shareholders at an Extraordinary Meeting adopted a resolution on 19 May 2006 to authorize the acquisition of a maximum number of treasury stock, provided that added to the capital stock already in the possession of the parent company or its subsidiaries, it does not exceed 5% of the parent company's capital stock. This was to be done at a minimum price of €1 per share and a maximum price of not more than 120% of the listed value at the date of acquisition. The authorization was granted for 18 months as from the time the Resolution was adopted.

d) Stock options

Parent company shareholders at an Extraordinary Meeting held on 19 May 2006 adopted a Resolution approving a compensation system for directors and executives at the Group indexed to the value of GAM shares, at the listed closing price on the dates of entry into the plan (between €5.64 and €23.57 per share) (Note 3.10.a). At the year end, and in compliance with the relevant measurement standard, the Company created a reserve totaling €876 thousand to cover the liability accrued at 31 December 2009 deriving from the maintenance of this plan (€550 thousand at 31 December 2008).

The volume of stock options, as well as the strike prices for the option plan in 2009 are set out below.

	<u>Number of options</u>	<u>Exercise price</u>	<u>Grant date</u>	<u>Date year starts</u>
Balance at 01.01.08	352,608	9.54	-	-
Granted during the year	-	-	-	-
Balance at 31.12.08	352,608	9.54		
Granted during the year	13,903	10.79	2009	2012
Exits from the plan	(65,575)			
Balance at 31 December 2009	300,936			

13. Reserves and profit and loss account brought forward

a) Reserves

	<u>Thousand euro</u>	
	<u>2009</u>	<u>2008</u>
Legal and statutory:		
- Legal reserve	3,744	3,602
Other reserves:		
- Voluntary reserves	22,372	25,008
	26,116	28,610

Legal reserve

Appropriations to the legal reserve are made in compliance with Article 214 of the Spanish Companies Act, which stipulates that 10% of the profits for each year must be transferred to this reserve until it represents at least 20% of share capital.

The legal reserve is not available for distribution. Should it be used to offset losses in the event of no other reserves being available, it must be replenished out of future profits.

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The carrying values are close to the fair values of both long and short-term borrowings.

The carrying value of all Company borrowings is denominated in euros.

The Company has the following unused credit lines:

	Thousand euro	
	2009	2008
Variable rate:		
– maturing in more than one year	11,259	2,000

a) Bank borrowings

Bank borrowings mature up to 2015 and have interest rates set based on the euribor plus a spread.

In addition, in 2007 the Group obtained loans from credit institutions to finance the acquisition of companies in 2007 for approximately the amount of €75,800 thousand and the present value of the outstanding debt at 31 December 2009 is €62,320 (€62,905 thousand in 2008). These loans are associated with compliance with the covenants described under No 4.2 and are secured through a pledge of 25% of the shares in the company Vilatel, S.L.

In addition, €43,077 thousand has been drawn down from loans totaling €102,989 thousand as a result of the refinancing process carried out by the Group in 2009 (Note 15b).

Management considers that the Company will be capable of complying with all contractual obligations deriving from its loans on a timely basis.

b) Refinancing process

On 24 July and 30 July 2009, the Company obtained refinancing agreements from 13 financial institutions through which the amount of €124,635 thousand was deferred, with respect to the maturity of the Group's operating and finance leases and loans. Subsequent to the signing of these agreement, and up to 31 December 2009, three financial institutions joined the agreements and as a result an additional €10,668 thousand has been deferred. GAM has therefore deferred a total of €135,303 thousand relating to the maturity of operating and finance leases and loans.

As a result of the debt refinancing process, GAM Group companies and the financial institutions that joined the restructuring process include the following financing and maturity date deferrals:

The following financing was involved in this restructuring: (i) mortgage loans and loans used by GAM Group to acquire companies, of which €25,596 thousand has been deferred; (ii) operating and finance lease contracts (including loan agreements concerning the activities carried out in the Canary Islands) used by GAM Group to acquire machinery, of which €109,707 is deferred; and (iii) the working capital finance agreements for GAM Group, which consist of the loan, revolving credit, factoring, discounting and confirming facilities that have been renewed until June 2012, as follows: credit facilities in the amount of €25,300 thousand, discounting facilities in the amount of €22,100 thousand, factoring facilities in the amount of €62,900 thousand and confirming facilities totaling €3,000 thousand.

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As a result of the restructuring of these debt groups, 100% of the principal due between June and December 2009 was deferred together with 65% of the principal due in 2010, with respect to finance and operating leases, acquisition loans and mortgage loans and no capitalization or interest arose on the deferrals.

The refinancing of working capital, the term of these credit policies have been amended to maintain the current available limits up until 30 June 2012, in accordance with the revolving nature of these facilities. The deferred amounts total €68,101 thousand in 2009 and €67,202 thousand in 2010, with the total deferred debt principal totaling €135,303 thousand. This deferral was structured through the concluding of new loan agreements totaling €102,989 thousand and the renewal of terms and amounts of existing agreements totaling €33,146 thousand. The amount deferred under the latter items equals €32,314 thousand. Therefore the total amount deferred was €135,303 thousand. The new loans totaling €102,989 will be used to refinance the finance leases, given the difficulty that would arise if all of the finance leases had to be restructured due to their high number.

After the restructuring, €299,435 thousand at 31 December 2009 is subject to covenants (Note 4.2).

A progressively increasing repayment schedule is established for 2011-2015.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
% debt repayable	5%	5%	20%	30%	40%	100%
Deferred debt repayable (thousand euro)	<u>6,765</u>	<u>6,765</u>	<u>27,061</u>	<u>40,591</u>	<u>54,121</u>	<u>135,303</u>

In addition, the Company has agreed with the refinancing institutions that the existing credit facilities totaling €25,300 thousand will renew in 3 years, instead of annually as was the case before the agreement was signed and therefore they fall due in June 2012.

As regards the financial conditions of this restructuring, the financial cost of the deferred debt was set at euribor plus 250 basis points (the cost before the new agreement ranged between euribor and 50 basis points and 250 basis points) with a floor of 3.5%, while the credit facilities have a cost of euribor plus 200 basis points (previously euribor and ranging between 50 basis points and 100 basis points).

In addition to compliance with the covenants (Note 4.2), this debt restructuring gives rise to certain restrictions, under which the Company will:

- Not alter its legal structure or amend its by-laws, except with respect to minor changes such as those arising due to legal requirements, increase share capital charging reserves, increases in monetary contributions that do not involve changes in control or share capital reductions required by law.
- Not grant loans, credit, guarantees or advance payments (outside the normal course of its business and intercompany financing granted to GAM group companies) of any kind or by any means.
- Not fully or partially repurchase the convertible bond, unless this takes place by charging a capital increase subscribed by Company shareholders. As is described in Note 15, the Company has repurchased long-term bonds in 2009 through the payment of €32,093 thousand. In accordance with the refinancing agreements concluded, the Company must increase share capital by €27,800 thousand, which is the amount paid as from the start of the refinancing negotiations.

