CORPORACIÓN FINANCIERA ALBA

ANNUAL REPORT 2015

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CORPORACIÓN FINANCIERA ALBA, S.A.
would like to thank **José María Yturralde**
for allowing the use of his works in this annual report.

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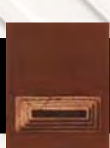
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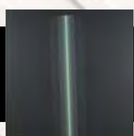
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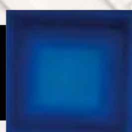
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BOARD OF DIRECTORS AND MANAGEMENT TEAM

BOARD OF DIRECTORS AND MANAGEMENT TEAM

Board of Directors[1]

Chairmen
Mr. Juan March Delgado
Mr. Carlos March Delgado

Vice-Chairman
Mr. Juan March de la Lastra

Chief Executive Officer
Mr. Santos Martínez-Conde
Gut érrez-Barquín

Directors
Mr. José Dom ngo de Ampuero y Osma
Mr. Ramón Carné Casas
Ms. Cr st na Garmend a Mend zábal
Mr. Carlos González Fernández
Mr. Juan March Juan
Mr. Reg no Moranchel Fernández
Mr. José N eto de la C erva
Mr. Antón Pradera Jaúregu

Secretary and Director
Mr. José Ramón del Caño Palop

Audit Committee[1]

Chairman
Mr. Carlos González Fernández

Members
Mr. Reg no Moranchel Fernández
Mr. José N eto de la C erva

Secretary
Mr. José Ramón del Caño Palop

Nomination and Remuneration Committee[1]

Chairman
Mr. Reg no Moranchel Fernández

Members
Ms. Cr st na Garmend a Mend zábal
Mr. Juan March Delgado

Secretary
Mr. José Ramón del Caño Palop

Operations Committee[1]

Chairman
Mr. José Dom ngo de Ampuero y Osma

Members
Ms. Cr st na Garmend a Mend zábal
Mr. Juan March de la Lastra
Mr. Juan March Juan
Mr. Santos Martínez-Conde Gut érrez-Barquín

Secretary
Mr. José Ramón del Caño Palop

Management Team

Chief Executive Officer
Mr. Santos Martínez-Conde Gut érrez-Barquín

Senior Managers
Mr. José Ramón del Caño Palop
Mr. Jav er Fernández Alonso
Mr. Ignac o Martínez Santos
Mr. Andrés Zunzunegu Ruano

Department Heads
Mr. Anton o Eg do Valtueña
Mr. D ego Fernández V dal
Mr. Tomás Hev a Armengol
Mr. Fél x Montes Falagán
Mr. José Ramón Pérez Ambrojo

Media Relations
Mr. Lu s F. F dalgo Hortelano

(1) Members of t e Board of D rectors and ts Comm ttees at 30 Marc 2016, w en t e F nanc a Statements for 2015 were prepared. Dur ng t e year, Mr. N c o as Brookes and Mr. Eugen o Ru z-Gá vez Pr ego ret red from t e r pos t on as D rectors.

LETTER FROM THE CHAIRMEN OF THE BOARD OF DIRECTORS

LETTER FROM THE CHAIRMEN OF THE BOARD OF DIRECTORS

Dear shareholders,

Once aga n, we are very pleased to nform you of the progress of Alba and ts nvestee compan es over the past year.

Start ng w th a br ef overv ew of the macroeconom c s tuat on, t should be noted that 2015 was a clearly pos t ve year for the Span sh economy, confirm ng the favourable data emerg ng n the prev ous year.

Real GDP grew by 3.5% n 2015, one of the largest growth rates across the European Un on, and has l nked ten consecut ve quarters of econom c expans on s nce the m ddle of 2013. The current market consensus po nts to an ncrease n real GDP of 2.7% n 2016 and 2.3% n 2017, w th some sources nd cat ng the poss b l ty of ncreases near or above 3% annually. Accord ng to the Internat onal Monetary Fund, Spa n has the h ghest growth prospects w th n the major Eurozone econom es for the com ng years. Apart from the mpact of econom c reforms, the steep drop n o l pr ces s support ng the econom c recovery, espec ally n countr es w th h gh energy dependency such as Spa n. Also very s gn ficant to th s growth s the tour sm ndustry contr but on, wh ch has spent several years sett ng record h ghs of fore gn v s tors, far exceed ng the levels of 2006 and 2007.

As we commented last year, th s ncreased growth and mproved econom c prospects resulted n 2015 n a substant al mprovement n the employment market w th regard to the worst moments suffered n 2013 and early 2014. Accord ng to the Span sh Nat onal Stat st cs Inst tute's Econom cally Act ve Populat on Survey (EPA), n 2015 the number of unemployed people fell by 678,000 (-12.4% to 4.8 m ll on unemployed) and the number of employed ncreased by 525,000 persons (+ 3.0% to 18.1 m ll on) wh ch reduced the unemployment rate to 20.9% at the end of the year, well below the 23.7% of December 2014. If these data are compared w th the lows of March 2013 the unemployment rate has decl ned by 6 percentage po nts and the number of unemployed by almost 1.5 m ll on people.

However, t should be noted that although these data have made a clearly pos t ve trend of recovery, they are st ll nsuff c ent. Compared to the average for 2002-2007, wh ch a ms to m t gate the mpact of the hous ng boom, the number of unemployed at the end of 2015 was almost 2.3 t mes the average for sa d per od, the unemployment rate was more than double and the number of employed was 3.0% lower.

In add t on, we would l ke to ment on once aga n the remarkable mpact of the cr s s n the youth unemployment. Thus, for example, the rate of unemployment among those under 30 years of age reached 35.2% of the total at the end of 2015 and ncreased to 46.2% for those under 25 years of age. These rates are 1.9 and 2.4 t mes h gher the average unemployment rate for the rest of the populat on, respect vely. Although these rates have rema ned relat vely stable s nce 2002, they clearly nd cate the greater vulnerab l ty of th s group to var at ons n the economy.

W th respect to h r ng, n 2015, 11.8% more permanent contracts were s gned, but these accounted for only 8.1% of the total, nd cat ng the h gh levels of temporary recru tment and strong trad t onal dual ty of the Span sh employment market between permanent and temporary contracts.

In add t on, we must emphas ze that the publ c defic t n Spa n fell n 2015 but st ll cont nues at h gh levels. The latest data ava lable po nt to a publ c defic t of 5.2% of the GDP n 2015, lower than the defic t for the prev ous year (5.8%) but a percentage po nt h gher than the target set for the year. Th s breach of the object ves set has two mportant consequences first, t carr es a h gher than expected r se n

publ c debt and, second, t ncreases the need to ntens fy the adjustments necessary to ach eve the agreed object ves for the com ng years (the defic t target agreed w th the EU for 2016 s 2.8% of the GDP), wh ch could l m t the ab l ty of future governments and restr ct econom c recovery and job creat on.

As for the level of debt, t should be noted that t s est mated that publ c debt n Spa n was close to 100% of the GDP at the end of 2015, a new record compared w th less than 40% of the GDP n December 2008. As d scussed n the Annual Report last year, although the level of publ c debt seems to have ceased to be a ser ous concern n the current env ronment, an ndefin te s tuat on of cont nued publ c defic ts and cont nuous ncreases n debt s not susta nable n the long term. As a m n mum, a h gh debt to GDP reduces the ab l ty of the Span sh economy to respond to future cr ses and makes t more vulnerable to market fluctuat ons such as those exper enced n the first weeks of 2016.

Moreover, we expect the current pol t cal uncerta nty n Spa n regard ng the format on of a stable government to be resolved n a short per od of t me to prevent the current uncerta nty hav ng an mpact on econom c recovery, v a the delay n adopt ng nvestment and h r ng dec s ons. The new government w ll requ re suffic ent stab l ty to guarantee a frame for dec s on mak ng and count on a long term v ew focused on mprov ng the compet t veness of the Span sh economy, strengthen ng a susta nable growth n the long term and decreas ng unemployment, wh lst s multaneously reduc ng nequal t es and ncreas ng soc al cohes on. It s, ult mately, to strengthen the foundat ons of our economy n a complex worldw de env ronment.

From the po nt of v ew of the markets, n 2015 the growth trend n t ated n prev ous years cont nued, supported by econom c normal zat on and expans onary monetary pol c es of the major central banks worldw de.

For example, the r sk prem um of Span sh bonds versus German bonds rema ned relat vely stable dur ng 2015, w th an average of 120 bas s po nts throughout the year, compared w th 630 bas s po nts n July 2012 and 220 bas s po nts at the end of 2013.

LETTER FROM THE CHAIRMEN OF THE BOARD OF DIRECTORS

Regarding the securities market, 2015 has shown high volatility, with good returns in some months (for example, in the first quarter and in October) and sharp declines in others, mainly because of doubts about economic growth in China, the devaluation of the yuan and the deflationary pressure exerted on other economies, the impact on raw materials and on producing countries. In the year as a whole the Ibex 35 fell by 7.2%, while the Eurostoxx 50 rose by 3.8%.

This high volatility has turned into deep corrections in all stock indices in the first two months of 2016 due to a set of interrelated factors that have significantly increased uncertainty and investors' risk aversion. These factors include those already mentioned for 2015 in the previous paragraph as well as, among others, the possibility of a global recession in a deflationary environment, the potential risks of default of energy companies and certain oil producing countries due to falling oil prices, global asset sales driven by the reduction of foreign reserves of these countries and the imbalances caused by the change in monetary policy of the Federal Reserve of the United States towards a gradual increase in interest rates. All this in an environment of low economic growth in developed countries, despite aggressive monetary policy conducted simultaneously by the central banks of the major world economies.

Until 31 March 2016, the world's leading stock indexes accumulated falls close to 10% in the year, with January being the worst period since the collapse of Lehman Brothers in September 2008. The high uncertainty caused a significant movement of investors towards German and US bonds, perceived to be of higher quality, which significantly reduced their profitability and raised risk premiums in many countries, including, once again, the peripheral Eurozone economies. In any case, the credit markets situation is substantially better than that experienced in 2008 or the sovereign debt crisis in Portugal, Greece or Spain in 2010-2014.

Despite the bad start for the year, the markets have recovered in recent weeks and could return to the upward trend if investors regain confidence in the overall economic growth.

Focusing on Alba, the Net Asset Value (NAV) remained stable in 2015 (-0.05%), reaching 3,666.2 million euros at year-end. The NAV per share, after deducting treasury stock, evolved at the same rate, ending the year at 62.95 euros per share.

By contrast, Alba's share price fell by 1.8% in 2015 to 39.85 euros per share at year-end. Alba's share price evolution was better than the aforementioned Ibex 35 (-7.2%) but worse than Eurostoxx 50 (+3.8%) in the same period. The fall in the share price, compared with the NAV per share stability, explains that the discount at which Alba shares traded increased from 35.5% at the end of 2014 to 36.7% at the end of 2015.

In the first quarter of 2016 Alba's share price has fallen by 14.7% to 34.00 euros per share. In the same period the NAV per share increased by 0.2%, ending the quarter at 63.08 euros per share meaning that the discount has increased to 46.1%. In order to put the virulence of the falling markets in recent months into context, it should be noted that these levels of share price and NAV per share at the end of the month have not been seen since 2013 and the discount has not been as high since the end of July 2012, in the worst of the sovereign debt crisis in Spain.

As for Alba's results, in 2015 consolidated net profit after tax of 269.6 million euros was obtained, 11.7% more than the net profit of 241.3 million euros in the previous year. Per share, Alba obtained a profit of 4.63 euros for the year compared to 4.14 euros in 2014.

3,666 M€

NAV at the end of 2015

Th s report conta ns a more deta led analys s of the var ous tems compr s ng Alba's Income Statement and Balance Sheet as well as nformat on on the evolut on of our nvestees throughout 2015.

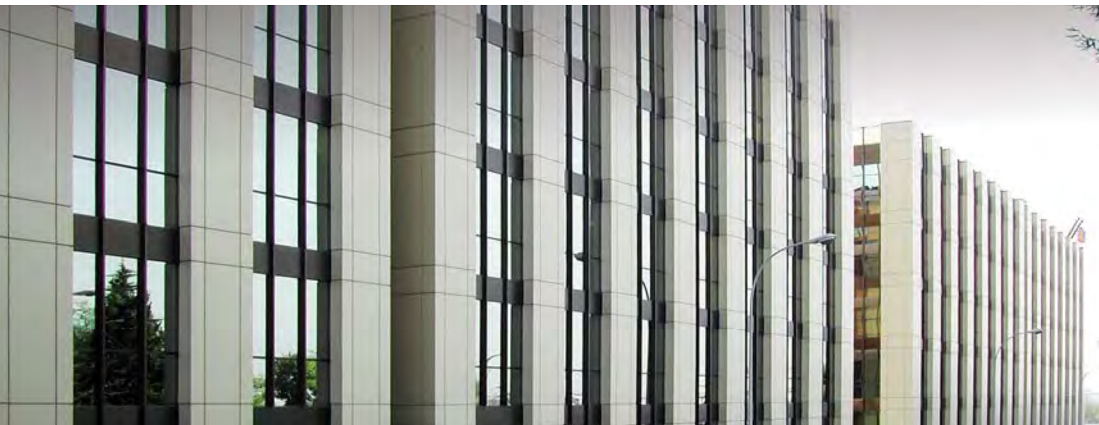
Just as n the prev ous year, 2015 was character zed by s gn ficant nvestment act v ty, the total of wh ch amounted to 382.6 m ll on euros, among wh ch nvestments n new nvestee compan es and the purchase of a real estate property are worth ment on ng, as well as an ncrease n Bolsas y Mercados Españoles's stake

- Alba nvested 147.2 m ll on euros n the purchase of 10.0% of the share cap tal of Euskaltel, partly v a the IPO n July and the rest n the subscr pt on of new shares n the cap tal ncrease completed n early November to f nance the acqu s t on of R Cable n Gal c a. W th these nvestments, Alba became the second largest shareholder of Euskaltel.
- Alba bought the off ce bu ld ng located n Paseo de la Castellana no. 89 Madr d for 147.0 m ll on euros. Th s property has approx mately 20,000 square metres of leasable surface area and s the largest property asset n Alba's portfol o.
- In the case of Bolsas y Mercados Españoles, Alba nvested 68.2 m ll on euros n the purchase of an add t onal 2.29% of the share cap tal of th s Company, where Alba s currently ts largest shareholder.
- Meanwh le, Deyá Cap tal SCR, Alba's development nvestment veh cle, acqu red 18.89% of the share cap tal of n-Store Med a for 15.8 m ll on euros. n-Store Med a s a market ng agency focused on commun cat on w th the consumer at the po nt of sale. It s present n 7 countr es through long-term relat onsh ps w th some of the lead ng d str but on groups worldw de and local leaders n each market.

