

CONSOLIDATED MANAGEMENT
REPORT 2006

Corporación Financiera Alba, S.A. and Dependent Companies

Translation of reports and consolidated financial statements issued in Spanish in accordance with generally accepted accounting principles in Spain (see Note 27). In the event of a discrepancy, the Spanish-language version prevails.

MANAGEMENT REPORT 2006

1. Company business and financial position

The consolidated financial statements at December 31, 2006 provide a true and fair view of the net worth, financial position, earnings and business performance of the Company and have been prepared by the Company Board of Directors.

During 2006 financial year Grupo Alba business consisted of:

- Management of controlling and influencing interests in a series of companies conducting business in different sectors of the economy.
- Development of and participation in start-up businesses.
- Lease or sale of real estate.
- Insurance brokerage

2. Significant post-balance sheet events

Subsequent to the year end and prior to the preparation of the financial statements, the following events occurred:

- In February 2007 Alba Participaciones, S.A., a company controlled by Corporación Financiera Alba, S.A., acquired 74.68% of the company Islalink for 14.6 million euros. Islalink is the leading independent submarine cable operator in Spain.
- During the last quarter of 2006, Antevenio has been preparing its listing in Alternext, a market created for and specialized in small and mid-sized companies in the euro-zone and integrated within the Euronext system. Its shares listed on February 15, 2007.

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3. Projected evolution of the Company

Alba's priority objective is to assure that the companies in which it has holdings obtain maximum returns, enhance their competitiveness and strengthen their human, financial and technological potential. In addition, the Company's financial structure, its size and flexibility will allow us to pursue future business opportunities as they arise.

4. Research and development activities

The nature of the Company's specific businesses and the absence of manufacturing activity make direct R&D investment unnecessary.

5. Acquisitions and disposals of treasury stock

Shown below are the changes in the number of shares of treasury stock recorded in the accompanying consolidated balance sheets:

	Number of shares	Percentage of share capital	Average acquisition price €/share	'000 euros
Balance at January 1, 2005	794,298	1.19%	22.70	18,033
Acquisitions	406,702	n.p.	33.79	13,337
Retirements (General Meeting 25/05/05)	(340,000)	0.51%	25.62	(8,712)
Balance December 31, 2005	861,000	1.29%	26.32	22,658
Acquisitions	955,686	n.p.	41.41	39,581
Retirements (General Meeting 14/12/05)	(860,000)	1.29%	26.30	(22,622)
Retirements (General Meeting 31/05/06)	(500,000)	0.76%	41.58	(20,792)
Balance at December 31, 2006	456,686	0.70%	41.22	18,825