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The rest of the non-deferred debt has not been changed in terms of terms or financial conditions as a result of the refinancing.

c) Convertible bonds

On 20 August 2007 the Company issued 2500 convertible bonds bearing interest at a rate of 2.75% per year and a nominal value of €50,000. The bonds mature in 5 years (20 August 2012) after their issue at their nominal value of €50,000 or they may be converted into shares at the option of the bearer at one share for each €37.05. In the event they are not converted by bondholders, the Company must pay 5.25% interest.

The values of the liability component and the conversion component of equity will be calculated at the time the bonds are issued.

The fair value of the liability component, included in Debentures and other negotiable securities, is calculated at a market interest rate for a similar non-convertible bond, which is 5.44%. The residual amount, which represents the value of the equity component, is included under Equity in Other equity instruments", net of deferred taxes.

The convertible bonds recognized in the balance sheet have been calculated as follows:

	Convertible bonds
<u>Liability component at 31 December 2007</u>	<u>121,852</u>
Expense accrued at 31 December 2008 ⁽¹⁾	7,768
Payments made at 31 December 2008	(3,438)
Early redemption of convertible bonds at 31 December 2008	(13,589)
	112,593
<u>Liability component at 31 December 2008</u>	
Expense accrued at 31 December 2009 ⁽¹⁾	6,250
Payments made at 31 December 2009	(2,368)
Early redemption of convertible bonds at 31 December 2009	(60,548)
<u>Liability component at 31 December 2009</u>	<u>55,927</u>

(1) Accrued expenses include the financial expense relating to the interest on convertible bonds totaling €4,572 thousand at 31 December 2009 (note 19) (€7,003 thousand in 2008).

During September 2008 the Company redeemed 270 €50,000 bonds early. The compensation paid for this transaction totaled €10,141 thousand and a profit under financial income in the income statement for 2008 total of €3,613 thousand and they charge totaling €165 thousand was recorded under the heading "Accumulated profits" in the balance sheet for 2008.

During 2009 the Company redeemed 1,203 €60,150 bonds early. The compensation paid for this transaction totaled €32,093 thousand and a profit in the income statement for 2009 totaling €28,797 thousand and a charge totaling €342 thousand was recorded under the heading "Retained earnings" in the balance sheet for 2009.

The convertible bond issued by the Company does not include any embedded derivative.

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16. Deferred income tax

Deferred taxes break down as follows:

	Thousand euro	
	2009	2008
Deferred tax assets:		
- Timing differences	633	535
- Tax credits for tax-loss carryforwards	372	1,126
Other tax credits	15	-
	1,020	1,661
Deferred tax liabilities:		
- Timing differences	(101)	(53)
Deferred income tax	919	1,608

Deferred tax assets and liabilities are offset if at the time the Company has an enforceable right to offset the amounts recognized and intends to settle the net amount, or to realize the asset and settle the liability simultaneously.

The gross movement in deferred taxes is shown below:

	Thousand euro	
	2009	2008
Opening balance:	1,608	(335)
- Charged (credited) to the profit and loss account	65	1,943
- Transfers	(754)	-
Closing balance	919	1,608

Movements during the year in deferred tax assets and liabilities are as follows:

	Thousand euro				
	Accelerated tax depreciation	Fair value gains	Convertible bonds	Other	Total
Deferred tax liabilities					
Balance at 01.01.08	6	-	699	-	705
Charged (credited) against/to the income statement	-	-	(699)	47	(652)
Balance at 31 December 2008	6	-	-	47	53
Charged (credited) against/to the income statement	-	-	-	48	48
Balance at 31 December 2009	6	-	-	95	101
Deferred tax assets					
	Provisions	Impairment losses	Tax loss	Other	Total
Balance at 01.01.08	-	-	370	-	370
Charged (credited) against/to the income statement	-	-	1,126	165	1,291
Balance at 31 December 2008	-	-	1,496	165	1,661
Transfers	-	-	(1,124)	370	(754)
Charged (credited) against/to the income statement	-	-	15	98	113
Balance at 31 December 2009	-	-	387	633	1,020

Deferred tax assets in respect of tax losses available for offset are recognized insofar as the realization of the relevant tax benefit through future taxable profits is probable.

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17. Revenues and expenses

a) Net revenues

The services rendered relating to the Company's ordinary activities may be analyzed geographically as follows:

Market	%	
	2009	2008
Domestic	91.55	100.00
International	8.45	-
	100.00	100.00

In addition, as is indicated in Note 2 c), the Company has recorded under this heading dividends and interest from the financing granted to investees totaling €3,413 thousand (€15,305 thousand in 2008).

b) Consumption of good purchased for resale, raw materials and other consumables

	Thousand euro	
	2009	2008
Consumption of raw and other consumable materials:		
Purchases:		
Domestic purchases	45	99

c) Personnel expenses

	Thousand euro	
	2009	2008
Wages, salaries and similar remuneration	5,203	4,408
Staff welfare expenses:		
- Social Security contributions	859	711
- Other staff welfare expenses	129	368
	6,191	5,487

The line "Wages, salaries and similar compensation" includes stock options granted to employees totaling €326 thousand (€550 thousand in 2008).

The average number of employees by category is as follows:

	Thousand euro	
	2009	2008
Board Members	14	13
Management	10	11
Administration	80	70
Sales	10	3
	114	97

Furthermore, the distribution by gender of the Company's personnel at the year-end is as follows:

	2009			2008		
	Men	Women	Total	Men	Women	Total
Board Members	12	2	14	12	1	13
Management	7	3	10	9	2	11
Administration	31	49	80	29	41	70
Sales	10	-	10	3	-	3
	60	54	114	53	44	97

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18. Income tax and tax situation

The reconciliation between net revenues and expenses for the year and the corporate income tax base is as follows:

Income and expenses for the year	Thousand euro					
	Income statement			Gains/(losses) charged directly in equity		
	-	-	1,507	-	-	(2,690)
	Increases	Decreases	Total	Increases	Decreases	Total
Corporate Income Tax	5,653	-	5,653	-	-	-
Permanent differences	11,732	-	11,732	-	-	-
Temporary differences:						
- arising during the year	326	-	326	-	-	-
- arising in prior years	-	(159)	(159)	-	-	-
Offsetting of tax losses			-			
Taxable result			19,059			

Income tax expense is analyzed below:

	Thousand euro	
	2009	2008
Current income tax	5,718	(1,126)
Deferred tax (Note 16)	(65)	(1,881)
	5,653	(3,007)

Current corporate income tax is the result of applying the 30% tax rate to taxable income (2008: 30%). Deductions to corporate income tax payable pending application during 2009 due to insufficient consolidated tax payable totaled €15 thousand (2008: 0), for which the Company has recorded a tax credit. Withholdings and interim payments totaled €320 thousand (2008: €376 thousand).

