ANNUAL REPORT 2014

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"No man ever steps in the same river twice, for it's not the same river and he's not the same man".

— Heraclitus

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BOARD OF DIRECTORS AND MANAGEMENT TEAM

Board of Directors[1]

Chairmen
Juan March Delgado
Carlos March Delgado

Vice-Chairman
Juan March de la Lastra

Chief Executive Officer
Santos Martínez-Conde Gutiérrez-Barquín

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Nicholas Brookes
Ramón Carné Casas
Cristina Garmendia Mendizábal
Juan March Juan
Regino Moranchel Fernández
José Nieto de la Cierva
Eugenio Ruiz-Gálvez Priego

Secretary and Director
José Ramón del Caño Palop

(1) Members of the Board of Directors and its Committees at 23 March 2015, the date on which the Financial Statements for 2014 were prepared.

Audit Committee[1]

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Members
Nicholas Brookes
José Nieto de la Cierva

Secretary
José Ramón del Caño Palop

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José Domingo de Ampuero y Osma

Members
Cristina Garmendia Mendizábal
Juan March de la Lastra
Juan March Juan
Santos Martínez-Conde Gutiérrez-Barquín

Secretary
José Ramón del Caño Palop

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Chairman
Regino Moranchel Fernández

Members
Cristina Garmendia Mendizábal
Juan March Delgado

Secretary
José Ramón del Caño Palop

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Chief Executive Officer
Santos Martínez-Conde Gutiérrez-Barquín

Senior Managers
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Ignacio Martínez Santos
Andrés Zunzunegui Ruano

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Tomás Hevia Armengol
Félix Montes Falagán
José Ramón Pérez Ambrojo

Media Relations
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LETTER FROM THE CHAIRMEN OF THE BOARD OF DIRECTORS

Dear Shareholders,

We are very pleased, as always, to report to you on the progress and performance of Alba and its investee companies during the last year.

Starting with a brief look at the macroeconomic situation, the good news is that 2014 was the first year since the start of the recession in 2008 in which we saw some positive figures on the Spanish economy. Following a complex process of adjustments and reforms, and thanks to great improvements in competitiveness, the economy is no longer shrinking and jobs are no longer being lost.

Real GDP grew by 2.0% in 2014, with growth reported in six consecutive quarters since June 2013. Year-on-year growth in the fourth quarter of 2014 was 0.7%, the highest since the end of 2008. The market consensus is indicating a GDP growth in real terms over 2% per annum for 2015 and 2016, with some sources indicating the increase could be close, or even higher, than 3%. The IMF forecasts that growth in Spain will be among the highest of the major economies in the euro zone. The recent, and unexpected, sharp drop in oil prices is helping to boost the economy, especially in highly energy-dependent countries such as Spain.

This increased growth and improved economic outlook has helped to reduce unemployment. According to the Spanish National Statistic Institute's Economically Active Population Survey (EPA) unemployment fell from a peak of 26.9% in March 2013 to 23.7% in December 2014. The number of jobless fell in absolute terms by around 480,000 last year to a little under 5.5 million, with a significant rise in the number of new jobs: 19.0% more permanent contracts were signed in 2014 and the number of new jobs was higher in 2013 every month.

Meanwhile the uncertainty over the stability of the euro and the solvency of peripheral economies such as Spain have entirely dissipated as the political and economic situation in the euro zone has returned to normal and the expansive monetary policy of the European Central Bank and the reforms undertaken in many countries have taken effect. The spread on Spanish bonds against the benchmark German bond continued to narrow in 2014, from 220 basis points at the start of the year to 107 at the end of December, as opposed with the peak of 630 basis points reached in July 2012.

Borrowing conditions for businesses and households have also substantially improved, in line with those of the Treasury, although the demand for solvent household loans is not large as mortgage debts still need to be further reduced and unemployment levels remain high. Nevertheless, easier access to credit and a more optimistic outlook for households is fuelling private consumption and contributing to an improvement of the real estate market.

In that context, household consumption, for example, rose 2.4% in 2014, in current prices, with positive and increasing figures in every quarter of the year.

LETTER FROM THE CHAIRMEN OF THE BOARD OF DIRECTORS

With regard to the real estate market, over the last few months of the year we have seeing the first positive figures after several years, with a slight increase in the number of homes sold and even slightly higher prices in some areas. In this respect, there is notable demand among both domestic and international investors for office buildings, shopping centres and logistics hubs, attracted by expectations of appreciation in value and growing occupancy rates and yields.

However, although all these figures suggest a turnaround of the trend, we believe it is necessary to point out that the effects of the recession are far from over. In our view there are two significant issues: unemployment and public deficit.

As previously mentioned, the unemployment rate fell in 2014 with a total number of jobless people, at the end of the year, just under 5.5 million, according to the EPA. This trend has continued during the first months of 2015 but still two main issues persist: one is the number of long-term unemployed (43.7% of the jobless at 31 December 2014, almost 2.4 million people, had been without work for more than two years); the other is youth unemployment (with 30% of the under 30s, and almost 50% of the under 25, out of work). In many cases the two problems go hand in hand.

While public welfare instruments, family support and the informal economy are all proving to be key to ease the situation for these groups, we believe it is of paramount importance to tackle unemployment both for social and for economic reasons. A large pool of long-term unemployed workers with limited employability is a drag on economic growth, since fewer participants are in the economy and additional resources are needed to support them, resulting in a potential increase of inequality in terms of income and wealth that may lead to social tensions.

In general terms, although the forecast economic growth should help to reduce unemployment in general, widespread measures are needed to encourage the hiring of unemployed workers, including incentives to employers and access to training to help workers become more employable.

We also consider that the public deficit remains too high. The deficit of Spanish Public Administrations reached 5.8% of the GDP in 2014, the seventh consecutive year of public deficit in Spain. Spanish public debt has thus doubled between 2007 (the last year a public surplus was reported) and 2014 from 35.5% to 97.6% of GDP, exceeding one billion euros for the first time.

Clearly, public indebtedness is of less concern in the current climate of economic growth and historically low bond spreads and interest rates, and with the European Central Bank's quantitative easing programme in place from early March 2015. Nevertheless, it is important to move forward with reforms relating to the tax collection system as well as public spending and investment, in order to support economic growth while balancing public accounts within a prudent time frame. In the long term, large-scale public deficits and increasing indebtedness are not sustainable indefinitely, as witnessed by the current situation in Greece.

Taking a broader view, there are still geopolitical risks which could destabilise the current situation, such as the situation in Greece as already mentioned, the conflict in eastern Ukraine and the resulting sanctions against Russia, the instability in the Middle East and the struggling Venezuelan economy. In addition, the economy could face additional general economic risks such as the deflationary pressures on most of the world's developed economies.

Another source of uncertainty in the short term is the heavy electoral calendar in 2014, both in Spain and in key neighbouring countries such as the UK, France and Portugal. In Spain, traditional parties have been severely damaged by the economic crisis and cases of corruption, facilitating the rise of new, alternative parties. These potential changes in the domestic political landscape could generate uncertainty and volatility in the equities and fixed income markets as fragmenting voting patterns may question the formation of stable governments.

With regard to the markets, 2014 was notable for the narrowing spreads we have already commented on and for the continued rally of equities. The Ibex 35, following a gain of 21.4% in 2013, rose by 3.7% in 2014 despite a sharp drop of 4.6%

in December 2014 as a result, among other factors, of the Greek crisis and the sudden fall in the price of oil and other raw materials. The performance of the Ibex 35 from January to November 2014 reflected an increase of 8.6%. In the first months of 2015 till March, the Spanish index has recovered further and climbed 12.1%.

Focusing on Alba, the Net Asset Value (NAV) increased 13.5% in 2014 to 3,668.0 million euros at the end of the year. This increase is attributable to the strong performance of the shares of ACS, Acerinox, Bolsas y Mercados Españoles and Viscofan. NAV per share at 31 December 2014, after deducting treasury shares, was 62.98 euros, up 13.5% compared to the end of the previous year.

Nevertheless, Alba's share price fell by 4.5% in 2014, closing the year at 40.60 euros per share. This negative performance contrasts with the modest gains during the year seen for both the Ibex 35 and the Eurostoxx 50 of 3.7% and 1.2%, respectively. As a result of the falling share price and the higher NAV per share, the discount at which Alba's shares were trading increased from 23.4% at the end of 2013 to 35.5% at the end of 2014. It should be noted that it is the first time since 2008 in which the discount at year end increases.

In the first quarter of 2015 Alba's share price rose 11.5% to 45.28 euros per share.

Consolidated net profits posted for 2014 of 241.3 million euros represent an increase of 6.3% on the 226.9 million euros reported the previous year. Earnings per share in the year were 4.14 euros, compared with 3.90 euros in 2013.

In this report you will find a more detailed analysis of the various items on Alba's income statement and balance sheet, along with details of the progress and performance of our equity investments during 2014.

In terms of investments and divestments in 2014, Alba developed a significant investment activity, totalling 414.6 million euros. Major investments were made in two new investees (Bolsas y Mercados Españoles and Viscofan) and in the increase of participations in Indra Sistemas and Ebro Foods:

- Alba acquired a 8.28% stake of Bolsas y Mercados Españoles for 217.1 million euros, becoming the largest shareholder in this company.

- Alba invested 132.8 million euros to acquire 6.79% of the share capital of Viscofan. Alba is now one of the main individual shareholders of Viscofan.

- Alba also invested 45.1 million euros to acquire an additional 1.80% stake in the share capital of Ebro Foods, increasing its interest to 10.01%.

- Alba also acquired an additional 1.20% of the share capital of Indra Sistemas for 17.0 million euros. At the end of 2014 Alba held 12.53% of the share capital of this company.

On the other hand, in 2014 Alba sold assets for a total amount of 234.8 million euros, corresponding almost entirely to the sale of 2.42% of the share capital of ACS. The sale of these shares generated a pre-tax capital gain of 104.1 million euros. At 31 December 2014 Alba held 13.88% of ACS's share capital representing 35% of Alba's total NAV at the year end.

Operations concluded between the end of the reporting period and 31 March 2015, included the following divestments:

- The sale, by means of an accelerated book build to institutional investors, of 3.10% of Acerinox's share capital for 118.3 million euros, generating a pre-tax capital gain of 27.3 million euros.

- The sale, of 1.47% of ACS's share capital for 146.7 million euros, generating a pre-tax capital gain of 71.7 million euros.

- An agreement by Deyá Capital SCR to sell its 12.00% holding in Pepe Jeans for 81.0 million euros, subject to the approval of the relevant competition authorities. The amount indicated may vary slightly in accordance with the closing financial statements. This sale will be the first divestment carried out by the investment vehicles managed by Artá Capital SGECR.

- In addition, Alba sold between late March and early April 2015 a 1.20% stake in Indra Sistemas acquired at the end of last year. The total amount was 21.7 million euros and the transaction generated a yield of 28.0%.

LETTER FROM THE CHAIRMEN OF THE BOARD OF DIRECTORS

- The sale of Alba's 14.54% stake in Antevenio for 1.6 million euros.

Looking to 2015, with the Spanish economy showing early signs of recovery and low borrowing costs, we have moderately positive expectations for our investees. These factors, together with their major efforts in recent years to expand internationally, should produce some improvement in the results of our investees. The current weakness of the euro against the dollar should work in favour of several of our investees, which have a strong presence in the US market. Although activity levels in Spain are likely to pick up, we believe our investees will continue to shift the weight of their businesses to international markets in the coming years.

Alba has consistently complied with corporate governance standards and best practices and has followed the recommendations contained in the Unified Code approved by the CNMV. This Code has, to a large extent, been incorporated in the Law on Corporations by Law 31/2014, of 3 December, and the Company is therefore complying with the Law 31/2014. Nevertheless, a number of resolutions will be adopted at this year's General Meeting to ensure full compliance with the requirements of the new Law.

The Annual Corporate Governance Report, which gives details of ownership structure and governance, risk control systems and monitoring of good governance recommendations, and the Directors' Remuneration Report, the Report on Related-party Transactions, and the Board's assessment thereof have been approved and are available to shareholders and investors, along with other additional reports by the Board committees.

The Company also intends to adopt over the year such resolutions that will enable to comply as closely as possible with the recommendations of the new Code of Good Governance for Listed Companies, approved by the CNMV on 18 February 2015.

With regard to the allocation of profit for the year, the Board of Directors has recommended to the Annual General Meeting a full-year ordinary dividend of 1.00 euro per share out of 2014 earnings. Accordingly, a final dividend of 0.50 euros per share, complementary to the interim dividend of the same amount paid in October last year, will be paid in the near future.

Lastly, we would like to thank the employees of our Group and of our Investees for their professionalism, enthusiasm and commitment, and all you, our shareholders, for your confidence and support.

Yours sincerely,
Juan March Delgado
Carlos March Delgado

KEY FINANCIAL DATA

KEY FINANCIAL DATA

Financial highlights

(In millions of euros unless otherwise indicated)	2014	2013	2012	2011
Share capital at year-end	58.3	58.3	58.3	58.3
Shareholders' equity at year-end	3,077	2,952	2,765	2,863
Ordinary shares in issue (thousands), average for the year	58,235	58,232	58,226	58,363
Net profit	241	227	(299)	406
Dividends	58	58	58	234
Earnings/(Loss) per share (euros)	4.14	3.90	(5.14)	6.96
Dividend per share (euros)	1.00	1.00	1.00	4.00

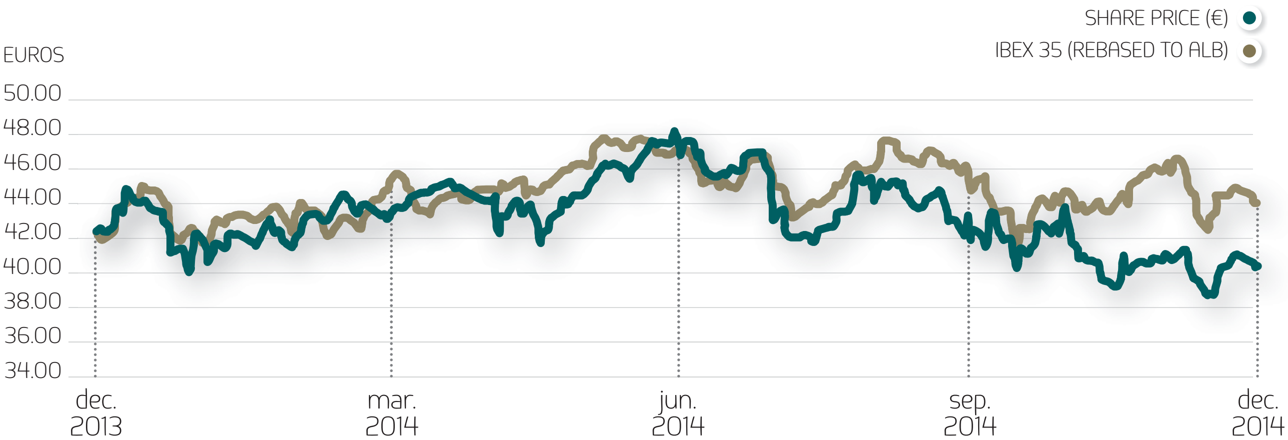
Note: Per share data calculated using the average number of shares outstanding during the year.

Share price performance

	2014	2013	2012	2011
Closing share price (in euros per share)				
High	48.37	45.63	35.49	44.40
Low	38.52	32.13	22.10	27.43
Close	40.60	42.50	35.31	30.23
Market capitalisation at 31/12 (millions of euros)	2,367	2,478	2,059	1,762
Volume traded				
Number of securities (thousands)	8,323	6,721	9,890	12,989
In millions of euros	365	261	299	505
Daily average (millions of euros)	1.4	1.0	1.2	2.0
Dividend yield (on closing price for the year)	2.5%	2.4%	2.8%	13.2%
P/E ratio (on closing price for the year)	9.8 x	10.9 x	neg.	4.3 x

Alba's share price fell by 4.5% in 2014, underperforming the Ibex 35 and the Eurostoxx 50, which gained 3.7% and 1.2%, respectively.

Alba share price performance in 2014

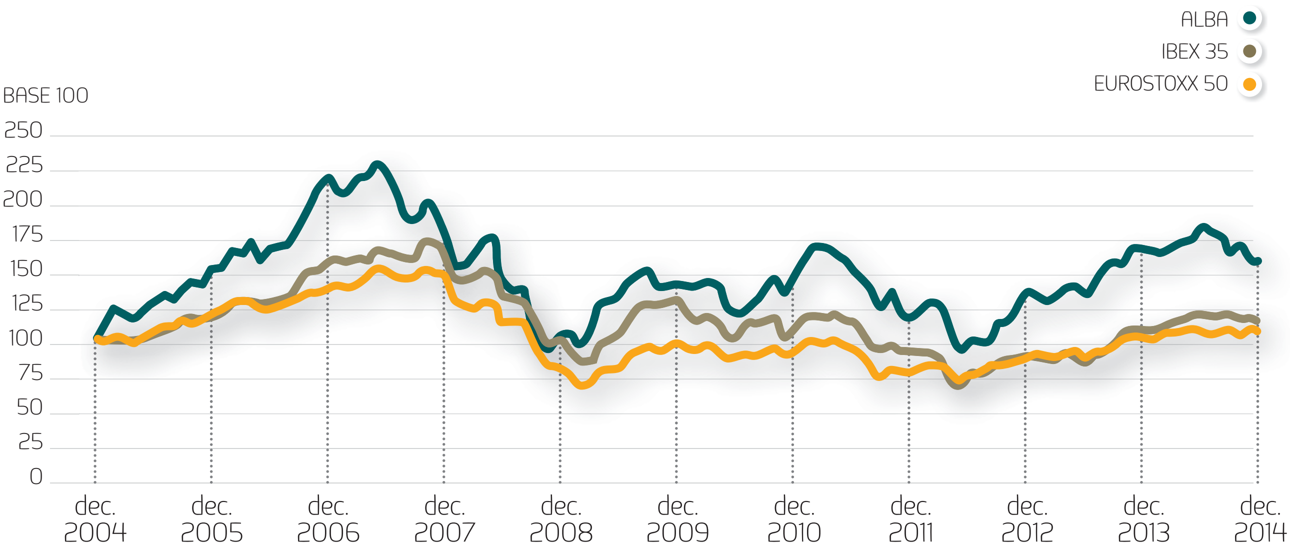


Source: Bloomberg.

KEY FINANCIAL DATA

Alba's strong share price performance over the last ten years shows the significant value creation achieved by our company in the long term. From December 2004 to the end of 2014 Alba's share price increased by 58.0%, while the Ibex 35 and the Eurostoxx 50 rose 13.2% and 6.6%, respectively. The graph shows the depth of the stock market plunge of 2007 and 2008, the significant recovery from the trough in March 2009 and the subsequent relapse in 2011, caused mainly by the sovereign debt crisis in the euro zone. The recovery in the second half of 2012 followed the decisive action taken by the European Central Bank and the agreements reached by the Eurogroup in July of that year, which substantially diminished the uncertainties over a possible bailout of Spain and the future of the single currency. We believe that the European Central Bank's expansive monetary policies should help equities perform well relative to other asset types in 2015.

Alba share price performance over the last 10 years compared to Ibex 35 and Eurostoxx 50



Source: Bloomberg.

Net Asset Value

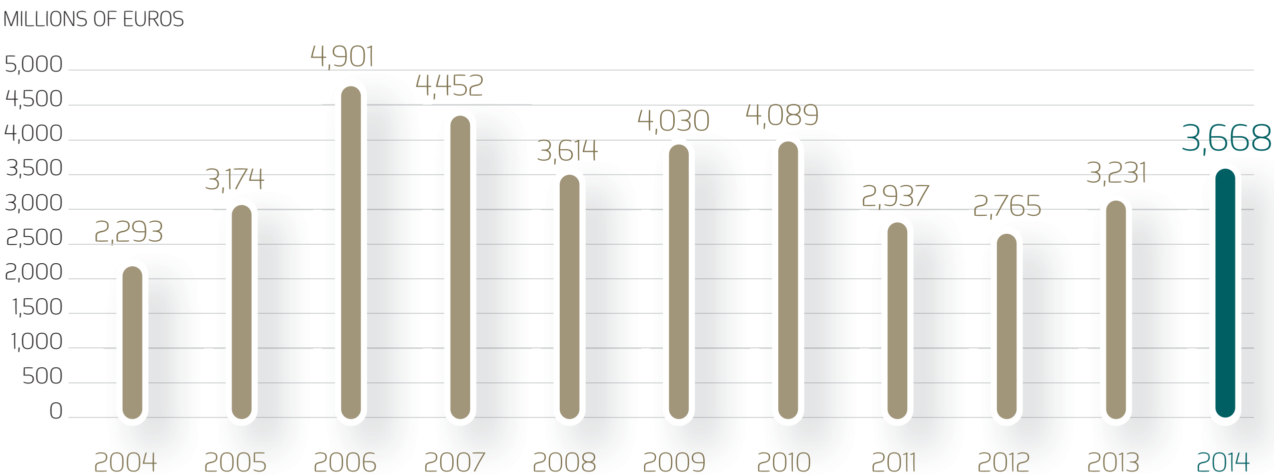
(In millions of euros unless otherwise indicated)	2014	2013	2012	2011
Data at 31/12				
Gross Asset Value (1)	3,422	3,034	2,697	2,951
Net Asset Value (2)	**3,668**	**3,231**	**2,765**	**2,937**
Net Asset Value in euros per share (2)	**62.98**	**55.47**	**47.49**	**50.44**
Share price in euros per share	40.60	42.50	35.31	30.23
Discount to Net Asset Value	35.5%	23.4%	25.6%	40.1%

(1) Includes investments in listed and unlisted companies, properties and, where relevant, net cash position.
(2) Before taxes. Includes net financial debt and other assets and liabilities.

In 2014, the Gross Asset Value increased by 12.8% thanks to the share price performance of ACS, Acerinox, BME and Viscofan and the increased value of the Company's investments in unlisted companies. Net Asset Value, meanwhile, which includes changes in the Company's net financial position, increased by 13.5% in the year.

The performance of the Net Asset Value since the end of 2004 can be seen in the chart below, which shows the sharp increase in 2005-2006 and the significant drop in 2011, partly due to the extraordinary dividend paid that year:

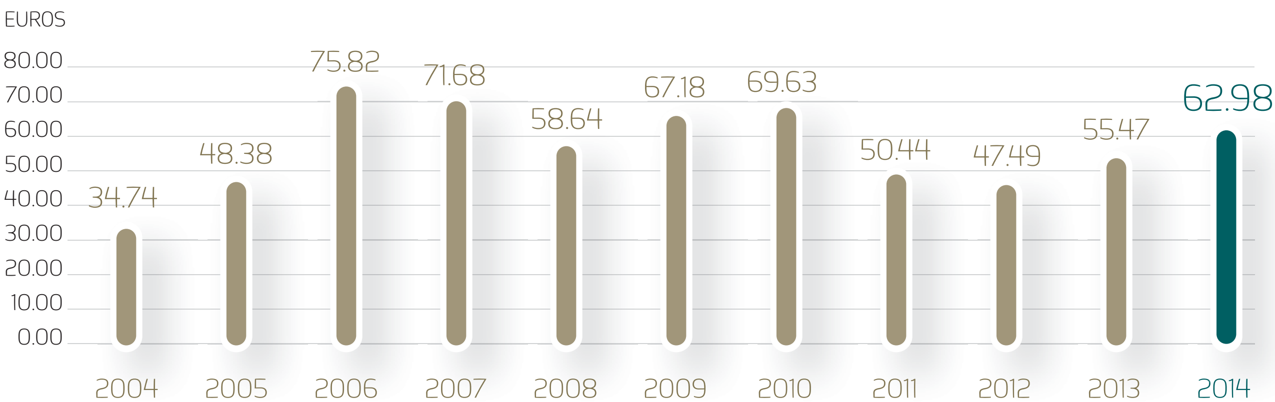
Net Asset Value before taxes (31 Dec.)



KEY FINANCIAL DATA

The following chart shows the performance of the Net Asset Value per share before taxes over the same period, at 31 December each year:

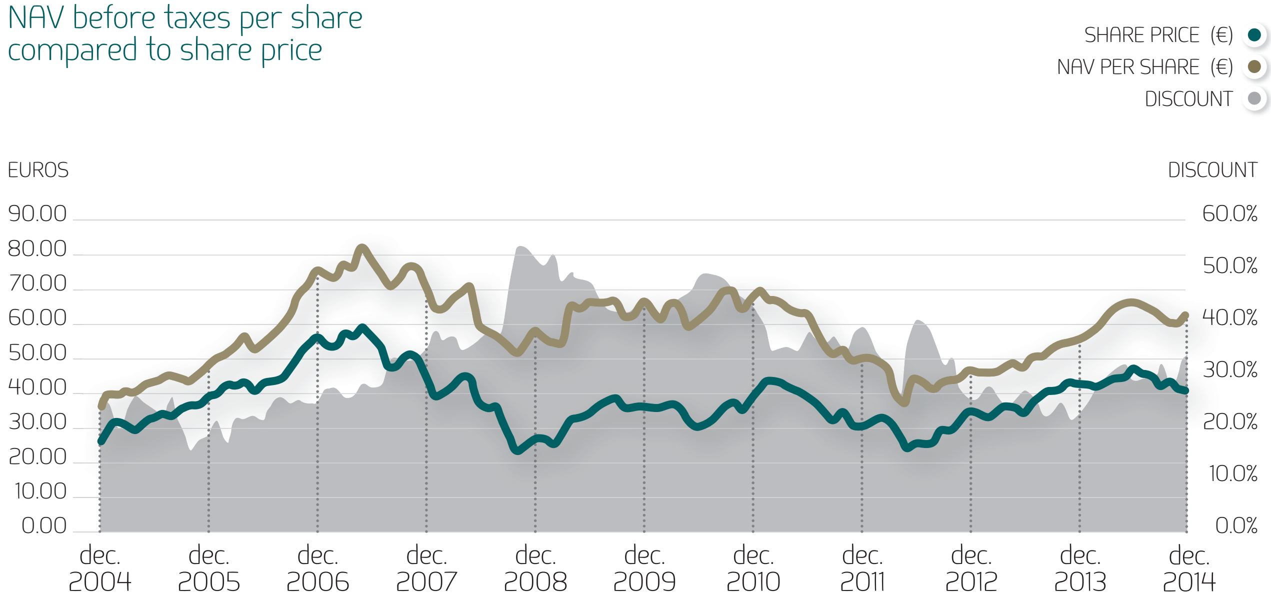
Net Asset Value per share before taxes (31 Dec.)



Over the last 10 years, Alba's NAV per share increased by 81.3%, representing an annual compound growth of 6.1%, and outperformed the Ibex 35 (1.2% annually compound growth). The growth in NAV per share is attributable to the value creation of our investees during the period, the good results of the investment and divestment decisions made during the period and the positive effect for our shareholders of the purchases and subsequent amortisations of own shares.

The different performance of the share price and the NAV per share over time is due to the change in the discount at which the Alba share trades in the market compared to the value of its assets. At the end of 2004 the shares were trading at a discount of 26.0% while this had increased to 35.5% at the end of 2014 (from 23.4% in December 2013).