In add t on, n 2015 Alba carr ed out asset sales amount ng to 467.9 m ll on euros, almost doubl ng the d vestments made the prev ous year, among wh ch are the follow ng

- The sale of 2.19% of ACS for 218.9 m ll on euros, obta n ng gross cap tal ga ns of 104.3 m ll on euros and an IRR of 11.4% annually s nce the creat on of ACS n 1997. At 31 December 2015, Alba's stake n the share cap tal of ACS stood at 11.69% and accounted for 27.1% of the NAV at year end.
- The sale, through an accelerated book-bu ld ng among nst tut onal nvestors, of 3.10% of Acer nox for 118.3 m ll on euros, obta n ng gross cap tal ga ns of 26.4 m ll on euros and an IRR of 4.8% annually for 13 years.
- Also, Deyá Cap tal SCR sold shares n Pepe Jeans (12.00%) and Oc bar (21.66%) for 81.8 and 16.1 m ll on euros, respect vely, more than doubl ng the n t al nvestment n both cases. These are the first d vestments carr ed out by the development cap tal veh cles managed by Artá Cap tal SGEIC.
- In add t on, n the first months of the year Alba sold 1.20% of Indra acqu red n late 2014. The total amounted to 21.7 m ll on euros, w th a return of 27.7% on cash nvested.

LETTER FROM THE CHAIRMEN OF THE BOARD OF DIRECTORS



- In the real estate area, several assets were sold for a total amount of 9.4 m ll on euros, among wh ch the sale of a bu ld ng n Barcelona for 6.8 m ll on euros s worth ment on ng.

- F nally, the sale of the ent re stake of 14.54% of the share cap tal of Anteven o for 1.6 m ll on euros.

Among the transact ons performed after year end, and unt l 31 March 2016, the purchase of 1.12% of Bolsas y Mercados Españoles and 0.93% of V scofan for 27.4 and 23.0 m ll on euros, respect vely, must be noted as well as Ros Roca Env ronment merger w th the company Terberg Env ronmental, an env ronmental subs d ary of the Dutch fam ly conglomerate Terberg. Both compan es have an extens ve range of products and markets and the r merger creates a leader n the manufacture of equ pment for mun c pal waste management.

Look ng ahead to 2016 we have a moderately pos t ve outlook for our nvestees, desp te the current complex, econom c and market env ronment. In our op n on, most of our nvestees have made a cons derable effort to mprove effic ency, strengthen the r balance sheets and ncrease the r compet t veness n nternat onal markets, plac ng them n a good pos t on to face the current s tuat on and cont nue development. In add t on, weakness and market turmo l may br ng out new nvestment opportun t es for Alba and ts nvestees, wh le always ma nta n ng a clear long-term v s on and a h gh level of caut on.

regards the rules and pract ces of od corporate governance, Alba has nt nued to ma nta n a spec al nterest them, hav ng made cons derable orts dur ng 2015 n order to orporate nto ts nternal rules d pract ces, both the new features luded n the Cap tal Compan es t ("Ley de Soc edades de Cap tal") Law 31/2014, of 3 December and ose ncorporated by the new Code of od Governance of L sted Compan es ód go de Buen Gob erno de las Soc edades Cot zadas"), approved by the CNMV on 18 February 2015.

In th s regard, extens ve mod ficat ons of the Bylaws and Regulat ons of the General Meet ng and the Board of D rectors were adopted and, follow ng both the legal prov s ons and recommendat ons on good corporate governance var ous pol c es were adopted or updated, among wh ch we can h ghl ght Corporat ve Soc al Respons b l ty, Corporat ve Governance, Investment, Remunerat on of the Board of D rectors, R sk Control and Management and Cr me and Fraud Prevent on.

Also at the organ zat onal level and w th regard to nternal regulat on, the follow ng were approved the Control Funct on and R sk Management Bylaw, updat ng the Internal Aud t Bylaw and

the Cr me Prevent on Manual, hav ng appo nted the person respons ble for the follow-up un ts.

However, the performance of the Board of D rectors has not been l m ted to approv ng these nternal regulat ons and pol c es, but rather, ts performance has been adjusted to them and to the recommendat ons regard ng good corporate governance. In part cular, t should be noted that the Company has reached a very h gh level of compl ance, s m lar to last year, although the new Code of Good Governance ("Cód go de Buen Gob erno") ncludes numerous new recommendat ons or ncorporates substant al changes to those ncluded n the Sole Document on Corporate Governance Recommendat ons ("Documento Ún co de Recomendac ones de Gob erno Corporat vo") of 2006, br ng ng the total number of recommendat ons n the current Code to 64. Dur ng the year the Company has made a major effort to adapt to these new requ rements so that t currently meets the recommendat ons that are appl cable and part al compl ance only occurs n two cases.

We should also ment on that the follow ng have been approved the Annual Corporate Governance Report, the Remunerat on of D rectors Report, the Report on related transact ons, the Board's assessment, as well as add t onal reports ssued by the Board Comm ttees.

In connect on w th the d str but on of profits, the Board of D rectors has proposed to the Annual General Meet ng the d str but on of an ord nary d v dend of 1.00 Euro per share for the financ al year 2015, wh ch w ll shortly nvolve the payment of 0.50 euros per share, n add t on to the same amount pa d on account n October last year.

F nally, we express our thanks to the employees of our Group and our nvestee compan es for the r profess onal sm, enthus asm and ded cat on, and to all of you, our shareholders, for your trust and support.

S ncerely,
Juan March Delgado
Carlos March Delgado

KEY FINANCIAL DATA

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KEY FINANCIAL DATA

Financial highlights

In million euros unless otherwise indicated	2015	2014	2013	2012
Share cap tal at year-end	58	58	58	58
Shareholders' equ ty at year-end	3,313	3,077	2,952	2,765
Ord nary shares n ssue (thousands), average for the year	58,240	58,235	58,232	58,226
Net profit	270	241	227	(299)
D v dends	58	58	58	58
Earn ngs/(losses) per share n euros	4.63	4.14	3.90	(5.14)
D v dend per share n euros	1.00	1.00	1.00	1.00

Note Data per share calculated on the average of outstand ng shares for the year.

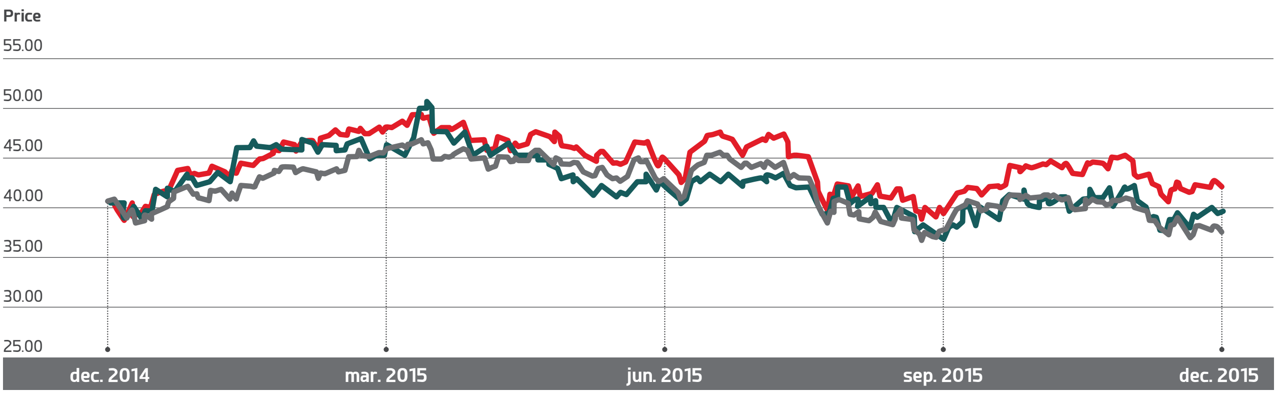
Share price performance

	2015	2014	2013	2012
Clos ng share pr ce n euros per share				
H gh	50.60	48.37	45.63	35.49
Low	36.92	38.52	32.13	22.10
Close	39.85	40.60	42.50	35.31
Market cap tal zat on at 31/12 (m ll on euros)	2,323	2,367	2,478	2,059
Volume traded				
Number of secur t es (thousands)	7,826	8,323	6,721	9,890
In m ll ons of euros	334	365	261	299
Da ly average (m ll on euros)	1.3	1.4	1.0	1.2
D v dend y eld (on clos ng pr ce)	2.5%	2.5%	2.4%	2.8%
P/E rat o (on clos ng pr ce)	8.6 x	9.8 x	10.9 x	neg.

KEY FINANCIAL DATA

Alba’s share pr ce fell by 1.8% n 2015, behav ng substant ally better than Ibex 35, wh ch fell by 7.2%, but nevertheless worse than Eurostoxx 50, wh ch rose by 3.8% n the year.

Alba share price performance in 2015 against Ibex 35 and Eurostoxx 50



Source Bloomberg.

● Share pr ce (€) ● bex 35 (base ALB) ● Eurostoxx 50 (base ALB)

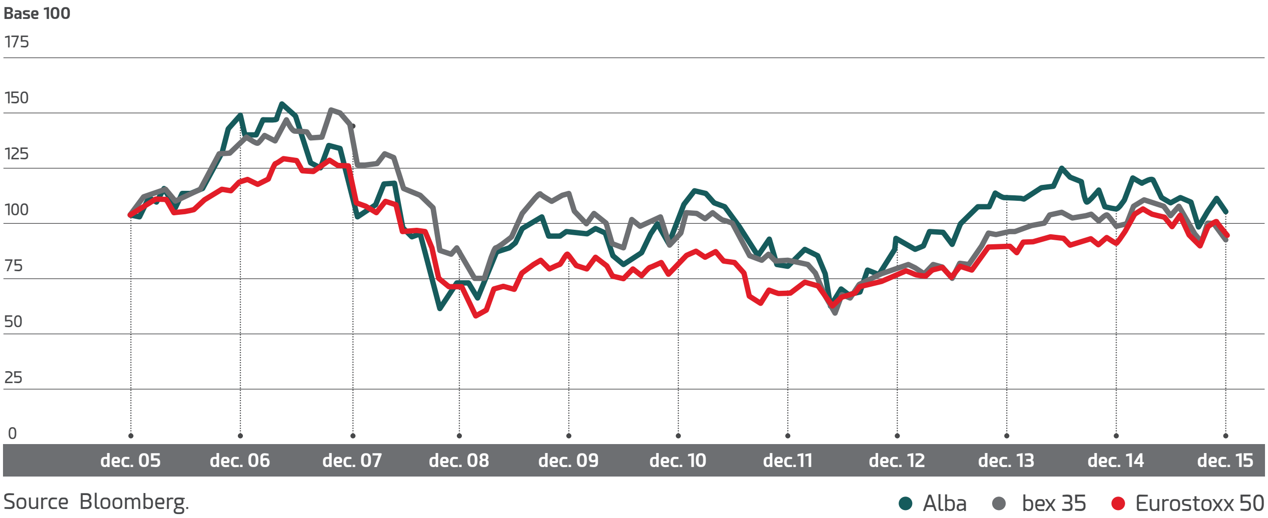
Alba’s share pr ce performance dur ng the last ten years has been s gn f cantly better than that of Ibex 35 and Eurostoxx 50. Thus, from December 2005 unt l the end of 2015, Alba’s share pr ce was revalued by 1.5% wh le Ibex 35 and Eurostoxx 50 fell by 11.1% and 8.7%, respect vely.

The graph shows the depth of the stock market crash of 2007 and 2008, the s gn f cant subsequent recovery from the lows of March 2009 and the relapse suffered n 2011 and f rst half of 2012, ma nly caused by the sovere gn debt cr s s n the Eurozone. A new bull cycle began n the second half of 2012 due to the dec s ve act on by the European Central Bank and the agreements of the Eurogroup n July of that year, wh ch substant ally reduced uncerta nt es about a poss ble ba lout of Spa n and the future of the s ngle currency. However, s nce the second half of 2015 a major weakness can be seen both n Alba's share pr ce performance and the evolut on of nat onal and nternat onal ndexes, due to doubts about global econom c growth -and n part cular Ch na and other emerg ng countr es- as well as the collapse n o l pr ces and other raw mater als.

2,323 M€

Market capitalization of Alba at the end of 2015

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



Source Bloomberg.