The Company's tax returns for 2005-2009 for all applicable taxes are open to inspection. Notwithstanding the above, it should be noted that the Company, as the head of a tax group, is undergoing a tax inspection by the Spanish tax authorities. This inspection action covers corporate income tax, personal income tax withholdings and value added tax for the Company.

This action started in January 2009 and at the yearend had practically ended, except with respect to corporate income tax. To date no significant impact has arisen, and the Directors do not expect any to arise with respect to the Company's annual accounts taken as a whole.

Since 2005 the Parent company is authorized to file consolidated corporate income tax returns and at 31 December 2009 the scope of tax consolidation was formed by the following group companies:

Gam Centro Alquiler de Maquinaria, S.L.U (formerly GAM Madrid S.L.U.), Gam Este, S.L.U., Gam Levante Alquiler de Maquinaria, S.L.U., Gam Canarias, S.L.U., Gam Sureste, S.L., Gam Noroeste, S.L.U., Gam Energía Alquiler de maquinaria, S.L.U., Gam Renove, S.A.U, Gam Noreste, S.L.U, Gam Suroeste, S.L.U, GAM Islas Baleares, S.L.U, GAM Estructuras Alquiler de Maquinaria, S.L.U, GAM Eventos, S.L.U, General de Alquiler de Maquinaria Industrial, S.L.U, Grupo Internacional de Inversiones en Maquinaria GAM, S.A, General de Alquiler de Maquinaria Pesada, S.A, GAM Puertos, S.L.U, GAM Verde, S.L.U, GAM Vias, S.L.U. y Servicios Generales de Alquiler de Maquinaria, S.L.U, Vilatel, S.L.U. and Comercial Marsal, S.A.U.

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19. Financial income/(expense)

	Thousand euro	
	2009	2008
Financial income:		
Traded securities and other financial instruments		
Third parties	352	7,643
Financial expense:		
Interest for loans and factoring transactions	(5,097)	(4,984)
Interest on debenture loans and bonds (Note 15.c)	(4,572)	(7,003)
	(9,669)	(11,987)
Change in the fair value of financial instruments		
Trading and other portfolios	(214)	(1,531)
Impairment and losses on disposal of financial instruments		
Results on disposals and other (Note 15.c)	28,797	311
Financial income/(expense)	19,266	(5,564)

The Company has reclassified from this heading to revenues (Note 17) the dividends and interest deriving from the financing granted to investee companies in the amount of €3,413 thousand (€15,305 thousand in 2008), as is indicated in Note 2 c).

20. Cash flows from operating activities

	Thousand euro	
	2009	2008
Profit before taxes	7,160	(1,591)
Adjustments:		
- Fixed asset depreciation	534	537
- Other expenses	2,003	1,315
- Financial expense	9,883	13,518
- Impairment of shares in group companies	16,167	4,753
- Interest and Group dividends	(3,413)	(15,305)
- Financial income	(29,149)	(7,954)
	3,185	(8,966)
Changes in working capital:		
- Trade and other receivables	(12)	2,425
- Other assets	(514)	(13,919)
- Trade and other payables	875	2,246
Cash flows from operating activities	3,534	(18,214)

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21. Cash flows from investment activities

	Thousand euro	
	2009	2008
Payments for investments:		
- Intangible assets	(22)	557
- Property, plant and equipment	(1,551)	719
- Acquisition of companies	(98)	-
Cash flows from investment activities	(1,671)	1,276

22. Cash flows from financing activities

	Thousand euro	
	2009	2008
Payments made and received for financial liability instruments:		
- Movements involving treasury shares	640	(4,343)
Issue of:		
Bank borrowings	58,662	41,024
- Return and repayment of:		
Bank borrowings	(1,500)	(14,874)
Early redemption of convertible bonds	(32,093)	(10,141)
- Deferred payments on company acquisitions	-	(5,000)
- Financial expense	(9,154)	(8,625)
- Financial income	352	3,016
Cash flows from financing activities	16,853	1,057

23. Board of Directors and Senior Executive compensation

Compensation is paid to Directors in accordance with Article 9 of the Company's bylaws. The amount may be a fixed amount agreed by shareholders at a General Meeting and does not have to be the same for all members.

The compensation accrued by the members of the Company's Board of Directors in 2009 totaled €1,299 thousand (€1,361 thousand in 2008). This amount breaks down as follows:

	Thousand euro	
	2009	2008
Salaries	660	545
Per diems	333	369
Other compensation	80	156
Stock options	226	291
	1,299	1,361

During 2009 the compensation that accrued to the Company's Senior Management, considered to be Area Managers, totaled €675 thousand (€734 thousand in 2008) for all salary items, which are all short-term compensation items.

The Company established a share-based compensation plan for Group directors and executives (Note 12.d) The amount paid in 2009 to senior management in this respect in 2009 totaled €81 thousand (€97 thousand in 2008).

No advance payments or loans have been granted to members of the Board of Directors or Senior Management and there are no obligations assumed with them with respect to guarantees.

The members of the Board of Directors and Senior Management do not accrue any amounts for present or future pension commitments.

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- a) Shareholdings and positions held by members of the Board of Directors in other similar companies

Article 127 ter, paragraph 4 of the Spanish Companies Act (LSA), as worded in Law 26/2003 (18 July), whereby the Stock Market Act and the Spanish Companies Act were amended to increase transparency in listed companies, obliges Board directors to inform the company of any shareholdings in companies engaged in activities that are the same as or similar or complementary to the company's corporate purpose, any offices or duties performed in such companies, and any activities that are the same as or similar or complementary to the company's objects, carried out for their own account or for the account of third parties.

In accordance with this Article, a list of the companies that have the same, similar or supplementary corporate purpose as the Company and in which the members of the Board of Directors hold an equity stake or in which they hold a post, or is responsible for duties, is set out below:

Director	Company	Position	Interest
Grupo Corporativo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra. Represented by Mr. Eduardo López Milagro	Anira Inversiones, S.L.	Director	20%
Grupo Corporativo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra. Represented by Mr. Eduardo López Milagro	CCAN 2005 Inversiones Societarias, S.C.R., S.A.	-	100%
Grupo Corporativo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra. Represented by Mr. Eduardo López Milagro	CCAN 2007 Inversiones Internacionales ETVE, S.L.U.	-	100%
Grupo Corporativo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra. Represented by Mr. Eduardo López Milagro	Eurecan Alto Rendimiento, S.L.U	-	100%
Grupo Corporativo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra. Represented by Mr. Eduardo López Milagro	Inversiones Alaris, S.L.	-	33.33%
Grupo Corporativo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra. Represented by Mr. Eduardo López Milagro	Investigaciones 2001 Corpcan, S.L.U.	-	100%

Furthermore, and in accordance with the aforementioned text, the Directors have not carried out any activity, either on their own behalf or on the behalf of third parties, that is similar or supplementary to the corporate purpose registered by the Company, except for Grupo Corporativo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra, represented by Mr. Eduardo López Milagro, as is disclosed in the preceding table.