NAV before taxes per share compared to share price

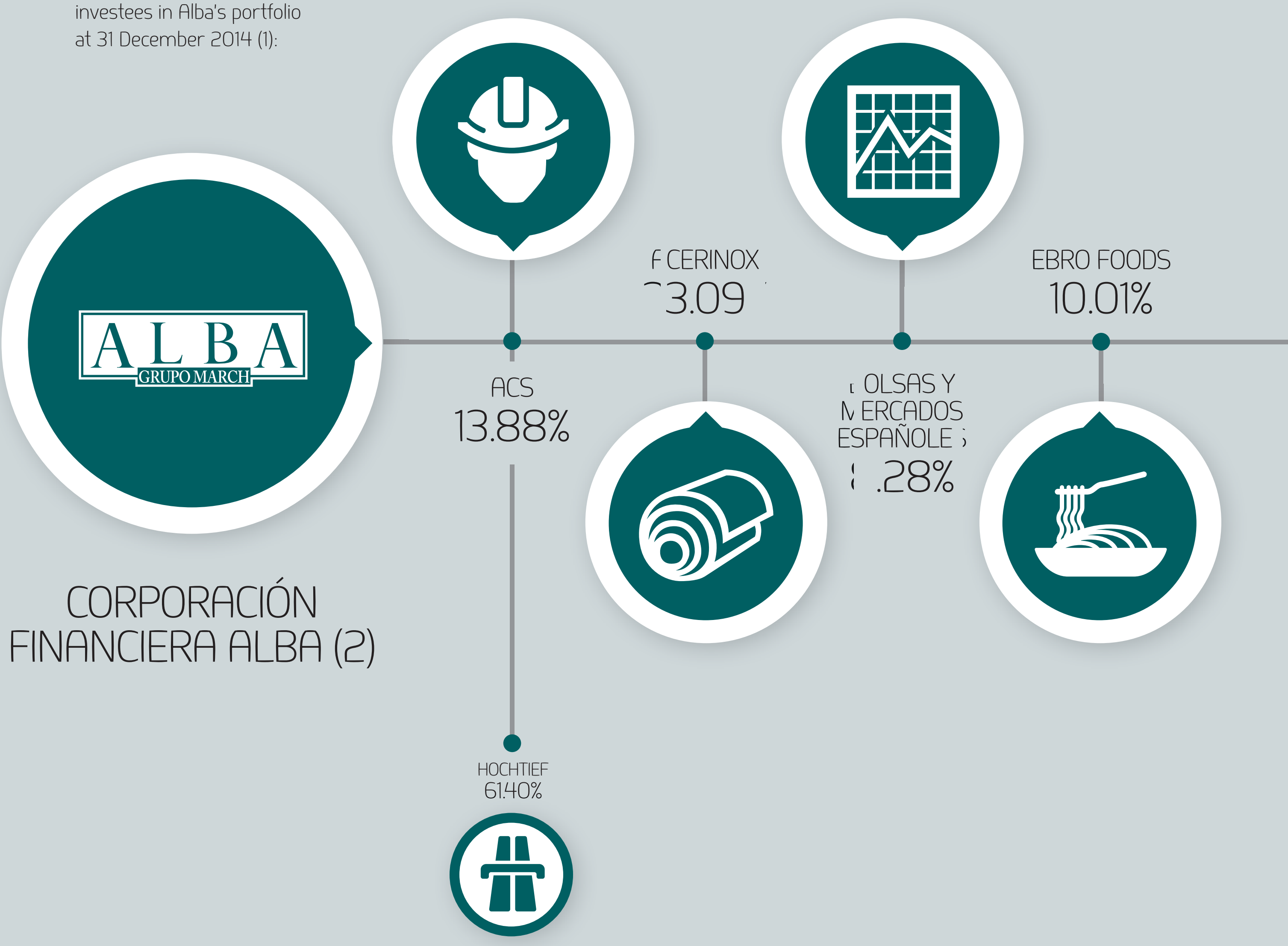


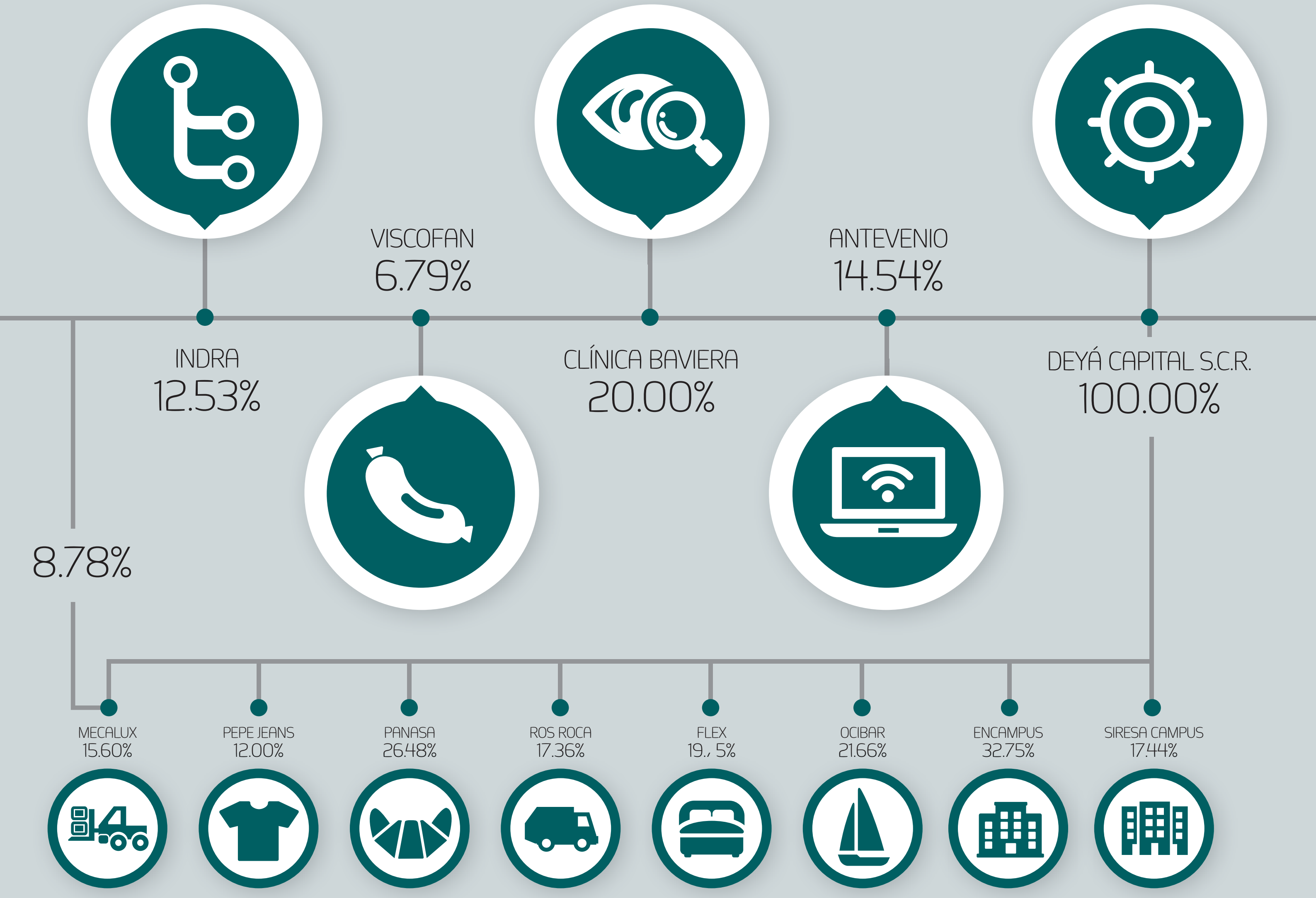
Source: Bloomberg for share prices.

KEY FINANCIAL DATA

Investment portfolio

Structure of the main investees in Alba's portfolio at 31 December 2014 (1):





(1) Other investees: Artá Capital S.G.E.C.R., S.A.U. (81.01%) and Corporación Empresarial de Extremadura, S.A. (1.01%).
(2) Interests held through the companies Alba Participaciones, S.A.U., Balboa Participaciones, S.A.U. and Deyá Capital, S.C.R., all fully owned by Corporación Financiera Alba, S.A.

KEY FINANCIAL DATA

Portfolio value at 31 December 2014:

Listed Companies (1)

	Shareholding (%)	Market value (2) Millions of euros	Share price (€)	Stock exchange
ACS	13.88	1,265.5	28.97	Madrid
Acerinox	23.09	755.8	12.51	Madrid
BME	8.28	222.6	32.14	Madrid
Ebro Foods	10.01	211.1	13.71	Madrid
Indra	12.53	166.0	8.07	Madrid
Viscofan	6.79	139.4	44.07	Madrid
Clínica Baviera	20.00	27.7	8.49	Madrid
Total market value		**2,788.0**		
Total book value		2,214.7		
Unrealised capital gains		**573.3**		
Unlisted companies		**357.7**	**Book value**	
Real Estate		**219.2**	**Independent appraisal**	

(1) Investments under equity method. In addition, at 31 December 2014, investments included a 14.54% holding in Antevenio carried at 1.6 million euros within "Financial assets at fair value through profit or loss".

(2) Prices at closing price in December.

Details of portfolio performance over the last three financial years are given below:

	Shareholding (%)			
LISTED COMPANIES	31-12-2014	Change 2014	31-12-2013	31-12-2012
ACS	13.88	(2.42)	16.30	18.30
Acerinox	23.09	(0.41)	23.50	24.24
Bolsas y Mercados Españoles	8.28	8.28	-	-
Ebro Foods	10.01	1.80	8.21	8.21
Indra	12.53	1.21	11.32	11.32
Viscofan	6.79	6.79	-	-
Clínica Baviera	20.00	-	20.00	20.00
Antevenio	14.54	(4.17)	18.71	20.54
Prosegur	-	-	-	10.01

UNLISTED COMPANIES	31-12-2014	Change 2014	31-12-2013	31-12-2012
Mecalux	24.38	-	24.38	14.23
Pepe Jeans	12.00	(0.13)	12.13	12.13
Panasa	26.48	0.12	26.36	26.36
Ros Roca	17.36	-	17.36	19.04
Flex	19.75	-	19.75	19.75
Ocibar	21.66	-	21.66	21.66
EnCampus	32.75	-	32.75	35.93
Siresa Campus	17.44	-	17.44	-

During 2014 two new investments in listed companies were added to the portfolio, a 8.28% interest in BME and 6.79% in Viscofan. In addition, Alba increased its interest in Ebro Foods and Indra and sold shares in ACS, Acerinox and Antevenio. The decrease in ownership in Acerinox was due to the capital increase carried out by the company as a result of the issue of new shares to those shareholders who opted to the scrip dividend.

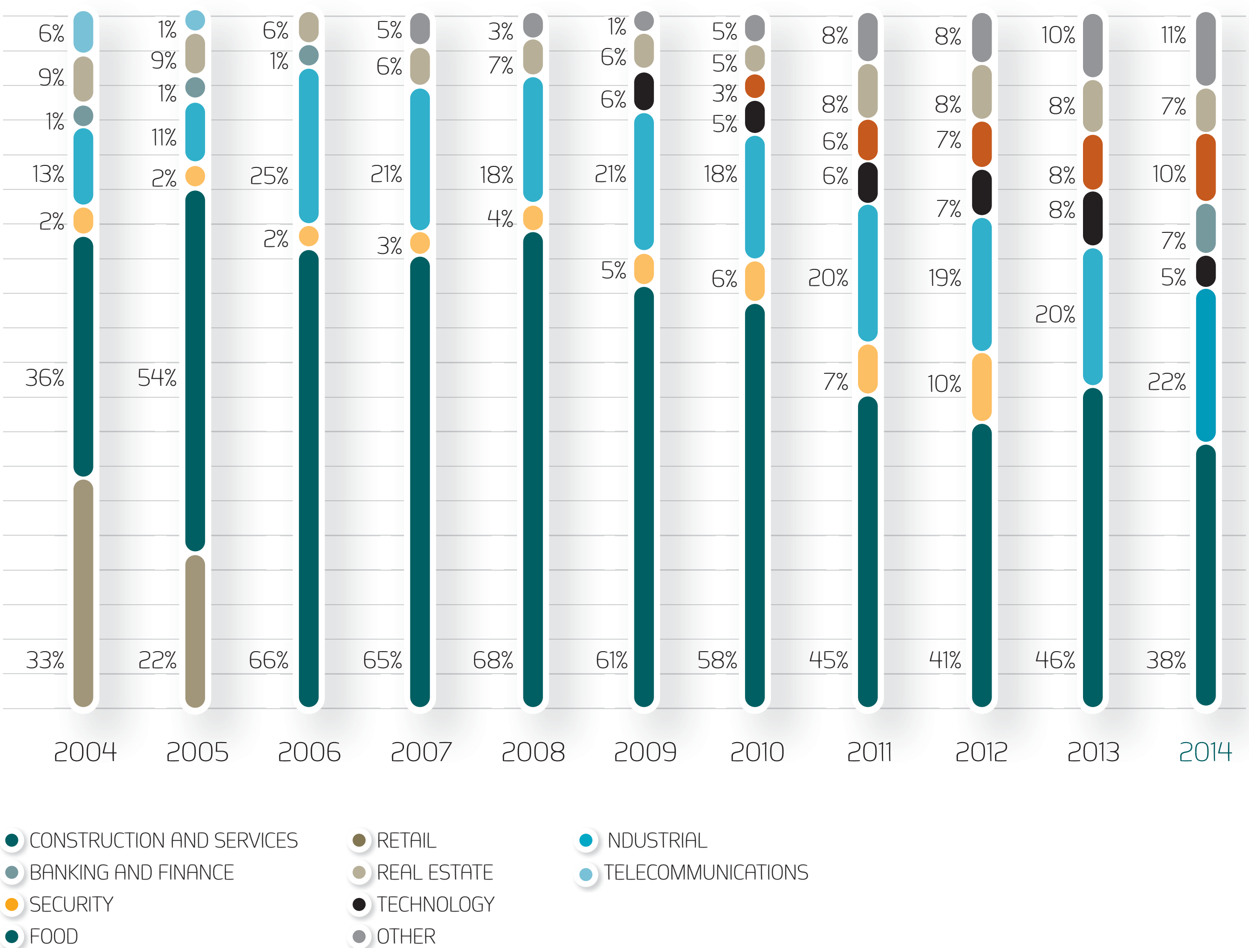
Unlike in previous financial years, there were no changes in the structure of the unlisted portfolio.

KEY FINANCIAL DATA

Industry diversification

By aggregating Alba's listed, unlisted and real estate investments, the Company's investments breakdown by sector results as follows (%):

Breakdown of Alba's portfolio by industry (31 Dec.)



The composition of Alba's portfolio has changed substantially over the last years as a result of investments and divestments and the investees' stock market performance. The incorporation of new sectors and investees, together with the divestments implemented, have reduced the weighting of the Construction and Services sector (ACS) which in the last decade has been the largest sector represented in the portfolio. Since 2008 Alba has invested in new sectors such as Food (Ebro Foods and Viscofan), Technology (Indra) and Banking and Finance (BME) and has increased its presence under the Other heading (including stakes in Clínica Baviera and Antevenio and investments in Mecalux, Pepe Jeans, Panasa, Ros Roca, Flex, Ocibar, EnCampus and Siresa Campus). On the other hand, the Company, over the last 10 years, has completely disposed its investments in Retail (Carrefour) in 2006, and Security (Prosegur) in 2013.

All these movements have ensured a more diverse portfolio, reducing the combined weight of the Construction and Services and Industrial sectors from 86% at the end of 2008 to 60% at the end of last year.

REVIEW OF CONSOLIDATED FINANCIAL PERFORMANCE

The consolidated financial information has been prepared in accordance with International Financial Reporting Standards (IFRS).

More detailed information can be found in the consolidated financial statements and notes there to, audited by Ernst & Young, S.L., in the final section of this report.

REVIEW OF CONSOLIDATED FINANCIAL PERFORMANCE

Consolidated Balance Sheets before Profit Distribution

Assets

Millions of euros	At 31 December 2014	At 31 December 2013	At 31 December 2012
Investment property	204.9	200.4	205.3
Property, plant and equipment	8.3	9.0	9.9
Tangible fixed assets, net	**213.2**	**209.4**	**215.2**
Investments in associates	2,214.7	2,015.3	2,262.0
Financial assets at fair value through profit or loss	276.7	243.7	208.8
Other investments	149.8	187.9	188.5
Total investments	**2,641.1**	**2,446.9**	**2,659.3**
Total fixed assets	**2,854.3**	**2,656.3**	**2,874.5**
Cash and cash equivalents	492.5	603.0	384.4
Other current assets	201.5	84.2	88.2
Total current assets	**694.0**	**687.2**	**472.6**
TOTAL ASSETS	3,548.3	3,343.5	3,347.1

Liabilities

Millions of euros	At 31 December 2014	At 31 December 2013	At 31 December 2012
Share capital	58.3	58.3	58.3
Reserves	2,808.3	2,697.6	3,037.0
Treasury shares	(2.4)	(2.6)	(2.8)
Interim dividend paid	(29.1)	(29.1)	(29.1)
Profit/(Loss) for the year	241.3	226.9	(299.4)
Minority interests	0.6	0.4	0.7
Shareholders' equity	**3,076.9**	**2,951.5**	**2,764.7**
Other non-current liabilities	**29.3**	**33.6**	**36.2**
Financial debt	-	75.0	325.0
Other non-current debt	1.9	2.0	2.0
Long-term payables	**1.9**	**77.0**	**327.0**
Financial debt	435.8	272.3	203.7
Other debt	4.4	9.1	15.5
Short-term payables	**440.2**	**281.4**	**219.2**
TOTAL EQUITY AND LIABILITIES	**3,548.3**	**3,343.5**	**3,347.1**

REVIEW OF CONSOLIDATED FINANCIAL PERFORMANCE

Balance Sheet

The changes in Alba's key balance sheet items during 2014 are detailed below:

The amounts recorded under **Investment property**, consisting of leased properties, increased by 4.5 million euros in 2014 to 204.9 million euros at the end of the year as a result of the acquisition of an additional floor in a building in Madrid, refurbishments and higher valuation of the portfolio, offsetting the sale of a site. The properties are revalued each year, based on appraisals carried out by independent experts, and any increase or decrease is recognised in the income statement under **Change in the fair value of investment properties**.

Property, plant and equipment declined from 9.0 to 8.3 million euros, due mainly to the depreciation charge for the year.

Investments in associates increased by 199.4 million euros. This increase is mainly due to investments in Bolsas y Mercados Españoles, Viscofan, Ebro Foods and Indra Sistemas, totalling 412.0 million euros, offsetting the impact of the sale of shares of ACS (130.8 million euros). Other significant changes include the positive contribution of associates of 148.6 million euros and the negative balance posted for associates' accrued dividends (100.0 million euros), impairment losses (70.4 million euros) and adjustments to the consolidated net equity of associates (58.0 million euros).

Financial assets at fair value through profit or loss increased by 33.0 million euros, mainly due to the higher fair value of the unlisted companies, partially offset by the transfer of the investment in Pepe Jeans to **Non-current assets held for sale** following the sale agreement signed at the beginning of 2015.

Other investments fell by 38.1 million euros following the retirement of **Deferred tax assets**.

The balance recorded under **Cash and cash equivalents** decreased from 603.0 million euros to 492.5 million euros in 2014 while **Other current assets** increased from 84.2 million euros to 201.5 million euros, mainly due to the reclassification of 81.0 million euros

under **Non-current assets held for sale** related to the sale of the investment in Pepe Jeans. Other items recorded under **Other current assets** include corporate income tax withholdings and instalment payments for 2014 and **Dividends accrued** at 31 December and unpaid.

There was no change in 2014 in the Company's **Share capital** of 58.3 million euros.

Reserves increased by 110.7 million euros from 2,697.6 million euros to 2,808.3 million euros following the allocation of the previous year's profits, net of the dividends distributed by Alba, and due to negative movements in the reserves of investees, in particular as a result of exchange rate movements.

Interim dividend shows a balance of 29.1 million euros at the end of 2014, reflecting a gross ordinary interim dividend of 0.50 euros per share paid in October 2014 against 2014 earnings.

Treasury shares include the cost of own shares held at 31 December 2014, amounting to 2.4 million euros and representing 0.10% of the Company's share capital (59,898 shares).

Profit for the year was 241.3 million euros, an increase of 6.3% on the profit of 226.9 million euros reported in 2013.

As a result of all the above, **Shareholder's equity** increased by 4.2% to 3,076.9 million euros.

Long-term payables correspond to deposits received from leases. There were no financial debts maturing after one year at the end of 2014.

Short-term payables, which includes bank loans and other payables, increased from 158.8 million euros to 440.2 million euros at the end of the reporting period.

At 31 December 2014 total financial debt stood at 435.8 million euros. Considering the 492.5 million euros of cash and cash equivalents available at that date, as mentioned in the paragraph **Other current assets**, Alba's net cash position was 56.7 million euros compared with 255.6 million euros at the end of the previous year. This reduction is due to major investments made in the year.

REVIEW OF CONSOLIDATED FINANCIAL PERFORMANCE

Consolidated Income Statements (1)

In millions of euros	2014	2013	2012
Share of profit/(loss) of associates	148.6	150.6	(311.8)
Lease income and other items	13.0	13.0	13.6
Change in the fair value of investment properties	2.0	(5.5)	(8.3)
Financial income	19.4	21.6	19.5
Other income and results	-	-	2.2
Recovery/(Impairment) of assets	(70.2)	(1.3)	23.8
Profit/(Loss) on assets	215.9	120.7	-
Sum	**328.7**	**299.1**	**(261.0)**
Operating expenses	(19.8)	(20.3)	(19.2)
Financial expenses	(5.1)	(6.7)	(17.5)
Amortisation and depreciation	(0.9)	(0.9)	(1.0)
Corporate income tax	(61.0)	(43.3)	0.3
Minority interests	(0.6)	(1.0)	(1.0)
Sum	**(87.4)**	**(72.2)**	**(38.4)**
NET PROFIT	241.3	226.9	(299.4)
Net earnings per share (euros)	4.14	3.90	(5.14)

(1) Items are grouped in these income statements according to management criteria therefore some differences with financial statements may arise.

Income Statement

Alba's **Net profit** in 2014 of 241.3 million euros represented a 6.4% increase on the previous year. Net earnings per share increased from 3.90 euros in 2013 to 4.14 euros per share in 2014.

Profits of 148.6 million euros were posted under **Share of profit/(loss) of associates**, slightly lower than the 150.6 million euros reported the previous year. This decline is explained by the lower contribution of ACS, following the sale of a 2.42% stake, and losses posted by Indra which could not offset the improved performance of Acerinox and Ebro Foods and the contributions of the companies incorporated in the portfolio in 2014, i.e. Bolsas y Mercados Españoles and Viscofan.

Lease income and other items, mainly from investment property, was 13.0 million euros, in line with the previous year. The occupancy rate at 31 December 2014 was 86.6%.

According to appraisals by independent experts, the value of Alba's investment property increased by 2.0 million euros in 2014, an increase of 1.0% on the estimated value at the end of the previous year. This amount has been credited to **Change in the fair value of investment properties**. At 31 December 2014 the fair value of investment properties was 204.9 million euros.

Financial income totalled 19.4 million euros, compared with 21.6 million euros of the previous year. The decline is mainly due to lower average cash balances in the year and reduced yields on bank deposits as a result of lower market interest rates.

Items recorded under **Recovery/(Impairment) of assets** accounted for 70.2 million euros and related to an impairment on the carrying amount of the investments in Indra Sistemas and Clínica Baviera, adjusted to its fair value.

Income totalling 215.9 million euros is recognised under **Profit/(Loss) on assets**, of which an important part comprises pre-tax capital gains of 104.1 million euros from the sale of 2.42% of the share capital of ACS during the year, and non-cash revenues of 112.0 million euros related to a higher fair value of investments recognised under **Financial assets at fair value through profit or loss** (mainly holdings in unlisted companies through Deyá Capital).

Operating expenses fell by 2.7% in the year from 20.3 million euros in 2013 to 19.8 million euros in 2014. At 31 December 2014 they represented 0.54% of NAV before taxes.

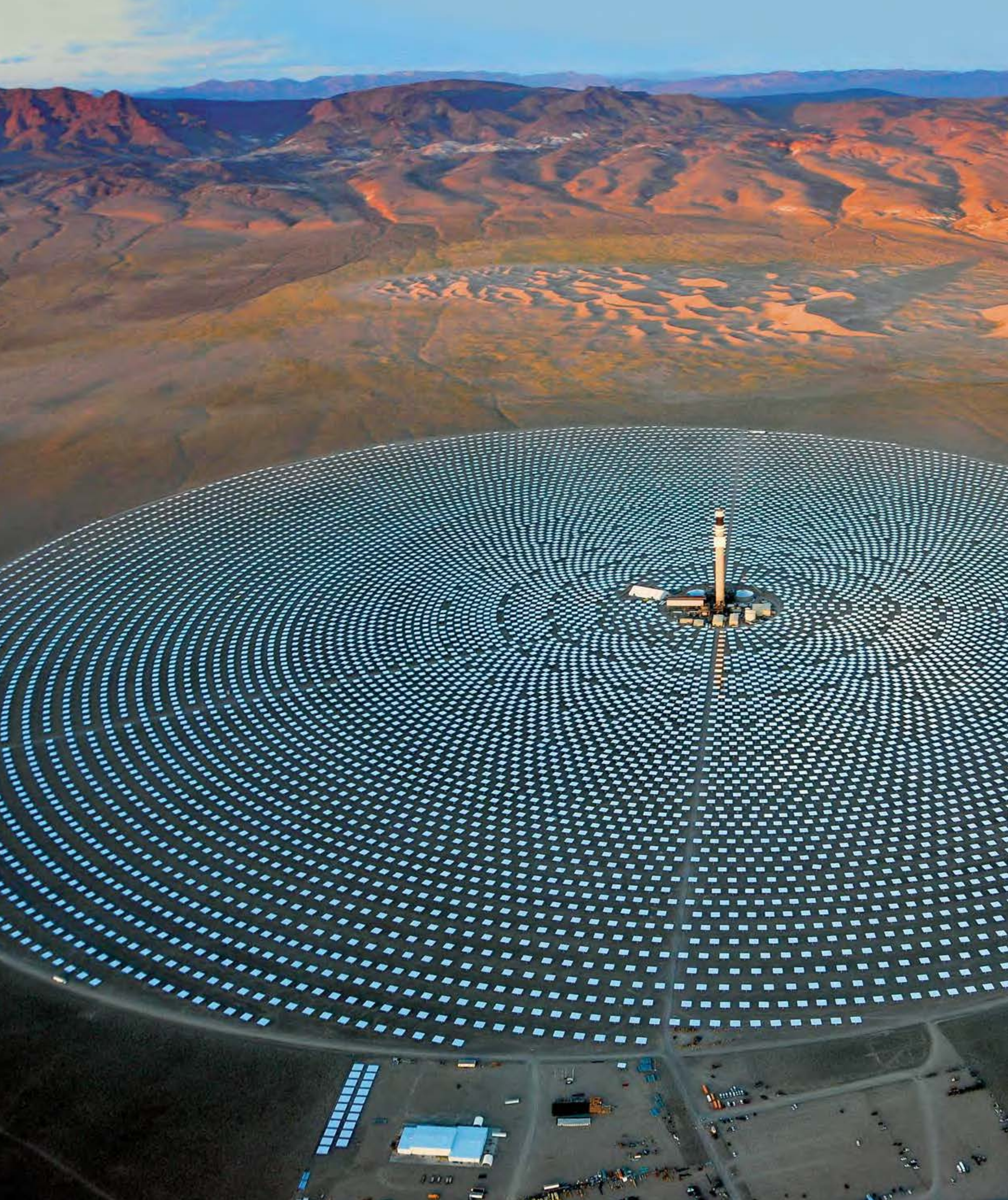
The decrease in **Financial costs** from 6.7 to 5.1 million euros was due to lower average indebtedness during the year and lower interest rates.

Corporate income tax expense for 2014 was 61.0 million euros, reflecting the tax impact of Profit/Loss on assets and higher instalment payments during the year.

INFORMATION ABOUT EQUITY INVESTMENTS

Listed
- ACS
- Acerinox
- Bolsas y Mercados Españoles
- Ebro Foods
- Indra
- Viscofan
- Clínica Baviera

Unlisted
- Mecalux
- Pepe Jeans
- Panasa
- Ros Roca Environment
- Flex
- Ocibar
- EnCampus



INFORMATION ABOUT EQUITY INVESTMENTS

Listed
ACS

Company description

ACS is one of the world's largest groups in construction (mainly civil engineering), turnkey projects and infrastructure concessions, with a major presence in Europe, North America, Australia, Asia and the Middle East. According to a number of industry publications, in 2014 ACS was once again one of the world's leading international construction contractors and one of the biggest transport infrastructure concession groups.

In addition, the group has a significant presence in urban services and waste processing, mainly in Spain but with an increasing backlog in other European countries.

ACS's activities are structured into three large business areas: Construction, Industrial Services and Environment.

- The **Construction** area includes the civil engineering, residential and non-residential construction, and infrastructure concession activities of ACS (through Dragados) and Hochtief and its subsidiaries, the most important of which are Leighton Holdings in Australia and Turner, Flatiron and EE Cruz in the United States and Canada.

ACS is one of the world's top companies in the development, construction, management and operation of new transport infrastructures. Through Iridium and Hochtief, ACS has interests in various toll roads, railways and public facility concessions in countries including Spain, the United States, Canada, Chile, Ireland, Portugal and the United Kingdom. On the other hand, Leighton Holdings has an active role in the management of mining operations and other concession businesses.

- ACS has extensive experience throughout the **Industrial Services** value chain, from the development, engineering and construction of new projects to the maintenance of industrial infrastructures in the communications, control systems and energy industries, in some cases also acting as infrastructure operator.

- Lastly, the **Environment** area includes urban and industrial waste collection, management, treatment and recycling activities, urban gardening, building maintenance and home care services carried out through the subsidiaries Urbaser and Clece, the latter fully consolidated since mid-2014. Urbaser is one of the main urban service companies in Spain, with a growing presence in France and the United Kingdom, especially through waste processing plants.

www.grupoacs.com

INFORMATION ABOUT EQUITY INVESTMENTS

Listed
ACS

Review of the company's operations during 2014

For a number of reasons, ACS's results for 2014 are not easily comparable with those of previous financial years, in particular the changes in the scope of consolidation and the impact of the US and Australian dollars' exchange rate against the euro, together with certain changes in accounting standards with regard to the consolidation via the equity method. In any case, it is worth highlighting the slight increase in net profit and the reduction in net debt in the year thanks to the divestments carried out.

Key financial data

(In millions of euros unless otherwise indicated)	2014	2013	2012
Sales	34,881	35,178	38,396
EBITDA	2,466	2,833	3,088
EBIT	1,598	1,640	1,579
Net profit	717	702	(1,928)
Total assets	39,321	39,965	41,563
Net financial debt (1)	3,722	3,811	4,952
Own funds (2)	3,452	3,803	2,657
Shareholders' equity	4,898	5,489	5,712
Total backlog (31 Dec.)	63,320	59,363	65,626
Employees (31 Dec.)	210,345	157,689	161,865
Share price (31 Dec.) (in euros per share)	28.97	25.02	19.04
Market capitalisation (at close 31 Dec.)	9,116	7,873	5,991
Dividend yield (gross, on closing price for the year)	4.0%	4.4%	10.3%

Note: For the purposes of comparison, the figures for 2013 have been restated as a consequence of IFRS 10, 11 and 12 coming into force. The investment in Clece has been fully consolidated since 1 July 2014.

(1) Includes 1,108 million euros in accounts receivables from the sale of John Holland and Leighton Services.

(2) Shareholders' equity less Revaluation adjustments. Does not include minority interests.

ACS's consolidated sales in 2014 amounted to 34,881 million euros, down 0.8% from the previous financial year. Domestic sales increased by 6.4% following the consolidation of Clece while international sales fell by 2.1%. Operations outside Spain represented 84.0% of total sales in 2014 and 81.9% of the backlog at year end.

EBITDA fell by 12.9% to 2,466 million euros, as a result of the same factors mentioned above. On a like-for-like basis, ACS's EBITDA would have fallen 3.9% due to the restructuring of Hochtief and Leighton and the decrease of activity in higher margin businesses such as Leighton's mining operations and Industrial Services. EBIT, nevertheless, fell by just 2.6% to 1,598 million euros thanks to lower depreciation and amortisation charges at Hochtief.

Net profit totalled 717 million euros, 2.2% higher than in 2013, due to lower financial expenses and the positive contribution of discontinued operations. Adjusted by results obtained at corporate level, non-Construction activities would have accounted 68.8% of total net profit, thanks to the Group's sector diversification strategy.