KEY FINANCIAL DATA

Net Asset Value

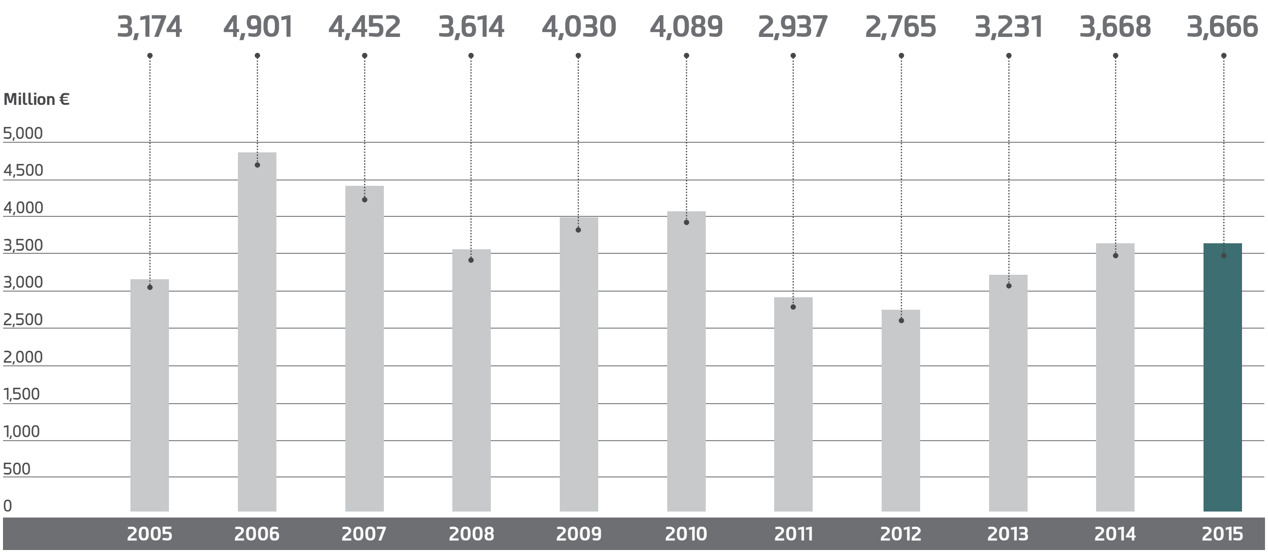
In million euros unless otherwise indicated	2015	2014	2013	2012
Data at 31/12				
Gross Asset Value[1]	3,379	3,422	3,034	2,697
Net Asset Value[2]	**3,666**	**3,668**	**3,231**	**2,765**
Net Asset Value in euros per share[2]	**62.95**	**62.98**	**55.47**	**47.49**
Share pr ce n euros per share	39.85	40.60	42.50	35.31
D scount to Net Asset Value	36.7%	35.5%	23.4%	25.6%

(1) ncludes nvestments n l sted and unl sted compan es, real estate property and, where appl cable, the net cash pos t on.
(2) Before taxes. ncludes the net financ al pos t on and other assets and l ab l t es.

Cons der ng the amounts at the end of each year, the Net Asset Value (NAV) rema ned stable n 2015 (-0.05%). NAV per share net of treasury stock var ed n the same proport on due to the lack of changes n the number of outstand ng shares.

The follow ng graph shows the performance of the NAV s nce late 2005, where a strong ncrease n 2006 and a s gn ficant drop n 2011, partly because of the extraord nary d v dend pa d n that year, can be seen

Performance of the Net Asset Value before taxes (at 31 Dec)



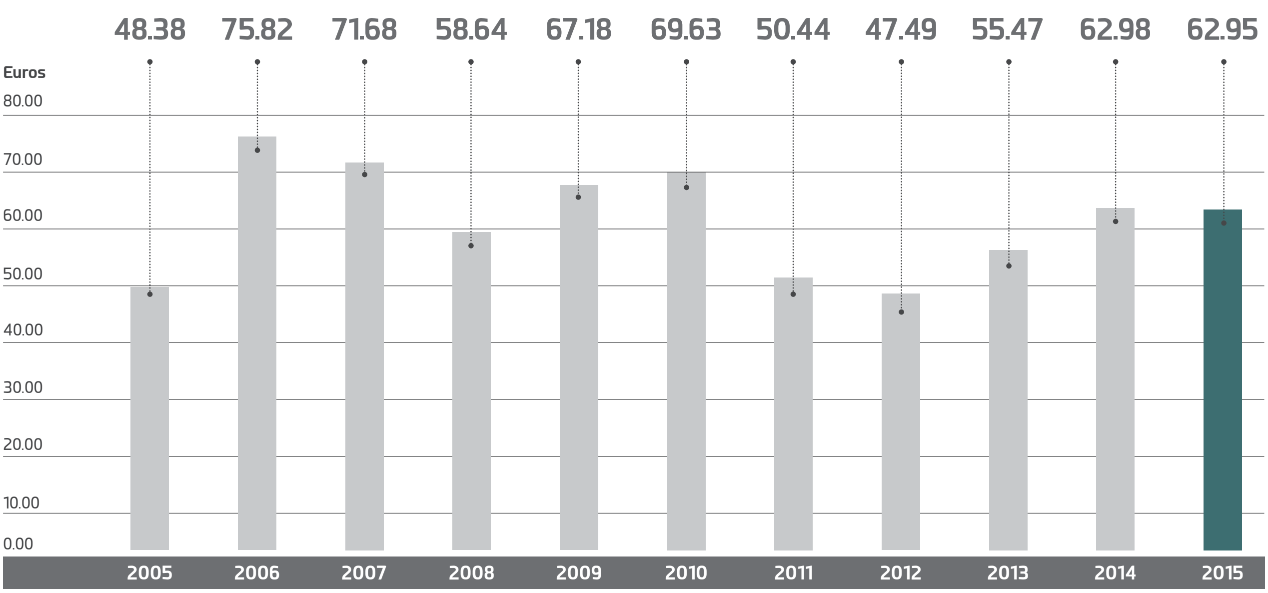
KEY FINANCIAL DATA

The follow ng chart shows the performance of the NAV per outstand ng share before taxes for the same per od, at 31 December of each year

62.95 €

NAV per share at the end of 2015

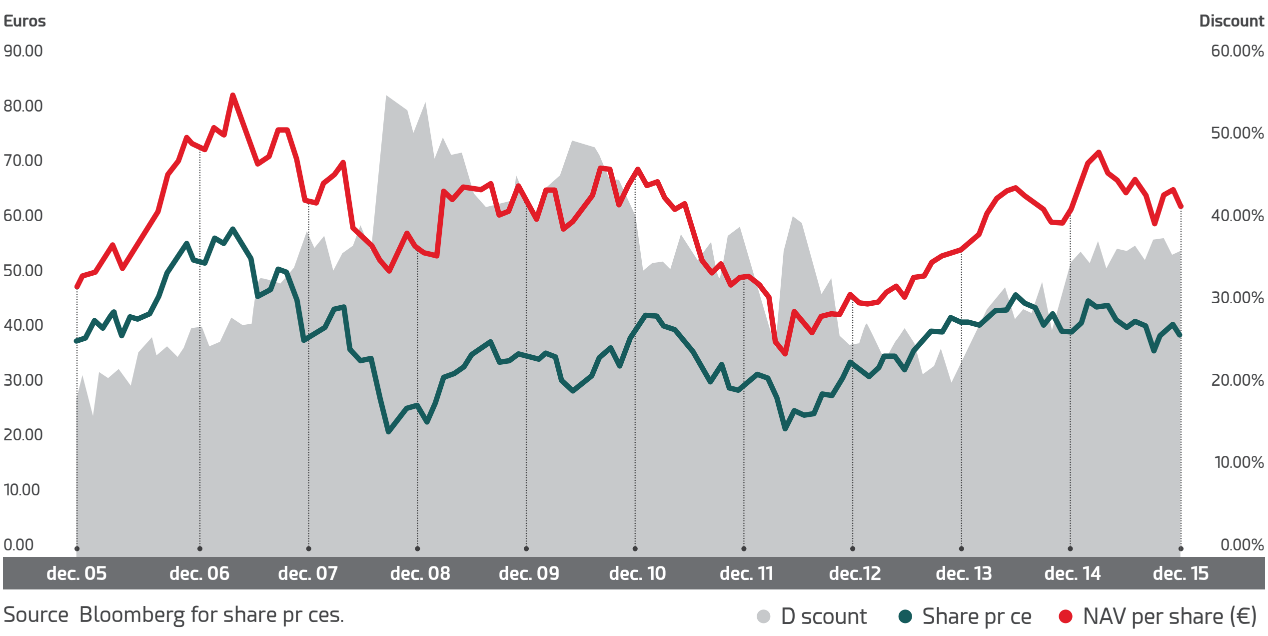
Performance of the Net Asset Value per share before taxes (at 31 Dec)



In the last 10 years the Alba’s NAV per share ncreased by 30.1%, wh ch mpl es a compound annual growth of 2.7%, greater than the -1.2% compound annual growth obta ned by Ibex 35. The growth n NAV per share s a result of the value creat on of our nvestees dur ng the per od, the good results of nvestment and d vestment dec s ons made dur ng the per od and purchases and amort sat ons of own shares made n prev ous years.

The d fferent performance of the share pr ce and the NAV per share s due to the change n d scount at wh ch Alba shares are traded n the market compared to the value of ts assets. For example, the d scount was 18.9% at the end of 2005 and ncreased to 36.7% at the end of 2015 (from 35.5% n December 2014).

Performance of the Net Asset Value per share versus share price

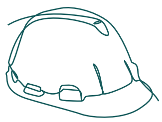


Source Bloomberg for share pr ces.

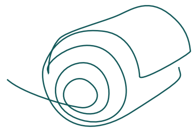
KEY FINANCIAL DATA

Investment portfolio

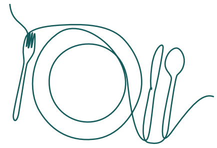
Structure of Alba nvestees at
31 December 2015



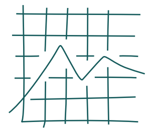
11.69%
ACS



19.62%
ACERINOX



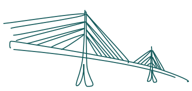
10.01%
EBRO FOODS



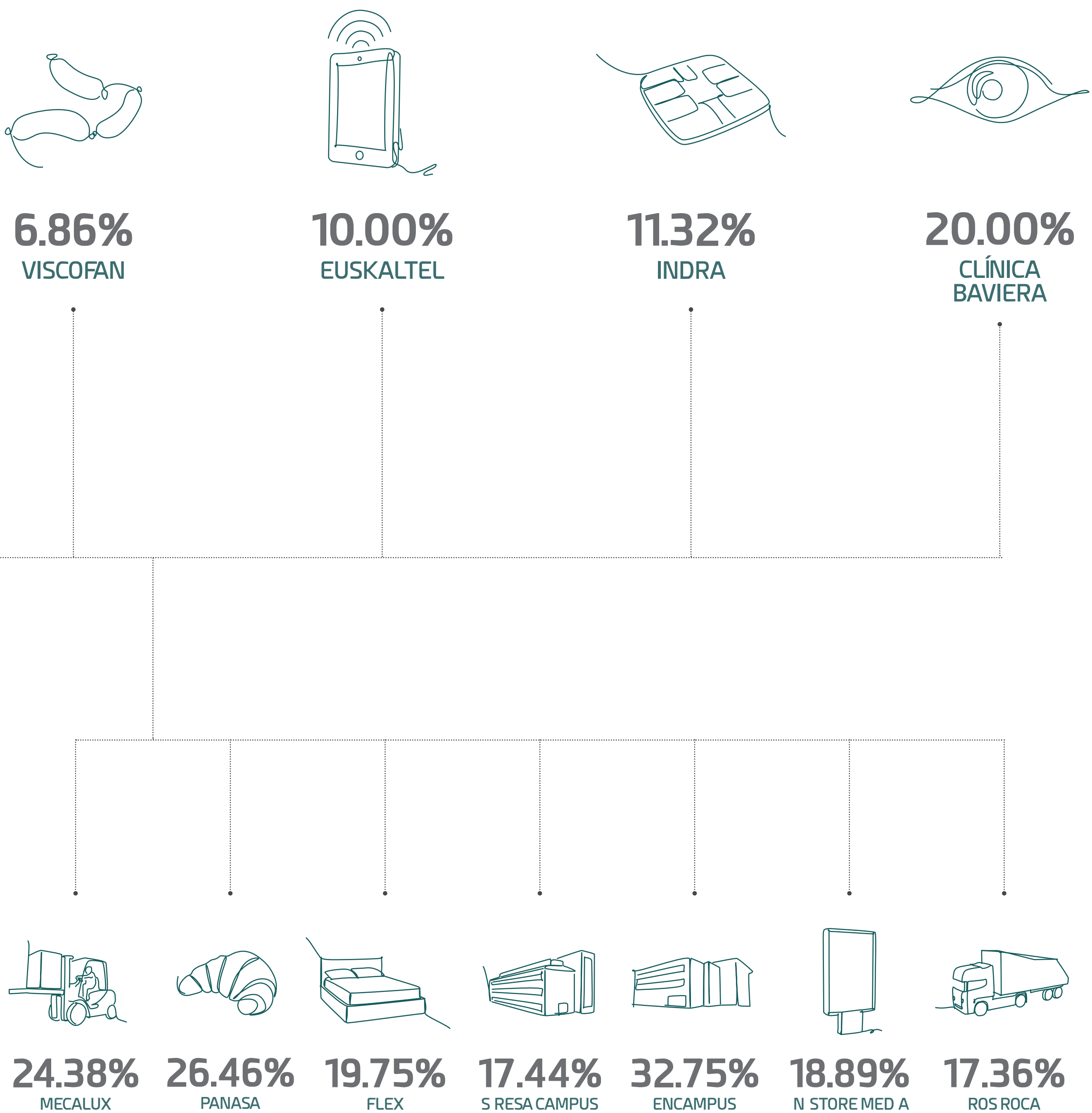
10.57%
BOLSAS Y MERCADOS ESPAÑOLES

ALBA GRUPO MARCH

CORPORACIÓN FINANCIERA ALBA



66.54%
HOCHT EF


6.86%
VISCOFAN
10.00%
EUSKALTEL
11.32%
INDRA
20.00%
CLÍNICA BAVIERA
24.38%
MECALUX
26.46%
PANASA
19.75%
FLEX
17.44%
S RESA CAMPUS
32.75%
ENCAMPUS
18.89%
N STORE MED A
17.36%
ROS ROCA

KEY FINANCIAL DATA

Value of the portfol o at
31 December 2015

Investment portfolio

	Market value (2)		
	Shareholding (%)	**Million euros**	**Share price**
ACS (1)	11.69	994	27.015
Acer nox (1)	19.62	493	9.417
Ebro Foods (1)	10.01	280	18.155
Bolsas y Mercados Españoles (1)	10.57	275	31.060
V scofan (1)	6.86	178	55.640
Euskaltel (1)	10.00	176	11.580
Indra (1)	11.32	161	8.669
Clín ca Bav era (1)	20.00	18	5.440
Total market value		**2,573**	
Total book value		2,236	
Unrealised capital gains		**337**	
Unlisted companies (Book value)		**286**	
Real Estate Property (Independent appraisal)		**367**	

(1) L sted compan es consol dated by us ng the equ ty method.
(2) Pr ces at close n December. All l sted nvestee compan es are l sted on the Span sh Stock Market Interconnect on System.