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24. Other related-party transactions

a) Group and associated companies

The balances and transactions indicated below relate to group and associated companies in 2009:

	Thousand euro					
	Transactions			Balances		
	Revenues and other operating revenues	Supplies and other operating expenses	Financial income	Long-term loans to group companies	Short-term loans from group companies	Group company suppliers
GROUP COMPANIES:						
a) Direct shareholding:						
GAM Noroeste, S.L.U.	(2,663)	18	(1,449)	52,587	(1,154)	-
Aldaiturriaga, S.A.U.	(942)	-	(29)	2,788	(1,401)	(41)
GAM Suroeste, S.L.U.	(923)	11	(223)	7,138	(572)	-
GAM Sureste, S.L.	(399)	-	(140)	8,361	(387)	(12)
GAM Centro Alquiler de Maquinaria, S.L.	(854)	73	(187)	17,635	(90)	-
GAM Norte, S.L.U.	(12)	-	(52)	418	-	(8)
GAM Noreste, S.L.U.	(139)	-	(19)	526	(46)	-
GAM Este, S.L.U.	(515)	3	(413)	10,692	(386)	-
GAM Islas Baleares, S.L.U.	(305)	-	(141)	2,138	(559)	(4)
GAM Levante Alquiler de Maquinaria, S.L.U.	(326)	1	19	251	-	-
GAM Portugal – Aluguer de Máquinas e Equipamentos, Lda	(600)	-	(268)	3,942	-	-
GAM Canarias, S.L.U.	(358)	-	(4)	2,936	(1,111)	-
Vilatel, S.L.U.	(2,005)	5	42	2,854	(8,071)	-
Comercial Marsal, S.A.U.	(133)	-	(41)	827	-	(69)
GAM Renove, S.L.U.	(42)	-	(67)	504	-	-
Grupo Internacional de Inversiones en Maquinaria de Alquiler GAM, S.A.U.	(47)	1	32	2,463	(92)	-
Viasolo España, S.L.	-	4	(17)	48	-	(1)
Gam Maquinaria Pesada S.L.U.	(63)	-	105	354	(209)	-
GAM Verde, S.L.U.	(115)	-	(22)	760	(178)	-
GAM Vias, S.L.U.	(82)	-	(24)	96	(159)	-
GAM Puertos, S.L.U.	(70)	-	(18)	317	(10)	-
Servicios Generales de Alquiler de Maquinaria, S.L.U.	(370)	-	40	377	(500)	-
General de alquiler de maquinaria Industrial, S.L.U.	(273)	-	(69)	1,995	(96)	-
GAM Eventos, S.L.U.	(275)	5	(69)	1,374	(200)	-
GAM Energía Alquiler de Maquinaria, S.L.U.	(430)	-	(3)	2,472	(77)	(8)
GAM Estructuras alquiler de maquinaria, S.L.U.	(233)	3	(31)	2,354	(424)	-
	(12,174)	124	(3,048)	126,207	(15,722)	(143)
b) Indirect shareholding:						
GAM Alquiler Rumanía, S.R.L.	(123)	-	(81)	126	-	-
GAM Alquiler Bulgaria, E.A.D.	(35)	-	(38)	87	-	-
GAM POLSKA, S.P Z.O.O	(92)	-	(112)	142	-	(12)
GAM Alquiler México, S.A de C.V	(159)	-	(131)	352	-	-
GAM BRASIL- locação de maquinaria LTDA	(11)	-	-	-	-	(4)
GENERAL Alquiler de maquinaria prestación de servicios, S.A de C.V.	-	-	(3)	3	-	-
Gam Alquiler Perú SAC	(4)	-	-	2	-	-
Gam Panamá	(2)	-	-	1	-	-
	(426)	-	(365)	713	-	(16)
	(12,600)	124	(3,413)	126,920	(15,722)	(159)

GENERAL DE ALQUILER DE MAQUINARIA, S.A.

b) Other associated parties

The accounts that the company General Alquiler de Maquinaria, S.A. maintains with significant shareholders at the end of 2009 break down as follows:

	Thousand euro							
	2009				2008			
	Bilbao Bizkaia Kutxa	Caja de Ahorros de Asturias	Caixanova	Grupo Corporativo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra	Bilbao Bizkaia Kutxa	Caja de Ahorros de Asturias	Caixanova	Grupo Corporativo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra
Cash balances	146	-	2	15	6	4,202	37	
Acquisition loans	13,868	13,868	13,868	13,868	13,868	15,347	13,868	13,868
Other loans	2,299	3,605	-	1,104	-	-	-	-
Credit facilities	942	323	963	526	877	1,603	978	925
Total debt	17,109	17,796	14,831	15,498	14,745	16,950	14,846	14,793

	Thousand euro								
	2009				2008				
	Bilbao Bizkaia Kutxa	Caja de Ahorros de Asturias	Caixanova	Grupo Corporativo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra	Bilbao Bizkaia Kutxa	Caja de Ahorros de Asturias	Caixanova	Grupo Corporativo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra	Portulano/Condor Procesos
Financial income	2	25	-	-	55	152	35	132	-
Financial expense	(820)	(871)	(818)	(841)	(1,000)	(1,171)	(994)	(994)	-
OTHER TRANSACTIONS	-	-	-	-	-	-	-	-	214
	(818)	(846)	(818)	(841)	(945)	(1,019)	(959)	(862)	214

We hereby provide information regarding the conditions for the loans associated with the acquisition of the company Vilatel, S.L.:

Average term:	6 years (half-yearly installments)
Interest rate:	Euribor plus a fixed differential
Update of interest rates:	Half-yearly
Renewals:	Not established
Covenants:	Note 4.2

In addition, the Company has created a pledge of the shares in the company Vilatel, S.A. to secure payment obligations with the listed associated parties for the loans obtained to acquire Vilatel, S.A.

No transactions were carried out in 2009 with significant shareholders other than those reported above.

All transactions with associated parties were carried out under market conditions.

General de Alquiler de Maquinaria, S.A. does not have a parent company given that no shareholder holds a stake exceeding 50% of the Company's share capital.