Key performance indicators by business segment

(In millions of euros)	2014	2013	Chg. 14/13
Construction			
Sales	25,820	26,365	-2.1%
Recurring net profit	223	189	+18.1%
Order backlog (31 Dec.)	45,135	43,507	+3.7%
Industrial Services			
Sales	6,750	7,067	-4.5%
Recurring net profit	420	418	+0.5%
Order backlog (31 Dec.)	8,021	7,413	+8.2%
Environment			
Sales	2,338	1,781	+31.3%
Recurring net profit	72	58	+24.4%
Order backlog (31 Dec.)	10,164	8,443	+20.4%

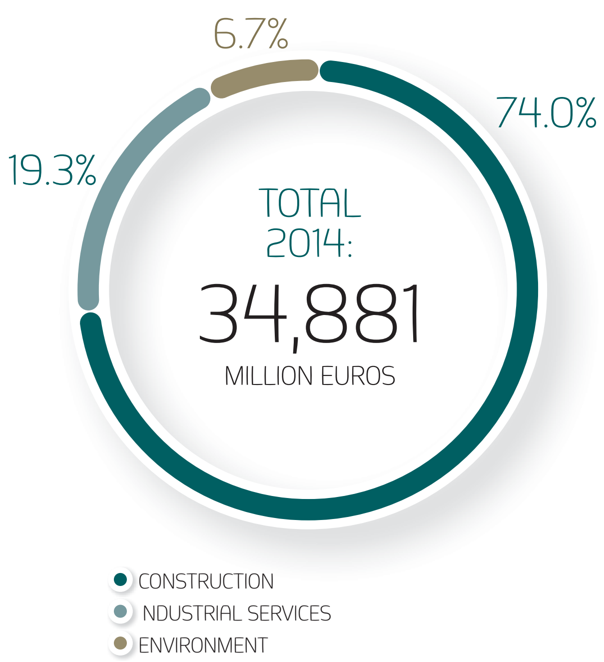
INFORMATION ABOUT EQUITY INVESTMENTS

Listed
ACS

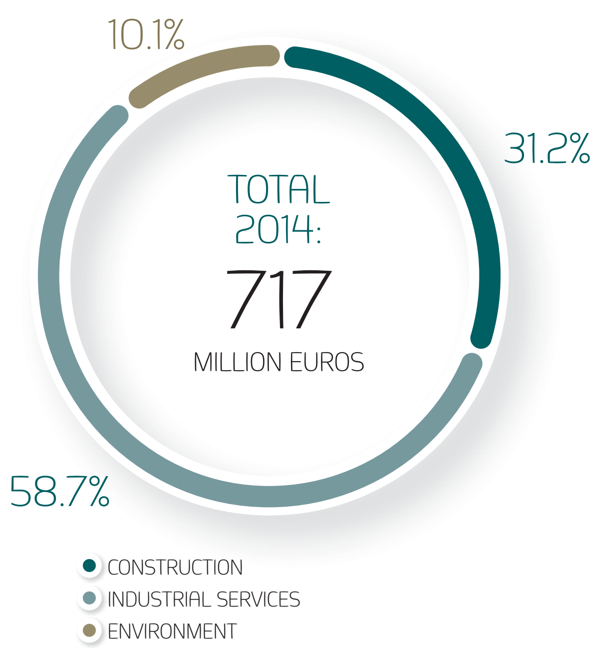
A breakdown of the **results by activity** shows a decline in sales in the Construction and Industrial Services businesses due to lower activity in some markets, the exchange rates and, in the case of Construction, the sale of assets. Increased sales in the Environment business are due to the incorporation of Clece in the scope of consolidation since 1 July 2014, while Urbaser's sales fell 5.2% in the year. With regard to net profit, the 18.1% increase in the Construction business is explained by stronger results in Hochtief (in part due to divestments) while in the Environment business is due to better margins from waste treatment plants and lower financial expenses. The net profit of the Industrial Services business, which accounted 58.7% of the total net profit before corporate profits, increased slightly despite lower sales thanks to lower financial expenses and tax charges in the year.

The order backlog increased across all activities, with an overall increase of 6.7% to 63,320 million euros.

Sales by activity



Net profit by activity



In 2014 ACS total investments amounted to 2,310 million euros while proceeds from the sale of assets amounted to 1,515 million euros. Key investments included the acquisition of machinery with regard to mining contracts of Leighton, the partial tender offer launched by Hochtief on Leighton in March 2014 and investments made by Iridium and Hochtief in concession projects. On the other hand, the most relevant divestments were the sale of Hochtief's property businesses in Europe and a number of concessions in Spain. In addition, Leighton reached agreements for the sale of John Holland and part of Leighton Services for a total consideration of 1,108 million euros, pending to be completed at 31 December 2014.

This total consideration of 1,108 million euros pending to be collected is treated as a reduction of the Group's net debt, which decreased by 2.3% in 2014 to 3,722 million euros at the end of the year. It should be noted that this slight reduction in net debt was achieved despite the investments made, increased working capital, the payment of dividends (318 million euros) and the purchase of treasury shares (358 million euros).

During 2014 and the first months of 2015, ACS has refinanced most of its corporate debt with the aim of reducing costs and extending maturity deadlines, and has bought back a significant part of the exchangeable bonds for Iberdrola shares which were issued in 2013 and early 2014.

In February 2015 Saeta Yield, the vehicle including some of ACS's renewable assets, treated as assets held for sale at year end, was listed. In addition, the Group reached an agreement with an infrastructure fund to create a new company which will incorporate the remaining renewable assets over which Saeta will have a right of first offer. Both activities will be consolidated using the equity method in 2015, enabling to deconsolidate 1,966 million euros of debt held for sale and reduce the net debt in the balance sheet by an additional 506 million euros.

INFORMATION ABOUT EQUITY INVESTMENTS

Listed
ACS

Alba's shareholding

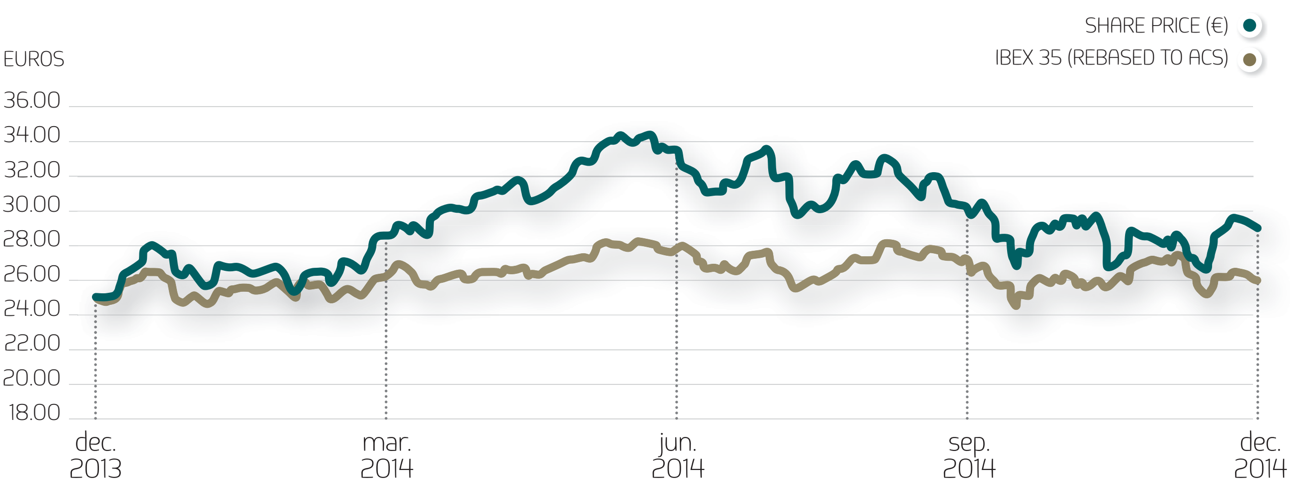
Alba is ACS's largest shareholder, with 13.88% of the company's share capital at 31 December 2014. During 2014 Alba sold, for 234 million euros, a 2.42% of ACS's share capital, generating a consolidated pre-tax capital gain of 104 million euros.

In the first quarter of 2015, Alba sold an additional 1.47% interest of ACS for 147 million euros, generating a pre-tax capital gain of 72 million euros, reducing its interest in the Company to 12.41%.

Share price performance

ACS's share price rose 15.8% in 2014 to 28.97 euros per share at the end of the year, with a market capitalisation of 9,116 million euros. The Ibex 35 gained 3.7% in the same period.

ACS share price performance in 2014



Source: Bloomberg.

INFORMATION ABOUT EQUITY INVESTMENTS

Listed
ACERINOX

Company description

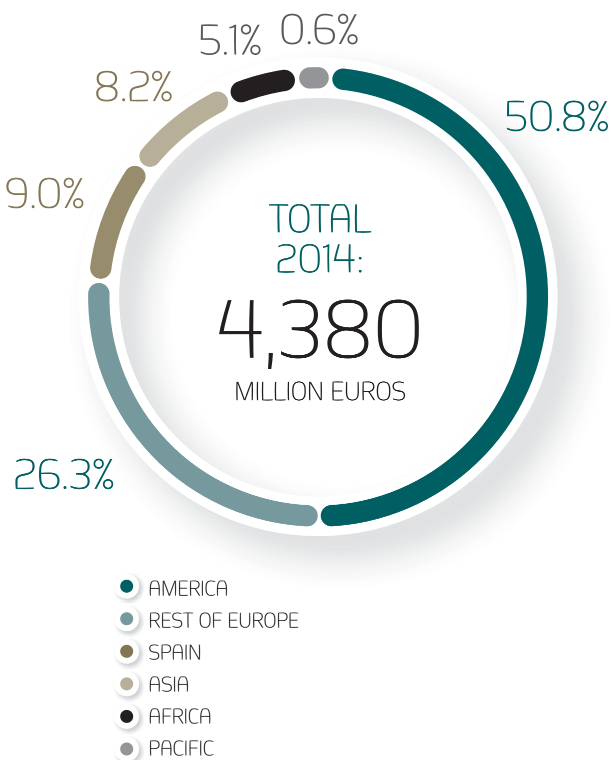
Acerinox is one of the main stainless steel worldwide producers with an annual melting output of 3.5 million tonnes.

The company has four flat product plants (in Spain, the United States, South Africa and Malaysia); three long product plants (two in Spain and one in the United States); and an extensive sales network, with warehouses and service centres in more than 36 countries and sales in 83 countries on five continents.

In terms of markets, North American Steel (NAS) is the leading producer in the US market with one of the most efficient and profitable plants in the world. The United States was Acerinox's main market by sales in 2014, followed by Spain and Germany.

Over the last years Acerinox has focused its expansion strategy on the Asian market, opening the Bahru Stainless plant in Malaysia and setting up companies and sales offices around the region. Bahru Stainless began the production of cold rolled coils in December 2010 with a long term objective of establishing an integrated stainless steel plant in Malaysia in line with the rest of Acerinox's plants in Spain, the United States and South Africa.

Sales by region



www.acerinox.es

INFORMATION ABOUT EQUITY INVESTMENTS

Listed
ACERINOX

Review of the company's operations during 2014

Worldwide stainless steel production increased by 7.9% in 2014, in line with 2013 (+7.8%), and above historic average (+6.0% since 1950).

The markets which saw the greatest growth in terms of production were America, led by the United States with a 14.9% increase, and China, with a 14.3% growth, while output levels in Europe and Asia (excluding China) were similar to those recorded in 2013. China has continued to consolidate its position in the worldwide market, from just 3.7% of the total output in 2001 to 52.7% in 2014. In 2014, Asia as a whole accounted already for 73.9% of the total worldwide steel production, while Europe and America's share fell to 19.2% and 6.8%, respectively.

The significant rise of the production in China over the last years (volumes multiplied by more than 9 times in a decade) has disrupted traditional flows of stainless steel exports from Europe, exacerbating the problem of overcapacity in this market. Nevertheless, the expected slow down of growth in the Chinese economy together with lower expansion plans in terms of capacity of local producers, many of them affected by limited returns on capital and high indebtedness, should help rebalance supply and demand in this market and, consequently, in the rest of the world. This could be highly beneficial for European producers, especially in the context of improving economic prospects in Europe.

On the other hand, average steel price in 2014 was higher than in 2013 with stable or slightly declining base material prices, due to higher alloy surcharges than last year as a result of increasing nickel prices. In 2014 average nickel price on the London Metal Exchange was 16,867 dollars per tonne, up 12.4% from 2013. Nickel price rose 51.8% in the early months of the year, reaching a peak of 21,200 dollars per tonne in mid-may, fluctuating between 18,000 dollars and 20,000 dollars per tonne until the end of August and then falling in the final quarter to below 15,000 dollars per tonne at the end of the year.

Acerinox's production levels rose in 2014 for the third year in a row. Melting output totalled 2.3 million tonnes, 4.5% more than in 2013, while hot-rolled production was 2.0 million tonnes, up 5.6%. Higher value added cold-rolled production grew 3.7% to 1.6 million tonnes. Long product output for the year was 242 thousand tonnes, 8.3% more than in 2013. Melting output for the year was one of the highest levels ever seen by Acerinox.

Key Operating Data

(Annual output in thousands of tonnes)	2014	2013	2012
Crude steel	2,325	2,225	2,189
Hot-rolled products	2,049	1,941	1,915
Cold-rolled products	1,556	1,499	1,418
Long products (hot-rolled)	242	223	222

Key financial data

(In millions of euros unless otherwise indicated)	2014	2013	2012
Sales	4,380	3,966	4,555
EBITDA	454	228	198
EBIT	298	88	48
Net profit	136	22	(18)
Total assets	4,430	3,991	4,216
Net financial debt	616	529	582
Shareholders' equity	1,856	1,553	1,713
Employees (31 Dec.)	6,693	6,983	7,252
Share price (close 31 Dec.) (in euros per share)	12.51	9.25	8.35
Market capitalisation (at close 31 Dec.)	3,273	2,378	2,081
Dividend yield (gross, on closing price for the year)	3.6%	4.7%	5.4%

In terms of financial performance, Acerinox's sales rose by 10.4% in the year to 4,380 million euros as a result of the 6.3% increase in the number of tonnes sold and higher average selling price per tonne, mainly, as mentioned before, due to higher alloy surcharges caused by higher nickel prices over the year.

This increase in sales, together with measures to improve efficiency and cost savings implemented over the last years, has enabled Acerinox's to increase its EBITDA and EBIT substantially, by 99.1% to 454 million euros and by 237.2% to 298 million euros, respectively.

This improvement in operating results includes savings of 12 million euros in staff and other operating expenses despite increased activity levels, on top of the 43 million savings achieved in 2013 and other savings in previous years thanks to the Company's excellence and overhead cost reduction plans. In December 2014, the Board of Directors, approved the 4th Excellence Plan, for 2015 and 2016, designed to achieve new savings of 70 million euros a year.

The Group's net profit increased 6.2 times to 136 million euros despite a 23 million euros charge for impairment losses on tax credits activated. This impairment has no impact on cash balances and arises as a result of the corporate income tax reform in Spain reducing the tax rate from 30% to 25% and thereby the recoverable amount of tax credits generated. Adjusting this one-off accounting impact, net profit would have been 158 million euros, over seven times larger than the 22 million euros reported in 2013. Even taking into account this impact, Acerinox reported in 2014 its best results in the last five years.

At 31 December 2014, Acerinox shareholders' equity and net debt amounted to 1,856 million euros and 616 million euros respectively, 16.0% higher than in 2013 as a result of increasing activity levels impacting working capital needs.

In 2014 the Company total investments amounted to 74 million euros, 41.6% less than in 2013.

INFORMATION ABOUT EQUITY INVESTMENTS

Listed
ACERINOX

Alba's shareholding

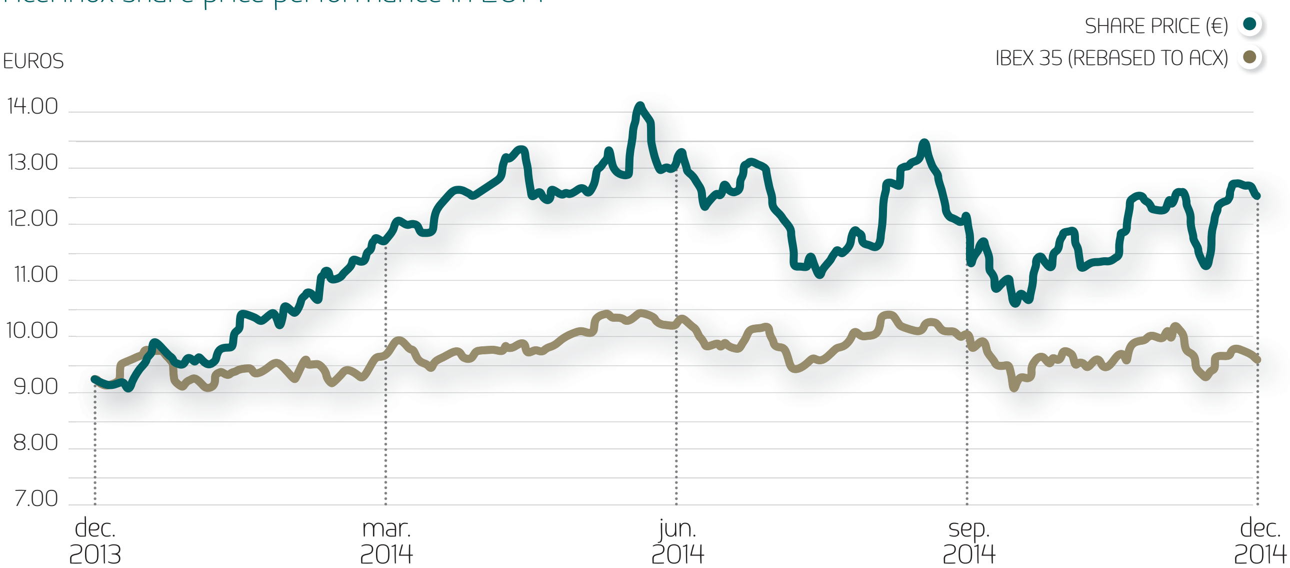
At 31 December 2014 Alba remained the largest shareholder, with 23.09% of the company's share capital. Alba reduced its shareholding by 0.41% last year as a result of a capital increase carried out by the company as a consequence of the issue of new shares to those shareholders who subscribed the scrip dividend.

At the end of February 2015, Alba sold 3.10% of Acerinox's share capital for 118 million euros, through an accelerated book build to institutional investors, generating a pre-tax capital gain of 27 million euros. After this sale, Alba remained Acerinox's largest shareholder, holding slightly less than 20% stake.

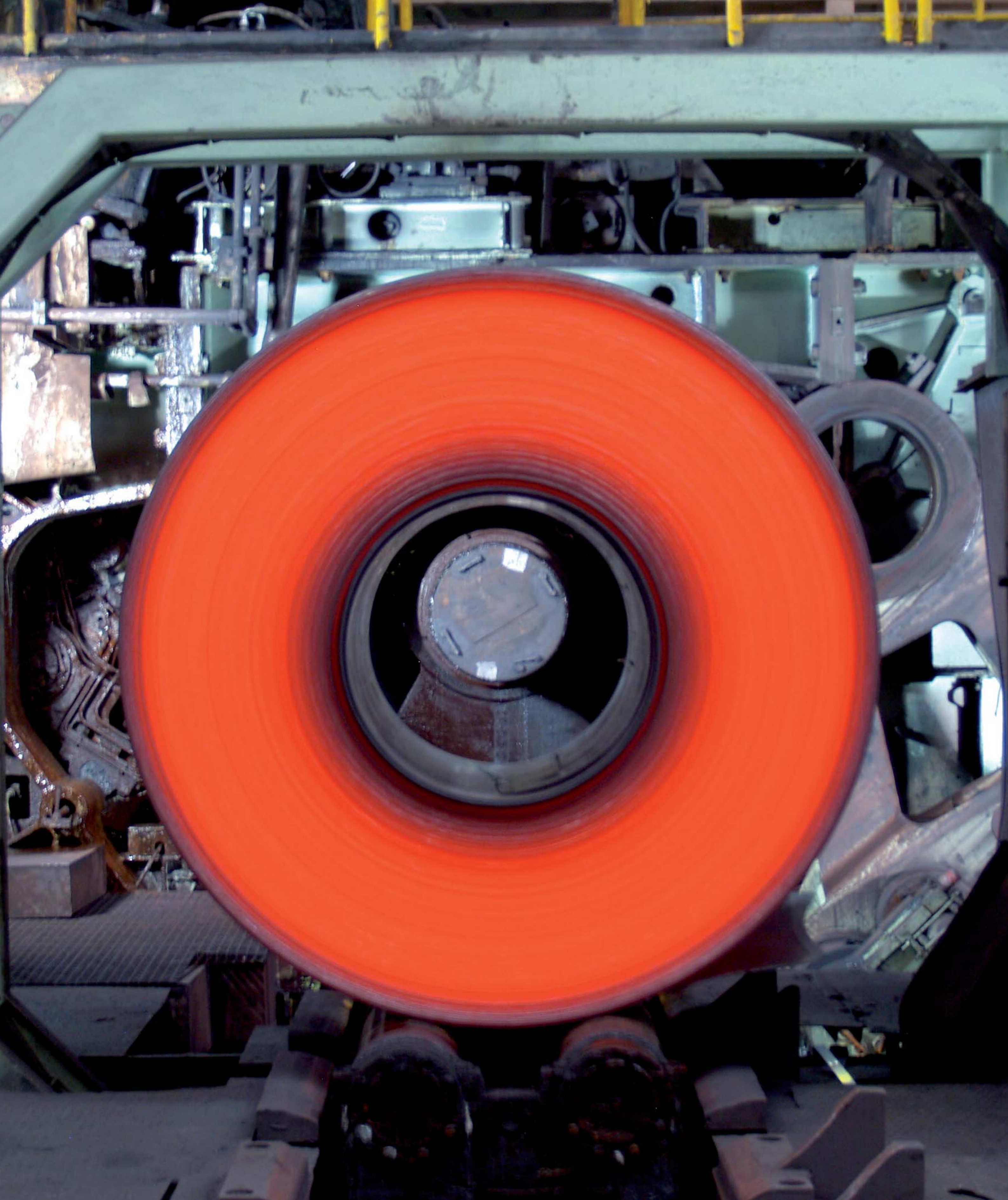
Share price performance

In 2014 Acerinox's share price rose 35.2% (versus a 3.7% gain of the Ibex 35) to 12.51 euros per share, with a market capitalisation of 3,273 million euros at the end of the year.

Acerinox share price performance in 2014



Source: Bloomberg.




BME
BME

INFORMATION ABOUT EQUITY INVESTMENTS

Listed
BOLSAS Y MERCADOS ESPAÑOLES

Company description
Bolsas y Mercados Españoles (BME) is the operator of all the stock markets and financial systems in Spain and the main trading platform for Spanish listed companies, with 85-90% of their global operations traded through it in 2014. The company operates the Madrid, Barcelona, Bilbao and Valencia stock markets.

BME has been listed since July 2006 and is an international reference in the sector in terms of solvency, efficiency and profitability.

The Company's activities are diverse and are organised into seven business units: Equities, Fixed Income, Derivatives, Clearing, Settlement, Information, and IT & Consulting.

Review of the company's operations during 2014
BME reported strong results in 2014, with sound growth in every key financial indicator: revenues increased by 11.3%, EBITDA by 14.6% and net profit by 15.2%. Net profit reached 165 million euros, the highest reported since 2008.

Profits posted were better than revenues thanks to BME's ongoing policy of operating cost containment. Despite the increase in activity, operating expenses only increased by 4.3% in the year while revenues were up by 11.3%. BME is one of the most efficient companies in the sector, with an efficiency ratio of 30.2% in 2014.

Key financial data

(In millions of euros unless otherwise indicated)	2014	2013	2012
Revenues	342	308	296
EBITDA	239	209	197
EBIT	233	201	189
Net profit	165	143	135
Total assets	33,949	38,904	36,582
Net financial debt / (Net cash)	(290)	(261)	(269)
Shareholders' equity	419	392	413
Employees (31 Dec.)	698	713	710
Share price (close 31 Dec.) (in euros per share)	32.14	27.66	18.45
Market capitalisation (at close 31 Dec.)	2,687	2,313	1,543
Dividend yield (gross, on closing price for the year)	5.1%	6.3%	10.7%

www.bolsasymercados.es

INFORMATION ABOUT EQUITY INVESTMENTS

Listed
BOLSAS Y MERCADOS ESPAÑOLES

This high level of efficiency and cash flow generation enabled the group to post an ROE of 40.9% in 2014 and to maintain a high shareholder remuneration. If the proposed interim dividend is approved, BME will have distributed a total gross dividend against 2014 profits of 1.89 euros per share, representing a payout of 96% and a yield per share of 6.8% based on the share price at the beginning of 2014.

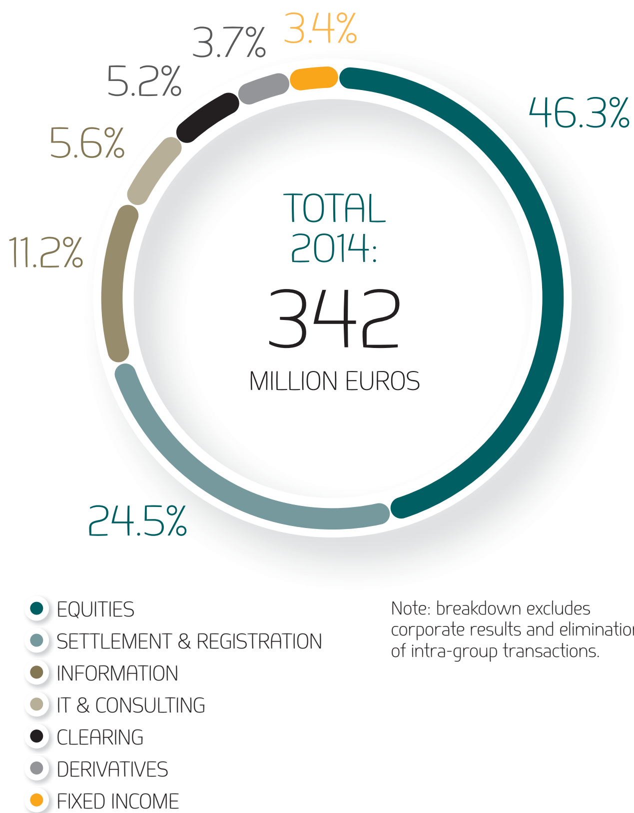
These results have been achieved thanks to the recovery of volumes traded in BME's markets compared with previous years. Revenues from equity totalled 884,686 million euros in 2014, 25.6% more than the previous year. The equity number of trades carried out rose by 45.8% to 71.1 million, a new record. The area of greatest growth in the equities business was exchange traded funds (ETFs) both in terms of revenues and number of trades. There was intense activity in 2014 in terms of new listings, capital increases and scrip dividends, all of which boosted trading volumes. Despite this increased activity, volumes traded on BME's markets in 2014 were still much lower than the 1.7 billion euros traded in the peak year of 2007.

It is important to highlight that the investment flows channelled through the Spanish stock market in 2014 totalled 36,110 million euros, up 12.5% from 2013, positioning the Spanish stock exchange as the second European exchange in terms of funds placed.

There was also significant growth in the trading of futures and options on stock price indices, which increased by 32.0% and 41.5%, respectively, in 2014, while the contracting of equity-based derivatives fell in the year.

The growth in trading volumes is expected to continue in 2015. The volume during the first two months of equity traded in 2015 grew by 39% compared with the same period of 2014, partly boosted by certain large-scale one-off operations (new listings and capital increases) and increasing activity in blocks and accelerated placements.

Revenues by business unit



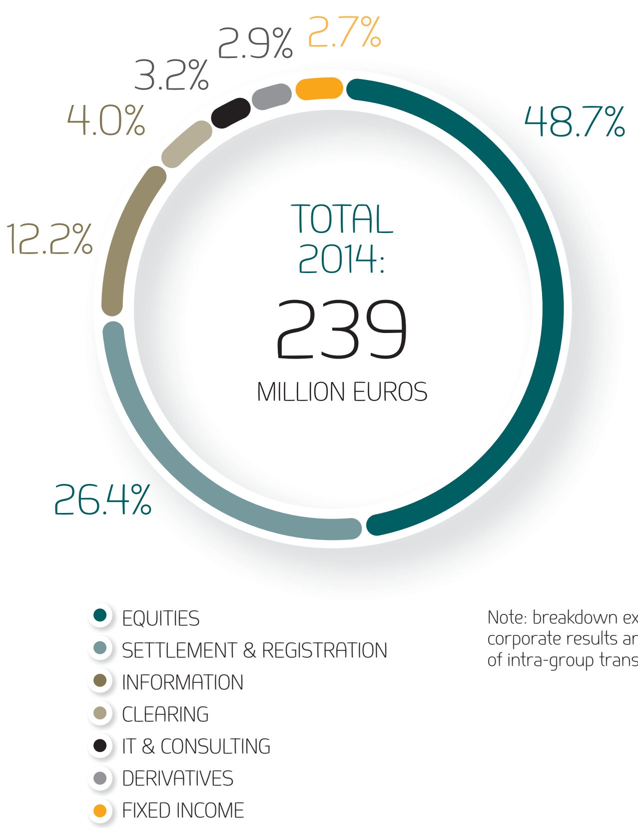
Note: breakdown excludes corporate results and elimination of intra-group transactions.

By business lines, the greatest growth was seen in the Equities unit due to higher trading volumes. This unit accounts for almost 50% of BME's revenues and EBITDA.

The Settlement & Registration unit's revenues grew by just 1.9% in 2014 while EBITDA fell by 4.7%. The unit performed relatively poorly because it includes both equities and fixed income, the latter of which has suffered in terms of nominal balances as a result of issuers deleveraging.

Other highlights include the strong performance of the Information business unit, with revenues up by 15.1% and EBITDA up by 16.0%, thanks to an increased number of subscribers and more direct connections to BME's servers, reflecting higher activity levels in the market.

EBITDA by business unit



Note: breakdown excludes corporate results and elimination of intra-group transactions.