The performance of the nvestment portfol o over the last years s expla ned below

	Shareholding (%)			
	31 12 2015	Variation 2015	31 12 2014	31 12 2013
LISTED COMPANIES				
ACS	11.69	(2.19)	13.88	16.30
Acer nox	19.62	(3.47)	23.09	23.50
Ebro Foods	10.01	-	10.01	8.21
Bolsas y Mercados Españoles	10.57	2.29	8.28	-
V scofan	6.86	0.07	6.79	-
Euskaltel	10.00	10.00	-	-
Indra	11.32	(1.21)	12.53	11.32
Clín ca Bav era	20.00	-	20.00	20.00
Anteven o	-	(14.54)	14.54	18.71

	31 12 2015	Variation 2015	31 12 2014	31 12 2013
UNLISTED COMPANIES				
Mecalux	24.38	-	24.38	24.38
Panasa	26.46	(0.02)	26.48	26.36
Flex	19.75	-	19.75	19.75
S resa Campus	17.44	-	17.44	17.44
EnCampus	32.75	-	32.75	32.75
n-Store Med a	18.89	18.89	-	-
Ros Roca	17.36	-	17.36	17.36
Oc bar	-	(21.66)	21.66	21.66
Pepe Jeans	-	(12.00)	12.00	12.13

KEY FINANCIAL DATA

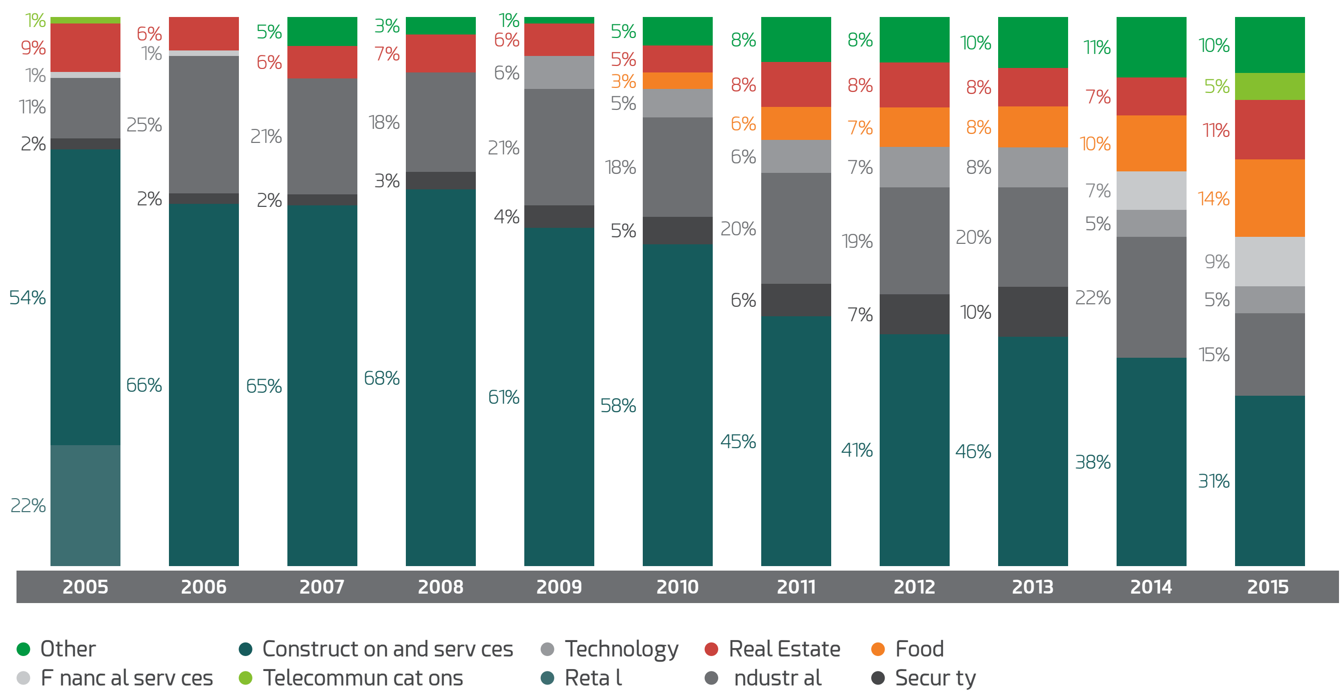
In 2015 a new l sted company (Euskaltel) jo ned Alba’s portfol o and hold ngs n Bolsas y Mercados Españoles and V scofan ncreased, wh le hold ngs n Acer nox, ACS and Indra decreased and the ent re stake n Anteven o was sold.

W th regard to the compos t on of the unl sted Compan es portfol o, an nvestment was made for a stake n n-Store Med a and equ ty stakes n Pepe Jeans and Oc bar were sold, these be ng the first d vestments made by development cap tal veh cles managed by Artá Cap tal.

Industry diversification

If the market value of hold ngs n l sted compan es, unl sted compan es and real estate property are added, the follow ng ndustry d str but on of the Company’s nvestments (n percentages) s obta ned

Alba portfolio industry breakdown (at 31 Dec)



The compos t on of Alba's portfol o has changed substant ally over the last years due to nvestments, d vestments and the d fferent market performance of nvestees. New ndustr es and nvestees have been ncluded wh ch, along w th d vestments made, have contr buted to substant ally reduce the we ght n the portfol o of the Construct on and Serv ces ndustry (ACS), the heav est over the last decade, as well as Industr al (Acer nox). Thus, from 2008 to 2015 Alba nvested n new ndustr es such as Food (Ebro Foods and V scofan), Technology (Indra), F nanc al (BME), Telecommun cat ons (Euskaltel, after ten years w thout a presence n th s sector) and s gn ficantly ncreased nvestments n the M scellaneous sect on (a category that at the end of 2015 ncluded shares n Clín ca Bav era, Mecalux, Panasa, Flex, EnCampus, S resa Campus, n-Store Med a and Ros Roca). By contrast, n the last ten years t has completely d vested ts nvestments n Reta l (Carrefour, n 2006) and Secur ty (Prosegur, 2013) ndustr es.

Together, all these movements have contr buted to ncreased ndustry d vers ficat on of Alba's portfol o, reduc ng the comb ned we ght of Construct on, Serv ces and Industr al ndustr es from 91% n late 2006 to 46% at the end of last year.

CONSOLIDATED FINANCIAL INFORMATION

Balance Sheet 34
Income Statement 38

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

The final part of this report presents the consolidated Financial Statements, audited by Ernst & Young, S.L., with more detailed information.

CONSOLIDATED FINANCIAL INFORMATION

Consolidated Balance Sheet before Profit Distribution

Assets

Million euros	At 31 December 2015	At 31 December 2014	At 31 December 2013
Investment property	352.2	204.9	200.4
Tang ble assets	7.7	8.3	9.0
Net tangible assets	**359.9**	**213.2**	**209.4**
Investments n assoc ates	2,236.0	2,214.7	2,015.3
F nanc al nvestments at fa r value w th changes n Profit and Loss	285.9	276.7	243.7
Other financ al assets	149.9	149.8	187.9
Financial assets	**2,671.8**	**2,641.1**	**2,446.9**
Total fixed assets	**3,031.7**	**2,854.3**	**2,656.3**
Cash and cash equ valents	298.8	492.5	603.0
Other current assets	162.0	201.5	84.2
Total current assets	**460.8**	**694.0**	**687.2**
TOTAL ASSETS	**3,492.5**	**3,548.3**	**3,343.5**

Liabilities

Million euros	At 31 December 2015	At 31 December 2014	At 31 December 2013
Share cap tal	58.3	58.3	58.3
Reserves	3,016.0	2,808.3	2,697.6
Treasury shares	(2.4)	(2.4)	(2.6)
Inter m d v dend pa d	(29.1)	(29.1)	(29.1)
Profit/(Loss) for the year	269.6	241.3	226.9
M nor ty nterests	0.6	0.6	0.4
Shareholders' equity	**3,313.0**	**3,076.9**	**2,951.5**
F nanc al debt	136.6	-	75.0
Other debt	2.9	1.9	2.0
Other l ab l t es	26.9	29.3	33.6
Non-current liabilities	**166.4**	**31.2**	**110.6**
F nanc al debt	9.0	435.8	272.3
Other debt	4.1	4.4	9.1
Current liabilities	**13.1**	**440.2**	**281.4**
TOTAL EQUITY AND LIABILITIES	**3,492.5**	**3,548.3**	**3,343.5**

CONSOLIDATED FINANCIAL INFORMATION

Balance Sheet

The changes n Alba's key balance sheet tems dur ng 2015 are deta led below.

The **Investment property entry**, wh ch ncludes property for rent, ncreased by 147.3 m ll on euros n 2015 to 352.2 m ll on euros at year-end, ma nly due to the acqu s t on of the bu ld ng located n Paseo de la Castellana 89, Madr d for 149.3 m ll on euros, mprovements n var ous propert es and a h gher est mated value thereof, wh ch offset the sale of several assets for 9.4 m ll on euros. The valuat on of propert es s carr ed out annually by ndependent experts, tak ng the ncrease or decrease n value aga nst the Income Statement under the head ng **Changes in the fair value of investment property**.

Tangible assets decreased from 8.3 to 7.7 m ll on euros, due to the amort zat ons for the year.

Investments in associates ncreased by 21.3 m ll on euros n 2015. Th s ncrease s expla ned by the results obta ned by nvestees (61.3 m ll on euros) by the part al reversal of the mpa rment loss made n prev ous years n the book value of the stake n Indra (43.6 m ll on euros) and by changes n the consol dated equ ty of assoc ates (24.7 m ll on euros). Deducted from th s account are accrued d v dends (96.3 m ll on euros) and the net amount of nvestments made (12.0 m ll on euros). In th s regard t should be noted that the mpact on th s account of ACS, Acer nox and Indra sales s h gher than the ncrease of nvestments made n Euskaltel, Bolsas y Mercados Españoles and V scofan.

Financial investments at fair value with changes in Profit and Loss amounted to 9.2 m ll on euros due to the ncrease n fa r value of non-l sted compan es (19.4 m ll on euros) and nvestments made n

 n-Store Med a and a cap tal ncrease n EnCampus (18.6 m ll on euros n total), wh ch offset the effect of d vestments n Oc bar and Anteven o.

Other financial assets ncreased sl ghtly, up to 149.9 m ll on euros, w thout s gn ficant changes n compos t on w th respect to 2014.

Cash and cash equivalents was reduced from 492.5 to 298.8 m ll on euros n 2015 due to nvestments and the s gn ficant reduct on of the gross debt, whereas **Other current assets** decreased from 201.5 to 162.0 m ll on euros as a result of the sale of the hold ng n Pepe Jeans dur ng the year. Th s reduct on was part ally compensated by the ncrease of 40.8 m ll on euros n accounts rece vable for w thhold ngs and nstalments pa d for **Corporate tax**, nclud ng other concepts under the head ng of **Other current assets**.

In 2015 there were no changes n **Share capital**, wh ch rema ned at 58.3 m ll on euros.

Reserves ncreased by 207.7 m ll on euros, from 2,808.3 to 3,016.0 m ll on euros, due to the results of the prev ous year-end, net of d v dends d str buted by Alba, and the pos t ve changes n the reserves of nvestees, espec ally due to exchange rate d fferences.

The entry **Interim dividend** rose to 29.1 m ll on euros at the end of 2015 and reflects the ord nary nter m d v dend for 2015 of 0.50 euros gross per share pa d last October.

Treasury shares nclude the cost of Alba's own shares that has not changed n the year. Thus, at 31 December 2015, Alba had 59,898 own shares n treasury, represent ng 0.10% of ts share cap tal, w th a cost of 2.4 m ll on euros.

Profit for the year was 269.6 m ll on euros, 11.7% h gher than the profit of 241.3 m ll on euros obta ned n 2014.

As a result of the above, **Shareholders' equity** ncreased by 7.7% n the year, to 3,313.0 m ll on euros.

Non-current liabilities nclude **Financial debt** w th matur ty exceed ng one year for 136.6 m ll on euros and the head ng **Other debt** ncludes guarantees rece ved regard ng bu ld ng leases for 2.8 m ll on euros.

Current liabilities, wh ch nclude both bank loans and other debts, were reduced substant ally n the year, from 440.2 m ll on euros at the end of 2014 to 13.1 m ll on euros at the end of 2015, due almost ent rely to a reduct on of 426.8 m ll on euros n **Financial debt** w th less than one year matur ty.

At 31 December 2015, Alba's net cash pos t on, calculated as the cash pos t on less short and long term financ al debts, was 153.3 m ll on euros, compared w th net cash of 56.7 m ll on euros at the end of last year. Th s ncrease n net cash pos t on s ma nly due to the pos t ve balance of asset sales less nvestments and an ncrease n d v dends rece ved from nvestees.