GENERAL DE ALQUILER DE MAQUINARIA, S.A.

25. Guarantees

At 31 December 2009 the Company recorded guarantees totaling €482 thousand received from banks and presented to third parties (€218 thousand in 2008).

At 31 December 2009, the Company is the guarantor of a €11,214 thousand loan granted to one of its investee companies (€12,502 thousand in 2008).

26. Environmental information

Environmental activities are considered to be any operation whose primary purpose is to minimize environmental impact and to protect and improve the environment.

During 2009 the Company has not made any significant environmental investments.

The possible contingencies, indemnities and other environmental risks that may be incurred by the Company are adequately covered by the civil liability insurance policies that it has obtained.

27. Events after the balance sheet date

On 11 February 2010 the Parent Company's Board of Directors approved a share capital increase through a monetary contribution totaling €39,644,031.80 and a subscription price of €2.65 per share.

As a result, share capital will increase by €14,960 thousand through the issue and circulation of 14,960,012 ordinary shares with a par value of €1 each, all of the same class and series that GAM currently has outstanding, and a share premium of €1.65 per share, which represents a total of €24,684 thousand.

In accordance with the provisions of Article 158 of the Spanish Companies Act, the share capital increase will take place through the recognition of the preferential subscription right held by all Company shareholders.

The Company has the commitment of significant shareholders to participate in the share capital increase through the exercising of all or part of the preferential subscription rights they hold, which means the subscription will total approximately €24,896 thousand, i.e. 62.79% of the total share capital increase.

The share subscription price has been calculated using the average closing price of GAM shares over the fifteen (15) business days immediately preceding the date on which the resolution to execute the share capital increase was adopted by the Board of Directors on 11 February 2010, and applying a 40% discount.

The planned share capital increase has the purpose of:

- strengthening the Company's financial structure and balance sheet, facilitating access to new lines of financing to be used to acquire new machinery to develop existing markets and those into which it plans to expand in order to continue taking advantage of growth opportunities tied to the diversification of non-construction specialized sectors and international expansion.

GENERAL DE ALQUILER DE MAQUINARIA, S.A.

- complying with the Company's obligation to reimburse the cash outflow used to repurchase convertible bonds for a price of approximately €27,800 thousand, in accordance with the commitment assumed by GAM in 2009 in the refinancing agreements, and
- obtaining the resources necessary to finance growth and expansion projected by GAM Group, mainly internationally, thereby reducing the Company's current leveraging levels.

Subsequently, on 18 February 2010, the Company publicly registered the appropriate documentation and a memorandum regarding the action to be taken with respect to the share capital increase with the National Stock Market Commission..

28. Auditors' fees

Fees for audit services relating to the individual and consolidated financial statements accrued to the GAM Group's auditor PricewaterhouseCoopers in 2009 totaled €300 thousand (€348 thousand in 2008).

Fees accrued during the year to other companies operating under the PricewaterhouseCoopers trademark for other services rendered to the Company amounted to €1,358 thousand (€161 thousand in 2008).

GENERAL DE ALQUILER DE MAQUINARIA, S.A.

DIRECTORS' REPORT FOR 2009

Company development and situation

General de Alquiler de Maquinaria, S.A. (hereinafter GAM), is the parent of a group of companies leading the machinery rental market in Spain and Portugal and maintains a presence in other countries such as Romania, Poland, Bulgaria, Mexico and Brazil. Through its central services, the parent company renders certain services to its subsidiaries, such as purchasing, human resources, fleet, financial, management and marketing.

In 2009, General de Alquiler de Maquinaria, S.A. (hereinafter GAM) obtained ordinary revenues totaling €278 million, which is a 26% decline compared with last year, due mainly to the negative development of the construction sector in Spain, as well as the development of average rental prices in 2009 compared with last year.

The current market conditions and the general economic situation currently in place continues to confirm the validity of these three strategic lines applied by GAM Group over the past few years, and which will intensify in 2010 and subsequent years, as follows:

- Accelerate the presence of GAM and its broad rental business and new international markets with great potential both on a general economic level as well as the level of potential growth of the machinery rental sector in particular, in which there are exceptional opportunities for growth in countries such as Mexico and Brazil in America and the Eastern European countries Romania, Poland and Bulgaria. At the beginning of 2009 an agreement was reached with the Arab company ETE for the development and joint operation of the machinery rental and sale business in Saudi Arabia, United Arab Emirates, Qatar, Bahrain, Kuwait, Oman and Iraq which means that the Group will extend its operations to the Asian continent, its third after Europe and America.
- Intensify diversification to new sectors in which either there was no professional rental service or traditionally there was no rental culture such as the case of railway maintenance machinery, event equipment of any type, roadway and garden maintenance machinery, transportation, assembly and maintenance of wind generators for the renewable energy sector, etc.
- Continue with the strategy for growth and geographic expansion in the Iberian Peninsula where GAM is the notable leader.

The evolution in quantitative terms of the Company's main income statement figures is as follows:

- At 31 December 2009 revenues totaled €15 million, which is a 26% decrease over the same period last year.
- The Group recorded a €12 million operating loss during the year, compared with a €4 million profit in 2008.
- At 31 December 2009 profits totaled €1.5 million, which is a 0.06% increase over the same period last year.

GENERAL DE ALQUILER DE MAQUINARIA, S.A.

DIRECTORS' REPORT FOR 2009

Future perspectives for the Group and analysis of the main business risks

Unfavorable national economic situation and dependence of the construction sector

The general and national economic situation underwent a significant slowdown during the second half of 2008 and all of 2009, which has manifested itself in the negative development of the main economic indexes provided by organizations and the government, as well as a reduction of private consumption and limitations to access to financing sources for companies and individuals. This unfavorable development has caused a slowdown of construction rates in general terms in Spain, which has affected the machinery rental sector. There has been a further increase in the competitiveness of the machinery rental sector due to downward pressure on average prices for renting in Spain by operators and favored by the atomization of suppliers in order to maintain revenue figures for 2009 and to obtain liquidity that is necessary to satisfy payment obligations.

The poor economic environment and the decline in the activity in the Spanish market has affected the Company's ordinary revenues with a 25% decline compared with 2008. This reduction in revenues is due partly to a reduction of rental prices and lower activity levels and demand for machinery in the market.

Despite this, the decline in sales stabilized during the third quarter of the year and did not fall further. However, the continuation or the worsening of the adverse economic cycle trends in Spain could negatively affect the business, the results or the financial, economic or equity situation of GAM.

Despite the deceleration that is currently affecting the economy in general and Spain in particular, GAM Group has finished its sixth consecutive year as the leading company in the machinery rental business on the Iberian Peninsula with a strong advantage compared to our main competitors.