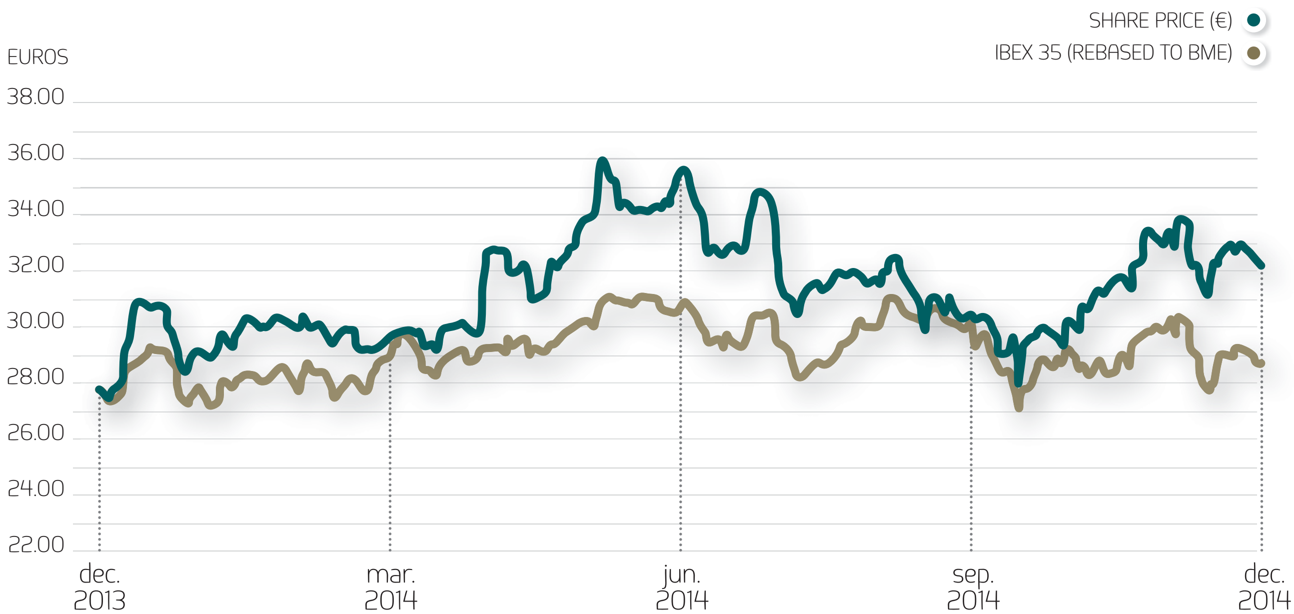
INFORMATION ABOUT EQUITY INVESTMENTS

Listed
BOLSAS Y MERCADOS ESPAÑOLES

Alba's shareholding
In 2014 Alba acquired 8.28% of BME's share capital for 217 million euros, becoming the largest shareholder. Since October 2014 Alba has two representatives on the company's Board of Directors: Santos Martínez-Conde Gutiérrez-Barquín and Juan March Juan.

Share price performance
BME's share price rose by 16.2% in 2014 (the Ibex 35, meanwhile, gained 3.7%) to 32.14 euros per share, with a market capitalisation of 2,687 million euros at the end of the year.

BME share price performance in 2014



Source: Bloomberg.


BOLSA DE MADRID

INFORMATION ABOUT EQUITY INVESTMENTS

Listed
EBRO FOODS

Company description

Ebro Foods is a multinational food company operating in the rice and pasta segments. It has commercial or manufacturing presence in more than 25 countries in Europe, North America, Asia and Africa through an extensive network of subsidiaries and brands, positioning itself as the world leader in the rice sector and the world's second largest pasta manufacturer.

Ebro Foods has a wide range of leading brands. Its main markets are the United States and France, while Spain represents a small part of its business (6.8% of sales in 2014).

The Company has expanded its operations significantly over the last years through selective acquisitions which has been successfully integrated into its core businesses, consolidating its leading position in these markets and substantially improving its profitability. Since 2012 the Company has acquired the worldwide rice business of Deoleo, the No Yolks and Wacky Mac healthy pasta brands in the United States and Canada, Olivieri (leading fresh pasta and sauces brand in Canada), Riso Scotti (an Italian production and processing rice group and brand leader in rice for risottos in Italy), Pastificio Lucio Garofalo (a premium dry pasta manufacturer in Italy and other countries) and a basmati rice plant in India.

Review of the company's operations during 2014

Ebro Foods' sales increased by 8.4% in 2014 to 2,121 million euros thanks to the aforementioned acquisitions and to the partial pass through of higher raw materials costs to the final price.

EBITDA increased by 1.7% to 287 million euros, while EBIT was 0.4% up to 227 million. This decline in consolidated margins was due to lower profitability from the Pasta business as a result of a sharp increase in wheat prices in the last quarter of the year.

Net profit totalled 146 million euros, up 10.0% on 2013. Net profit year-on-year was higher than EBIT in percentage terms thanks to lower financial results and corporate taxes, despite the recognition of an impairment in ARI´s goodwill (US rice company).

It should be noted that fluctuations in exchange rates, especially of the US dollar against the euro, had very little impact in 2014.

www.ebrofoods.es

INFORMATION ABOUT EQUITY INVESTMENTS

Listed
EBRO FOODS

Key financial data

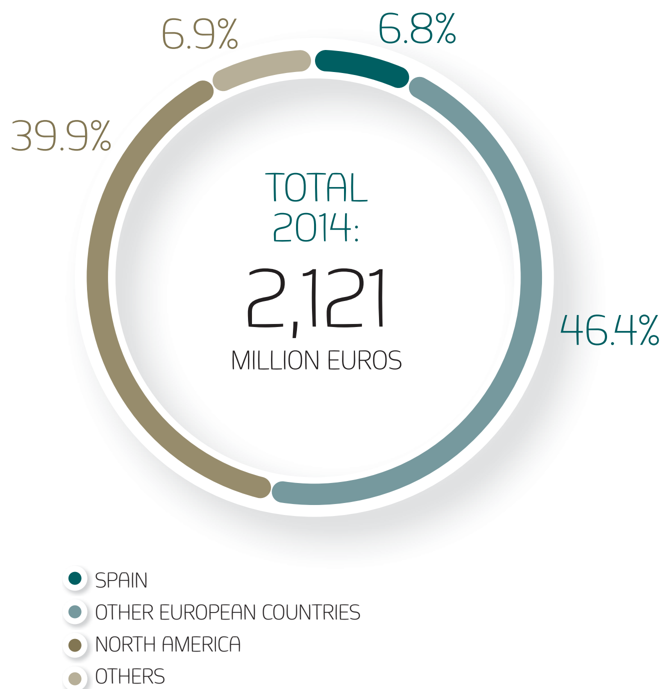
(In millions of euros unless otherwise indicated)	2014	2013	2012
Sales	2,121	1,957	1,981
EBITDA	287	282	299
EBIT	227	226	244
Net profit	146	133	159
Total assets	3,162	2,773	2,732
Net financial debt	406	338	245
Shareholders' equity	1,874	1,728	1,693
Employees (average)	5,189	4,665	4,741
Share price (close 31 Dec.) (in euros per share)	13.71	17.04	15.00
Market capitalisation (at close 31 Dec.)	2,109	2,621	2,308
Dividend yield (gross, on closing price for the year)	3.6%	3.5%	4.2%

The Company's net financial debt increased by 19.9% in 2014 to 406 million euros, mainly due to the acquisition of Lucio Garofalo and investments in production lines for fresh pasta in France and gluten-free pasta in North America. With respect to the acquisition of Lucio Garofalo, the debt includes the amount paid for the initial acquisition of 52% of the company's share capital on 30 June 2014, together with the value of the crossed call and put options on the remaining 48%, whose exercise price will be determined in accordance with the company's results in the following years, with a final maturity date in May 2026.

The Group's Return On Capital Employed (ROCE) in 2014 was 16.7%, down versus the 17.7% recorded the previous year.

Sales by activity

Sales by region



By business area, the sales of the **Rice** division increased by 4.5% to 1,140 million euros. EBITDA increased by 8.1% to 149 million euros, while EBIT was up 10.6% at 122 million. In general, the subsidiaries performed well, with the exception of ARI, affected by the prolonged drought in Texas. The Rice division's return on capital employed in 2014 was 15.9%, up on the 14.8% recorded the previous year.

The sales of the **Pasta** division increased by 12.5% to 1,029 million euros, mainly supported by the contribution of Olivieri in Canada and Lucio Garofalo in Italy, acquired in November 2013 and June 2014, respectively. By region, the European operations performed better than those in North America where volumes did not grow and the competitive nature of the market did not allow to pass the sharp increase in raw material costs to consumers. As a result, EBITDA fell by 4.3% to 146 million euros, with margins down from 16.7% to 14.2%, in a context of higher spending on advertising and promotions. EBIT meanwhile shrank by 9.0% to 114 million euros. ROCE fell by over six percentage points to 20.5%.

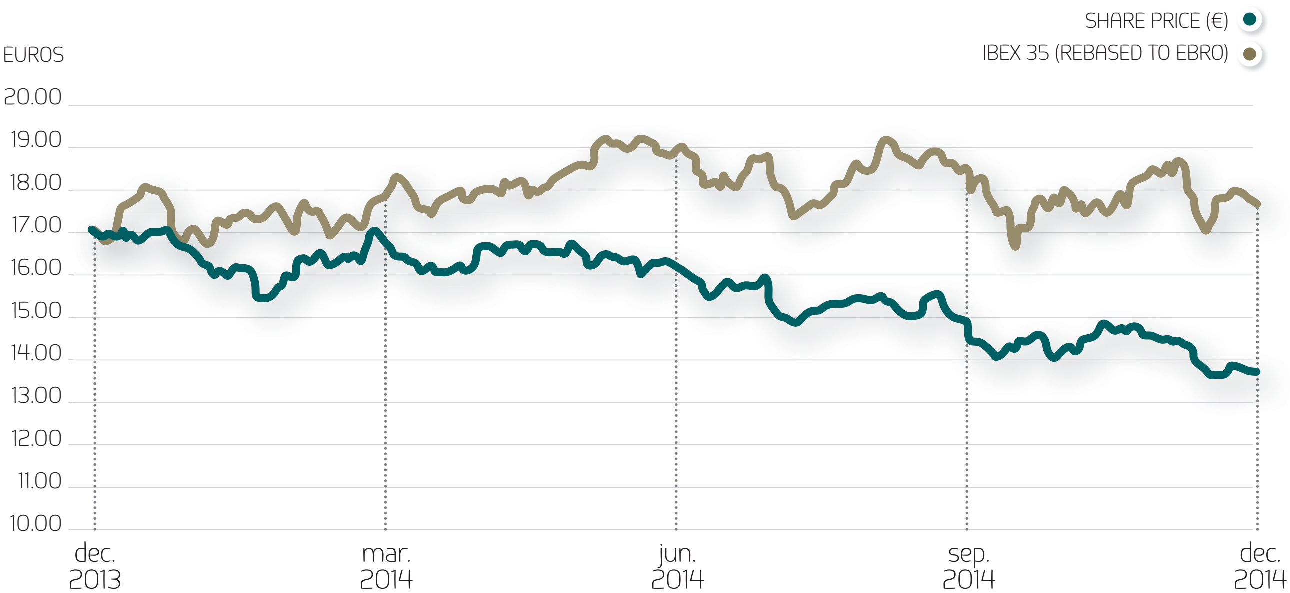
INFORMATION ABOUT EQUITY INVESTMENTS

Listed
EBRO FOODS

Alba's shareholding
In early 2014, Alba acquired an additional 1.80% of the share capital of Ebro Foods for 45 million euros, bringing its shareholding up to 10.01%.

Share price performance
During 2014 the market price of the Ebro Foods share fell 19.5% to 13.71 euros per share, while the Ibex 35 gained 3.7%. Ebro Foods' market capitalisation at year end was 2,109 million euros.

Ebro Foods share price performance in 2014



Source: Bloomberg.


Indra

Listed
INDRA

Company description

Indra is the leading information technology and security and defence systems company in Spain and also one of the largest in Europe and Latin America. It offers high value added solutions and services for the Security and Defence, Transport and Traffic, Energy and Industry, Financial Services, Healthcare and Public Administration, and Telecom and Media industries.

The company operates in more than 145 countries and employs nearly 39,000 professionals. In the last years Indra has increased substantially its international presence: in 2014, international sales accounted for 61.0% of total sales, with a growing share coming from Latin America (27.4% of total sales). In 2010 international sales contributed barely 38.7% of total sales.

Indra offers end-to-end management of customer needs, from the design and development of solutions to their implementation and operational management. The company divides its offering in two main segments: Solutions and Services.

- Solutions: The Solutions segment includes a wide range of proprietary and third-party integrated systems, applications and components for the capture, processing, transmission and subsequent presentation of data, mainly focused on the control and management of complex processes. Indra also offers technology, transaction and strategic consulting services.

- Services: Services encompasses all the activities involved in the outsourcing of the management, maintenance and operation of systems and applications for third parties, as well as the outsourcing of certain business processes where technology is a strategic and differential element.

www.indracompany.com

Review of the company's operations during 2014

Indra's results were severely affected in 2014 by provisions, impairment losses and other non-recurring issues relating to projects, intangible assets and tax credits, for a total amount of 313 million euros, as a result of which the Company reported losses of 92 million euros compared with profits of 116 million in 2013. Adjusted by these non-recurring items in both years, Indra would have reported a net profit of 104 million in 2014, 24.4% less than the recurring profit for the previous year.

In terms of operating figures and revenues, Indra's key indicators in 2014 were in line with those of the previous financial year, with order intake down just 0.5% to 3,013 million euros, sales up 0.8% to 2,938 million euros and a backlog at year end of 3,473 million euros, just 0.6% less than in 2013. It should be noted that these figures were impacted by the depreciation of some local currencies against the euro. In fact, expressed in local currency, orders intake and backlog at year end grew by 3% and 5% respectively.

Nevertheless, Indra's margins remained under pressure in 2014. Recurring EBIT before extraordinary items fell by 9.8% to 204 million euros with a margin on sales of 6.9% (compared with 7.8% in 2013). The non-recurring costs, previously mentioned, including extraordinary items resulted in an negative EBIT of 43 million euros, compared with a positive EBIT of 198 million euros in the previous year. As previously indicated, net attributable losses in the year totalled 92 million euros.

INFORMATION ABOUT EQUITY INVESTMENTS

Listed
INDRA

Key financial data

(In millions of euros unless otherwise indicated)	2014	2013	2012
Sales	2,938	2,914	2,941
Recurrent EBITDA	268	278	300
EBIT	(43)	198	217
Net profit	(92)	116	133
Total assets	3,481	3,777	3,756
Net financial debt	663	622	633
Shareholders' equity	954	1,135	1,110
Employees (31 Dec.)	39,130	38,548	38,577
Share price (close 31 Dec.) (in euros per share)	8.07	12.16	10.02
Market capitalisation (at close 31 Dec.)	1,325	1,995	1,645
Dividend yield (gross, on closing price for the year)	4.2%	2.8%	6.8%

In 2014 the sales in the **Solutions** segment totalled 1,887 million euros, in line (-0.1%) with last year (up 4.0% in local currency). The contribution margin fell 3.7% to 303 million euros due to a decline in the margin on sales from 16.6% in 2013 to 16.0% in 2014.

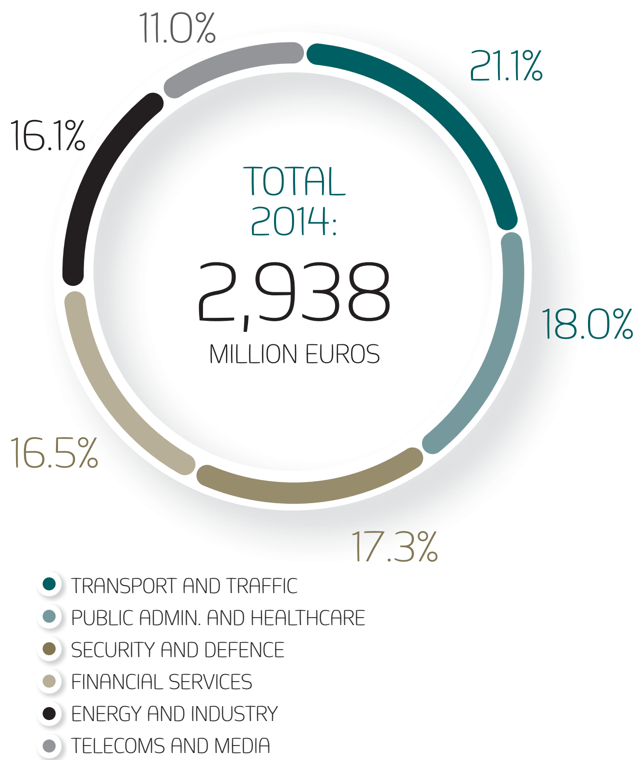
The sales in the **Services** segment increased in 2014 by 2.4% to 1,051 million euros. The concentration of activity in Latin America and the depreciation of these countries' currencies against the euro explain the 7.0% increase in sales expressed in local currency. The contribution margin decreased by 3.7% to 118 million euros, hit by a 0.7% reduction in the margin on sales, which stood at 11.2% in 2014.

It is worth noting that sales in local currency increased in all **vertical markets** in 2014, in particular in Financial Services and Public Administration and Healthcare, which saw growth of 9.0% and 7.0%, respectively. In terms of sales reported in euros, those vertical markets with greatest exposure to Latin America saw the worst performance, such as Telecoms and Media, where sales fell by 9.4% in the year.

By region, worth mentioning the growth in sales in Spain of 1.9%, following four consecutive years of decline, mainly thanks to increased sales to public authorities. In Latin America, sales in local currency increased by 10.0% (-3.2% adjusted for exchange rates) despite the macro-economic weakness of Brazil and other

Sales by segment

Sales by vertical market



countries in the region, given the strong growth in Mexico and Colombia. In Europe and North America, sales continued to grow (up 6.1%) thanks to operations in countries such as Germany, Italy, Belgium and Norway. In Asia, the Middle East and Africa sales in local currency were stable (-1.6% reported) despite a number of key contracts in the region terminating during the year.

Indra's net debt at the end of the year stood at 663 million euros, up 6.5% on 2013 and representing 2.5 times recurring EBITDA of the year. This increase is due to higher working capital needs in Latin America, delays in collecting certain advances, lower operating margins and higher taxes, all despite improvements in collection terms in Spain and lower investments done during the year.

INFORMATION ABOUT EQUITY INVESTMENTS

Listed
INDRA

Alba's shareholding

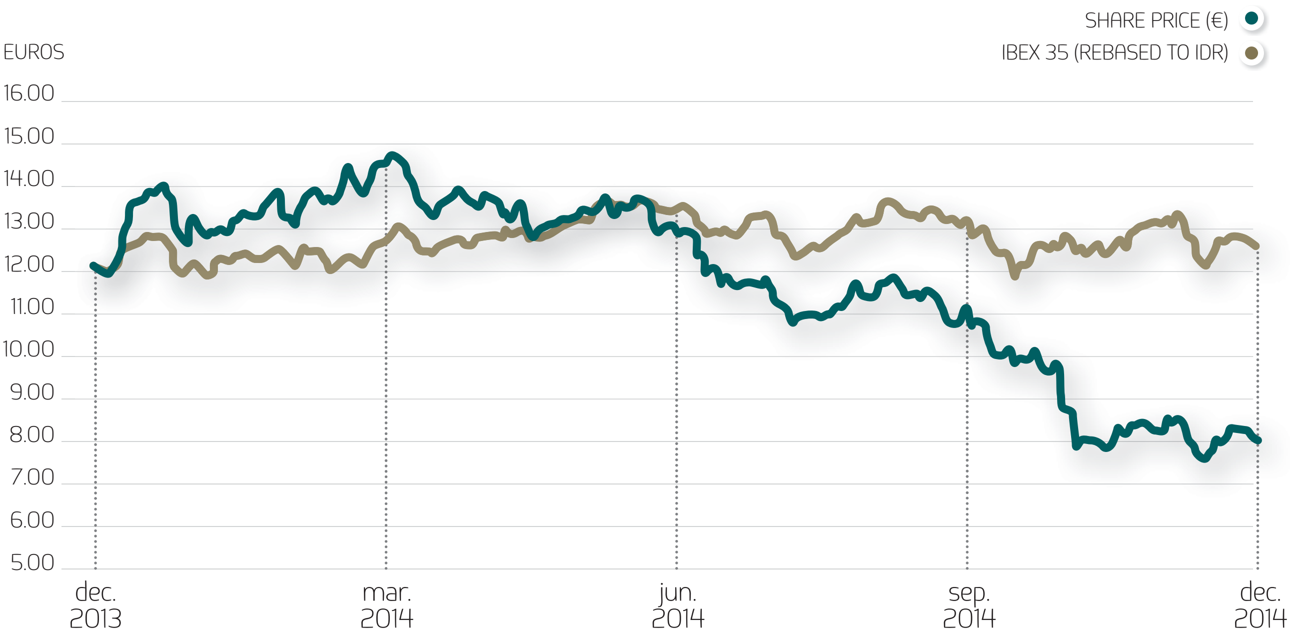
In 2014 Alba invested 17 million euros to acquire an additional 1.21% of Indra's share capital, increasing its interest from 11.32% to 12.53%. At year end, Alba was the Company's second largest shareholder, after the Spanish state industrial holding company (SEPI).

Share price performance

Indra's shares performed much weaker than the Ibex 35 in 2014, which gained 3.7% while Indra's shares fell by 33.6% to 8.07 euros per share at 31 December. Indra's market capitalisation at year end was 1,325 million euros.

This substantial decline occurred in the second half of the year, mainly due to the results reported in the second and third quarters that were below market expectations.

Indra share price performance in 2014



Source: Bloomberg.

Listed
VISCOFAN

Company description

Viscofan is the world leader in artificial casings for meat products and is the only manufacturer which produces all types of casing products: cellulose, collagen, fibrous and plastic.

Its revenues are highly diversified, with over 2,000 customers in more than 100 countries. Its international businesses accounted for 84.3% of total sales in 2014.

Viscofan has casing production sites in Europe (Spain, Germany, the Czech Republic and Serbia), North America (the United States), Latin America (Brazil, Mexico and Uruguay) and in Asia (China). It also has 14 sales offices around the world.

Until March 2015, Viscofan was the sole shareholder of Grupo Alimentario IAN, a major manufacturer of preserved vegetable products (asparagus, peppers, olives, tomatoes and sauces) in Spain and of the pioneers in the development of ready meals. In November 2014 Viscofan announced an agreement to sell the IAN Group to the investment fund Portobello Capital Gestión. The sale was materialised in March 2015 for 56 million euros. The IAN Group was recorded in the financial statements for 2014 as an available for sale discontinued business.

www.viscofan.com

Review of the company's operations during 2014

Given the aforementioned change in the accounting treatment of the IAN Group, Viscofan's consolidated financial statements for 2014 are not fully comparable with those of previous financial years. The comments contained in this section therefore refer to the comparable results of the casings business excluding the vegetable foods division from the 2013 financial statements.

The worldwide artificial casings market is estimated to have grown by an estimated 5-6% in 2014 thanks to emerging markets in Asia and Latin America and stable growth in Western Europe, offsetting declines in the North American market where pig stocks were affected by a virus, and in Eastern Europe due to geopolitical tensions.

In this context, Viscofan's sales increased by 4.1% in 2014 to 687 million euros, thanks to higher volumes on every type of casing with revenues up 4.5%, and despite a decline of 1.6% in revenues from cogeneration due to the non-recurring effect of an additional reduction in the remuneration for cogeneration approved in Spain in 2013. In the second half of the year revenues were boosted by the favourable performance of exchange rates against the euro. Excluding the impact of the non-recurring reduction in cogeneration revenues and exchange rates movements, Viscofan's sales would have increased by 4.8% in 2014, the tenth consecutive year of sales growth in casings.

INFORMATION ABOUT EQUITY INVESTMENTS

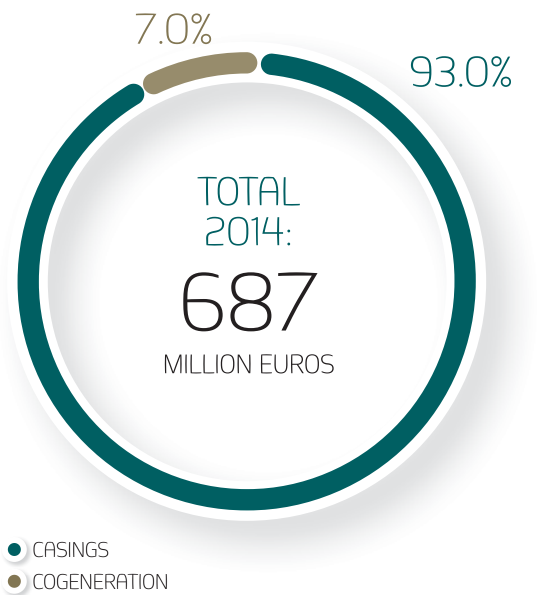
Listed
VISCOFAN

Key financial data

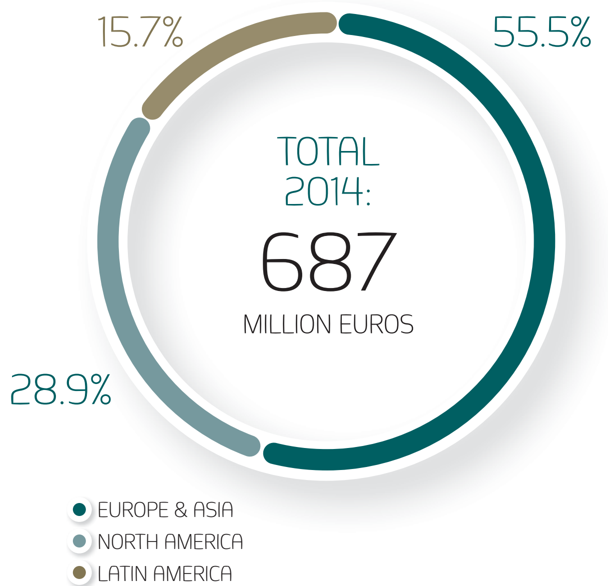
(In millions of euros unless otherwise indicated)	2014	2013	2012
Sales	687	765	753
EBITDA	185	178	185
EBIT	136	130	140
Net profit	106	102	105
Total assets	877	791	778
Net financial debt	75	85	65
Shareholders' equity	576	522	499
Employees (average)	4,089	3,955	4,377
Share price (close 31 Dec.) (in euros per share)	44.07	41.35	42.81
Market capitalisation (at close 31 Dec.)	2,054	1,927	1,995
Dividend yield (gross, on closing price for the year)	2.6%	2.7%	2.4%

Note: The consolidated results for 2012 and 2013 included the IAN Group which in 2014 was treated as an available for sale discontinued business. Prior to that, the IAN Group was fully consolidated.

Sales by activity



Sales by region



By region, the greatest increases in sales were in Europe and Asia (7.4%), mainly due to higher sales in Asia, and in Latin America (5.3%), despite the weakness of local currencies against the euro (especially the Brazilian real). At constant exchange rates, sales in Latin America would have increased by 11.3%. Sales in North America fell by 2.4% due to the effects of the PED virus on pig stocks and higher competition in the market. Sales in Spain increased by 3.0% despite the decline in revenues from cogeneration. In 2014 domestic sales accounted for 15.7% of the total sales and 9.3% of the total casing sales.

EBITDA increased by 8.7% in 2014 to 185 million euros, with a margin on sales of 27.0% compared to 25.8% in the previous year. This improvement in margins related to an increase of volumes and production efficiencies and to cost savings achieved through the implementation of the "Be MORE" Strategic Plan.

EBIT, meanwhile, increased by 8.6% to 136 million euros despite higher depreciation charges following the opening of a new production site in China (2013) and Latin America's first collagen extrusion plant in Uruguay (2014) and investments to improve other production facilities.

Despite the increase in the effective tax rate, the Company reported a new net profit record of 106 million euros, 4.9% up on 2013.

Net financial debt fell by 11.8% in the year from 85 million euros to 75 million euros thanks to higher cash flow generation in the year, partly due to lower investments following the completion of the Uruguay plant.

The dividend paid to shareholders in 2014 increased by 4.5% to 54 million euros.

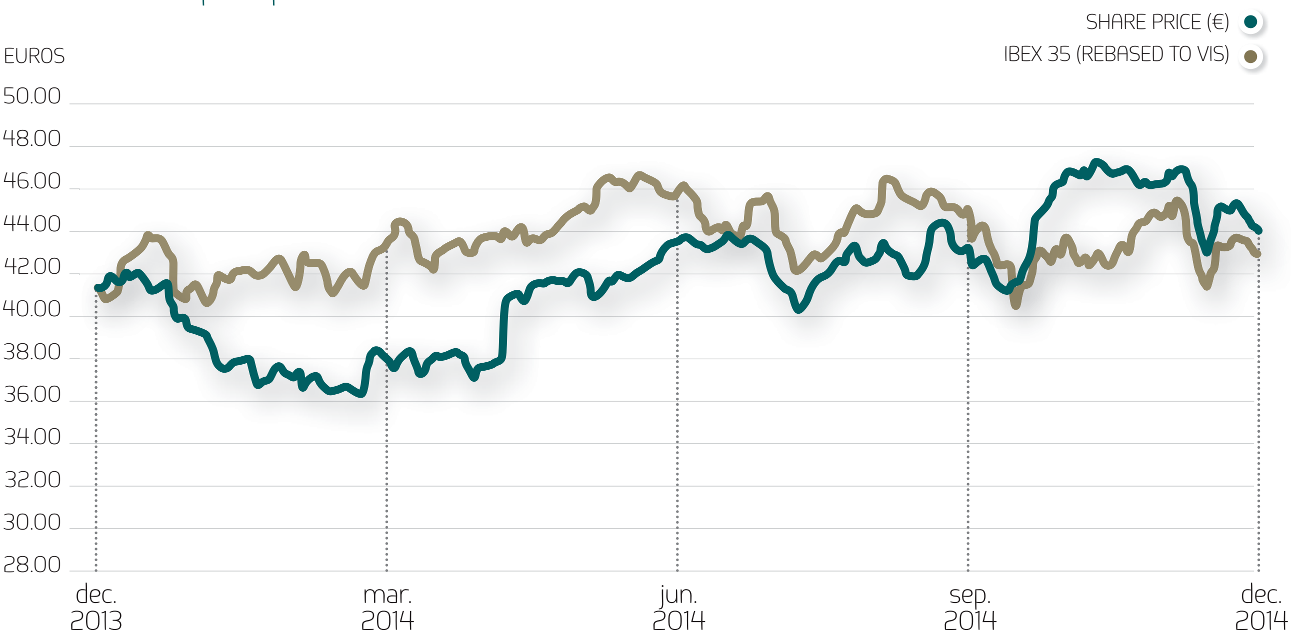
INFORMATION ABOUT EQUITY INVESTMENTS

Listed
VISCOFAN

Alba's shareholding
Alba is one the largest shareholders, with 6.79% of the company's share capital at 31 December 2014. The entire shareholding was acquired in 2014 for 133 million euros.

Share price performance in 2014
Viscofan's share price rose by 6.6% in 2014 to 44.07 euros per share, with a market capitalisation of 2,054 million euros at the end of the year. From 2009 to 2014 Viscofan's shares gained 148.1% with an increase close or larger than 50% a year in 2010 and 2012.

Viscofan share price performance in 2014



Source: Bloomberg.