CONSOLIDATED FINANCIAL INFORMATION

Consolidated Income Statement[1]

Million euros	2015	2014	2013
Share of profit/(loss) of assoc ates	61,3	148,6	150,6
Lease and other ncome	15,8	13,0	13,0
Change n fa r value of nvestment property	4,7	2,0	(5,5)
F nanc al ncome	8,0	19,4	21,6
Asset mpa rment and changes n fa r value of financ al nstruments	63,1	41,7	(1,3)
Profit/(Loss) on assets	139,0	104,0	120,7
Total	**291,9**	**328,7**	**299,1**
Operat ng expenses	(20,8)	(19,8)	(20,3)
F nanc al expenses	(1,6)	(5,1)	(6,7)
Amort sat ons	(0,9)	(0,9)	(0,9)
Corporate tax	1,6	(61,0)	(43,3)
M nor ty nterests	(0,5)	(0,6)	(1,0)
Total	**(22,3)**	**(87,4)**	**(72,2)**
Net Profit	**269,6**	**241,3**	**226,9**
Net profit per share (euros)	**4,63**	**4,14**	**3,90**

(1) ncome Statement as per management cr ter a, wh ch expla ns the d fferences n some chapters w th the data shown n the F nanc al Statements.

Income Statement

Alba’s **Net profit** rose to 269.6 m ll on euros n 2015, 11.7% h gher than the prev ous year. The net profit per share ncreased from 4.14 euros n 2014 to 4.63 euros n 2015.

The head ng **Share of profit/(loss) of associates** y elded an ncome of 61.3 m ll on euros, 58.7% less than the 148.6 m ll on euros for the prev ous year. Th s sharp decl ne s ma nly due to the ncrease of Indra’s negat ve net result, lower profits from Acer nox and the lower contr but on of ACS as a result of Alba sharehold ng reduct on n th s company, among other effects. These negat ve elements were much h gher than the contr but ons of Bolsas y Mercados Españoles and V scofan, ncorporated nto the portfol o n 2014 (2015 be ng the first year of full annual contr but on) and Euskaltel, ncorporated n m d-2015.

Lease and other income, or g nated ma nly from nvestment property, ncreased by 21.5% up to 15.8 m ll on euros, due to the purchase, n June 2015, of the bu ld ng located n Paseo de la Castellana 89, Madr d, wh ch was a substant al ncrease n the total leasable area of Alba’s property portfol o. At 31 December 2015 property occupancy amounted to 85.2%.

Accord ng to the assessment made by ndependent experts, the est mated value of real estate property assets ncreased by 4.7 m ll on euros n 2015, account ng of th s amount to **Change in fair value of investment property**. At 31 December 2015 the fa r value of nvestment property stood at 352.2 m ll on euros.

Financial income was 8.0 m ll on euros n 2015 as opposed to 19.4 m ll on euros for the prev ous year. The fall n th s tem s expla ned by lower nterest earned on cash due partly to a lower average amount throughout the year and partly due to lower remunerat on rece ved due to lower reference rates n the market.

Profit/(Loss) on assets ncludes ncome of 139.0 m ll on euros n 2015, 33.6% more than the prev ous year, h ghl ght ng the pre-tax cap tal ga ns of 104.3 and 26.4 m ll on euros obta ned respect vely from sales of ACS and Acer nox shares dur ng the year.

Asset impairment and changes in fair value of financial instruments ncludes an account ng ncome of 43.7 m ll on euros, ma nly due to the part al recovery of mpa rments made n prev ous years on the book value of the stake n Indra, and an ncome of 19.4 m ll on euros for a h gher est mated fa r value for all nvestments ncluded n **Financial investments at fair value with changes in Profit and Loss**, wh ch are ma nly hold ngs n unl sted compan es through Deyá Cap tal.

Operating expenses rose to 20.8 m ll on euros n 2015, 5.1% more than n the prev ous year. These expenses nclude staff costs, costs d rectly l nked to the real estate act v ty and other overheads costs, together accounted for 0.57% of the Net Asset Value before tax at year-end.

The fall n **Financial expenses**, wh ch fell from 5.1 to 1.6 m ll on euros, was due to the s gn ficant drop n the average gross financ al debt dur ng the year, as d scussed n the relevant sect on of the Consol dated Balance Sheet.

Corporate tax includes an ncome of 1.6 m ll on euros compared to a expense of 61.0 m ll on euros n 2014.

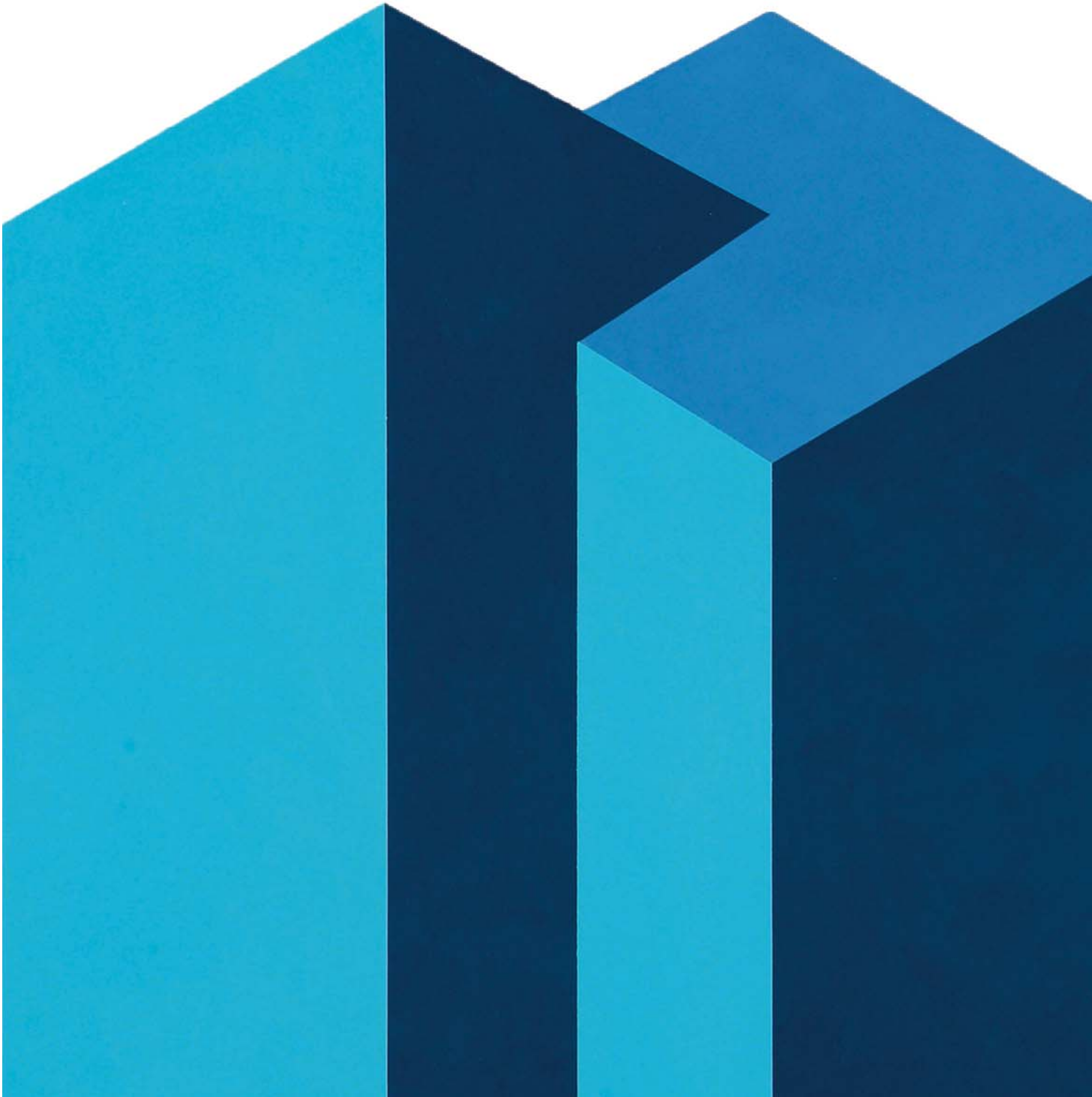
INFORMATION ON INVESTEE COMPANIES

LISTED

ACS 42
Acerinox 48
Ebro Foods 54
Bolsas y Mercados Españoles 60
Viscofan 66
Euskaltel 72
Indra 78
Clínica Baviera 84

UNLISTED

Mecalux 88
Panasa 89
Flex 90
EnCampus 91
in-Store Media 92
Ros Roca Environment 93



INFORMATION ON INVESTEE COMPANIES

Listed
ACS

Description of the company

ACS s one of the largest groups n the world regard ng construct on, turnkey projects and nfrastructure concess ons, w th a s gn ficant presence n Europe, North Amer ca, Austral a, As a and the M ddle East. In 2015 ACS aga n led the global rank ngs for var ous spec al zed publ cat ons of the largest nternat onal construct on contractors and major concess on groups for transport nfrastructure.

ACS structures ts act v ty n three major bus ness areas Construct on, Industr al Serv ces and Env ronment.

- The area of Construct on ncludes construct on act v t es n c v l work, res dent al and non-res dent al construct on, both by ACS, v a Dragados, and Hocht ef and ts subs d ar es, w th CIMIC - formerly Le ghton Hold ngs - be ng the most relevant n Austral a and Turner, Flat ron and EE Cruz n the Un ted States and Canada.

  ACS s one of the lead ng compan es worldw de n the development, construct on, management and operat on of new transport nfrastructure. V a Ir d um and Hocht ef t has part c pat ons n motorway, ra l and publ c fac l ty concess ons n countr es such as Spa n, USA, Canada, Ch le, Ireland, Peru, Portugal and the Un ted K ngdom. In add t on, CIMIC has a very s gn ficant presence n the management of m n ng operat ons, among other concess onary bus ness.

- ACS has extens ve exper ence throughout the Industr al Serv ces value cha n, from promot on, appl ed eng neer ng and construct on of new projects to ma ntenance of ndustr al nfrastructures n commun cat ons, control systems and energy, wh ch n some cases ncludes the operat on of these nfrastructures.

- F nally, the Env ronment ncludes, among others, the act v t es of www.grupoacs.com act v ty logo

ACS
ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS

street clean ng, refuse collect on and transportat on, treatment and recycl ng of mun c pal, commerc al and ndustr al waste, urban garden ng, ntegrated bu ld ng ma ntenance and home care serv ces, made through ts subs d ar es Urbaser and Clece. Urbaser s one of the ma n compan es of urban serv ces n Spa n, w th an ncreas ng presence n France and the Un ted K ngdom, part cularly through waste treatment plants.

Notes on the company's activities during 2015

The compar son of ACS results for 2015 w th those of prev ous years s affected by var ous changes n the scope of consol dat on, as well as the mpact of var at ons n the exchange rate of the US dollar and the Austral an dollar aga nst the Euro. In any case, we must h ghl ght the good operat ng performance of all act v t es and the s gn ficant reduct on n net debt dur ng the year.

Among the changes n the consol dat on per meter we h ghl ght the d vestment of renewable assets n 2015. Spec f cally, the sale of 75% of Saeta Y eld (company wh ch ncludes an mportant part of ACS operat onal renewable assets) through a publ c offer ng n m d-February 2015 and the sale of 50% of the energy project development company Bow Power. These operat ons allowed deconsol dat on and the reduct on of net debt for the Group, but had a negat ve mpact on the results of the Industr al Serv ces area. The other major change n scope was the consol dat on of Clece, fully consol dated s nce m d-2014 w th 2015 therefore be ng the f rst full year of contr but on to the consol dated results, mak ng t d ff cult to compare them, espec ally n the Env ronment area.

INFORMATION ON INVESTEE COMPANIES

Listed
ACS

Key financial data

In millions of euros unless otherwise indicated	2015	2014	2013
Sales	34,925	34,881	35,178
EBITDA	2,409	2,553	2,833
EBIT	1,541	1,684	1,640
Net profit	725	717	702
Total assets	35,280	39,321	39,965
Net financ al debt	2,624	3,722	3,811
Own funds (1)	3,421	3,034	3,268
Shareholders' equ ty	5,197	4,898	5,489
Total backlog (31-Dec.)	67,072	63,871	59,363
Employees (31-Dec.)	196,967	210,345	157,689
Share pr ce (31-Dec.) (n euros per share)	27.02	28.97	25.02
Market cap tal zat on (31-Dec.)	8,501	9,116	7,873
Gross d v dend y eld (on clos ng pr ce)	4.3%	4.0%	4.4%

Note 2014 results restated n 2015 to fac l tate compar son.
(1) Shareholders equ ty plus Adjustments due to Changes n Value. Does not nclude M nor ty nterests.

In 2015 the consol dated sales of ACS amounted to 34,925 m ll on euros, 0.1% more than the prev ous year. Domest c sales grew 5.5% due to the consol dat on of Clece, wh le nternat onal sales fell by 0.9%. Act v t es outs de Spa n represented 83.1% of the sales for 2015 and 84.0% of the order backlog at year-end. El m nat ng the contr but on of renewable assets sold n both years, comparable sales would have grown by 1.0% n 2015.

Meanwh le, EBITDA and EBIT fell by 5.6% and 8.5% respect vely to 2,409 and 1,541 m ll on euros. Nevertheless, n comparable terms, the EBITDA would have ncreased 3.6% and the EBIT 5.8%.

Net profit reached 725 m ll on euros n 2015, 1.1% more than n 2014, due to lower financ al expenses and a greater pos t ve contr but on of nvestee compan es consol dated under the equ ty method.