In parallel with the construction activity, the Company will continue to intensify its diversification into those sectors where there is significant potential for rental to overtake sales, such as Industrial, Energy, Green, Ports, Roadways and Events. Similarly, the Group continues to consolidate in those countries where it started international activities at the end of 2007 and the start of 2008, such as Poland, Romania and Bulgaria and its intention is to gain a presence in other countries with strong growth expectations such as Brazil and Mexico where GAM Group started to operate at the end of 2008. We also note the alliance with the Arab company ETE to develop the activity in Persian Gulf countries.

As regards the perspectives of the construction market:

- The civil works sector is expected to maintain reasonable activity in accordance with the PEIT data published by the government for the next few years, the Plan E launched by the government, etc.

In parallel with the effort to make sales more dynamic, the Company also started an aggressive cost control and reduction plan operational leveraging. This plan includes activities to reduce and control costs in numerous areas, including the following: consumption, personnel and transport.

GENERAL DE ALQUILER DE MAQUINARIA, S.A.

DIRECTORS' REPORT FOR 2009

High number of competitors

The machinery rental sector in Spain is very fragmented, with an estimated number of operators exceeding 1000 and where approximately 3 of them, in addition to GAM, have a average national market share exceeding 1% and in which the great majority are small companies held by families and with limited service capacity within a small coverage area, and generally specializing in a certain category of machines.¹

These small companies, with reduced machinery fleets that are fully depreciated or about to be fully depreciated, may be very aggressive in terms of prices, although this strategy will impede the future renewal of their machinery fleet. GAM also competes against regional companies that operate on a local level and the sellers of machinery that sell and rent machines directly to customers. This high level of market fragmentation adversely affects the capacity to negotiate with customers.

In the future, GAM may see competition with its current competitors increase, or new companies may enter the market as may the equipment manufacturers and there may be further fragmentation in the market with a higher impact on GAM's capacity negotiate with customers, especially with respect to payment conditions.

The competitive pressures may negatively affect the business, the results or the financial, economic or equity situation recorded by GAM due to the reduction of its market share or pressure to lower prices.

Worsening of customers' credit situation:

The negative development of the economy in general and the liquidity situation of economic agents is negatively affecting default rates, which have notably increased over the past few months.

Given the type of PAM's customers and their association with the construction sector, there is the risk that a part of PAM's customers may have liquidity problems and their average payment period may be extended (approximately 120 days on average for the industrial sector and 180 days on average for the construction sector) or they may enter into bankruptcy, which would give rise to further delays, and even a significant uncertainty regarding compliance with their payment obligations.

At 31 December 2009 GAM Group recorded outstanding receivables (exceeding the maturity date without having received compensation from the debtor) for which no asset impairment has been recognized (as GAM does not strictly consider the amount of those invoices to be outstanding until at least 60 days have elapsed as from the maturity date, taking into account the Company's experience and the operations of customers that are very associated with the construction sector,) totaling approximately €31 million.

However, approximately 37% of those balances are covered by insurance policies from leading companies, which guarantees payment of 85-90%.

Nonetheless, GAM is adopting a conservative position with respect to the accounting policies applied to allocating provisions for insolvencies in order to maintain its receivable portfolio accurate at all times, although the situation of customers could negatively affect the business, the results obtained or the financial, economic or equity situation of GAM.

Source: International Rental News, Amadeus (international coverage database negotiated by Bureau van Dijk Electronic Publishing), Consolidated Annual accounts in VAT of 2008, web pages of competitor companies and personal compilation data.

GENERAL DE ALQUILER DE MAQUINARIA, S.A.

DIRECTORS' REPORT FOR 2009

Financial instruments

The group's activities are exposed to several financial risks: cash flow interest rate risk, credit risk, liquidity risk and exchange rate risk. The group's financial management controls the above risks in accordance with the guidelines issued by the Board of Directors. To mitigate these risks, financial management obtains surety insurance, credit policies, and factoring and derivative arrangements. Financial management's decisions are supervised and approved by the Board of Directors.

The risks, and their management, are as follows:

(a) Cash flow interest rate risks

The company has financed its strong growth mainly through deferred payments to the sellers of the acquired businesses and loans obtained from credit institutions to acquire companies. Except for the deferred payments, which have an implicit interest rate, and convertible bonds issued bearing a fixed interest rate, all of the other borrowings accrue an interest rate indexed to the Euribor plus a spread, which gives rise to the risk that future cash flows will vary and that, consequently, finance costs will change.

The company covers these risks financially, to the extent deemed adequate, by contracting derivatives for which a set fee is paid and receives flows indexed to the Euribor rate.

(b) Liquidity risk

On a monthly basis financial management analyses the debt payment schedule and the relevant need for short and medium-term liquidity. To date the flows generated by the business are sufficient to repay debt and the Group habitually enters into factoring agreements with banks and uses credit facilities that the company has obtained from several financial institutions.

Borrowings are structured such that the Group generates sufficient cash flows to satisfy repayment. The Group does not currently require additional financing and it is focused on reducing leveraging levels.

Environment

The company has taken the measures it considers necessary to protect the environment and to minimize any potential environmental impact that the Group's activity could have, in accordance with the requirements of current legislation.

Research and Development

In 2009 no significant investments were made in this area.

Trading in treasury shares

Parent company shareholders at an Extraordinary Meeting adopted a resolution on 19 May 2006 to authorize the acquisition of a maximum number of treasury stock, provided that added to the capital stock already in the possession of the parent company or its subsidiaries, it does not exceed 5% of the parent company's capital stock. This was to be done at a minimum price of €1 per share and a maximum price of not more than 120% of the listed value at the date of acquisition. The authorization was granted for 18 months as from the time the Resolution was adopted. At 31 December 2009 the Company reduced equity by €7.4 million in this respect.

GENERAL DE ALQUILER DE MAQUINARIA, S.A.

DIRECTORS' REPORT FOR 2009

Human resources

The Company has approximately 100 employees at 31 December 2009 (84 at 31 December 2008), which is a 19% decline compared with December 2008.

The Company has a human resources policy that covers many training activities that is intended to recruit and retain the best professionals for its activities.

Items covered by Article 116 bis of the Stock Market Act relating to the year ended 31 December 2009

(a) Capital structure, including securities that are not traded on a regulated market in the EU, indicating any classes of shares and, for each class of shares, the rights and obligations that they confer and the percentage of capital stock that they represent.

At 31 December 2008 capital stock was represented by 30,764,121 shares, all with a par value of €1 each fully subscribed and paid and all conferring the same rights and obligations to shareholders.