FESTOSO


CLINICA BAVIERA
INSTITUTO OFTALMOLOGICO EUROPEO

INFORMATION ABOUT EQUITY INVESTMENTS

Listed
CLÍNICA BAVIERA

CLÍNICA BAVIERA
INSTITUTO OFTALMOLÓGICO EUROPEO

Company description

Clínica Baviera is the Spanish leader providing ophthalmological services for the correction of eye conditions such as myopia, hyperopia astigmatism, presbyopia and cataracts, with a strong presence in Germany and Italy.

At 31 December 2014, Clínica Baviera had 71 eye care clinics and counselling centres, of which 48 were in Spain, 19 in Germany and Austria and 4 in Italy. It had 834 employees, 6.4% more than at the end of 2013.

Review of the company's operations during 2014

Clínica Baviera's results in 2014 were impacted by the ongoing shift in the business mix in Spain towards intraocular surgery and declining revenues from the international business.

Total revenues grew by 3.3% to 83 million euros thanks to the strong performance of the domestic business, where revennues increased by 7.8% to 62 million euros. Revenues of the international business declined by 8.2% in 2014 to 21 million euros, due to a significant slowdown in the German market.

Key financial data

(In millions of euros unless otherwise indicated)	2014	2013	2012
Revenues	83	80	78
EBITDA	11	12	12
EBIT	6	7	7
Net profit	4	5	(1)
Total assets	49	48	52
Net financial debt / (Net cash)	3	(1)	7
Shareholders' equity	20	25	21
Employees (31 Dec.)	834	784	777
Share price (close 31 Dec.) (in euros per share)	8.49	10.46	3.81
Market capitalisation (at close 31 Dec.)	138	171	62
Dividend yield (gross, on closing price for the year)	5.8%	0.8%	3.9%

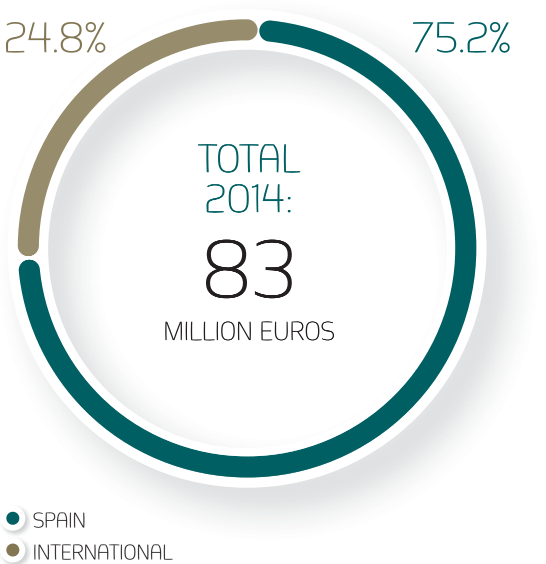
Note: The financial information for Clínica Londres is reported under discontinued activities in 2012 and 2013. The Dutch business was fully consolidated throughout 2012 and 9 months of 2013.

www.clinicabaviera.com

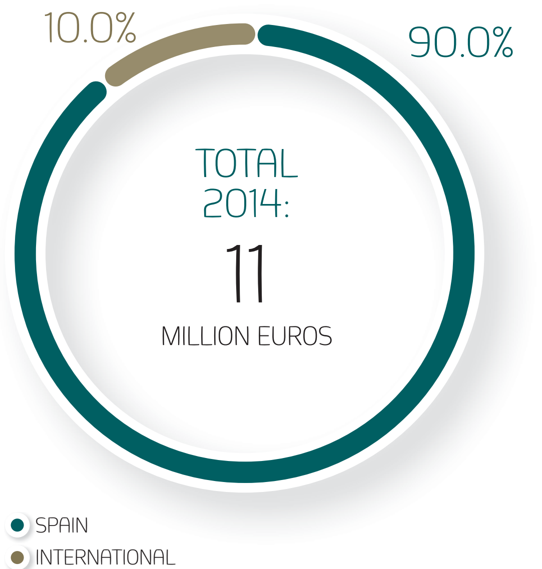
INFORMATION ABOUT EQUITY INVESTMENTS

Listed
CLÍNICA BAVIERA

Sales by region



EBITDA by region



The underperformance of the international business has increased the contribution of the Spanish business to 75.2% of total sales, after several years where the international operations were gaining weight in revenues from ophthalmology.

EBITDA fell 14.6% to 11 million euros, with declining margins which decreased from 15.6% in 2013 to 12.9% in 2014. This sharp decline in profitability is due to a change in the business mix in Spain towards intraocular surgery, where margins are lower, and to falling sales and gross margins from the international business, which could not be offset at the overheads level. In this context, domestic EBITDA thus fell by 7.9% and the international business by 48.4%, with margins narrowing significantly in both cases.

EBIT fell 20.1% to 6 million euros, while net profit attributable to the Parent Company was down 17.0% at 4 million.

The second and third quarters of 2014 were the most affected in terms of performance, while the fourth quarter showed clear signs of recovery in both sales and margins in Germany and in Spain.

In 2014 Clínica Baviera's investments totalled 6 million euros (up 47.3% on 2013), of which 60.3% corresponded to the maintenance and replacement of existing equipment and centres and 39.7% to the opening of new clinics or moving to new premises. The Company opened three new clinics and consultancies in 2014, one in each market (Spain, Germany and Italy).

At 31 December 2014, Clínica Baviera posted a net debt of 3 million euros, compared with a net cash position of 1 million euros at the end of the previous year. Most of this changes were due to the payout of 9 million euros in dividends (including an extraordinary dividend of 4 million in May following the sale of Clínica Londres) in 2014, while the dividends paid in the previous year totalled less than 2 million euros. Adjusted by this extraordinary dividend, Clínica Baviera's net cash position would have remained the same as in 2013, despite the above mentioned increase in investments.

INFORMATION ABOUT EQUITY INVESTMENTS

Listed
CLÍNICA BAVIERA

Alba's shareholding

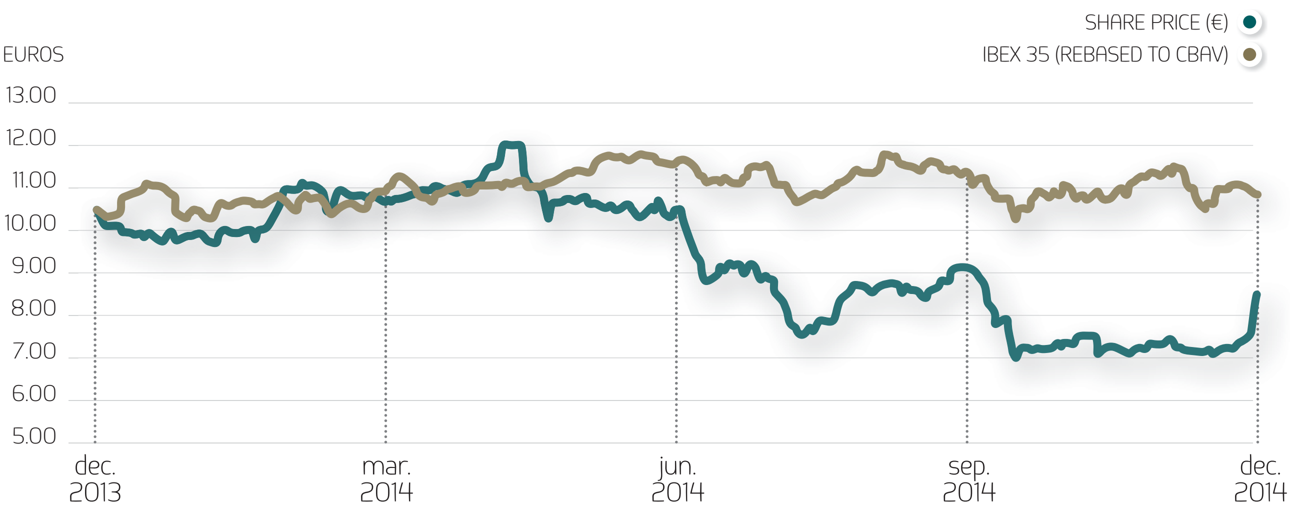
In 2014 Alba maintained its 20.00% interest in the share capital of Clínica Baviera, being one of the company's largest shareholders.

Share price performance

Although Clínica Baviera's share price rose impressively in 2013 by 174.5%, in 2014 it fell by 18.8% (meanwhile the Ibex 35 gained 3.7%) to 8.49 euros per share at the end of the year. Market capitalisation at 31 December 2014 was 138 million euros.

The share price was stable in the first half of the year, falling by just 1.6%, and peaking at a daily closing price of 12.00 euros per share in early May. However, the shares lost 17.6% in the second half, hitting a low end in mid-October with a daily closing price of 6.95 euros per share (down 42.1% on the price at the start of the year) and recovering significantly in December. This significant decline in the second half of the year was mainly due to the results reported in the second and third quarters, below market expectations, especially in the international businesses which had been the main drivers of the strong results in previous years.

Clínica Baviera share price performance in 2014



Source: Bloomberg.

NICA BAVIERA
O OFTALMOLOGICO EUROPEO
CLINICA BAVIERA
INSTITUTO OFTALMOLOGICO EUROPEO
CLINICA BAVIER
INSTITUTO OFTALMOLOGICO EURO
"AHORA LO VEO TODO CON MÁS CLARIDAD"
ENTRA E INFÓRMATE DEL TRATAMIENTO QUE MÁS TE CONVIENE
"YA NADA ME NUBLA LA VISTA"
983 24 71 34 / clinicabaviera.com
"SIN GAFAS LA VIDA SE VE DE OTRA MANERA"

EQUITY INVESTMENTS

Unlisted
MECALUX

Mecalux is a world leader in storage systems. It designs, manufactures, sells and provides services related to metal palette shelving, automatic warehouses and other storage solutions, using industry-leading technology.

Mecalux has a broad international presence, with sales in more than 70 countries and over 75% of its activities generated outside Spain. It has production facilities in Spain, Poland, the United States, Mexico, Brazil and Argentina and an extensive sales and distribution network, which make it a market leader in shelving in southern Europe, NAFTA and Mercosur.

At 31 December 2014 Alba had an interest of 24.38% in the share capital of Mecalux, 8.78% held directly and 15.60% through Deyá Capital SCR.

www.mecalux.es

Unlisted
PEPE JEANS

Pepe Jeans designs and distributes apparel and other fashion items, being Pepe Jeans London and Hackett the group's flagship brands. The company was founded in London in 1973. In addition, Pepe Jeans is the exclusive agent for Tommy Hilfiger and Calvin Klein in the Iberian Peninsula.

Pepe Jeans makes the great majority of its sales through wholesale channels (mainly department stores, multibrand stores and franchises) and its network of own stores and outlets, using third-party distributors to access international markets in which it is not directly present. More than two-thirds of its sales are made outside Spain, mainly in other European countries.

At 31 December 2014 Alba's interest in Pepe Jeans, through Deyá Capital, was 12.00%.

In early 2015, Deyá Capital SCR and other shareholders agreed to sell their shares in Pepe Jeans. This operation, which is subject to the approval of the relevant competition authorities, should be completed in the first half of the year, and will be the first divestment carried out by the investment vehicles managed by Artá Capital SGECR.

www.pepejeans.com

EQUITY INVESTMENTS

Unlisted
PANASA

Founded in 1968, Panasa (Panaderías Navarras) is one of the main manufacturers of fresh and frozen bread, pastry goods and cakes in Spain, with a unique positioning in its domestic market.

Through Berlys, its main brand, it offers its products to more than 24,000 customers, including bakeries, hotels, restaurants, large retailers and other food stores, thanks to its broad distribution network covering the whole of the Iberian Peninsula. It also has a network of more than 190 own stores in Navarra and the Basque Country, through which it distributes its fresh and frozen products.

It has modern production facilities, having invested heavily in recent years.

At 31 December 2014 Alba's interest in Panasa, through Deyá Capital, was 26.48%.

www.berlys.es

Unlisted
ROS ROCA ENVIRONMENT

Since its foundation in 1953, Ros Roca has focused its activity in the manufacture of urban waste collection vehicles and equipment applied to the environment. The Company specialises in the manufacture and sale of urban waste collection and cleaning equipment (truck-mounted compactor collectors, road cleaning machinery and sewer cleaning equipment). Ros Roca is currently a world leader in each of these markets and exports to more than 70 countries.

Headquartered in Tárrega, Lérida, with over 80% of its activities located outside Spain, Ros Roca has a clear international target with major subsidiaries and production centres in the United Kingdom, France, Germany, Brazil, Mexico, Chile and Malaysia.

At 31 December 2014 Alba's interest in Ros Roca, through Deyá Capital, was 17.36%.

www.rosrocaenvironment.com

EQUITY INVESTMENTS

Unlisted
FLEX

Flex is one of the leading European companies in sleep systems, with a strong international presence. Founded in 1912, it manufactures and markets mattresses, pillows, adjustable beds and other accessories.

Thanks to a powerful portfolio of brands, including Flex, Vi-Spring, Kluft, Mash and Molaflex, among others, it is the largest manufacturer of sleep systems in Spain, Portugal and the United Kingdom (luxury segment) and has an excellent positioning in the US, Chile, Brazil and Cuba. More than 85% of the Group's activity takes place outside Spain. It has production plants in Spain, Portugal, the United Kingdom, the US, Brazil, Chile and Cuba.

In addition, the Group has a network of more than 105 stores under the Noctalia, Plumax and And So To Bed (the UK and the Middle East) brands.

At 31 December 2014 Alba's interest in Flex, through Deyá Capital, was 19.75%.

www.flex.es

Unlisted
OCIBAR

Ocibar specialises in the development and operation of marinas on a concession basis and currently has several concessions in operation on the Balearic Islands, notably Port Adriano in Calvià (Majorca) and Ibiza Magna.

In April 2007 Ocibar was granted the concession for the construction and operation of an extension to the Port Adriano marina. This extension includes 82 berths for vessels between 20 and 60 metres in length and a commercial area covering more than 4,000 square metres, making Port Adriano one of the main ports for mega-yachts in the Mediterranean. The extension has been fully operational since the second half of 2012, both the marine and the commercial area.

At 31 December 2014 Alba's interest in Ocibar, through Deyá Capital, was 21.66%, being the second largest shareholder.

www.ocibar.com

EQUITY INVESTMENTS

Unlisted
ENCAMPUS

resa
Residencias universitarias

EnCampus acquires, develops and manages university and college residences with the objective of creating the largest portfolio of student accommodation in Spain.

Since its incorporation in 2012, the company has invested in Siresa, Spain's leading student accommodation company with over 7,000 places in 25 residences in the country's major cities. EnCampus has also developed a portfolio of new projects with 1,476 places to date, through the acquisition and development of new residences in Madrid (3), Barcelona (3) and Valencia (1).

At 31 December 2014 Alba's interest in EnCampus, through Deyá Capital, was 32.75%.

www.resa.es

REAL ESTATE INVESTMENTS

REAL ESTATE INVESTMENTS

At the end of 2014 Alba had almost 83,000 square metres of leasable area and 1,000 parking spaces, mainly in office buildings in Madrid and Barcelona.

The book value of the properties is updated annually based on valuations carried out by an independent expert, who at 31 December 2014 valued the properties at 204.9 million euros, up 1% compared to the previous year, without taking into account investments and divestments made during the year. This valuation exceeds the carrying amount of investments by 100.7 million euros.

The main office rental market ratios in 2014 and 2013, obtained from market studies developed by the main specialised consulting firms, are as follows:

	2014		2013	
	Madrid	Barcelona	Madrid	Barcelona
New office rentals	+9.4%	+46.6%	+33.0%	-3.0%
Average rent	-0.7%	+3.0%	-4.9%	-6.3%
Vacancy rate at 31.12	12.9%	13.7%	14.1%	15.0%
Area of highest occupancy	5.9%	3.9%	6.8%	4.4%
Area of lowest occupancy	19.3%	35.1%	21.4%	32.3%

Alba's results were in line with the industry average. The occupancy rate at year-end was 86.6%, slightly lower than at the end of 2013.

Rental income amounted to 12.8 million euros, virtually the same as in 2013. The direct costs of the property business decreased 1.0% to 3.2 million euros.

The gross yield in 2014, calculated using the year-end valuation, was 6.3%, practically the same as in 2013. During the year, total investments amounted to 6.2 million euros, related to the acquisition of a floor in an office building in Madrid and improvements to buildings' structure and facilities, as required. Alba also sold a site in Madrid for 3.6 million euros.

AUDITORS' REPORT

AUDITORS' REPORT

Building a better working world

INFORME DE AUDITORÍA INDEPENDIENTE DE CUENTAS ANUALES CONSOLIDADAS

A los Accionistas de CORPORACIÓN FINANCIERA ALBA, S.A.:

Informe sobre las cuentas anuales consolidadas

Hemos auditado las cuentas anuales consolidadas adjuntas de CORPORACIÓN FINANCIERA ALBA, S.A. (la sociedad dominante) y sociedades dependientes (el Grupo), que comprenden el balance de situación consolidado a 31 de diciembre de 2014, la cuenta de pérdidas y ganancias consolidada, el estado consolidado del resultado global, el estado de cambios en el patrimonio neto consolidado, el estado de flujos de efectivo consolidado y la memoria consolidada correspondientes al ejercicio terminado en dicha fecha.

Responsabilidad de los administradores en relación con las cuentas anuales consolidadas

Los Administradores de la sociedad dominante son responsables de formular las cuentas anuales consolidadas adjuntas de forma que expresen la imagen fiel del patrimonio, de la situación financiera y de los resultados consolidados de CORPORACIÓN FINANCIERA ALBA, S.A. y sociedades dependientes, de conformidad con las Normas Internacionales de Información Financiera, adoptadas por la Unión Europea, y demás disposiciones del marco normativo de información financiera aplicable al Grupo en España, y del control interno que consideren necesario para permitir la preparación de cuentas anuales consolidadas libres de incorrección material, debida a fraude o error.

Responsabilidad del auditor

Nuestra responsabilidad es expresar una opinión sobre las cuentas anuales consolidadas adjuntas, basada en nuestra auditoría. Hemos llevado a cabo nuestra auditoría de conformidad con la normativa reguladora de la auditoría de cuentas vigente en España. Dicha normativa exige que cumplamos los requerimientos de ética, así como que planifiquemos y ejecutemos la auditoría con el fin de obtener una seguridad razonable de que las cuentas anuales consolidadas están libres de incorrecciones materiales.

Una auditoría requiere la aplicación de procedimientos para obtener evidencia de auditoría sobre los importes y la información revelada en las cuentas anuales consolidadas. Los procedimientos seleccionados dependen del juicio del auditor, incluida la valoración de los riesgos de incorrección material en las cuentas anuales consolidadas, debida a fraude o error. Al efectuar dichas valoraciones del riesgo, el auditor tiene en cuenta el control interno relevante para la formulación por parte de los Administradores de la sociedad dominante de las cuentas anuales consolidadas, con el fin de diseñar los procedimientos de auditoría que sean adecuados en función de las circunstancias, y no con la finalidad de expresar una opinión sobre la eficacia del control interno de la entidad. Una auditoría también incluye la evaluación de la adecuación de las políticas contables aplicadas y de la razonabilidad de las estimaciones contables realizadas por la dirección, así como la evaluación de la presentación de las cuentas anuales consolidadas tomadas en su conjunto.

Consideramos que la evidencia de auditoría que hemos obtenido proporciona una base suficiente y adecuada para nuestra opinión de auditoría.

Building a better working world

2

Opinión

En nuestra opinión, las cuentas anuales consolidadas adjuntas expresan, en todos los aspectos significativos, la imagen fiel del patrimonio consolidado y de la situación financiera consolidada de CORPORACIÓN FINANCIERA ALBA, S.A. y sociedades dependientes a 31 de diciembre de 2014, así como de sus resultados consolidados y flujos de efectivo consolidados correspondientes al ejercicio anual terminado en dicha fecha, de conformidad con las Normas Internacionales de Información Financiera, adoptadas por la Unión Europea, y demás disposiciones del marco normativo de información financiera que resultan de aplicación en España.

Informe sobre otros requerimientos legales y reglamentarios

El informe de gestión consolidado adjunto del ejercicio 2014 contiene las explicaciones que los Administradores de la sociedad dominante consideran oportunas sobre la situación del Grupo, la evolución de sus negocios y sobre otros asuntos y no forma parte integrante de las cuentas anuales consolidadas. Hemos verificado que la información contable que contiene el citado informe de gestión consolidado concuerda con la de las cuentas anuales consolidadas del ejercicio 2014. Nuestro trabajo como auditores se limita a la verificación del informe de gestión consolidado con el alcance mencionado en este mismo párrafo y no incluye la revisión de información distinta de la obtenida a partir de los registros contables de CORPORACIÓN FINANCIERA ALBA, S.A. y sociedades dependientes.

Auditores

ERNST & YOUNG, S.L.
(Inscrita en el Registro Oficial de Auditores de Cuentas con el Nº S0530)

José Luis Perelli Alonso

3 de abril de 2015

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Report to the shareholders of CORPORACIÓN FINANCIERA ALBA, S.A.:

Report on the consolidated annual financial statements

We have audited the consolidated financial statements of CORPORACIÓN FINANCIERA ALBA, S.A. (the "Parent Company") and subsidiaries (the "Group"), comprising the consolidated balance sheet at 31 December 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes for the year then ended.

Directors' responsibility regarding the consolidated annual financial statements

The Parent Company's directors are responsible for the preparation of the attached consolidated financial statements, expressing a fair view of the consolidated equity, consolidated financial position and consolidated results of CORPORACION FINANCIERA ALBA, S.A. and subsidiaries, in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and internal control necessary to enable the preparation of consolidated financial statements with no material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated annual financial statements based on our audit. We have conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require compliance with ethical requirements and that the audit is planned and performed with the objective to achieve reasonable assurance that consolidated financial statements are free from material misstatements.

An audit requires the implementation of procedures to ensure audit evidence about the amounts and disclosures in the consolidated financial statements.

Procedures selected depend on the auditor's judgement, including the assessment of material misstatement's risks of the consolidated annual financial statements, whether due to fraud or error. In the process of this risks assessment, the auditor takes into consideration the internal control relevant to the preparation by the Parent Company's directors of the consolidated annual financial statements in order to design audit procedures that are appropriate in each circumstance, and not to express an opinion on the effectiveness of the entity's internal control. An audit also includes an assessment of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as an assessment of the presentation of the consolidated annual financial statements as a whole.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the attached consolidated annual financial statements for 2014 present, in all material respects, a true and fair view of the consolidated assets and liabilities and consolidated financial position of CORPORACIÓN FINANCIERA ALBA, S.A. and Subsidiaries at 31 December 2014 and of the consolidated results of their operations and the consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the applicable financial reporting regulatory framework in Spain.

Report on other legal and regulatory requirements

The attached consolidated management report for 2014 contains the explanations directors of the Parent Company have deemed appropriate with regard to the Group's situation, the performance of its businesses and other matters, but is not part of the consolidated annual financial statements. We have verified that the accounting information contained in the consolidated management report is consistent with the consolidated annual financial statements for 2014. Our work as auditors is confined to verifying that the consolidated management report is consistent with the consolidated annual financial statements; it does not include verifying any information other than that obtained from the accounting records of CORPORACIÓN FINANCIERA ALBA, S.A. and Subsidiaries.

1 April 2015

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

OF CORPORACIÓN FINANCIERA ALBA, S.A. AND SUBSIDIARIES FOR 2014

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance sheets at 31 December 2014 and 2013

In thousands of euros	Notes	31/12/2014	31/12/2013
Assets			
Investment property	5	204,905	200,420
Property, plant and equipment	6	8,285	8,993
Intangible assets		24	36
Investments in associates	7	2,214,655	2,015,281
Financial assets at fair value through profit or loss	8	276,712	243,684
Other financial assets	9	148,703	146,799
Deferred tax assets	19	1,077	41,083
Non-Current Asset		2,854,361	2,656,296
Non-current assets held for sale	8	81,000	-
Trade and other receivables	10	120,484	84,237
Cash and cash equivalents	11	492,470	602,960
Current Assets		693,954	687,197
Total Assets		3,548,315	3,343,493
Equity And Liabilities			
Share capital	12	58,300	58,300
Retained earnings	12	3,049,607	2,924,535
Treasury shares	12	(2,413)	(2,599)
Interim dividend	3	(29,118)	(29,116)
Shareholders' equity		3,076,376	2,951,120
Minority interests		570	426
Total Shareholders' Equity		3,076,946	2,951,546
Bank borrowings	16	-	75,000
Other financial liabilities	9	1,945	2,027
Provisions	14	300	421
Deferred tax liabilities	19	28,931	33,217
Non-Current Liabilities		31,176	110,665
Trade and other payables	15	4,405	8,968
Bank borrowings	16	435,788	272,314
Current Liabilities		440,193	281,282
Total Equity and Liabilities		3,548,315	3,343,493

Consolidated Income statements for the years ended 31 December 2014 and 2013

In thousands of euros	Notes	2014	2013
Share of the profit/(loss) of associates	7	148,580	150,618
Lease income	21	12,836	12,861
Other income		133	126
Change in the fair value of investment properties	5	1,965	(5,476)
Profit/(loss) on disposal of financial assets and other assets	7 and 8	104,039	120,729
Impairment of assets	6, 7 and 8	(70,236)	3
Staff costs	22.a	(11,725)	(12,759)
Other operating expenses	21	(8,057)	(7,578)
Depreciation and amortisation		(925)	(943)
Operating Profit / (Loss)		**176,610**	**257,581**
Financial income	23.b	19,435	21,636
Financial costs and exchange differences		(5,075)	(6,704)
Change in fair value of financial instruments	8 and 22.c	111,958	(1,351)
Net Financial Income / (Expense)		**126,318**	**13,581**
Profit / (Loss) before tax from continuing activities		**302,928**	**271,162**
Corporate income tax expense	19	(61,043)	(43,266)
Profit / (Loss) from continuing activities		**241,885**	**227,896**
Consolidated Profit / (Loss) for the year		**241,885**	**227,896**
Profit / (Loss) attributable to minority interests		557	979
Consolidated Profit / (Loss) for the year attributable to the group		**241,328**	**226,917**
Average number of shares outstanding during the year (excluding treasury shares)	12	58,235,595	58,231,571
Basic and diluted earnings per share (euros/share)		4.14	3.90

CONSOLIDATED FINANCIAL STATEMENTS

Statement of changes in consolidated shareholders' equity for the years ended 31 December 2014 and 2013

Consolidated Statements of Comprehensive Income for the years ended 31 December 2014 and 2013

In thousands of euros	Note	2014	2013
Consolidated Profit / (Loss) of the income statement		**241,885**	**227,896**
Income and Expenses Recognised Directly in Equity			
From valuation of financial instruments		(57,988)	18,454
From investments in associates	7	(57,988)	18,454
Other adjustments		(4)	(3)
Total Income and Expense Recognised Directly in Equity		**(57,992)**	**18,451**
Total Comprehensive Income		**183,893**	**246,347**
Attributable to the parent		183,336	245,368
Attributable to minority interests		557	979

Total statement of changes in consolidated shareholders' equity for the years ended 31 December 2014 and 2013

In thousands of euros	Share capital	Retained earnings	Treasury shares	Interim dividend	Shareholders' equity	Minority interests	Total sharehol-ders' equity
Balance at 1 January 2013	**58,300**	**2,737,588**	**(2,757)**	**(29,113)**	**2,764,018**	**686**	**2,764,704**
Changes in consolidated net assets of associates (Note 7)	-	18,454	-	-	18,454	-	18,454
Other	-	(3)	-	-	(3)	-	(3)
Profit/(loss) for the year	-	226,917	-	-	226,917	979	227,896
Total income and expenses for the year	-	245,368	-	-	245,368	979	246,347
Interim dividend for the previous year (Note 3)	-	(29,113)	-	29,113	-	-	-
Dividends paid during the year (Note 3)	-	(29,116)	-	(29,116)	(58,232)	(921)	(59,153)
Increases/(decreases) due to business combination	-	-	-	-	-	(318)	(318)
Purchase of own shares (Note 12)	-	-	158	-	158	-	158
Other changes	-	(192)	-	-	(192)	-	(192)
Balance at 31 December 2013	**58,300**	**2,924,535**	**(2,599)**	**(29,116)**	**2,951,120**	**426**	**2,951,546**
Changes in consolidated net assets of associates (Note 7)	-	(57,988)	-	-	(57,988)	-	(57,988)
Other	-	(4)	-	-	(4)	-	(4)
Profit/(loss) for the year	-	241,328	-	-	241,328	557	241,885
Total income and expenses for the year	-	183,336	-	-	183,336	557	183,893
Interim dividend for the previous year (Note 3)	-	(29,116)	-	29,116	-	-	-
Dividends paid during the year (Note 3)	-	(29,118)	-	(29,118)	(58,236)	(526)	(58,762)
Increases/(decreases) due to business combination	-	-	-	-	-	113	113
Purchase of own shares (Note 12)	-	-	186	-	186	-	186
Other changes	-	(30)	-	-	(30)	-	(30)
Balance at 31 December 2014	**58,300**	**3,049,607**	**(2,413)**	**(29,118)**	**3,076,376**	**570**	**3,076,946**

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated cash flow statements for the years ended 31 December 2014 and 2013. (Note 27)

In thousands of euros	Notes	2014	2013
Operating Activities			
Profit/(loss) for the year		241,328	226,917
Adjustments to profit/(loss)			
Depreciation and amortisation		925	943
Changes in the fair value of investment properties	5	(1,965)	5,476
Share of the profit/(loss) of associates	7	(148,580)	(150,618)
Profit/(loss) on disposal of financial assets and other assets		(104,039)	(120,729)
Impairment of assets		70,236	-
Change in fair value of financial instruments	22.c	(111,958)	1,351
Finance income	22.b	(19,435)	(21,636)
Finance costs		5,075	6,704
Corporate income tax paid	19	61,043	43,266
Other cash flows from operating activities			
Dividends received		107,316	106,026
Trade and other payables		(8,090)	(6,515)
Payments on account of corporate income tax		(63,899)	(18,696)
Interest received		19,435	21,636
Interest paid		(5,075)	(6,704)
Other items		275	(6,913)
Net Cash from Operating Activities		**42,592**	**80,508**

In thousands of euros	Notes	2014	2013
Investing Activities			
Purchases of financial assets	7 y 8	(414,582)	(45,076)
Sales of financial assets	7	234,752	423,276
Purchases of investment properties	5	(6,893)	(546)
Sales of investment properties		3,450	-
Purchases of property, plant and equipment	6	(47)	(51)
Net Cash from Investing Activities		**(183,320)**	**377,603**
Financing Activities			
Dividends paid	3	(58,236)	(58,232)
Proceeds from bank borrowings	16	435,788	59,814
Repayment of bank borrowings	16	(347,314)	(241,154)
Net Cash from Financing Activities		**30,238**	**(239,572)**
Increase/(Decrease) in Net Cash		**(110,490)**	**218,539**
Cash and Cash Equivalents at 01/01 (Note 12)		**602,960**	**384,421**
Cash and Cash Equivalents at 31/12 (Note 12)		**492,470**	**602,960**

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements for the year ended 31 december 2014

1. Business activities

Corporación Financiera Alba, S.A. (Alba), headquartered in Madrid, Spain, has significant holdings in various companies in different industries, as detailed below. Its activities also include property leasing and private equity investment.