Key data by activity

In millions of euros	2015	2014	Var. 15/14
Construction			
Sales	25,319	25.,820	-1.9%
Recurr ng net profit	304	223	+36.4%
Backlog (31-Dec)	48,874	45,686	+7.0%
Industrial Services			
Sales	6,501	6,750	-3.7%
Recurr ng net profit	320	420	-23.7%
Backlog (31-Dec)	8,421	8,021	+5.0%
Environment			
Sales	3,139	2,338	+34.2%
Recurr ng net profit	73	72	+1.4%
Backlog (31-Dec)	9,776	10,164	-3.8%

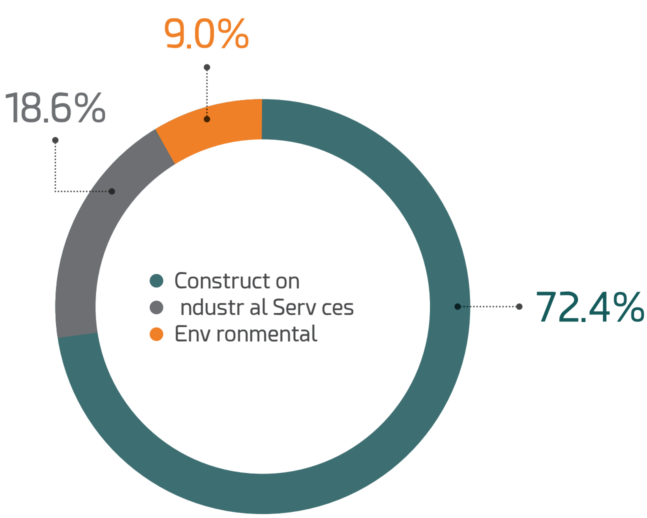
INFORMATION ON INVESTEE COMPANIES

Listed
ACS

As far as results by act v t es, we should emphas ze the sl ght falls n Construct on sales (-1.9%) due to less act v ty n some markets (+0.6% el m nat ng the act v ty of "contract m n ng") and Industr al Serv ces (-3.7%) due to the sale of renewable assets (+0.6% n comparable terms). Regard ng the Env ronment, growth n sales was due to the consol dat on of Clece from 1 July 2014; f the global ntegrat on of Clece s cons dered n both years, sales n th s area would have grown by 4.9%. In terms of net profit, the ncrease of 36.4% n Construct on s expla ned by better results n Hocht ef, wh le the drop of 23.7% n net profit for Industr al Serv ces s ma nly due to the sale of renewable assets.

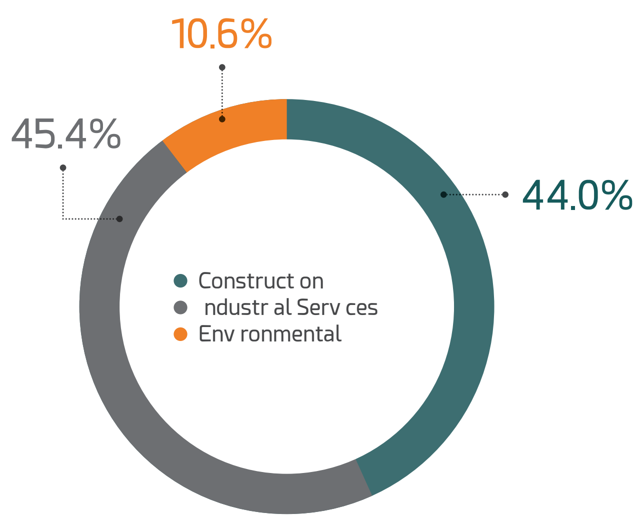
The total backlog grew by 5.0% n 2015 to 67,072 m ll on euros, thanks to the growth of the construct on backlog (+ 7.0%, worth ment on ng Dragados's nternat onal backlog) and Industr al Serv ces (+ 5.0%), wh ch offset the decl ne n the Env ronment backlog (-3.8%).

Sales by activity



Total 2015
34,925
Million euros

Net profit by activity



Total 2015
725
Million euros

Note Breakdown calculated on recurr ng net profit, wh ch excludes corporate results and those from renewable assets sold n the first quarter of 2015.

In 2015 ACS made nvestments of 2,233 m ll on euros and d vestments of 2,628 m ll on euros. Key nvestments nclude financ al nvestments and those made n projects that reached a total amount of 1,719 m ll on euros, nclud ng, among others, nvestments n concess on projects by Ir d um and Hocht ef and those a med at ncreas ng ACS hold ng n Hocht ef. Meanwh le, major d vestments relate to the sale of shares n Saeta Y eld and Bow Power, the collect on regard ng the sales of John Holland and part of Le ghton Serv ces (announced n late 2014) and the sale of several concess on assets n Spa n, Canada and Braz l, among others.

It should also be noted that n 2015 the Group spent 507 m ll on euros to purchase treasury shares n ACS and Hocht ef, as well as 345 m ll on euros on d v dend payments to ACS shareholders and m nor ty shareholders of Hocht ef, CIMIC and other compan es w th n the consol dated group.

In total, ACS substant ally mproved cash generat on n 2015, thanks to a strong ncrease n operat ng cash flow (both from results and work ng cap tal) and the aforement oned pos t ve net balance of nvestments and d vestments. Th s ncrease n cash generat on and changes n the consol dat on per meter expla n the reduct on of the net financ al debt by 29.5% n the year to 2,624 m ll on euros at year-end, scarcely 1.1 t mes the consol dated EBITDA 2015. ACS has s gn ficantly reduced ts debt n the last four years.

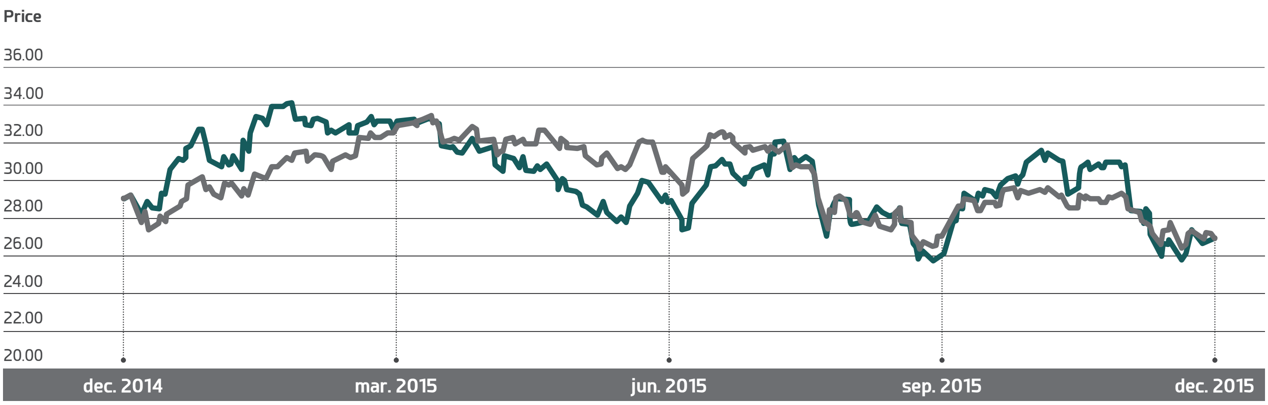
Alba’s shareholding

Alba s the second largest shareholder n ACS w th a hold ng of 11.69% n ts share cap tal at the end of 2015. Over the past year Alba sold 2.19% of ACS for 219 m ll on euros, result ng n a consol dated gross cap tal ga n of 104 m ll on euros.

Share price performance

The share pr ce of ACS fell by 6.7% n 2015 to 27.02 euros per share at year end, w th a market cap tal zat on at that t me of 8,501 m ll on euros. In the same per od, Ibex 35 saw a drop of 7.2%.

Share price performance of ACS in 2015



Source Bloomberg.

INFORMATION ON INVESTEE COMPANIES

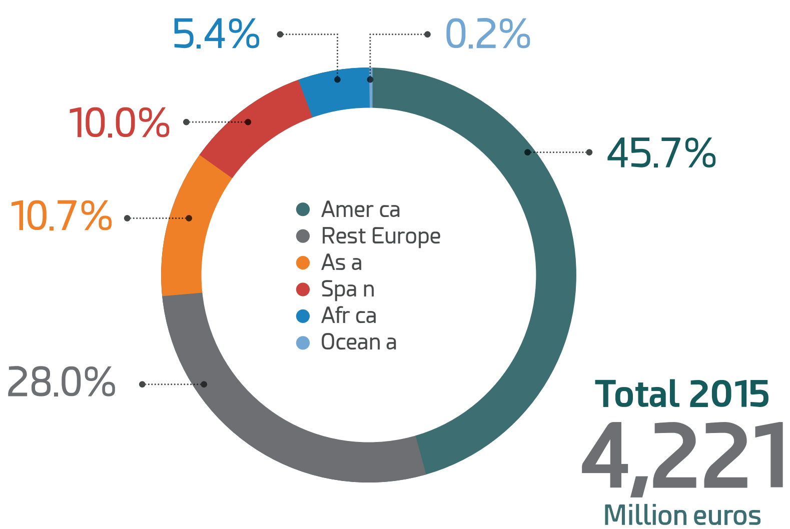
Listed
ACERINOX

Description of the company

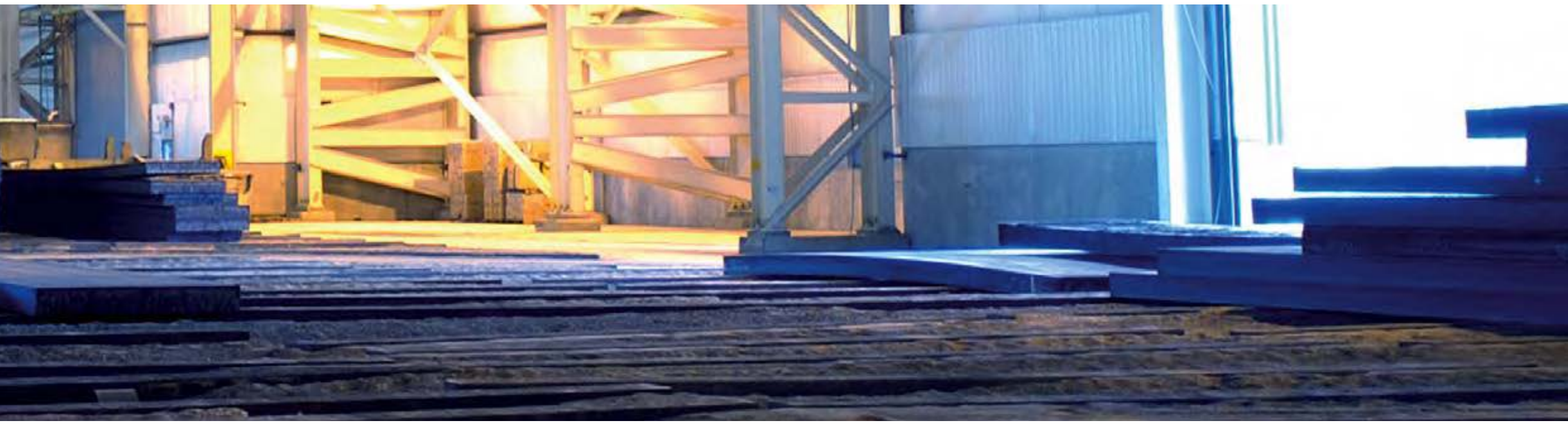
Acer nox s one of the ma n compan es n the manufacture of sta nless steel at world-w de level, w th an annual product on capac ty of 3.5 m ll on tons.

The Company has four flat product factor es (Spa n, USA, South Afr ca and Malays a), three long product factor es (two n Spa n and one n the USA) and an extens ve sales network, w th warehouses and serv ce centers n 37 countr es and sales n more than 80 countr es on five cont nents.

Sales by region



www.acer nox.es act v ty logo



By market, the pos t on of North Amer can Steel (NAS) n the Un ted States s worth ment on ng, where t s market leader and has poss bly the most effic ent and profitable plant n the world. The Un ted States s the largest market for Acer nox by sales n 2015, followed by Spa n and Germany.

Over the last years, Acer nox has focused much of ts expans on on the As an market w th the launch of Bahru Sta nless plant n Malays a and the open ng of compan es and sales offices n var ous countr es n the area. Bahru Sta nless began product on of cold-rolled co ls n December 2010, w th the long-term goal of hav ng an ntegrated sta nless steel factory n Malays a n l ne w th the other three Acer nox plants n Spa n, USA and South Afr ca.

Notes on the company's activities during 2015

Accord ng to Acer nox data, global sta nless steel product on grew just 0.1% n 2015, well below the growth rates of recent years (7-8% annually) and the average h stor cal growth (+5.9 % s nce 1950).

The fastest grow ng product on markets were Amer ca and As a ex-Ch na w th 1.0-1.1%, wh le Europe ma nta ned product on levels (+0.5%) and Ch na reduced ts product on by 0.6%, the first drop n product on n th s country for many years. Lower product on n Ch na was probably caused by an econom c downturn n the country, due to d fficult es for many local producers due to excess capac ty and low pr ces and the effort of the Ch nese government to gradually change the econom c model towards greater pr vate consumpt on nstead of nvestment n product ve capac ty.

Th s clear slowdown of ncreases n product on of sta nless steel together w th announcements for cuts n nstalled capac ty occur n an env ronment where real consumpt on s pos t ve, therefore n the com ng years, the d fference between supply and demand n the

INFORMATION ON INVESTEE COMPANIES

Listed
ACERINOX

global sta nless steel market should be s gn f cantly adjusted.

However n the short term, as has been exper enced n 2015 and n the first months of 2016, the excess of nstalled product on capac ty, coupled w th relat vely h gh nventor es at the end of 2014 and a steep drop n n ckel pr ces causes falls or moderate growth of apparent consumpt on n major markets and a general collapse of pr ces n sta nless steels, wh ch substant ally affects the profitab l ty of producers. Thus, for example, NAS s probably the only s gn ficant producer of sta nless steel n the Un ted States that d d not present losses n 2015.