In addition, on 20 August 2007 the Company issued a convertible bond at a conversion price of €37.05 per share. The terms and conditions applicable to each issue are public and are available on the Company's website www.gamalquiler.com. On 5 September 2008 the Company purchased TWO HUNDRED SEVENTY (270) bonds with a total nominal value of THIRTEEN MILLION FIVE HUNDRED THOUSAND EUROS (€13,500,000) to be subsequently written off.

During 2009 the Company purchased one thousand two hundred and three (1,203) bonds with a total nominal value of sixty million one hundred and fifty thousand euro(€60,150,000) to be subsequently written off.

At 31 December 2009 the Company had 822,813 treasury shares, representing 2.67% of share capital.

(b) Restrictions to the transfer of stock.

There are no statutory restrictions on the transfer of the stock representing capital.

Nonetheless, and as a listed company, the acquisition of significant holdings must be reported to the issuer and National Securities Market Commission, in accordance with Article 53 of Law 24/1988 governing the Securities Market, contained in Royal Decree 1362/2007, of 19 October 2007 and National Securities Market Circular 2/2007, of 19 December 2007, under which 3% of capital or voting rights is envisaged as the first notification ceiling.

Finally, as the Company is listed, the acquisition of a percentage that is equal to or exceeds 30% of capital stock or the voting rights within the Company, gives rise to the obligation to present a Public Share Acquisition Offer, in accordance with the terms established under Article 60 of Law 24/1988 on the Stock Market.

GENERAL DE ALQUILER DE MAQUINARIA, S.A.

DIRECTORS' REPORT FOR 2009

(c) Significant direct or indirect stakes in capital stock.

At 31 December 2008, and in accordance with the information available to the Company, the owners of significant stakes in General de Alquiler de Maquinaria, S.A. were as follows:

	<u>2009</u>
Bilbao Bizkaia Kutxa Group	5.19%
Caja de Ahorros de Asturias	5.00%
Caixa de Aforros de Vigo, Orense e Pontevedra	5.01%
Gondaral, S.L.	5.35%
Gloval Procesos Corporación 2000 S.A.	11.22%
Caja de Ahorros y Monte Piedad de Navarra	9.24%
Catavi, S.L.	5.2%
QMC Development Capital Fund PLC	4.55%
Hector Fabian Gómez-Sainz	10.40%
Metotec, S.L.	8.65%

(d) Restrictions on voting rights

There are no restrictions to voting rights.

(e) Non-business agreements.

The Company has no knowledge of the existence of any non-business agreements affecting General de Alquiler de Maquinaria, S.A.

(f) Rules applicable to the appointment and replacement of the members of the administrative body and the amendment of the Company's bylaws

- Appointment of the members of the Board of Directors

As is stated in Article 12 of the Board of Directors Regulations for General de Alquiler de Maquinaria S.A.

- 1. The General Meeting, or the Board of Directors, if appropriate, are competent to designate the Members of the Board of Directors in accordance with the provisions of the Spanish Companies Act and the Bylaws.*
- 2. The appointment must be of persons that, in addition to meeting the legal and statutory requirements that the position requires, are of recognized prestige and possess the knowledge and professional experience that are adequate to the performance of their duties.*
- 3. Any proposal for the appointment or reelection of Directors raised by the Board to the General Shareholders Meeting, as well as any provisional appointment, will be approved by the Board:*
 - a) At the proposal of the Appointment and Compensation Commission, in the case of independent Directors and in the cases established under Article 3.5.*
 - b) After having received a report from the Appointment and Compensation Commission, in the case of other Directors.*
 - c) The Company will make the following information regarding its Directors public through its website and maintain it up-to-date:*

GENERAL DE ALQUILER DE MAQUINARIA, S.A.

DIRECTORS' REPORT FOR 2009

- (i) Professional experience and background;
- (ii) Other Boards of Directors to which they pertain as well as any professional activities carried out at other companies whether or not they are listed;
- (iii) A reasoned explanation of their executive, Institutional or independent position, as appropriate; in the case of Institutional Directors, shareholders will be informed as to who they represent or to whom they are associated.
- (iv) The date of their first and subsequent appointments as a company director, and;
- (v) Shares held in the company and any options on the same.

4. (...) “

- Removal of Members of the Board of Directors:

As is stated in Article 17 of the Board of Directors Regulations for General de Alquiler de Maquinaria S.A.

- “1. *Domanial directors shall resign when the shareholder whom they represent sells his shareholding in full. This will also be the case, in the relevant number, when that shareholder reduces its stake to a level that requires a reduction in the number of its Institutional Directors. An exception to this will be any case in which the Board of Directors, at the reasoned proposal of the Appointment and Compensation Commission, believes that there are reasons that justify the Director remaining in the post.*
2. *The Board of Directors will not propose the removal of any Independent Director before the end of the statutory period for which the appointment was made, unless there is just cause appreciated by the Board after having received a report from the Appointment and Compensation Commission. In particular, just cause will be understood to exist when the Director has failed to comply with the duties inherent to the position or has come under any of the circumstances described under Article 18.2.*

A proposal to remove Independent Directors may also be made based on the results of Public Share Offerings, mergers or other similar corporate transactions that give rise to a change in the Company's capital structure, when such changes in the structure of the Board are recommendable based on the proportion of capital represented on the Board.

3. *Directors will immediately report any criminal proceedings in which they appear as defendants to the Board, as well as all subsequent procedural issues.*

As soon as they are indicted or a court orders the start of oral hearings due to any of the crimes indicated under Article 124 of the Spanish Companies Act, the Board will necessarily examine the case and, in the light of the specific circumstances and their potential effects on the Company's credit and reputation, will decide as to whether or not to proceed with the removal of the Director.

4. (...)

5. *In addition to the specific reasons that are set out in the preceding points, Directors will cease to form part of the Board at the end of their appointment and in all other cases in which this is appropriate in accordance with the Law, the Bylaws and these Regulations.*

GENERAL DE ALQUILER DE MAQUINARIA, S.A.

DIRECTORS' REPORT FOR 2009

6. *Directors must offer their resignation to the Board of Directors and resign, if the Board deems it advisable, in the following cases:*
 - a) *When internal Directors cease to hold executive positions outside the Board to which their appointment as Director was associated. An exception to this will be any case in which the Board of Directors, at the reasoned proposal of the Appointment and Compensation Commission, believes that there are reasons that justify the Director remaining in the post.*
 - b) *When they are involved in a legal conflict of interest.*
 - c) *When they receive any serious reprimand from the Audit and Control Commission due to any failure to comply with the obligations falling to Directors.*
7. *Once their term ends or they are removed for any other reason from the Board, Directors may not render services to any competing company for two years, unless the Board of Directors relieves the Director from this obligation or shortens the term of the prohibition."*
 - Amendment of the Company's Bylaws

The procedure for amending the Bylaws is regulated by Article 144 of the Spanish Companies Act, which is common to all companies and requires the approval of Shareholders at a General Meeting, with the majority votes established by Article 103 of that law.