Given the nature of its business activities, Alba has no environmental liabilities, expenses, assets, provisions or contingencies that could be significant in relation to its net assets, financial situation or results. For that reason, these notes to the annual consolidated financial statements contain no specific disclosures on environmental matters.

2. Basis of presentation of the annual consolidated financial statements

2.1. Accounting policies

The annual consolidated financial statements of Alba for the year ended 31 December 2014 were prepared and authorised for issue by the Board of directors at its meeting held on 23 March 2015 and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, as required by Regulation (EC) 1606/2002 of the European Parliament and Council, of 19 July, and subsequent amendments thereto, and presenting a true and fair view of the consolidated net assets and financial position of Alba at 31 December 2014 and of its consolidated results of operations, changes in net assets and cash flows for the year end.

The accounting principles and valuation standards used are described in Note 4 to these consolidated financial statements. No obligatory accounting principle or valuation standard that might have a material impact on these consolidated financial statements has been omitted in their preparation.

For comparison purposes, the figures in these consolidated financial statements are presented together with the figures for the previous year.

a) International Financial Reporting Standards and Interpretations adopted by the European Union and applied for the first time in this financial year

The accounting policies used in preparing the consolidated financial statements for the year ended 31 December 2014 are the same as those used in preparing the consolidated financial statements for the year ended 31 December 2013 as there were no new standards, interpretations or amendments applied for the first time in this financial year which affected the Group.

b) Standards and interpretations issued by the IASB which are not applicable in this financial year

The Group intends to adopt any applicable standards, interpretations and amendments issued by the IASB, not mandatory in the European Union at the date on which these consolidated financial statements were prepared, when they come into force, if applicable. The Group is currently assessing the impact thereof. Based on the analyses carried out to date, the Group considers that the implementation of these standards and amendments will not have a material impact on the consolidated financial statements.

The consolidated financial statements are presented in thousands of euros unless otherwise indicated.

2.2. Use of judgements and estimates in the preparation of the consolidated financial statements

In preparing certain information included in these consolidated financial statements, judgements and estimates are used based on assumptions that affect the application of accounting principles and rules and the carrying amounts of assets, liabilities, income, expenses and commitments. The most significant estimates used in preparing these consolidated financial statements are:

- Impairment losses and useful life of tangible assets (Note 4.b).
- Valuation of the consolidated goodwill to assess any potential impairment (Note 4.c).
- The fair value of certain unlisted financial assets (Note 4.d).

The estimates and assumptions used are reviewed regularly. Any impact or change on these assets, as a result of reviews of estimates or future events, would be recorded in the consolidated income statement for that period and successive periods, in accordance with IAS 8.

2.3. Subsidiaries

Subsidiaries are consolidated under the global integration method. Control is obtained when the Group is exposed to, or has rights, to variable returns derived from its investment and can exert an influence on such returns through the exercise of its powers over the subsidiary. Specifically, the Group controls a subsidiary if, and only if, it has:

- Powers over the subsidiary (existing rights that entails the management of key activities of the subsidiary)
- Exposure, or rights, to variable returns derived from its involvement in the subsidiary
- Capacity to influence such returns by exercising its powers over the subsidiary

In general terms, the majority of voting rights involve control.

At the time of an acquisition of a subsidiary, its assets and liabilities are valued at their fair value. Any excess of the acquisition cost over the fair value of the net assets is recognised as goodwill. Any difference of the acquisition cost below the fair value of the net assets acquired (i.e. any discount) is recognised in the profit and loss account of the period at the time of the acquisition.

The share of minority shareholders in the Group's shareholders' equity and in the net profit for the year is presented under "Minority interests" in Total shareholder's equity in the consolidated balance sheet and "Profit attributable to minority interests" in the consolidated income statement, respectively.

In accordance with International Financial Reporting Standards, the Group companies have been fully consolidated incorporating all their assets, liabilities, income, expenses and cash flows in the consolidated financial statements, after adjustments and eliminations relating to intragroup transactions.

The information for 31 December 2014 and 2013 is shown below:

Subsidiary	Activity	Years	% ownership interest	Net book value before consolidation	Shareholders' equity before undistributed profit	Profit/(loss) for the year
Alba Participaciones, S.A.U Castelló, 77, 5ª planta 28006-Madrid	Securities investment	2014	100.00	117,633	2,834,504	127,256
		2013	100.00	117,633	2,777,249	236,697
Artá Capital, Sociedad Gestora de Entidades de Capital Riesgo, S.A.U. Pza. Marqués de Salamanca, 10 28006-Madrid	Venture capital management company	2014	81.00	1,673	2,564	2,897
		2013	85.00	1,673	2,462	3,783
Artá Partners, S.A. Castelló, 77, 5ª planta 28006-Madrid	Securities investment	2014	81.00	1,702	2,074	2,792
		2013	85.00	1,786	2,054	3,702
Balboa Participaciones, S.A.U. Castelló, 77, 5ª planta 28006-Madrid	Securities investment	2014	100.00	282,500	266,852	11,626
		2013	100.00	35,228	35,228	(13,384)
Deyá Capital, S.C.R. de Régimen Simplificado, S.A.U Pza. Marqués de Salamanca, 10 28006-Madrid	Private equity company	2014	100.00	236,011	198,905	(24,535)
		2013	100.00	220,843	220,843	(4,152)

Ernst & Young, S.L. (EY) is the auditor of all these companies.

2.4. Associates

Associates are companies over which Alba has significant influence, even if it holds less than 20% of the shareholding. In order to ascertain the existence of significant influence, the Parent Company takes into account, among other factors, representation on the Board of Directors, participation in the process and approval of policies, and the duration of the shareholding.

The information related to 2014 and 2013 is shown below:

			% ownership	
Associate / Auditor	Registered address	Activity	At 31-12-14	At 31-12-13
Acerinox, S.A. KPMG Auditores	Santiago de Compostela, 100 (Madrid)	Manufacture and sale of stainless steel products	23.09	23.50
ACS, Actividades de Construcción y Servicios, S.A. Deloitte	Avda. de Pío XII, 102 (Madrid)	Construction and services	13.88	16.30
Antevenio, S.A. BDO Audiberia	Marqués de Riscal, 11 (Madrid)	Internet advertising	-	18.71
Clínica Baviera, S.A. PWC	Paseo de la Castellana, 20 (Madrid)	Ophthalmic and cosmetic medical services	20.00	20.00
Ebro Foods, S.A. Ernst & Young	Paseo de la Castellana, 20 (Madrid)	Food	10.01	8.21
Indra Sistemas, S.A. KPMG Auditores	Avda. de Bruselas, 35 (Alcobendas - Madrid)	New technologies	12.53	11.32
Bolsas y Mercados Españoles, S.A. PWC	Plaza de la Lealtad, 1. (Madrid)	Registration systems and securities settlement and clearing	8.28	-
Viscofan, S.A. Ernst & Young	Polígono Industrial Berroa (Tajonar-Navarra)	Manufacture of meat-based, cellulose and artificial casings	6.79	-

During 2014 the Company reduced its shareholding in ACS, Actividades de Construcción y Servicios, S.A. as a result of the sale of a 2.42% interest, and in Acerinox as a result of the capital increase made to pay a scrip dividend which Alba received in cash. The investment in Antevenio, S.A. was transferred to "Financial assets at fair value through profit or loss". In addition, Alba acquired shares in Bolsas y Mercados Españoles, S.A. and in Viscofan, S.A., and increased its holdings in Ebro Foods, S.A. by 1.80% and in Indra Sistemas, S.A. by 1.21%.

During 2013 Alba sold its entire shareholding in Prosegur, Compañía de Seguridad, S.A. It also reduced its shareholding in ACS, Actividades de Construcción y Servicios, S.A. following the sale of a 2% stake, in Acerinox, S.A. following a capital increase to pay a scrip dividend which Alba received in cash, and in Antevenio, S.A. following the sale of a 1.83% interest.

3. Distribution of profit

The distribution of profit for 2014, to be proposed by the Board of Directors to the Annual General Meeting for approval and the distribution of profit for 2013 approved by the Annual General Meeting are as follows:

	2014	2013
Profit to be distributed		
Profit for the year attributable to the parent company	68,092	82,144
Retained earnings	128,530	104,620
Total	**196,622**	**186,764**
Distribution		
To retained earnings	138,384	128,530
To dividends	58,238	58,234
Total	**196,622**	**186,764**

The dividends paid by the Parent Company in 2014 and 2013 were as follows:

	No. of shares with dividend rights	€/Share	€'000
2014			
Interim dividend for 2014	58,235,494	0.500	29,118
Final dividend for 2013	58,235,494	0.500	29,118
2013			
Interim dividend for 2013	58,231,571	0.500	29,116
Final dividend for 2012	58,231,571	0.500	29,116

It has been proposed for approval by the Annual General Meeting an additional dividend of 0.50 euros per share, for those shares in issue at the date of the dividend payment.

The Board of Directors has presented the liquidity statement required under article 277 of the Law on Corporations in the Notes to the individual financial statements of the Parent Company.

4. Valuation standards

The main valuation standards used in the preparation of the consolidated financial statements are as follows:

a) Investment property (Note 5)
Investment properties, consisting of buildings for lease, are valued at their acquisition cost, including transaction costs. Subsequently they are valued at their fair value, as calculated by independent experts, according to the following definition: "Fair value is the price at which the property could be sold through a private contract between a willing seller and an independent buyer at the valuation date if the property were to be offered publicly on the market, market conditions enabled the sale to be carried out in an orderly fashion and a normal period of time were available for the sale to be negotiated, given the nature of the property". Changes in fair value are included in the income statement for the period in which they occur. Investment properties are not depreciated.

a.1) Leases
The determination of whether or not an agreement contains a lease is based on the economic agreement on the date it begins. The agreement is analysed to evaluate whether the fulfilment of the agreement depends on the use of a specific asset or whether the arrangement conveys a right to use the asset, even if not specifically stipulated in the agreement.

Those leases where the Group maintains substantially all the risks and rewards inherent to the leased asset are classified as operating leases. Contingent rents are recorded as income in the period in which they are incurred.

b) Property, plant and equipment (Note 6)
In application of IFRS 1, "First-time adoption of international financial reporting standards", own-use properties were recorded at 1 January 2004 at its fair value, calculated by independent experts as defined in previous paragraph, considering this amount as the acquisition cost. This increase in value was recognised in the shareholders' equity in the consolidated balance sheet.

The rest of tangible fixed assets are recorded at acquisition cost, and do not include interest or exchange differences. Costs related to expansions, refurbishments or improvements that increase the productivity, capacity or efficiency, or extend the useful life of the asset are capitalised within the asset's cost.

The straight-line depreciation method is used, allocating the accounting value of the asset over its estimated useful life in accordance with the following percentages:

Annual depreciation percentage	
Buildings and other constructions	2 to 6
Machinery and installations	8 to 24
Transport equipment	16
Furniture and fixtures	10
Computer hardware	25

If the accounting value of an asset exceeds its recoverable amount, the asset will be considered as impaired and the accounting value will be reduced to the recoverable amount.

c) Investments in associates and Goodwill (Note 7)
Investments in associates are accounted under the equity method. Under this method, investments are accounted at cost, which includes Alba's share in associates' net assets plus any goodwill not allocated to specific items of the associate. Goodwill is subject to annual impairment and is not amortized.

Dividends received from associates reduce the cost of the investment. Alba's share in associates' results is included, net of taxes, under "Share of profit/(loss) of associates" in the income statement.

Movements in the shareholders' equity of associates are also recognised in the shareholder's equity of Alba.

The fair value of investments has been estimated in order to assess the need to adjust the accounting value of the investment. In accordance with IAS 36, the fair value is considered to be the higher between the asset's quoted market price at year-end and its value in use.

In 2014, associates whose market price at year-end is lower than their accounting value are Clínica Baviera, S.A., Ebro Foods, S.A. and Indra Sistemas, S.A. In these cases, the fair value has been calculated using the discounted cash flow methodology, subsequently deducting the value of net debt and minority interests. The assumptions used are as follows:

	Clínica Baviera, S.A.	Ebro Foods, S.A.	Indra Sistemas, S.A.
Perpetual growth rate	2.0%	2.0%	2.0%
Discount rate	8.6%	7.6%	8.8%
Capital structure	90% equity and 10% debt	85% equity and 15% debt	85% equity and 15% debt
Cost of equity	9.2%	8.4%	9.6%
Cost of debt after tax	3.4%	3.3%	4.1%
Estimated fair value (€/share)	8.49	16.44	10.27

In 2014 Alba performed the following sensitivity analysis:

	Clínica Baviera, S.A.	Ebro Foods, S.A.	Indra Sistemas, S.A.
Weighted average cost of capital (WACC)			
2014 fair value discount rate	8.6%	7.6%	8.8%
Discount rate to match book value	8.6%	7.9%	8.8%
Perpetual growth			
2014 fair value growth rate	2.0%	2.0%	2.0%
Growth rate to match book value	2.0%	1.7%	2.0%
EBITDA margin used for the terminal value			
2014 fair value EBITDA margin	17.5%	14.0%	10.6%
EBITDA margin to match book value	17.5%	13.5%	10.6%
Change in sales during the estimated period and terminal value to match book value	**0.0%**	**-7.4%**	**0.0%**
Change in EBITDA margin during the estimated period and terminal value to give book value	**0.0%**	**-0.5%**	**0.0%**

In 2014 a change of +0.5% or -0.5% in the assumptions used to calculate the fair value would have had the following impact on value:

Change	Clínica Baviera, S.A.	Ebro Foods, S.A.	Indra Sistemas, S.A.
WACC			
+ 0.5%	-7.2%	-9.8%	-9.9%
- 0.5%	8.4%	11.7%	11.5%
Perpetual growth			
+ 0.5%	6.9%	8.4%	6.5%
- 0.5%	-6.0%	-7.0%	-5.6%
EBITDA margin used for the terminal value			
+ 0.5%	2.7%	4.5%	7.8%
- 0.5%	-2.7%	-4.5%	-7.8%

In 2013 associates whose market price at year-end was lower than their accounting value were Acerinox, S.A., Clínica Baviera, S.A. and Indra Sistemas, S.A. In these cases, the fair value was calculated using the discounted cash flow methodology, subsequently deducting the value of net debt and minority interests. The assumptions used were as follows:

	Acerinox, S.A.	Clínica Baviera, S.A.	Indra Sistemas, S.A.
Perpetual growth rate	2.5%	2.0%	2.0%
Discount rate	8.1%	8.6%	8.5%
Capital structure	75% equity and 25% debt	90% equity and 10% debt	85% equity and 15% debt
Cost of equity	9.7%	9.1%	9.2%
Cost of debt after tax	3.6%	4.6%	4.9%
Estimated fair value (€/share)	11.62	12.51	15.20

In 2013 Alba performed the following sensitivity analysis:

	Acerinox, S.A.	Clínica Baviera, S.A.	Indra Sistemas, S.A.
Weighted average cost of capital (WACC)			
2013 fair value discount rate	8.1%	8.6%	8.5%
Discount rate to match book value	8.5%	9.3%	8.6%
Perpetual growth			
2013 fair value growth rate	2.5%	2.0%	2.0%
Growth rate to match book value	2.0%	1.2%	1.9%
EBITDA margin used for the terminal value			
2013 fair value EBITDA margin	8.6%	20.0%	12.1%
EBITDA margin to match book value	8.1%	17.9%	12.0%
Change in sales during the estimated period and terminal value to match book value	**-7.1%**	**-12.8%**	**-0.9%**
Change in EBITDA margin during the estimated period and terminal value to give book value	**-0.5%**	**-2.1%**	**-0.1%**

In 2013 a change of +0.5% or -0.5% in the assumptions used to calculate the fair value would have had the following impact on value:

Change	Acerinox, S.A.	Clínica Baviera, S.A.	Indra Sistemas, S.A.
WACC			
+ 0.5%	-11.4%	-7.2%	-9.1%
- 0.5%	13.7%	8.4%	10.6%
Perpetual growth			
+ 0.5%	9.8%	7.4%	6.9%
- 0.5%	-8.2%	-6.3%	-5.9%
EBITDA margin used for the terminal value			
+ 0.5%	9.3%	2.4%	6.2%
- 0.5%	-9.3%	-2.4%	-6.2%

d) Financial assets at fair value through profit or loss (Note 8)

Investments held through the private equity company, where significant influence may exist, are recorded under this heading.

They are valued at fair value and any change in the fair value is recognised in the income statement.

As there is no market for these investments, the fair value is computed using comparable multiples or discounted cash flows method, whichever is the most appropriate.

e) Calculation of fair value (Notes 5, 8 and 17)

Alba values financial instruments, such as derivatives, and non-financial assets, such as investment properties, at their fair value at the balance sheet date. The fair value of financial assets valued at amortized cost are disclosed in Note 17. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date. It is based on the assumption that the sale of the asset or transfer of the liability will take place:

- In the main market of the asset or liability, or
- In the absence of a market, in the most advantageous market for transacting these assets or liabilities.

The main or most advantageous market must be a market accessible to Alba.

The fair value of an asset or liability is calculated using the assumptions that market participants would use when pricing the asset or liability, assuming that these market participants will act in their own economic interest.

The computation of the fair value of a non-financial asset takes into consideration the capacity of the market participants to generate economic benefits from better or greater use of the asset or from its sale to another market participant who could make better or greater use of it.

To calculate fair value, Alba uses appropriate measurement techniques and sufficient available information, maximising the use of relevant observable inputs and minimising the use of non-observable inputs.

All assets and liabilities whose fair value is calculated or disclosed in the financial statements are classified in accordance with the fair value hierarchy described below, based on the lowest level input required for the computation of the fair value as a whole:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques where the lowest level input used, which is significant for the calculation, is directly or indirectly observable.
- Level 3 - Valuation techniques where the lowest level input used, which is significant for the calculation, is not observable.

At the end of the year, Alba reviews the classification of assets and liabilities which are recognised in the financial statements on an ongoing basis in order to ascertain if any movements have taken place between the different hierarchy levels (based on the lowest level input required for the computation of the fair value as a whole).

Alba determines the policies and procedures to be applied for the recurrent computation of the fair value, such as for investment properties and unlisted available-for-sale financial assets.

Internal and external appraisers are used for the valuation of relevant assets, such as investment properties, available-for-sale financial assets and contingent compensations.

The financial department presents the results of the valuations to the Audit Committee and to Alba's external auditors.

For the purposes of the required disclosures of the fair value, the Group classifies its assets and liabilities in accordance with their type, characteristics, risks and level in the fair value hierarchy, as mentioned above.

f) Loans and receivables (Notes 9 and 10)

The Group values financial assets included in this category (other financial assets and trade and other receivables) at their fair value, which is the transaction price. Instruments maturing within one year that do not have a contractual interest rate and unpaid dividends and payments due on equity instruments that are expected to be received in the short term are valued at their face value, as discounting the cash flows is immaterial.

Subsequently, these financial assets are valued at amortized cost and the accrued interest is recognised in the income statement using the effective interest method. At least once a year Alba carries out an impairment test provided there is objective evidence that a loan or receivable is impaired. Based on this analysis, Alba carries out the appropriate valuation adjustments.

The impairment loss on these financial assets is the difference between the book value and the present value of future expected cash flows, discounted at the effective interest rate.

Valuation adjustments for impairment, and any reversal thereof, are recognised as an expense or income, as applicable, in the income statement. Reversal of impairment losses would have as limit the book value of the loan that would have been recognised at the date of the reversal if no impairment loss had been recorded.

g) Cash and cash equivalents (Note 11)

This item includes cash on hand, short-term deposits and other highly liquid short-term investments that are readily convertible into cash and are not subject to a risk of change in value.

h) Financial liabilities (Note 16)

Financial liabilities include mainly bank borrowings, which are recognised initially at the value of the consideration received, net of transaction costs incurred. In subsequent periods they are valued at amortized cost, using the effective interest rate. Nonetheless, in 2013 financial liabilities entered into with Deutsche Bank and Credit Agricole were valued at their fair value.

Alba used financial derivative instruments to hedge interest rate risk. These instruments were recognised initially at fair value on the date on which the derivative contract was entered into and were subsequently valued at their fair value at each reporting date. Derivatives were recognised as financial assets when the fair value was positive and as financial liabilities when the fair value was negative. Any gain or loss resulting from changes in the fair value of derivatives was recognised directly in the income statement.

i) Financial assets and liabilities held for trading

These are assets and liabilities acquired for the purpose of being sold in the short term, including derivatives that are not use for hedging. Changes in the fair value of these assets are recognised in the income statement. In the case of listed companies, fair value is the market price at the balance sheet date.

j) Treasury shares (Note 12)

Treasury shares are recorded as a deduction from shareholders' equity. No profit or loss is recognised for the purchase, sale, issuance, redemption or cancellation of equity instruments of Alba.

k) Provisions (Note 14)

Provisions are recognised when the Group has a present obligation as a result of past events and it is likely resources must be applied to settle the obligation and the amount can be reliably estimated. Where the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate. Where discounting is used, the increase in the provision arising from the passage of time is recognised as a finance cost.

l) Corporate income tax (Note 19)

The corporate income tax expense for the year is calculated as the sum of current tax, which is the result of applying the appropriate tax rate to taxable income for the year less allowances and deductions, and any changes in deferred tax assets and liabilities during the year. It is recognised in the income statement, except when it relates to items charged or credited directly to equity, in which case the corresponding tax is also recognised in equity, and except in business combinations, where it is recorded as an increase or decrease in goodwill.

m) Alternative pension plan systems

Alba operates two defined benefit pension plans which have been outsourced to an insurance company. Contributions to the plans must therefore be made to an independent managed fund.

The cost of providing the benefits covered by these defined benefit plans is determined using the projected credit unit method (an actuarial method for calculating the plan obligations based on the employee's length of service and pensionable salary taking into account pay rises up to the retirement date).

Re-valuations, comprising actuarial gains and losses, the impact of the limit on plan assets, excluding net interest (not applicable to Alba) and the returns earned on plan assets (excluding net interest), are recognised directly in the financial statement of the year, with a corresponding debtor or creditor balance in shareholders' equity recorded under retained earnings. Re-valuations are not reclassified in the income statement for the subsequent financial years.

Cost of past services are recognised in the consolidated income statement at the earlier of:

- the date when a plan is amended or reduced, or
- the date when the group recognised the expenses related to a restructuring or compensation for termination of employment.

Net interest is calculated applying the discount rate to the net defined benefit obligation (asset). Alba records changes in defined benefit pension plans under "Other operating expenses", "Other income/(expenses)" and "Staff costs" in the consolidated income statement in accordance with their nature:

- The cost of services includes current service costs, gains and losses arising from non-recurrent changes and settlements.
- Gains or losses in the calculation of the "Net interest".

The main assumptions used in 2014 and 2013 to value these commitments are as follows:

Mortality and survival tables	PERM/ F 2000 NP
The interest rate included in the policies	2.50% - 3.70%
CPI growth	1.25%
Salary growth	1.25%
Rate of increase in social security bases	1.50%
Discount rate for obligations and assets affecting the payment of commitments	2.50%
Retirement age	65

The changes in obligations to defined benefit plans and the fair value of assets related to the plan in 2014 and 2013 were as follows:

	01/01/14	Cost of obligations recognised in the income statement: Cost of services	Net interest (expense) / income	Subtotal included in the income statement	Pension obligations settled / (paid)	Actuarial gains / (losses)	31/12/14
Obligations in defined contribution pension plans	(21,151)	(1,104)	(723)	(1,827)	823	(359)	(22,514)
Fair value of plan assets	21,282	1,427	738	2,165	(823)	236	22,860
Net (obligations) / rights in defined contribution pension plans	131						346

	01/01/13	Cost of obligations recognised in the income statement: Cost of services	Net interest (expense) / income	Subtotal included in the income statement	Pension obligations settled / (paid)	Actuarial gains / (losses)	31/12/13
Obligations in defined contribution pension plans	(18,194)	(815)	(618)	(1,433)	420	(1,944)	(21,151)
Fair value of plan assets	19,229	651	782	1,433	(420)	1,040	21,282
Net (obligations) / rights in defined contribution pension plans	1,035						131

The expected contribution to the defined benefit plans in 2015 amounts to 1,174 thousand euros.

In 2014 Alba performed the following sensitivity analysis:

	Discount rate		Future salary increases	
Sensitivity	+0.5%	-0.50%	+0.5%	-0.50%
Net impact on (obligations) / rights in defined contribution pension plans	-9.65%	11.17%	3.95%	-3.84%

In 2013 Alba performed the following sensitivity analysis:

	Discount rate		Future salary increases	
Sensitivity	+0.5%	-0.50%	+0.5%	-0.50%
Net impact on (obligations) / rights in defined contribution pension plans	-8.89%	10.24%	3.32%	-3.27%

The contributions to the two plans are recognised in the income statement. A breakdown is shown in Note 23.a.

n) Equity-instrument-based payments (Note 24)

Alba classifies its share option scheme as a cash-settled transaction. Until settlement the liability is valued at fair value, calculated as the difference between the fair value of the option at year-end and at the start date of the plan, any change in value being recognised in the consolidated income statement. The staff cost is determined based on the fair value of the liability and is recognised as services are rendered over a period of three years.

o) Recognition of income and expenses

Income and expenses are recognised when the goods and services, they relate to, are delivered or provided, independently of the period when the payment is made, and always on the basis of the economic substance of the transaction.

5. Investment property

This item consists of properties held for leasing purposes. At 31 December 2014 and 2013 these properties were valued by C.B. Richard Ellis, S.A., specialised in appraising this type of investment. The valuation was carried out in accordance with the Appraisal and Valuation Standards and the Property Observation checklist published by the Royal Institution of Chartered Surveyors of Great Britain and is based on the discounted cash flow method and comparison method.

The geographical distribution is as follows:

	2014	2013
Madrid	169,875	164,140
Barcelona	31,000	31,825
Palma de Mallorca	2,420	2,700
Other	1,610	1,755
Total	**204,905**	**200,420**

The movements in investment property are as follows:

Balance at 1-1-13	**205,350**
Additions	546
Change in fair value	(5,476)
Balance at 31-12-13	**200,420**
Additions	6,170
Decreases	(3,650)
Change in fair value	1,965
Balance at 31-12-14	**204,905**

Increases in 2014 correspond to the acquisition of a whole floor of offices in Madrid and to refurbishments carried out. Increases in 2013 correspond to refurbishments. Decreases in 2014 correspond to the sale of a premise in Madrid.

The most significant data regarding the leasable area at 31 December are as follows:

	2014	2013
Floor area above ground level (square metres)	82,950	82,267
Leased floor area (square metres)	71,865	71,749
Leased area as % total floor area	86.6%	87.2%

Expenses relating to unoccupied space are not significant for breakdown.

Income from leases, calculated to contractual maturity, at 31 December 2014 and 2013 is as follows:

	2014	2013
Up to one year	12,561	11,831
Between 1 and 5 years	17,547	15,306
Over 5 years	1,796	3,115
Total	**31,904**	**30,252**

Adequate insurance policies are put in place to cover risks associated to these assets.

6. Property, plant and equipment

The movements in property, plant and equipment were as follows:

	Buildings	Other PPE	Total
Cost			
Balance at 1-1-13	19,300	3,036	22,336
Additions	-	51	51
Disposals	-	(57)	(57)
Balance at 31-12-13	19,300	3,030	22,330
Additions	-	47	47
Disposals	-	(408)	(408)
Balance at 31-12-14	19,300	2,669	21,969
Accumulated depreciation:			
Balance at 1-1-13	(9,211)	(2,540)	(11,751)
Additions	(774)	(140)	(914)
Disposals	-	57	57
Balance at 31-12-13	(9,985)	(2,623)	(12,608)
Additions	(774)	(134)	(908)
Disposals	-	408	408
Balance at 31-12-14	(10,759)	(2,349)	(13,108)
Provisions:			
Balance at 1-1-13	(732)	-	(732)
Decreases	3	-	3
Balance at 31-12-13	(729)	-	(729)
Decreases	153	-	153
Balance at 31-12-14	(576)	-	(576)
Net PPE at 31-12-13	8,586	407	8,993
Net PPE at 31-12-14	7,965	320	8,285

Adequate insurance policies are put in place to cover risks associated to these assets.