As already ment oned, the s tuat on n the sta nless steel market was compounded by the sharp decl nes n n ckel pr ces, one of the worst perform ng commod t es n 2015. Thus, the pr ce of n ckel n the London Metal Exchange fell 42.0%, from $14,935 per tonne at the end of 2014 to $8,665 at the end of 2015. Th s drop led to stock sts delay ng most of the r purchases, suppress ng the apparent demand from producers and sales pr ces, wh ch have reached h stor cally low levels n all markets.

Although ant -dump ng measures taken n 2015 n the European Un on aga nst mports of flat products from Ch na and Ta wan were pos t ve for European producers, the fact s that the fall n pr ces has affected all markets, largely by the global zat on of the sector.

In 2015 Acer nox ma nta ned ts levels of product on relat vely stable w th respect to prev ous years. Crude steel and hot-rolled product on reached 2.3 and 2.0 m ll on tons respect vely, -0.2% and -0.5% less than n 2014, wh le cold-rolled product on, of h gher added value, ncrease 3.4% to 1.6 m ll on tons. F nally, the product on of hot-rolled long products showed the worst performance, fall ng 10.6% to 216 thousand tons n the year due to the d ff cult cond t ons n the US market.

It should be noted that n 2015 Acer nox broke the cold-rolled product on record and had the second best year n terms of steel product on, just beh nd that obta ned n 2006.

Annual output in thousands of tons

	2015	2014	2013
Crude steel	2,320	2,325	2,225
Hot-rolled products	2,039	2,049	1,941
Cold-rolled products	1,609	1,556	1,499
Long products (hot-rolled)	216	242	223

Key data

In millions of euros unless otherwise indicated	2015	2014	2013
Sales	4,221	4,380	3,966
EBITDA	286	454	228
EBIT	121	298	88
Net profit	43	136	22
Total assets	4,126	4,430	3,991
Net financ al debt	711	616	529
Shareholders' equ ty	2,023	1,856	1,553
Employees (31-Dec.)	6,506	6,693	6,983
Share pr ce (31-Dec.) (n euros per share)	9.42	12.51	9.25
Market cap tal zat on (31-Dec.)	2,512	3,273	2,378
Gross d v dend y eld (on clos ng pr ce)	4.8%	3.6%	4.7%

INFORMATION ON INVESTEE COMPANIES

Listed
ACERINOX

In terms of financial results, Acerinox sales fell 3.6% during the year to 4,221 million euros. This drop in sales is due to the reduction in the average sale price per ton (physical unit sales were down only 2.3% in 2015), both due to less extra alloys as a result of the reduction in the average nickel price throughout the year and due to base prices affected by competition in major markets. It should be noted that the drop in average prices was partially buffered in 2015 by the positive impact of the revaluation of the dollar against the euro in the year.

In this complex market environment, EBITDA and EBIT were respectively reduced by 37.0% and 59.4% to 286 and 121 million euros. Meanwhile, net profit was 43 million euros in 2015, 68.5% less than in the previous year. The negative impact on results was especially marked in the second half of the year.

Despite these worst results, it is necessary to highlight the importance of efficiency and cost saving measures taken by Acerinox in recent years which allow the Company to maintain high levels of profitability and cash generation, better than most of its main competitors. In this regard, in December 2015, Acerinox already reached 55% of savings targets set out in the Plan of Excellence IV (2015-2016), which translates into savings of 37.1 million euros a year.

At 31 December 2015, Acerinox had equity of 2,023 million euros and a net debt of 711 million euros, 15.4% more than at the end of 2014, following an increase in working capital due to lower use of factoring and confirming instruments during the year, reflecting the good liquidity situation of the Company.

In 2015 Acerinox invested 68 million euros, 9.0% less than in the previous year. Nevertheless, the Company announced significant investments in its Algeciras and Kentucky plants 140 million euros in an annealing and pickling line and a new cold rolling mill in Acerinox Europe and 116 million euros in a bright annealing line and a BA finish cold rolling mill in NAS. These investments, part of which already took place in 2015, are part of the new Acerinox 2016-2020 Strategic Plan which includes, among other lines of action, to continue on the path of operational excellence and achieve optimal capacity of its factories.

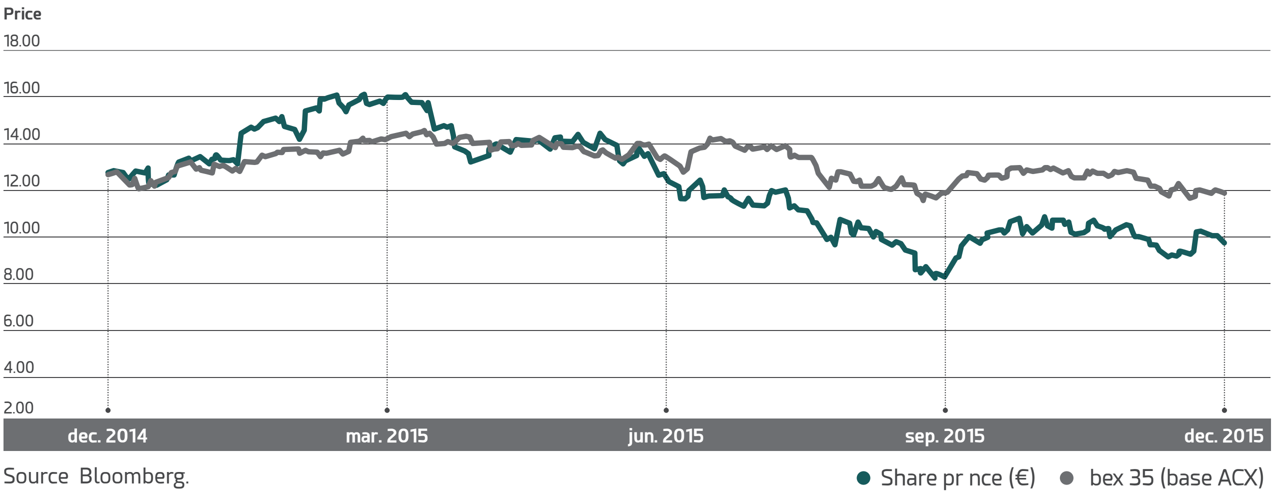
Alba's shareholding

At 31 December 2015, Alba remained the major shareholder of the Company with a holding of 19.62% of its share capital. In the past year Alba sold 3.10% of Acerinox for 118 million euros, resulting in a consolidated gross capital gain of 26 million euros and additionally slightly reduced its stake due to the capital increase made by the Company for the provision of new shares to shareholders who voted in favour under the approved flexible dividend.

Share price performance

The Acerinox share price ended 2015 at 9.42 euros per share, representing a fall of 24.7%, far worse than Ibex 35 (-7.2%). Market capitalization amounted to 2,512 million euros at year end.

Share price performance of Acerinox in 2015



Source Bloomberg.

INFORMATION ON INVESTEE COMPANIES

Listed
EBRO FOODS

Description of the company

Ebro Foods s a mult nat onal food company operat ng n the r ce and pasta segments. It has commerc al or ndustr al presence through an extens ve network of subs d ar es and brands n more than 25 countr es n Europe, North Amer ca, As a and Afr ca, wh ch has enabled t to pos t on tself as a world leader n the r ce sector and second largest pasta manufacturer.

Ebro Foods has a w de range of lead ng brands and ts ma n markets compr se the Un ted States and France, wh le Spa n represents a small part of the r bus ness (5.8% of sales n 2015).

In recent years the Company has expanded ts act v t es through select ve acqu s t ons, wh ch t has successfully ntegrated, consol dat ng leadersh p pos t ons n these markets and substant ally mprov ng ts prof tab l ty. For example, s nce 2012 t has bought the worldw de r ce bus ness of Deoleo, the healthy pasta brands No Yolks and Wacky Mac n the Un ted States and Canada, Ol v er (pasta and fresh sauce leader n Canada), R so Scott (Ital an group spec al zed n the product on and process ng of r ce and r sotto r ce leader n Italy), Past f c o Luc o Garofalo (prem um dry pasta leader n Italy and other countr es) and a basmat r ce factory n Ind a. Th s strategy cont nued n 2015 w th the acqu s t on of R ce Select, a well-known US brand n spec al ty prem um r ce and Grupo Monterrat, a company w th a s gn f cant presence n fresh d shes n France and n January 2016 t purchased 100% of the French Celnat, a p oneer n the f eld of organ c food and one of the largest manufacturers of organ c cereals n France.

Notes on the company's activities during 2015

Ebro Foods sales ncreased 16.1% n 2015 to 2,462 m ll on euros due to acqu s t ons, the part al transfer to sales pr ces of the h gher cost of raw www.ebrofoods.es act v ty logo

mater als and the pos t ve mpact of the performance of exchange rates.

These factors caused EBITDA and EBIT to ncrease by 9.6% and 8.4% respect vely, to reach 315 and 246 m ll on euros. However, the EBITDA marg n over sales decreased from 13.5% to 12.8% due to worsen ng profitab l ty of the Pasta segment due to sharp ncreases n the pr ce of durum wheat wh ch could not be transferred n full to sale pr ces.

Net prof t was 145 m ll on euros, 0.8% lower than the prev ous year due to cap tal ga ns from the sale of the stake n Deoleo recorded n 2014.

INFORMATION ON INVESTEE COMPANIES

Listed
EBRO FOODS

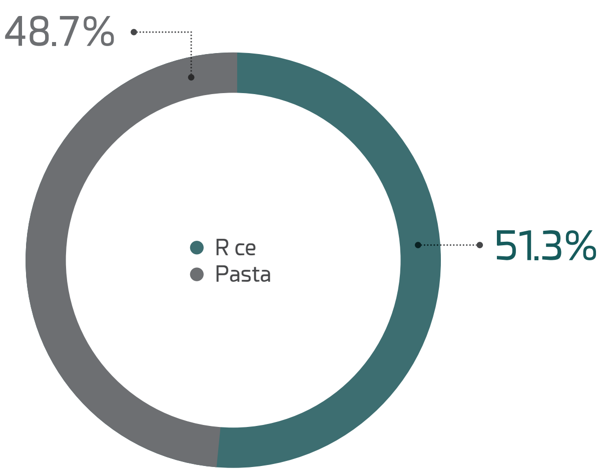
Key financial data

In millions of euros unless otherwise indicated	2015	2014	2013
Sales	2,462	2,121	1,957
EBITDA	315	287	282
EBIT	246	227	226
Net profit	145	146	133
Employees (average)	5,759	5,189	4,665
Total assets	3,403	3,162	2,773
Net financ al debt	426	406	338
Shareholders' equ ty	1,993	1,874	1,728
Share pr ce (31-Dec.) (n euros per share)	18.16	13.71	17.04
Market cap tal zat on (31-Dec.)	2,793	2,109	2,621
Gross d v dend y eld (on clos ng pr ce)	3.6%	3.6%	3.5%

The Company's net financ al debt ncreased by 5.1% n 2015, to 426 m ll on euros due to the acqu s t ons of R ce Select and Grupo Monterrat. Even so, the rat o of net debt to EBITDA for the year was 1.36 t mes, a very moderate level, sl ghtly lower than n 2014 (1.41 t mes) and allows Ebro Foods to cont nue ts strategy of geograph c and product consol dat on.

The Group's return on cap tal employed (ROCE) stood at 15.6%, below the 16.7% ach eved the prev ous year, due to the aforement oned sl ght reduct on n marg ns.

Sales by activity

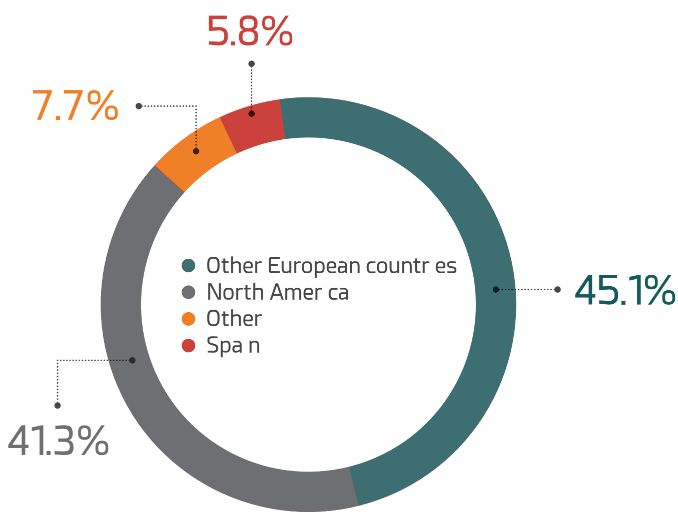


Total 2015

2,462

Million euros

Sales by geographic area



Total 2015

2,462

Million euros

Note Breakdown of sales by act v ty
before ntercompany el m nat ons.

INFORMATION ON INVESTEE COMPANIES

Listed
EBRO FOODS

By bus ness areas, sales for the R ce d v s on ncreased by 13.0%, to 1,288 m ll on euros due to the good organ c performance of the bus ness as well as the performance of currenc es and the ntegrat on of R ce Select s nce June. The EBITDA and EBIT grew by 18.9% and 21.1% respect vely, to 177 and 148 m ll on euros, contr but ng to the profitab l ty on cap tal employed for the d v s on wh ch rose from 16.0% n 2014 to 17.1% n 2015.

Sales for the Pasta d v s on reached 1,224 m ll on euros n the year, 19.0% more than n 2014, thanks, partly, to the contr but on of Garofalo n Italy and Monterrat n France, acqu red n June 2014 and September 2015 respect vely, and to the part al transfer of the ncrease n durum wheat to consumers. The ncrease n raw mater al pr ces that could not be transferred led to an ncrease n costs of 54 m ll on euros n the d v s on and, as a result EBITDA grew by 1.6% to 149 m ll on euros, w th a worsen ng of marg ns, wh ch fell from 14.2% to 12.1%. Meanwh le, EBIT fell 3.4% to 110 m ll on euros. The return on cap tal employed was reduced by over 4 percentage po nts to 16.1%.