(g) Powers of the members of the Board of Directors and, in particular, those relating to the possibility of issuing or repurchasing shares.

The Power to represent the Company lies with the Board of Directors on a joint basis through majority votes. It has been provided with the broadest powers to enter into contracts in general, and carry out all classes of actions and businesses, enter into obligations, administrate the ordinary and extraordinary business of the Company, with respect to all classes of assets, property, money, securities and trade bills, with no exceptions other than those that are reserved for Shareholders holding a General Meeting or are not included in the Company's corporate purpose.

Notwithstanding the above, Mr. Pedro Luís Fernandez, as the CEO of General de Alquiler de Maquinaria, S.A. has been delegated all of the authority of the Board of Directors, except that which cannot be delegated in accordance with the Law.

The General Meeting held by Shareholders on 22 May 2008 authorized the Board to increase share capital, one or more times, including the authority to exclude preferential subscription rights, in the terms established by Article 153.1.b. of the Spanish Companies Act, thereby canceling the authorization granted for this purpose by the General Meeting held on 28 June 2007, to the extent that that authority has not been used.

The Board of Directors had not made use of this authorization.

GENERAL DE ALQUILER DE MAQUINARIA, S.A.

DIRECTORS' REPORT FOR 2009

With respect to the authority to acquire treasury shares, the General Meeting of Shareholders held on 22 May 2009 authorize the acquisition, either directly or indirectly, of treasury shares within the limits, and in accordance with the legal requirements established for this purpose, to satisfy the incentive plan established for senior management and certain Company employees. The authorization stipulates that the acquired treasury shares will not exceed the amount of 5% of the Parent Company's share capital, they must be free of charges and encumbrances, and this acquisition will take place at a minimum price of 1 euro per share and a maximum price not exceeding 120% of the listed price on the acquisition date. This authorization was granted for 18 months as from the time the Resolution was adopted.

(h) Significant agreements concluded by the Company that enter into force, are amended or conclude in the case of any change in control of the Company due to a public share offering, and its effects, except when revealing this information would seriously harm the Company. This exception shall not apply when the Company is legally required to disclose this information

There are no significant agreements concluded by the Company that may come into effect, may be amended or terminated in the event of a change in control in the Company as a result of takeover bid.

i) Agreements between the Company and its administrative and management personnel or employees that provide for indemnities in the event of resignation or unfair dismissal or if the employer/ employee relation ends as a result of takeover bid.

The legal and conventional effects that may derive from the end of any service relationship that links the personnel of General de Alquiler de Maquinaria S.A. with the Company are not uniform but rather logically vary in accordance with the personnel concerned, the position or job post held by the employee, the type of agreement concluded with the Company, the legislation governing the employment relationship and other sundry factors.

In the case of employees and members of senior management associated with General de Alquiler de Maquinaria, S.A. through a common employment relationship, which is the case with almost all the personnel at the Company, in general the employment contracts that link these employees with the Company do not contain any indemnity clause that would be invoked upon any termination of the employment relationship and therefore the employee would have the right to the appropriate indemnity in accordance with employment legislation, based on the reason for contract termination.

Certain members of the Board of Directors are entitled to indemnities, subject to specific clauses, in the event that they are removed from their positions.

GENERAL DE ALQUILER DE MAQUINARIA, S.A.

PREPARATION OF THE ANNUAL ACCOUNTS AND DIRECTORS' REPORT FOR 2009

At a meeting of the Board of Directors of General Alquiler de Maquinaria, S.A. held on 24 February 2010, and in compliance with the provisions of Articles 171 of the Spanish Companies Act and 37 of the Spanish Code of Commerce, the Annual Accounts and the Directors' Report (pages 1 to 48) for the year ended 31 December 2009 were prepared, consisting of the preceding documents.

Mr Pedro Luis Fernández

Director (Chairman)

Mr. Lorenzo Martínez

Director

Mr. Angel López Corona

Director

Mr. Jorge Morral

Director

Mr. Carlos Puente

Director

Mr. Carlos Fernández de Aroz

Director

Asturiana de Administración de Valores Mobiliarios S.L.

Represented by: **Mr. Jesús Ruano**

Director

CATAVI, S.L.

Represented by: **Mrs. Carolina Tejuca**

Director

Mrs. Alicia Vivanco

Director

Mr. Gonzalo Hinojosa

Director

Metotec, S.L.

Represented by: **Mr. Ramón Marsal**

Director

QMC Directorships, S.L.

Represented by: **Mr. Jacobo Lianza**

Director

Mr. Héctor Fabián Gómez-Sainz García

Director

Grupo Corporativo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra.

Represented by: **Mr. Eduardo López**

Milagro

Director

Mr. Francisco J. Martínez

Non-voting Secretary

GENERAL DE ALQUILER DE MAQUINARIA, S.A.

DECLARATION OF RESPONSIBILITY FOR THE CONTENT OF THE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2009 FOR GENERAL DE ALQUILER DE MAQUINARIA, S.A.:

Company management presents the annual financial report for the year ended 31 December 2009 by signing the following document:

In accordance with Article 11.1.b) of Royal Decree 1362/2007, all of the members of the Board of Directors of the company General de Alquiler de Maquinaria, S.A. declare that, to the best of their knowledge, the annual accounts for the year ended 31 December 2009 have been prepared in accordance with applicable accounting standards, present a true and fair view of the financial situation and results of General Alquiler de Maquinaria, S.A., and that the accompanying approved Directors' Report includes an accurate analysis of the development, business results and position of General de Alquiler de Maquinaria, S.A., as well as a description of the main risks and challenges which it faces.

Mr Pedro Luis Fernández

Director (Chairman)

Mr. Lorenzo Martínez

Director

Mr. Angel López Corona

Director

Mr. Jorge Morral

Director

Mr. Carlos Puente

Director

Mr. Carlos Fernández de Aroz

Director

Asturiana de Administración de Valores Mobiliarios S.L.

Represented by: **Mr. Jesús Ruano**

Director

CATAVI, S.L.

Represented by: **Mrs. Carolina Tejuca**

Director

Mrs. Alicia Vivanco

Director

Mr. Gonzalo Hinojosa

Director

Metotec, S.L.

Represented by: **Mr. Ramón Marsal**

Director

QMC Directorships, S.L.

Represented by: **Mr. Jacobo Llanza**

Director

Mr. Héctor Fabián Gómez-Sainz García

Director

Grupo Corporativo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra.

Represented by: **Mr. Eduardo López**

Milagro

Director

Mr. Francisco J. Martínez

Non-voting Secretary