7. Investments in associates

The changes in this item in 2014 are as follows:

Company	Consolidated value at 01-01-14	Profit/(loss) of investees	Accrued dividends	Acquisitions/ (disposals)	Transfer	Impairment	Changes in consolidated shareholders' equity of associates	Consolidated value at 31-12-14	Quoted market value at 31-12-14
Acerinox, S.A.	621,711	31,795	(27,136)	-	-	-	52,330	678,700	755,777
ACS, Actividades de Construcción y Servicios, S.A.	885,918	103,961	(46,447)	(130,824)	-	-	(112,452)	700,156	1,265,496
Bolsas y Mercados Españoles, S.A.	-	5,889	(8,035)	217,054	-	-	-	214,908	222,595
Antevenio, S.A.	1,990	-	-	-	(1,990)	-	-	-	-
Clínica Baviera, S.A.	37,405	811	(1,826)	-	-	(8,730)	14	27,674	27,667
Ebro Foods, S.A.	189,386	15,177	(7,700)	45,129	-	-	7,471	249,463	211,134
Indra Sistemas, S.A.	278,871	(12,460)	(6,320)	17,012	-	(61,659)	(4,243)	211,201	165,958
Viscofan, S.A.	-	3,407	(2,534)	132,788	-	-	(1,108)	132,553	139,364
Total	**2,015,281**	**148,580**	**(99,998)**	**281,159**	**(1,990)**	**(70,389)**	**(57,988)**	**2,214,655**	**2,787,991**

The changes in this item in 2013 are as follows:

Company	Consolidated value at 01-01-13	Profit/(loss) of investees	Accrued dividends	Acquisitions/ (disposals)	Changes in consolidated shareholders' equity of associates	Consolidated value at 31-12-13	Quoted market value at 31-12-13
Acerinox, S.A.	670,920	5,231	(26,169)	(3,081)	(25,190)	621,711	558,870
ACS, Actividades de Construcción y Servicios, S.A.	911,949	121,542	(83,433)	(112,378)	48,238	885,918	1,283,675
Antevenio, S.A.	3,408	(1,142)	-	(276)	-	1,990	2,715
Clínica Baviera, S.A.	36,685	978	(325)	-	67	37,405	34,118
Ebro Foods, S.A.	188,252	10,893	(7,575)	-	(2,184)	189,386	215,068
Indra Sistemas, S.A.	274,550	13,116	(6,318)	-	(2,477)	278,871	225,927
Prosegur, Compañía de Seguridad, S.A.	176,255	-	-	(176,255)	-	-	-
Total	**2,262,019**	**150,618**	**(123,820)**	**(291,990)**	**18,454**	**2,015,281**	**2,320,373**

CONSOLIDATED FINANCIAL STATEMENTS

Changes in ACS, Actividades de Construcción y Servicios, S.A. shareholders' assets in 2014 and 2013 relate to changes in the value of available-for-sale financial assets, adjustments for translation differences and change in treasury shares. Changes in the consolidated shareholders' equity of the remaining associates relate, mainly, to adjustments to the valuation of available-for-sale financial assets and hedging transactions and to translation differences (Note 12).

The amounts recognised under "Profit/(loss) on disposal of financial assets and other assets" in the consolidated income statement for 2014 include the sale of 2.42% of ACS, Actividades de Construcción y Servicios, S.A. for 234,938 thousand euros, generating a capital gain of 104,114 thousand euros.

The amounts recognised under "Profit/(loss) on disposal of financial assets and other assets" in the consolidated income statement for 2013 included the sale of: 10.01% of the share capital of Prosegur, Compañía de Seguridad, S.A. for 269,125 thousand euros, generating a capital gain of 89,210 thousand euros; 2% of ACS, Actividades de Construcción y Servicios, S.A. for 146,224 thousand euros generating a capital gain of 33,655 thousand euros; 0.7% of Acerinox, S.A. for 7,091 thousand euros, generating a loss of 2,124 thousand euros; and of 1.8% of Antevenio, S.A. for 261 thousand euros generating a loss of 9 thousand euros.

Key information on the companies included in this item is shown below:

	Assets		Liabilities			
	Current	Non-current	Current	Non-current	Turnover	Consolidated profit/(loss)
Acerinox, S.A.						
2014	2,159,123	2,270,430	1,293,760	1,279,665	4,380,289	136,329
2013	1,790,904	2,200,066	1,447,136	990,609	3,966,278	22,068
ACS, Actividades de Construcción y Servicios, S.A.						
2014	25,319,859	14,000,876	24,887,894	9,534,953	34,880,860	717,090
2013	25,553,787	14,411,592	23,152,958	11,323,513	35,177,951	701,541
Ebro Foods, S.A.						
2014	1,028,292	2,131,901	716,219	564,544	2,120,722	151,638
2013	841,113	1,931,567	532,386	512,031	1,956,647	132,759
Indra Sistemas, S.A.						
2014	2,275,216	1,206,053	1,615,808	911,887	2,937,885	(91,908)
2013	2,574,357	1,290,514	1,692,883	1,037,326	2,914,073	115,822
Clínica Baviera, S.A.						
2014	16,679	32,360	15,478	13,356	82,621	4,055
2013	16,734	31,544	14,518	8,415	79,976	4,887
Bolsas y Mercados Españoles, S.A.						
2014	33,782,639	165,877	33,511,386	18,199	332,901	164,924
2013	38,739,676	164,231	38,493,987	17,534	302,273	143,140
Viscofan, S.A.						
2014	463,721	413,178	201,166	99,866	687,063	106,452
2013	378,712	411,963	174,428	94,830	660,201	101,520

Notifications of changes in shareholdings:

Acquisitions, movements and transfers of shareholding in the share capital of companies have been notified in accordance with applicable laws and regulations.

In 2014 the Group reported to:

ACS, Actividades de Construcción y Servicios, S.A. that the Company had sold an equity interest of	2.42%
Ebro Foods, S.A. that the Company had acquired an equity interest of	1.80%
Indra Systems, S.A. that the Company had acquired an equity interest of	1.21%
Bolsas y Mercados Españoles, S.A. that the Company had acquired an equity interest of	8.28%
Viscofán, S.A. that the Company had acquired an equity interest of	6.79%

In 2013 the Group reported to:

ACS, Actividades de Construcción y Servicios, S.A. that the Company had sold an equity interest of	2.00%
Prosegur, Compañía de Seguridad, S.A. that the Company had sold an equity interest of	10.01%

8. Financial assets at fair value through profit or loss

Investments recorded under this item at 31 December 2014 and 2013 are detailed below:

Long-term unlisted	2014	2013
Mecalux, S.A.	24.38	24.38
Pepe Jeans, S.L.	-	12.13
Grupo Empresarial Panasa, S.L.	26.48	26.36
Ros Roca Environment, S.L.	17.36	17.36
Grupo Empresarial Flex, S.A.	19.75	19.75
Siresa Campus, S.A.	17.44	17.44
Ocibar, S.A.	21.66	21.66
EnCampus Residencias de Estudiantes, S.A.	32.75	32.75
C. E. Extremadura, S.A.	2.55	2.55
Antevenio, S.A.	14.54	-

Movements in 2014 and 2013 were as follows:

Balance at 1-1-2013	208,802
Additions	36,812
Retirements	(579)
Provisions	(1,351)
Balance at 31-12-2013	**243,684**
Additions	2,599
Retirements	(405)
Transfers	(79,005)
Change in fair value	109,839
Balance at 31-12-2014	**276,712**

Additions in 2014 correspond to capital increases in Mecalux and in EnCampus Residencias de Estudiantes, S.A., while transfers correspond to the transfer of the investment in Pepe Jeans, S.L. to "Non-current assets held for sale" and the transfer to this heading of the investment in Antevenio, S.A. from "Investments in associates".

In 2014 fair value of investments was calculated using the discounted cash flow method. In the case of Ocibar, S.A., fair value was calculated using same assumptions as in the initial investment, updated in some cases with assumptions used in the model used by the lending banks, using a discount rate of 11% per year and including the flows until the value of the last concession, with no terminal value, and coinciding with the acquisition cost. The assumptions used for the other investments were:

	Ros Roca Environment, S.L.	Mecalux, S.A.	Siresa Campus, S.A.	Grupo Empresarial Panasa, S.L.	Grupo Empresarial Flex, S.A.	EnCampus Residencias de Estudiantes, S.A.
Perpetual growth rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Discount rate	9.0%	9.3%	7.9%	8.6%	8.3%	7.9%

In 2014 a change of +0.5% or -0.5% in the assumptions used to calculate the fair value would have had the following impact on value:

	Ros Roca Environment,S.L.	Mecalux, S.A.	Siresa Campus, S.A.	Grupo Empresarial Panasa, S.L.	Grupo Empresarial Flex, S.A.	EnCampus Residencias de Estudiantes, S.A.	Ocibar, S.A.
Discount rate							
+ 0.5%	-16.1%	-7.9%	-10.5%	-10.1%	-8.9%	-9.9%	-3.3%
- 0.5%	18.5%	9.0%	12.4%	11.7%	10.4%	11.8%	3.5%
Perpetual growth rate							
+ 0.5%	13.4%	5.0%	9.4%	8.6%	7.7%	8.9%	-
- 0.5%	-11.6%	-4.4%	-7.9%	-7.3%	-4.0%	-7.5%	-

In 2013 the interests in EnCampus Residencias de Estudiantes, S.A. and in Lazora Alojamientos, S.A. were recognised at their acquisition cost, as the best estimate of their fair value given it recent set up and acquisition. The fair value of the rest of investments was calculated using the discounted cash flow method. Given that differences in the valuation ranges obtained when determining the fair value in 2013 compared to the previous year were not significant, the previous year's value was maintained. In the case of Ocibar, S.A., the fair value was calculated using same assumptions as in the initial investment, updated in some cases with assumptions used in the model used by the lending banks, using a discount rate of 12% per year and including the flows until the value of the last concession, with no terminal value, and coinciding with the acquisition cost. In the case of Ros Roca Environment, S.L., Pepe Jeans, S.L., Mecalux, S.A., Grupo Empresarial Panasa, S.L. and Grupo Empresarial Flex, S.A., the following assumptions were used:

	Ros Roca Environment, S.L.	Mecalux, S.A.	Pepe Jeans, S.L.	Grupo Empresarial Panasa, S.L.	Grupo Empresarial Flex, S.A.
Perpetual growth rate	2.0%	2.0%	1.5%	2.0%	2.0%
Discount rate	9.1%	9.5%	7.8%	9.2%	10.7%

In 2013 a change of +0.5% or -0.5% in the assumptions used to calculate the fair value would have had the following impact on value:

	Ros Roca Environment, S.L.	Mecalux, S.A.	Grupo Empresarial Panasa, S.L.	Grupo Empresarial Flex, S.A.	Ocibar, S.A.
Discount rate					
+ 0.5%	-10.1%	-7.4%	-13.8%	-8.1%	-3.6%
- 0.5%	15.4%	8.5%	15.8%	9.1%	3.7%
Perpetual growth rate					
+ 0.5%	11.6%	6.0%	11.1%	6.1%	-
- 0.5%	-6.7%	-5.3%	-9.7%	-5.4%	-

9. Other non-current financial assets and liabilities

The composition of these items at 31 December 2014 and 2013 is as follows:

	2014	2013
Other non-current financial assets		
Loans to third parties	146,871	145,032
Guarantees received from customers	1,818	1,754
Other investments	14	13
Balance at 31 December	**148,703**	**146,799**
Other non-current financial liabilities		
Guarantees given to public bodies	**1,945**	2,027

Loans to third parties mainly relate to the fair value of the loan granted to Grupo Bergé.

In March 2010 the debtor signed a refinancing agreement with a syndicate of institutions including Alba Participaciones, S.A. with the following changes being made:

- Interests are payable quarterly based on 3-month Euribor, the spread being 100 basis points for the first 5 years, 140 basis points for the following 5 years and 180 basis points for the remaining years. The initial rate was 1.70%.

- Schedule of payments starts in 2019 at a rate of 5 million euros per year. This loan is expected to be repaid mainly through a cash sweep mechanism, consisting of distributing the surplus of cash flows among the different types of debt in a pre-established order.

During 2014 and 2013 the debtor continued to meet the contractually established schedule of payments (related to interests).

10. Trade and other receivables

The composition of this item at 31 December 2014 and 2013 is detailed below:

	2014	2013
Accrued and unpaid dividends	15,564	22,882
Corporate income tax withheld and instalment payments	102,201	59,291
Sundry receivables	2,617	1,978
Prepaid expenses	48	48
Trade receivables	54	38
Balance at 31 December	**120,484**	**84,237**

11. Cash and cash equivalents

The composition of this item at 31 December 2014 and 2013 is detailed below:

	2014	2013
Cash	14,432	309,725
Deposits and short-term investments	478,038	293,235
Balance at 31 December	**492,470**	**602,960**

Short-term deposits and investments are readily convertible into cash and are not exposed to exchange rate risk. The components of this item accrue a floating rate interest based on the interbank rate.

12. Shareholders' equity

At 31 December 2014 and 2013, the Company's issued share capital was represented by 58,300,000 fully paid bearer shares with a par value of 1 euro each, all of which were publicly traded (Stock Exchange Interconnection System, SIBE).

At the Annual General Meeting held on 11 June 2014, shareholders of Corporación Financiera Alba, S.A. granted the Board of Directors authority to increase share capital one or more times up to a maximum of 50% of the share capital, against cash contributions, within a maximum period of five years. This authority has not been exercised to date.

Corporación Financiera Alba, S.A. is part of the Banca March group. Banca March, S.A. is controlled by Juan, Carlos, Gloria and Leonor March Delgado, who jointly control 100% of Banca March S.A.'s share capital, without any one of them doing so individually as a result of either their shareholding or any agreement among them.

At the end of the period Banca March, S.A. and its shareholders jointly controlled (Concerted Action) 68.74% of Corporación Financiera Alba, S.A. Another interest above 3% disclosed to the CNMV at 31 December is the one held by Juan March de la Lastra, who has a 4.962% stake.

"Retained earnings" includes the following reserves in companies accounted under the equity method:

	2014	2013
Treasury shares	(28,658)	(10,736)
Translation differences	7,401	(77,624)
Valuation of financial instruments	7,767	4,142
Change in scope of consolidation and other changes	(79,046)	(74,743)
Total	**(92,536)**	**(158,961)**

The above amount, except the one related to treasury shares, may be reclassified to the consolidated income statement, therefore it has been decided not to modify the structure of the consolidated statement of comprehensive income.

Movements in Alba's treasury shares in 2014 and 2013 were as follows:

	No. of shares	Percentage of share capital	Average acquisition price (euros/share)	€'000
At 31 December 2012	**68,429**	**0.12%**	**40.29**	**2,757**
Sales	(3,923)	(0.01%)	40.29	(158)
At 31 December 2013	**64,506**	**0.11%**	**40.29**	**2,599**
Sales	(4,608)	(0.01%)	40.29	(186)
At 31 December 2014	**59,898**	**0.10%**	**40.29**	**2,413**

Basic earnings per share are calculated dividing the net profit for the year attributable to the ordinary shareholders of the parent company by the average number of shares outstanding in the financial year.

Diluted earnings per share are calculated dividing the net profit for the year attributable to the ordinary shareholders of the Parent Company by the average number of shares outstanding in the financial year, adjusted by the average number of ordinary shares that would have been outstanding assuming the conversion of all the potential ordinary shares into ordinary shares. As there are no financial instruments of this nature, the basic earnings per share and diluted earnings per share are the same.

	2014	2013
Profit/(loss) attributable to ordinary shareholders of the parent company		
Continuing activities	241,328	226,917
Discontinued activities	-	-
Profit/(loss) attributable to ordinary shareholders of the parent company for calculation of basic earnings	241,328	226,917
Attributable to holders of financial instruments convertible into ordinary shares	-	-
Profit/(loss) attributable to ordinary shareholders of the parent company adjusted for dilution effect	241,328	226,917

	2014	2013
Average number of ordinary shares for calculation of basic earnings per share (*)	58,235,595	58,231,571
Dilution effect	-	-
Average number of ordinary shares adjusted for dilution effect (*)	58,235,595	58,231,571

(*) The average number of shares takes into account the weighted effect of changes in treasury shares in the financial year.

No transactions involving ordinary shares or potentially ordinary shares have taken place between the balance sheet date and the date on which these consolidated financial statements were prepared.

13. Capital management policy

Alba manages its capital with the objective to provide its subsidiaries with sufficient economic resources to carry out their activities. Besides managing the capital required to cover the risks incurred in its activity in a rational and objective manner, Alba also seeks to maximise the return to shareholders by maintaining an appropriate balance of equity and debt.

Alba's gearing ratio at year-end 2014 and 2013 was as follows:

	2014	2013
Bank borrowing	435,788	347,314
Cash and cash equivalents	(492,470)	(602,960)
Total net debt	**(56,682)**	**(255,646)**
Shareholders' equity	3,120,622	2,951,120
Shareholders' equity + net debt	3,063,940	2,695,474
Gearing ratio	**Not applicable**	**Not applicable**

14. Provisions

Movements in provisions during 2014 and 2013 were as follows:

	2014	2013
Balance at 1 January	**421**	**35**
Allocations	-	421
Uses	(121)	(35)
Balance at 31 December	**300**	**421**

15. Trade and other payables

The composition of this item at 31 December 2014 and 2013 is detailed below:

	2014	2013
Trade payables	1,549	5,012
Accrued wages and salaries	1,916	3,131
Current tax liabilities (note 19)	651	492
Accruals and deferred income	289	333
Balance at 31 December	**4,405**	**8,968**

In relation to Law 15/2010 of 5 July, amending Law 3/2004 of 29 December, which establishes measures to combat delinquency in commercial transactions, the group states that at 31 December 2014 and 2013 there are, and were, no balances payable to suppliers pending beyond the legal period for payment.

16. Amounts owed to credit institutions

Current

Current bank borrowings have annual maturity and their breakdown are as follows:

	At 31/12/2014		At 31/12/2013	
Bank	Maturity	Balance drawn	Maturity	Balance drawn
Credit lines				
BBVA	09/07/15	200,000		
Banca March		-	18/06/14	59,814
		200,000		59,814
Current borrowings				
Credit Agricole		-	20/06/14	212,500
	Subtotal	-	Subtotal	272,314
Non-current borrowings				
Deutsche Bank		-	12/06/15	75,000
	Subtotal	-	Subtotal	75,000
	Total	**-**	**Total**	**347,314**
Limit on credit lines granted		200,000		270,000

On 6 January 2015 a loan of 235,788 thousand was cancelled.

As a general rule, interests are payable quarterly, the benchmark index being the Euribor plus a market spread.

17. Valuation at fair value

Breakdown of assets and liabilities and their valuation hierarchy at fair value at 31 December 2014 are as follows:

	Valuation at fair value			
	Total	Listed price in active markets (Level 1)	Observable significant inputs (Level 2)	Unobservable significant inputs (Level 3)
Assets valued at fair value				
Investment properties (Note 5)	204,905	-	-	204,905
Financial assets at fair value through profit or loss (Note 8)	278,831	-	-	278,831
Non-current assets held for sale	81,000	-	-	81,000
Assets whose fair value is known				
Investments in associates (Note 7) (1)	2,214,655	2,214,655	-	-
Other financial assets (Note 9)	146,584	-	-	146,584
Trade and other receivables (Note 10)	120,484	-	-	120,484
Cash and cash equivalents (Note 11)	492,470	-	-	492,470

(1) This fair value is not the value used for impairments

And in 2013:

	Valuation at fair value			
	Total	Listed price in active markets (Level 1)	Observable significant inputs (Level 2)	Unobservable significant inputs (Level 3)
Assets carried at fair value				
Investment properties (Note 5)	200,420	-	-	200,420
Financial assets at fair value through profit or loss (Note 8)	243,684	-	-	243,684
Assets whose fair value is known				
Investments in associates (Note 7) (1)	2,320,373	2,320,373	-	-
Other financial assets (Note 9)	146,779	-	-	146,779
Trade and other receivables (Note 10)	84,237	-	-	84,237
Cash and cash equivalents (Note 11)	602,960	-	-	602,960

(1) This fair value is not the value used for impairments

	Valuation at fair value			
	Total	Listed price in active markets (Level 1)	Observable significant inputs (Level 2)	Unobservable significant inputs (Level 3)
Liabilities valued at fair value				
Long-term bank borrowings (Note 16)	75,000	-	75,000	-
Liabilities whose fair value is known				
Short-term bank borrowings (note 16)	272,314	-	272,314	-

There was no asset or liability moved from Level 1 to Level 2 during the 2013 financial year.

18. Risk management objectives and policies

The Board of Directors of Corporación Financiera Alba, S.A. has formulated the following risk management and control policy for the Parent Company and its subsidiaries:

1. Types of risks the Company faces

Corporación Financiera Alba, S.A. engages in two types of activities: (i) investments in listed and unlisted companies, and (ii) investment in office buildings for leasing purposes.

The most significant common risk of the investee companies is the risk inherent to their own business and market, but also, if they are listed, to changes in the share price.

The risks with respect to investment properties are: loss of income if the buildings are unoccupied; changes in long-term interest rates; accidental damage; default; and changes in market value.

Based on the abovementioned activities, the main risks affecting the Company can be grouped in the following categories:

1.1. Cash flow interest rate risk

The group is exposed to cash flow interest rate risk mainly through bank borrowings. Alba's policy is to allocate financing between short and long-term and fixed and floating-rate, according to the financial situation at any given time.

1.2. Exchange rate risk

Currently, Alba's activity is not affected by any significant exchange rate risk.

1.3. Market risk

Stock market risk affects the most important asset of the Company's balance sheet, namely investments in listed companies. These investments are, and are expected to continue, long-term investments; therefore their hedging would not be financially viable. In some cases, the Company also uses derivatives on listed shares.

Investment properties are affected by changes in market value, which the Company monitors through annual reports prepared by independent experts.

1.4. Credit risk

This credit risk arises, basically, from the possibility of lessors, occupying the properties belonging to the Group, to breach their obligations under the lease agreement. Nevertheless, it is the Group's policy to do business exclusively with financially strong entities.

There is also counterparty risk in transactions with derivatives on listed shares. Such transactions are executed exclusively with highly solvent and reputable counterparties.

This credit risk also arises from the possibility of credit institutions holding the Company's cash deposits, as a result of its liquidity management, fail to return the deposits.

1.5. Liquidity risk

The Company's liquidity management is based on short-term financial instruments and cash positions, enabling the Company to meet its liquidity needs.

2. Risk mitigation measures

The most important asset on the Company's consolidated balance sheet is the investments in investee companies. The Company oversees its investees by monitoring both their business activity and performance (being present in some cases on their Boards of Directors and sometimes on their Executive Committees, Audit Committees and Nomination and Remuneration Committees) and their share price performance (in the case of those that are publicly traded).

With regard to investment properties, the Group covers the risk mentioned previously by dealing exclusively with highly solvent tenants and making sure an analysis of the customer's ability to meet their obligations is done before entering into any business relationship. In addition, appropriate contractual provisions are included in the lease agreement, as well as guarantees from tenants, mark-to-market rents in long term leases, and insurance policies covering damage and third-party liability, on a yearly basis. Lastly, the Company continuously monitors its lease receivables, so that the risk of arrears is never significant, and carries out annual appraisals to track the market value.

With regard to the risk related to the refund of fixed term deposits held in credit institutions, the Group deals exclusively with institutions holding a minimum rating.

3. IT and internal audit systems

The Company has organisational resources to monitor and control risks and ensure legal compliance, notably a financial department, a legal department and a tax department. Each of these departments monitor risks and internal and external regulatory compliance in its particular area.

The Company also has processes for identifying and controlling its main operational, financial and legal risks. These processes are duly documented in operational policies and instruction manuals. The Company has an integrated IT system enabling to prepare timely and reliable financial information and operational data needed to manage its businesses effectively. The Company's budgeting system allows to set quantitative objectives in advance within a strategic framework, and to analyse the causes of any significant deviations between actual and budgeted results.

In addition, the Board Regulation commissions the Secretary with a duty to ensure that the Company acts, in form and substance, within the law and in accordance with its Articles of Association and that its internal procedures and rules of governance are respected.

One of the Audit Committee's tasks is to ensure that the Company has an effective system of internal supervision to guarantee compliance with applicable laws and regulations and to verify that the necessary procedures are in place to ensure that managers and employees comply with internal regulations. Audit Committee meetings are attended, when required, by the Company's finance director, who is responsible for internal control and who reports to the committee on this matter.

Lastly, the Company has an Internal Audit Service as a tool for the proper performance of the functions entrusted to the Board of Directors and the Audit Committee in relation to risk control and management and monitoring of internal information and control systems. In this sense, Internal Audit contributes to the improvement and, where applicable, to the formal establishment of internal procedures and, through specific audits, supervises compliance with such procedures. An SCIIF ("Sistema de Control Interno de Información Financiera" System of Internal Control over Financial Reporting) Manual was prepared during 2013 and forms part of the Group's system of risk management and control.

19. Tax matters

Corporación Financiera Alba, S.A., together with Alba Participaciones, S.A.U., Balboa Participaciones, S.A.U., Deyá Capital, S.C.R. de Régimen Simplificado, S.A.U., Artá Capital, S.G.E.C.R., S.A. and Artá Partners, S.A. are taxed as a corporate group.

The tax expense for the financial years ended 31 December 2014 and 2013 breaks down as follows:

	2014	2013
Consolidated income statement		
Corporate income tax for the year		
Corporate income tax expense for the year	27,810	41,646
Adjustment to corporate income tax expense for prior years	115	338
Deferred tax		
Related to the origin and temporary differences reversal	33,118	1,282
Income tax expense recorded in the income statement	61,043	43,266
Consolidated statement of comprehensive income		
Deferred tax in respect of items debited or credited directly to equity in the financial year	-	-

The reconciliation between the corporate income tax expense and the product of the profit resulting from the income statement and the tax rate applicable to Alba for the financial years ended 31 December 2014 and 2013 is as follows:

	2014	2013
Net profit before taxes from continuing operations	302,928	271,162
Net profit before taxes from discontinued operations	-	-
Net profit before taxes	302,928	271,162
Consolidation differences	(189,840)	6,989
Permanent differences	103,180	6,779
Tax payable at 30%	64,880	85,479
Adjustments related to previous years current tax liabilities	383	1,127
Application of previously unrecognised tax losses	-	-
Non-deductible expenses:		
Impairment of goodwill	-	-
Change in contingent payments on acquisition	-	-
Other non-deductible expenses	-	-
Tax payable at 30%	115	338
Deductions	(37,070)	(42,551)
Change in deferred tax assets and liabilities and change in tax rates	33,118	-
Tax expense recorded in the consolidated income statement	61,043	43,266
Income tax attributable to discontinued operations	-	-

The main consolidation differences correspond to the share in the income statement of the associates, to dividends received from associates and to the difference in the cost of associates.

The movement in deferred tax assets and liabilities is as follows:

	31/12/2014	Additions/ (Derecognitions)	31/12/2013	Additions/ (Derecognitions)	31/12/2012
Deferred tax assets					
Due to impairment of financial assets	-	(14,119)	14,119	(2,211)	16,330
Tax credits from loss carryforwards and deductions pending application	-	(15,912)	15,912	(42)	15,954
Retirement plan and other expenses	1,077	(4,561)	5,638	115	5,523
Due to valuation adjustments against equity	-	(5,414)	5,414	405	5,009
Total deferred tax assets	**1,077**		**41,083**		**42,816**
Deferred tax liabilities					
Due to capital gain on investments	28,931	(4,286)	33,217	(3,015)	36,232
Total deferred tax liabilities	**28,931**		**33,217**		**36,232**

The profits of the companies taxed as a corporate tax group which the Group has opted to reinvest and whose expiry date has not yet been reached are as follows:

	Profits opted for reinvestment (article 42 of the L.I.S)	Sale amount	Year of reinvestment	Expiry date of investment term
2013	132,605	269,125	2014	2019
2011	287,396	535,160	2011, 2012 and 2013	2018

At 31 December 2014 and 2013 the consolidated tax group had no unused tax losses. The unused deductions are as follows:

Year of expiry	2014	2013
2023	6,642	15,912
Total	**6,642**	**15,912**

Tax inspections of the years 2007, 2008 and 2009 were completed in 2013 and the returns for those periods were found to be almost entirely correct. The tax returns for 2010 onward remain open to inspection. Any additional tax liabilities that may arise as a result of these inspections are not expected to be material.

The amount shown in Note 15 "Current tax liabilities" under the "Trade and other payables" heading breaks down as follows:

	2014	2013
Personal income tax	400	333
VAT and others	184	98
Social security contributions	67	61
Total	**651**	**492**

20. Workforce

The average number of employees during each year, by category, was as follows:

	2014			2013		
	Men	Women	Total	Men	Women	Total
Executive Directors and Senior Managers	11	-	11	11	-	11
Department heads	10	-	10	10	-	10
Administrative staff and others	14	17	31	14	18	32
Total	**35**	**17**	**52**	**35**	**18**	**53**

The number of employees at the end of each year, by category, was as follows:

	2014			2013		
	Men	Women	Total	Men	Women	Total
Executive Directors and Senior Managers	11	-	11	11	-	11
Department heads	11	-	11	10	-	10
Administrative staff and others	14	18	32	14	18	32
Total	**36**	**18**	**54**	**35**	**18**	**53**

21. Segment information

The following tables provide information about the income, profit or loss, assets and liabilities of the operating segments for the years ended 31 December 2014 and 2013.

There were no transactions between segments.

CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of euros)	Property leases	Investments in securities	Total Group
Segment information 2014			
Direct segment income and expenses			
Lease income and other items	12,836		12,836
Profit from disposals		104,039	104,039
Share of profit / (loss) in associates		148,580	148,580
Increase / (decrease) in fair value	1,965	111,958	113,923
Other direct segment operating expenses	(3,203)		(3,203)
Segment profit / (loss)	**11,598**	**364,577**	**376,175**
Income and expenses not allocated to segments			
Impairment			(70,236)
Staff costs			(11,725)
Other operating expenses			(4,854)
Depreciation and amortisation			(925)
Other gains / (losses)			133
Net financial income			14,360
Profit / (loss) before taxes and minority interests			**302,928**
Corporate income tax			(61,043)
Minority interests			(557)
Net profit for the year			**241,328**
Assets and liabilities			
Assets of the segment	206,722	2,493,486	2,700,208
Unassigned assets			848,107
Total assets			**3,548,315**
Liabilities of the segment	1,945		1,945
Unassigned liabilities			469,424
Total liabilities			**471,369**

(In thousands of euros)	Property leases	Investments in securities	Total Group
Segment information 2013			
Direct segment income and expenses			
Lease income and other items	12,861		12,861
Profit from disposals		120,729	120,729
Share of profit / (loss) in associates		150,618	150,618
Increase / (decrease) in fair value	(5,476)		(5,476)
Other direct segment operating expenses	(3,236)		(3,236)
Segment profit / (loss)	**4,149**	**271,347**	**275,496**
Income and expenses not allocated to segments			
Staff costs			(12,759)
Other operating expenses			(4,342)
Depreciation and amortisation			(943)
Other gains / (losses)			129
Net finance income			13,581
Profit / (loss) before taxes and minority interests			**271,162**
Corporate income tax			(43,266)
Minority interests			(979)
Net profit for the year			**226,917**
Assets and liabilities			
Assets of the segment	202,175	2,258,965	2,461,140
Unassigned assets			882,353
Total assets			**3,343,493**
Liabilities of the segment	2,027		2,027
Unassigned liabilities			389,920
Total liabilities			**391,947**

Alba operates only in Spain and so is considered a single geographical segment.

22. Other income and expenses

The following tables show the composition of the various items included under this heading in 2014 and 2013.

a) Staff costs

	2014	2013
Salaries and wages	9,335	10,482
Compensations	-	5
Employer's social security contributions	665	648
Alternative pension plan systems	1,402	1,296
Insurance premiums	228	229
Other employee welfare costs	95	99
Balance at 31 December	11,725	12,759

b) Financial income

	2014	2013
Dividends	3,340	2,212
Gain / (loss) on derivatives	1,500	578
Interests	12,832	16,805
Management fee	1,763	2,041
Balance at 31 December	19,435	21,636

c) Change in the fair value of financial instruments

At the end of the 2014 reporting period, this item corresponded to the change in fair value of the items recorded under "Financial assets at fair value through profit or loss".

At the end of the 2013 reporting period, this item also included the symmetric, positive and negative change in fair value at 31 December 2013 and 2012 of the contracts entered into with Credit Agricole and Deutsche Bank (Note 16), according to the information provided by the financial institution itself, amounting to 32,360 thousand euros in 2013 and 72,885 thousand euros in 2012 for the contracts with Credit Agricole, and 37,691 thousand euros in 2013 and 15,928 thousand euros in 2012 for the contracts with Deutsche Bank.

23. Related parties

In 2014 the following transactions were carried out:

Description of the transaction	Amount	Related party
With significant shareholders of the company		
Interest on loans	551	Banca March
Services	319	Banca March
Dividend	18,307	Banca March Group concerted action
Sale of a premise	3,650	Proprietary director
With other related parties		
Dividends and other distributions	99,998	ACS, Acerinox, Indra, Ebro, Clínica Baviera, BME and Viscofan
Insurance premiums brokered	1,481	March JLT
Insurance premiums	613	March Vida
Operating lease agreements	299	Other
Cooperation agreements	300	Fundación Juan March

In 2013 the following transactions were carried out:

Description of the transaction	Amount	Related party
With significant shareholders of the company		
Interests on loans	1,623	Banca March
Services	326	Banca March
Financing agreements and loans	120,000	Banca March (balance drawn at 31-12 Note 17)
Deferred taxation	60,000	Banca March
Dividend	19,764	Banca March Group concerted action
With other related parties		
Dividends and other distributions	123,820	ACS, Acerinox, Indra, Prosegur, Ebro and Clínica Baviera
Insurance premiums brokered	1,733	March JLT
Insurance premiums	252	March Vida
Operating lease contracts	301	Other
Cooperation agreements	300	Fundación Juan March

24. Share option scheme

On 11 June 2014 the Annual General Meeting of Alba approved a share option scheme for executive directors and senior managers of the Company. The scheme lasts for three years. The features of the scheme are as follows:

a) The Company has granted the beneficiaries options that will give the right to acquire shares of Corporación Financiera Alba, S.A. after a period of three years from the scheme approval date has elapsed.

b) The beneficiaries of this option scheme are the executive directors and senior managers of Corporación Financiera Alba, S.A.

c) The maximum number of shares to be delivered under this scheme will be 635,000.

d) The options are non-transferable except upon the death of the beneficiary.

e) The exercise price of each option will be the closing market price of shares in Corporación Financiera Alba, S.A. on the last day of the scheme, less the difference between the final settlement value and the initial settlement value of Alba shares. At the beneficiary's discretion, options may also be settled wholly or partly by the Company paying the beneficiary the difference between the final settlement value and the initial settlement value of the shares in Corporación Financiera Alba, S.A., up to a maximum of 20 euros per share. It is expected that the beneficiaries will opt to receive cash, so at the end of each accounting period the Company will estimate the corresponding financial liability, where necessary.

f) The options were granted for at no cost.

At 31 December 2014 no liability was recognised in respect of this scheme. At 31 December 2013 a liability of 1,276 thousand euros was recognised in respect of the previous scheme.

25. Directors' and senior managers' remuneration

The Company and its subsidiaries have recorded the following remuneration earned by the members of the Board of Directors, totalling 13 at 31 December 2014, and by the senior managers of Corporación Financiera Alba, S.A.:

	2014				
			Directors' remuneration		Alternative pension plan systems and insurance
	No. of people	Salaries and other	Alba	Group companies	
Proprietary directors	3	-	292	-	14
Independent non-executive directors	6	-	262	-	-
Executive directors	5	2,216	200	100	719
Senior management	4	1,825	-	48	345

	2013				
			Directors' remuneration		Alternative pension plan systems and insurance
	No. of people	Salaries and other	Alba	Group companies	
Proprietary directors	4	-	304	-	32
Independent non-executive directors	7	-	226	-	-
Executive directors	5	1,631	200	100	908
Senior management	4	1,357	-	48	(62)

In 2014 and 2013 no advances or loans were granted to directors or senior managers.

The remuneration earned in 2014 and 2013 by each director is as follows:

2014	Remuneration		Alba Group companies	Total remuneration	Pension plan contribution	Insurance premiums
	Fixed	Variable				
Ampuero Osma, José Domingo	-	-	40	40	-	-
Brookes, Nicholas	-	-	50	50	-	-
Carné Casas, Ramón	450	-	40	490	-	-
Del Caño Palop, José Ramón	169	203	40	412	154	8
Garmendia Mendizábal Cristina	-	-	46	46	-	-
March de la Lastra, Juan	151	529	40	720	143	8
March Delgado, Carlos	-	-	124	124	-	6
March Delgado, Juan	-	-	118	118	-	8
March Juan, Juan	64	53	40	157	44	-
Martínez-Conde Gutiérrez-Barquín, Santos	90	507	140	737	352	10
Moranchel Fernández, Regino	-	-	46	46	-	-
Moraleda Martínez, Amparo	-	-	50	50	-	-
Nieto de la Cierva, José	-	-	50	50	-	-
Ruiz-Gálvez Priego, Eugenio	-	-	30	30	-	-
Total Board of Directors	**924**	**1,292**	**854**	**3,070**	**693**	**40**

2013	Remuneration		Alba Group companies	Total remuneration	Pension plan contribution	Insurance premiums
	Fixed	Variable				
Ampuero Osma, José Domingo	-	-	30	30	-	-
Brookes, Nicholas	-	-	56	56	-	-
Carné Casas, Ramón	449	-	40	489	-	-
Del Caño Palop, José Ramón	165	85	40	290	138	7
Fernández Barreiro, Isidro	-	-	12	12	-	18
Garmendia Mendizábal Cristina	-	-	12	12	-	-
March de la Lastra, Juan	176	244	40	460	455	7
March Delgado, Carlos	-	-	118	118	-	6
March Delgado, Juan	-	-	124	124	-	8
March Juan, Juan	48	45	40	133	36	-
Martínez-Conde Gutiérrez-Barquín, Santos	239	180	140	559	255	10
Moranchel Fernández, Regino	-	-	32	32	-	-
Moraleda Martínez, Amparo	-	-	50	50	-	-
Nieto de la Cierva, José	-	-	50	50	-	-
Ruiz-Gálvez Priego, Eugenio	-	-	12	12	-	-
Serra Farré, José María	-	-	34	34	-	-
Total Board of Directors	**1,077**	**554**	**830**	**2,461**	**884**	**56**

In compliance with Law 31/2014 amending articles 227, 228, 229 and 231 of the Law on Corporations (LSC) to improve corporate governance, the directors of Alba have informed the Company that, during the year ended 31 December 2014, they had no interests which might conflict with those of Alba and, to the best of their knowledge, having made enquiries with all due diligence, no party related to them had any interests which might conflict with those of Alba.

26. Auditors' remuneration

Fees payable to Ernst & Young in 2014 totalled 74 thousand euros, of which 20 thousand were for internal auditing advice, and the rest for the auditing of individual and consolidated annual accounts of Alba and subsidiaries for 2014. The fees paid in 2013 totalled 82 thousand euros, of which 23 thousand were for other services and the rest for the auditing of individual and consolidated annual accounts of Alba and subsidiaries for 2013.

27. Statement of cash flows

The cash flow statement has been prepared in accordance with International Accounting Standard 7.

The statement is divided into three sections:

- Net cash flows from operating activities: this includes operational cash flows of all businesses managed by the Group.
- Net cash flows from investing activities: this includes cash inflows and outflows related to investments in long-term assets and acquisitions and disposals of equity instruments issued by other entities.
- Net cash flows from financing activities: this includes cash flows used in the purchase of own shares, inflows of cash from external sources of funding and outflows of cash for repayment of external funding and payment of dividends.

28. Post-closing events

The following significant events have taken place after 31 December 2014:

Since the end of the 2014 reporting period, Alba has sold 4,171,734 shares in ACS, representing 1.33% of its share capital, for 131.3 million euros, generating a pre-tax capital gain of 63.7 million euros. Following this transaction, Alba now holds 12.56% of this company's share capital.

On 26 February Alba sold, via an accelerated placement, 8,100,000 shares in Acerinox, representing 3.10% of its share capital, for 118.3 million euros. The capital gain generated on this operation totalled 27.3 million euros. Following this transaction, Alba now holds 19.99% of this company's share capital.

On 6 February, Alba, via its investment vehicle, Deyá Capital, reached an agreement to sell its 12.0% shareholding in Pepe Jeans, together with those of the company's other shareholders. This sale is subject to approval from the competition authorities.

29. Explanation added for translation to English

These consolidated financial statements are presented on the basis of accounting principles generally accepted in Spain and may not conform with generally accepted accounting principles in other countries.

MANAGEMENT REPORT

OF CORPORACIÓN FINANCIERA ALBA, S.A.
AND SUBSIDIARIES FOR 2014

MANAGEMENT REPORT

1. Company business and financial position

The consolidated financial statements at 31 December 2014 give a true and fair view of the Group's assets and liabilities and financial position and of the results of its operations, changes in equity and cash flows for the year-end and have been authorised for issue by the directors of the Company.

Alba Group's activity during 2014 consisted of:

- Management of a group of holdings with significant influence in companies with activities in a variety of industries.
- Development and investment in companies.
- Lease and sale of buildings.

2. Company outlook

Alba's priority objective is to ensure that its investee companies maximise their profitability by improving their competitiveness and increasing their human, financial and technological potential. The Company's financial structure, size and flexibility will allow to seize future investment opportunities as they arise.

3. Purchases and sales of treasury shares

The movements in treasury shares shown in equity on the attached balance sheet at 31 December 2014 are as follows:

	No. of shares	Percentage of share capital	Average acquisition price (euros/share)	Thousands of euros
At 31 December 2012	**68,429**	**0.12%**	**40.29**	**2,757**
Sales	(3,923)	(0.01%)	40.29	(158)
At 31 December 2013	**64,506**	**0.11%**	**40.29**	**2,599**
Sales	(4,608)	(0.01%)	40.29	(186)
At 31 December 2014	**59,898**	**0.10%**	**40.29**	**2,413**

4. Research and development

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

5. Average payment period to suppliers

In relation to Law 15/2010 of 5 July, amending Law 3/2004 of 29 December, which establishes measures to combat delinquency in commercial transactions, it is stated that at 31 December 2014 and 2013 there were no balances payable to suppliers unpaid beyond the legal period for payment.

6. Significant post-balance sheet events

The following significant events have taken place after 31 December 2014:

Since the end of the 2014 reporting period, Alba has sold 4,171,734 shares in ACS, representing 1.33% of its share capital, for 131.3 million euros, generating a pre-tax capital gain of 63.7 million euros. Following this transaction, Alba now holds 12.56% of ACS's share capital.

On 26 February Alba sold, via an accelerated placement, 8,100,000 shares in Acerinox, representing 3.10% of its share capital, for 118.3 million euros. The capital gain totalled 27.3 million euros. Following this transaction, Alba now holds 19.99% of Acerinox's share capital.

On 6 February, Alba, via its investment vehicle, Deyá Capital, reached an agreement to sell its 12.0% shareholding in Pepe Jeans, together with the rest of the company's shareholders. This sale is subject to approval from the competition authorities.

7. Risk management and control policy

The Board of Directors of Corporación Financiera Alba, S.A. has formulated the following risk management and control policy for the Parent Company and its subsidiaries:

1. Types of risks the Company faces

Corporación Financiera Alba, S.A. engages in two types of business activity: (i) investments in listed and unlisted companies, and (ii) investment in office buildings for leasing purposes.

The most significant common risk of the investee companies is the risk inherent to their own business and market, but also, if they are listed, to changes in the share price.

The risks with respect to investment properties are: loss of income if buildings are unoccupied; changes in long-term interest rates; accidental damage; default; and changes in market value.

Based on the abovementioned activities, the main risks affecting the Company can be grouped in the following categories:

1.1. Cash flow interest rate risk

The group is exposed to cash flow interest rate risk mainly through bank borrowings. Alba's policy aims at allocating financing between short and long-term and fixed and floating-rate, according to the financial situation at any given time.

1.2. Foreign-exchange risk

Currently, Alba's activity is not affected by any significant exchange rate risk.

1.3. Market risk

Stock market risk affects the most important asset of the Company's balance sheet, namely investments in listed companies. These investments are, and are expected to continue, long-term investments; therefore their hedging would not be financially viable. In some cases, the Company also uses derivatives on listed shares.

Investment properties are affected by changes in market value, which the Company monitors through annual reports prepared by independent experts.

1.4. Credit risk

This credit risk arises, basically, from the possibility of lessors, occupying the properties belonging to the Group, to breach their obligations under the lease agreement. Nevertheless, it is the Group's policy to do business exclusively with financially strong entities.

MANAGEMENT REPORT

There is also counterparty risk in transactions with derivatives on listed shares. Such transactions are executed exclusively with highly solvent and reputable counterparties.

This credit risk also arises from the possibility of credit institutions holding the Company's cash deposits, as a result of its liquidity management, fail to return the deposits.

1.5. Liquidity risk

The Company's liquidity management is based on short-term financial instruments and cash positions, enabling the Company to meet its liquidity needs.

2. Risk mitigation measures

The most important asset on the Company's consolidated balance sheet is the investments in investee companies. The Company oversees its investees by monitoring both their business activity and performance (being present in some cases on their Boards of Directors and sometimes on their Executive Committees, Audit Committees and Nomination and Remuneration Committees) and their share price performance (in the case of those that are publicly traded).

With regard to investment properties, the Group covers the risk mentioned previously by dealing exclusively with highly solvent tenants and making sure an analysis of the customer's ability to meet their obligations is done before entering into any business relationship. In addition, appropriate contractual provisions are included in the lease agreement, as well as guarantees from tenants, mark-to-market rents in long term leases, and insurance policies covering damage and third-party liability, on a yearly basis. Lastly, the Company continuously monitors its lease receivables, so that the risk of arrears is never significant, and carries out annual appraisals to track the market value.

With regard to the risk related to the refund of fixed term deposits held in credit institutions, the Group deals exclusively with institutions holding a minimum rating.

3. IT and internal audit systems

The Company has organisational resources to monitor and control risks and ensure legal compliance, notably a financial department, a legal department and a tax department. Each of these departments monitor risks and internal and external regulatory compliance in its particular area.

The Company also has processes for identifying and controlling its main operational, financial and legal risks. These processes are duly documented in operational policies and instruction manuals. The Company has an integrated IT system enabling to prepare timely and reliable financial information and operational data needed to manage its businesses effectively. The Company's budgeting system allows to set quantitative objectives in advance within a strategic framework, and to analyse the causes of any significant deviations between actual and budgeted results.

In addition, the Board Regulation commissions the Secretary with a duty to ensure that the Company acts, in form and substance, within the law and in accordance with its Articles of Association and that its internal procedures and rules of governance are respected.

One of the Audit Committee's tasks is to ensure that the Company has an effective system of internal supervision to guarantee compliance with applicable laws and regulations and to verify that the necessary procedures are in place to ensure that managers and employees comply with internal regulations. Audit Committee meetings are attended, when required, by the Company's finance director, who is responsible for internal control and who reports to the committee on this matter.

Lastly, the Company has an Internal Audit Service as a tool for the proper performance of the functions entrusted to the Board of Directors and the Audit Committee in relation to risk control and management and monitoring of internal information and control systems. In this sense, Internal Audit contributes to the improvement and, where applicable, to the formal establishment of internal procedures and, through specific audits, supervises compliance with such procedures. An SCIIF ("Sistema de Control Interno de Información Financiera" System of Internal Control over Financial Reporting) Manual was prepared during 2013 and forms part of the Group's system of risk management and control.

8. Annual Corporate Governance Report

Attached as Annex I.

CORPORATE GOVERNANCE REPORT

TO GO TO THE ANNUAL CORPORATE GOVERNANCE REPORT, PLEASE CLICK ON THIS LINK

AUDIT COMMITTEE REPORT

FOR 2014

AUDIT COMMITTEE REPORT

I.- Introduction

This report on the functions and activities of the Audit Committee of Corporación Financiera Alba, S.A. has been prepared in accordance with the recommendations on good corporate governance of listed companies, in particular those contained in the Unified Code on Corporate Governance enacted by the Spanish National Securities Market Commission (CNMV) on 22 May 2006.

The Audit Committee, initially named the Audit and Compliance Committee, was created by the Board of Directors on 29 March 2000, following the recommendations of the "Olivencia Code".

Subsequently, Law 44/2002 of 22 November on Financial System Reform Measures made it mandatory for listed companies to have an Audit Committee and established certain requirements regarding the Committee's membership, powers and functioning.

In compliance with said Law, Corporación Financiera Alba, S.A. amended its Articles of Association and Board of Directors Regulations to specify the powers of the Committee and its rules of operation.

Following the approval of the Law 12/2010 of 30 June, amending the Law on Auditing, the Securities Market Law and the Law on Public Limited Companies, which broadened the powers of the Audit Committee, the Board of Directors Regulations were amended to bring them into line with the new legal provisions in relation to the Audit Committee. In addition, this amendment of the Board of Directors Regulations, which was passed on 30 September 2010, provided an opportunity to include in the Regulations the recommendations from the CNMV document relating to "Internal control of financial information in publicly traded companies" (June 2010).

II.- Functions of the Audit Committee

In article 22 of the Board of Directors Regulations of Corporación Financiera Alba, S.A., in accordance with the new wording of the Eighteenth Additional Provision of the Securities Market Law (enacted, as mentioned previously, by Law 12/2010 of 30 June), the Audit Committee is assigned with the following functions, without prejudice to any others that the Board of Directors may assign to it:

1. To report to the Annual General Meeting on matters within its competence raised in the Meeting.

2. To supervise the effectiveness of the Company's internal control, internal audit service, if any, and risk management systems, as well as discuss with the auditors or audit firms any significant weaknesses of the internal control system detected during the audit.

3. To oversee the process of preparation and presentation of the statutory financial statements.

4. To propose to the Board of Directors for submission to the Annual General Meeting the appointment of the auditors or audit firms, in accordance with the laws and regulations applicable to the Company.

5. To establish the corresponding relations with the external auditors in order to receive information on any issues that may jeopardise their independence, for assessment by the Committee, and any other issues related to the audit process, as well as any other communication envisaged in the audit legislation and standards. In any case, the Committee must receive from the auditors or audit firms annually written confirmation of their independence with respect to the Company or to entities related to it directly or indirectly, as well as information on any additional services of any kind provided to these entities by the auditors or persons or entities related to them, in accordance with the provisions of Law 19/1988 of 12 July on Auditing.

6. To issue on a yearly basis, prior to the issuance of the auditors' report, a report expressing an opinion on the independence of the auditors or audit firms. This report must also make a pronouncement on the provision of the additional services referred to in the previous paragraph.

These functions have been extended by Law 31/2014 amending the Law on Corporations (LSC) to improve corporate governance (article 529(14)), which came into force on 24 December. The Articles of Association and the Board of Directors Regulations will be consequently amended to reflect the aforementioned changes, as these were not applied in 2014.

III.- Membership

The Audit Committee is an internal body composed of Directors of the Company. Its members are appointed by the Board of Directors, being its majority, non-executive Directors. At least one of them must be independent and be knowledgeable and with experience in the field of accounting or auditing, or both. The Chairman must be chosen among these non-executive Directors. According to the law and the Articles of Association, the Chairman must be replaced every four years and is eligible for re-election after one year.

Nevertheless, these rules on the Audit Committee's membership, in force until the end of 2014, were changed with Law 31/2014. As a result of this Law, all members of the committee must be non-executives, at least two of them must be independent Directors, as well as the Chairman. In any case, the composition of Corporación Financiera Alba's Audit Committee meets these new requirements, as it is composed of three Directors, two of them independent and one proprietary Director, and a Chairman as independent Director.

The Directors of the Audit Committee during 2014 were: Amparo Moraleda Martínez as Chairman until the end of November, following her resignation she was replaced by Eugenio Ruiz-Gálvez Priego, and Nicholas Brookes and José Nieto de la Cierva as members, with José Ramón del Caño Palop acting as secretary. Both Amparo Moraleda Martínez and Eugenio Ruiz-Gálvez Priego, in their capacity as Chairman, as well as Nicholas Brookes, were acting as independent non-executive Directors, while José Nieto de la Cierva as proprietary Director.

IV.- Functioning and activity

The internal functioning of the Committee is governed by the provisions of article 47 of the Articles of Association and articles 29 to 34 of the Board of Directors Regulations, which regulate everything concerning Committee sessions, the calling of meetings, quorums, adoption of resolutions, minutes, relations with the Board and Management of the Company, and authority to request information about any aspect of the Company and to seek the advice of outside professionals.

During 2014 the Audit Committee held five meetings covering, within the functions mentioned above, the areas listed below, for which it had access to all the necessary information and documentation:

- Review of periodic financial information for submission to the CNMV.

- External audit of the annual accounts.

- Risk identification and internal control system.

- Legal and internal standards compliance.

a) Review of periodic financial information

In relation to periodic financial information, the Audit Committee analysed, prior to submission, the quarterly and half-yearly financial reports that are sent to the CNMV and that are published, as well as the complementary information leaflets that are published, in accordance with the requirements established by Royal Decree 1362/2007 of 19 October and CNMV Circular 1/2008 of 30 January.

The Financial Director of the Company, who is responsible for the preparation of the information, collaborates in the abovementioned analysis in order to explain to the Committee the accounting process followed in preparing the financial information and the decisions and criteria adopted.

The Committee gave its approval to the abovementioned reports, following the incorporation of suggestions made.

One meeting was devoted to examining the annual accounts, prior to authorisation by the Board of Directors.

b) External audit of the annual accounts and relations with the external auditors

With regard to the external audit, the auditors attended the meetings of the Audit Committee where the financial information

AUDIT COMMITTEE REPORT

at year-end 2013 and the annual accounts for that year were examined. During the meeting a detailed explanation of their audit work was performed, as well as the most important issues arising from their work and criteria used. In particular, the annual accounts report was issued without any reservations, and any material risk been detected in the Company, considering adequate the Company's internal control. In performing their functions, the external auditors were supported by the Company's managers. At the same time, the planning of the audit work for 2014 was presented.

Pursuant to the Additional Provision 18 of Law 24/1988 on the Securities Market (and now article 529(14) of the Law on Corporations), the Audit Committee received from the auditors written confirmation of their independence from the Company or parties related to it and issued a report expressing its opinion on the independence of the auditors.

Within this area, it should also be noted that the current auditor was appointed in 2004 and that the last renewal was agreed for financial years 2014, 2015 and 2016.

c) Risk identification and internal control system

With regard to the risk identification and internal control system, the Finance Department is responsible for the internal control within the Company that includes operational rules establishing the criteria for internal control. These rules concern, among other matters: Accounting and Reporting, Investments and Divestments, Short-term Investments, Property and Receivables Management, Payables, and Relations with the CNMV.

The Audit Committee, with authority on this matter, assesses whether the Company has the necessary organisation, personnel and processes to identify and control its main operational, financial and legal risks, and is empowered to investigate any aspect of the risk identification and internal control system that it considers appropriate. In this respect, since 2004 the external auditors have carried out a number of thorough examinations of the Company's internal control system. From these examinations it emerged that, from an external auditors' opinion, the Company had a satisfactory internal control system, despite a number of recommendations for improvement, which have been implemented.

Meanwhile, in 2011, following the recommendations of the CNMV document titled "Internal control of financial information in publicly traded companies" (June 2010), the Audit Committee proposed, and the Board of Directors agreed, to establish an Internal Audit service as a tool to support the Board of Directors and the Audit Committee's functions in relation to risk control and management and monitoring of internal information and control systems. With that regards, a person was appointed to take charge of this service and it was decided that an audit firm would be engaged to perform the Internal Audit functions. These functions have been performed by the firm Ernst & Young.

In particular it should be noted that the Internal Audit function is governed by its own Regulation approved by the Board of Directors, that a Company Risk Map (covering inherent and residual risk and the effectiveness of internal control) was prepared and already subject to review, and lastly, that the Internal Audit function follows the Activities' Plan approved by the Audit Committee.

In 2014, within its Plan of Activities, the Internal Audit has updated some internal procedures and performed several internal audits, focusing on the most important ones. In addition, guidelines set out in the SCIIF ("Sistema de Control Interno de Información Financiera" Financial Reporting Internal Control System) Manual, prepared in 2013, were followed in 2014. The Audit Committee has monitored those activities and informed the Board about them and about the result of internal audits.

In conclusion, it can be affirmed that during 2014 no material incident was detected in relation to the Company's risk identification and internal control.

d) Legal and internal standards compliance

With regard to legal and internal standards compliance, a more detailed explanation is given than in previous points as under article 26.c) of the Board of Directors Regulations the Audit Committee is required to submit a report in this respect.

The Company has an adequate organisation to guarantee the compliance of the applicable law. Specifically, it has a legal department, a tax department and a finance department, each of which, in its area of competence, works to ensure that current external and internal regulations are respected. In addition, the Board Regulations empowers the Secretary with a duty to ensure that the Company acts, in form and substance, within the law and in accordance with its Articles of Association and that its internal procedures and rules of governance are respected.

One of the Audit Committee's tasks is to ensure that the Company has an effective system of internal supervision to guarantee compliance with applicable laws and regulations and to verify that necessary procedures are put in place to ensure managers and employees comply with internal regulations. Audit Committee meetings are attended by the Company's Finance Director, who is responsible for internal control and who reports to the Committee on this matter.

With regard to internal procedures, as mentioned in the previous section, the Company has in place certain operational standards that establish internal control criteria, as well as a SCIIF ("Sistema de Control Interno de Información Financiera" Financial Reporting Internal Control System) Manual.

In 2011, a Code of Ethics and Conduct and the Crime Prevention and Anti-fraud Policy were approved, and the Internal Rules of Conduct in matters relating to the Securities Market was updated (the latter being further updated in 2013 to incorporate CNMV criteria on discretionary treasury share transactions). These documents incorporate control and monitoring's bodies, and, within the Code of Ethics and Conduct, establish a confidential channel to report complaints, broadening the scope of the channel to include any action that is considered illegal or contrary to the provisions of the Code. During 2014 these internal rules were observed and no irregularities were detected in this respect.

In view of the above, the Committee considers that the Company has an adequate organisation and standards framework to ensure compliance with applicable internal and external standards.

Within this area of action, the Audit Committee also examined a draft of the Annual Corporate Governance Report, which was subsequently approved by the Board of Directors, and the Report prepared by the Control body included in the Internal Code of Conduct on the actions taken in compliance with said Code (all in relation to 2013).

Within this same area of regulatory compliance, transactions with Directors, significant shareholders, their representatives or persons related to them, or with investees ("related party transactions") were examined and a favourable report was issued, as all the necessary conditions were met.

Lastly, the Committee has monitored the functioning of the Company's website, and found it to be fully compliant with current regulations.

In view of all the above, the Committee considers that the Company's compliance with corporate governance regulations is satisfactory, all currently applicable regulatory requirements and recommendations being met.

Madrid, 26 February 2015

DIRECTORS' REMUNERATION REPORT

TO GO TO THE DIRECTORS' REMUNERATION REPORT, PLEASE CLICK ON THIS LINK

PROPOSED RESOLUTIONS

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The Board of Directors proposes to the Annual General Meeting the adoption of the following resolutions:

1. To approve the individual and consolidated financial statements for the financial year ended 31 December 2014.

2. To approve the management of the Board of Directors during the year.

3. To approve the proposed distribution of profits and payment of dividends.

4. To delegate to the Board of Directors authority to increase share capital against reserves (retained earnings), by issuing new ordinary shares of the same class and series as those currently outstanding in order to effect a "scrip dividend".

5. To determine the number of Directors, and the appointment, re-election and ratification of Directors.

    - To set the Company's Directors at 15.

    - To re-elect Ramón Carné Casas, Juan March Juan and José Nieto de la Cierva as Directors of the Company.

    - To appoint Amparo Moraleda Martínez, Carlos González Fernández and Antón Pradera Jauregui as Directors of the Company.

6. To modify the following articles of the Articles of Association: 15, 16, 21, 22, 24, 29 and 31 governing the Annual General Meeting; 33, 35, 36, 37, 38, 39, 41, 41, 42, 44, 44 bis and 45 governing the Board of Directors; 47 governing the Audit Committee and 47 bis governing the Nomination and Remuneration Committee.

7. To modify the following articles of the Regulations of the Annual General Meeting: 5 "Functions"; 7 "Information rights"; 8 "Attendance"; 14 "Votes"; 17 "Extraordinary meetings"; 18 "Notice"; 19 "Information available to shareholders"; 21 "Special situations"; 25 "Interventions"; 26 "Adoption of resolutions"; 31 "Applicable legislation" and 1st Final provision "Interpretation".

8. To inform the Annual General Meeting, in accordance with article 528 of the Law on Corporations (LSC), about the modification of the Regulations of the Board of Directors agreed on 5 May 2015.

9. To approve, in a consultative capacity, the Directors' Remuneration Report for 2014.

10. To approve the remuneration policy for Directors and approve the maximum combined remuneration payable to the Directors in their capacity as Directors (1,400,000 euros).

11. To approve, in accordance with article 219 of the LSC and article 39 of the Articles of Association a variable remuneration scheme indexed to the Company's share price for Executive Directors and certain staff selected by the Board of Directors, with the objective to align their performance to the value creation for shareholders.

12. To authorise, in accordance with articles 160 and 511 of the LSC, the contribution of key assets of the Company, via a simplified spin-off to a wholly-owned limited company, whereby the Company will transfer as a whole all assets and liabilities of its property business to the beneficiary company.

13. To authorise the purchase of own shares, subject to the limits and requirements of the Law on Corporations, and the use of those shares, for the allotment of shares or stock options in the context of today's and previous authorised remuneration schemes for Executive Director, senior management and employees; and consequently to authorise the Directors to reduce share capital, as appropriate.

14. To authorise the Board of Directors to implement the resolutions adopted in the Annual General Meeting.

15. To approve the minutes of the Annual General Meeting.

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