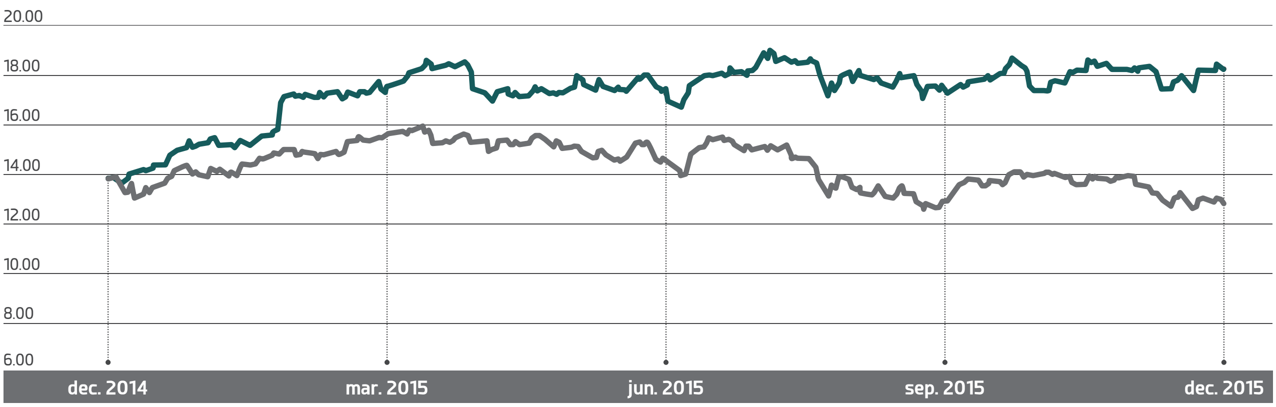
Alba's shareholding

In 2015 Alba ma nta ned ts hold ng of 10.01% n the Company's share cap tal, be ng one of ts ma n shareholders.

Share price performance

Dur ng 2015 the market pr ce of Ebro Foods was revalued by 32.4% to 18.16 euros per share, n contrast w th the Ibex 35 fall of 7.2%. At 31 December, the market cap tal zat on of Ebro Foods was 2,793 m ll on euros.

Share price performance for Ebro Foods in 2015



Source Bloomberg.

● Share pr ce (€)   ● bex 35 (base EBRO)

INFORMATION ON INVESTEE COMPANIES

Listed
BOLSAS Y MERCADOS ESPAÑOLES

Description of the company

Bolsas y Mercados Españoles (BME) s the operator for all stock markets and financ al systems n Spa n and the ma n trad ng platform for transact ons related to shares of Span sh l sted compan es. The Company operates Madr d, Barcelona, B lbao and Valenc a stock markets.

BME has been l sted s nce July 2006 and s an nternat onal reference n the sector n terms of solvency, effic ency and profitab l ty.

The Company's act v t es are d verse and are organ zed n seven bus ness un ts Equ t es, F xed Income, Der vat ves, Clear ng, Settlement and Reg strat on, Informat on and IT & Consult ng.

Notes on the company's activities during 2015

In 2015 BME obta ned the best annual result s nce 2008 thanks to sol d growth n all the relevant nd cators, thus, revenue ncreased by 1.6%, EBITDA by 2.5% and the net profit by 5.2%.

Th s strong performance s ma nly due to s gn ficant growth n revenue reported by Informat on (+17.8%) and Clear ng (+3.0%) as well as the stab l ty of revenue from Equ t es (+0.3%), the most mportant bus ness un t of the Company. Th s, coupled w th a conta nment of operat ng costs (-0.4%) compared to the prev ous year, allowed the Company to report net profit of 173 m ll on euros, up 5.2% over the prev ous year. These results consol date BME's pos t on as one of the most effic ent compan es n the sector, w th an effic ency rat o www.bolsasymercados.es act v ty logo

of 29.6% as opposed to the sector average of 46.4%.

Th s h gh level of eff c ency and cash generat on allowed to obta n a ROE of 40.9% n 2015 and ma nta n h gh shareholder remunerat on. If the proposed supplementary d v dend s approved, BME would have d str buted a total gross d v dend aga nst 2015 results of 1.93 euros per share, represent ng a pay-out of 97.8% and a d v dend y eld of 6.2% based on the share pr ce at the end of 2015.

INFORMATION ON INVESTEE COMPANIES

Listed
BOLSAS Y MERCADOS ESPAÑOLES

Key data

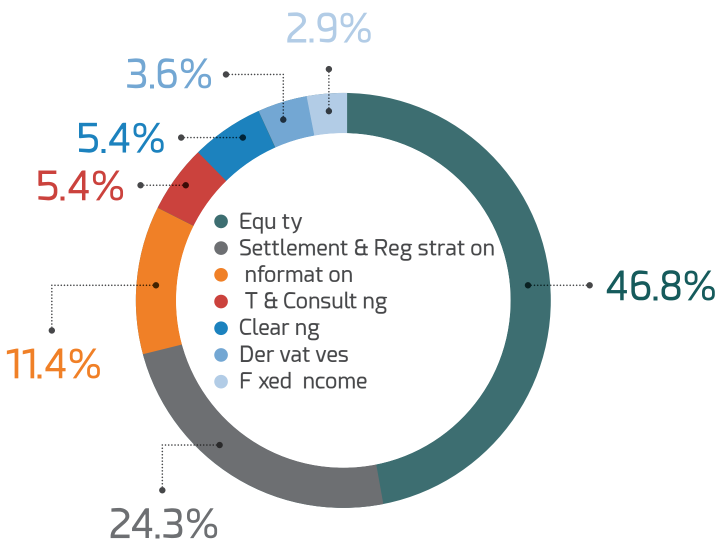
In millions of euros unless otherwise indicated	2015	2014	2013
Revenues	348	342	308
EBITDA	245	239	209
EBIT	239	233	201
Net profit	173	165	143
Total assets	31,272	33,949	38,904
Net financ al debt/(net cash)	(322)	(290)	(261)
Shareholders' equ ty	433	419	392
Employees (31-Dec.)	700	698	713
Share pr ce (31-Dec.) (n euros per share)	31.06	32.14	27.66
Market cap tal zat on (31-Dec.)	2,597	2,687	2,313
Gross d v dend y eld (on clos ng pr ce)	6.2%	5.1%	6.3%

By bus ness l ne, the Equ t es segment, represent ng 46.8% of total revenues of the Company, reported revenues and EBITDA n l ne w th the prev ous year. The good performance of revenues from l st ng act v ty w th a growth of 10.7% should be h ghl ghted. Investment flows channelled through the Span sh Stock Market n 2015 amounted to 41,634 m ll on euros, 15.3% h gher than the prev ous year and the h ghest s nce 2007. Cap tal ncreases and IPOs have made the Span sh market the most mportant at European level and the f fth worldw de by value of IPOs n the year 2015.

Regard ng trad ng act v ty, revenues were down 1.1% ma nly due to a decrease n the number of transact ons (-12.5%), wh ch could not be offset by an ncrease n turnover (+8.9 %), the fourth consecut ve year of grow ng volumes n comparable terms.

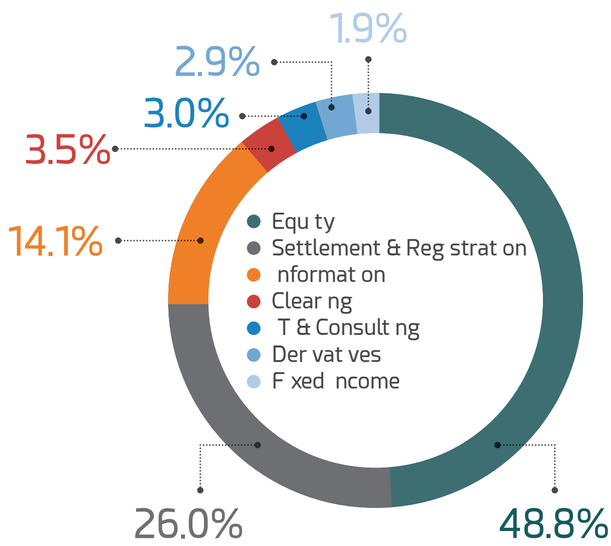
Trad ng of exchange traded funds (ETFs) and warrants were the fastest grow ng products n BME's Equ t es segment both n terms of turnover and the number of trades.

Sales by business unit



Total 2015
348
Million euros

EBITDA by business unit



Total 2015
245
Million euros

Note Breakdown before corporate results and ntercompany el m nat ons.

INFORMATION ON INVESTEE COMPANIES

Listed
BOLSAS Y MERCADOS ESPAÑOLES

W th respect to the other segments, the good performance of the Informat on segment w th a growth of 17.8% n revenues and 17.1% n EBITDA should be noted. Th s ncrease n revenue s ma nly due to a h gher number of subscr bers and d rect BME server connect ons, a true reflect on of ncreased act v ty n the market.

The Settlement and Reg strat on segment, the second largest segment by s ze, reported negat ve growth compared to the prev ous year n both revenue (-1.7%) and EBITDA (-1.4%), affected by fewer operat ons and cash settled.

Clear ng, wh ch ncludes the compensat on and settlement of all financ al and electr c ty der vat ves, reported a revenue ncrease of 3.0% and a decrease n EBITDA of 12.8%. Th s decrease n EBITDA s due to costs assoc ated w th the Clear ng and Settlement System Reform project.

In relat on to the other segments, Der vat ves, F xed Income and IT & Consult ng reported negat ve growth n both revenue and EBITDA as a result of lower act v ty n the r respect ve segments.

At year end 2015 the Company had a net cash pos t on of 322 m ll on euros, nclud ng short-term financ al assets, wh ch s 11.1% more than that recorded last year.

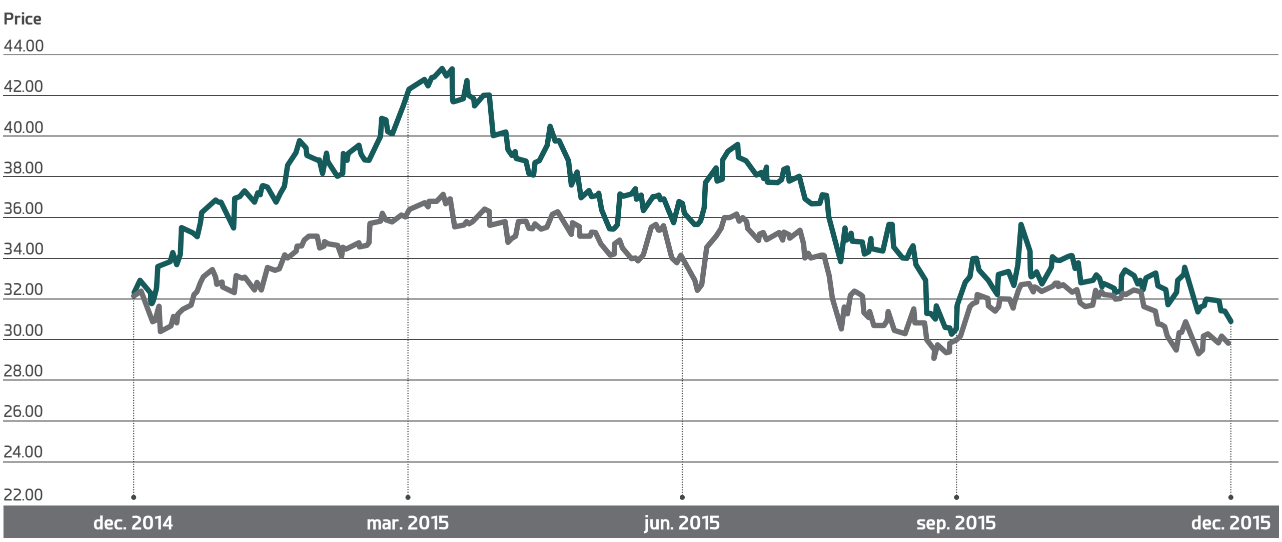
Alba's shareholding

Throughout 2015 Alba ncreased ts hold ng n the BME share cap tal to 10.57%, through the purchase of an add t onal 2.29% of the Company for 68.2 m ll on euros. At 31 December 2015 Alba was the major shareholder of BME.

Share price performance

The BME share pr ce fell by 3.4% n 2015 (versus a decl ne of 7.2% n Ibex 35) to 31.06 euros per share, w th a market cap tal zat on of 2,597 m ll on euros at year end.

Share price performance of BME in 2015



Source Bloomberg.

● Share pr ce (€) ● bex 35 (base BME)

INFORMATION ON INVESTEE COMPANIES

Listed
VISCOFAN

Description of the company

V scofan s the global leader n art fic al cas ngs for meat products and s the only world producer that manufactures all types of cas ngs cellulose, collagen, fibrous and plast c.

The Company's revenue s w dely d vers fied, w th around 2,000 cl ents n over 100 countr es worldw de. In 2015, 85.7% of sales corresponded to nternat onal bus ness.

V scofan has a w de network of cas ng product on centres n Europe (Spa n, Germany, Czech Republ c and Serb a), North Amer ca (Un ted States), Lat n Amer ca (Braz l, Mex co and Uruguay) and As a (Ch na). In add t on, t has 14 sales offices n var ous countr es.

Notes on the company's activities during 2015

In 2015, V scofan successfully concluded ts "Be MORE" Strateg c Plan 2012-2015, wh ch a med to take advantage of a context of growth n the cas ngs market n contrast w th a global econom c slowdown. For th s purpose a s gn ficant ncrease n nvestments was made, 287 m ll on euros n four years, among wh ch the establ shment of new collagen product on factor es n Ch na and Uruguay should be h ghl ghted, the latter be ng the first collagen extrus on plant n Lat n Amer ca.

The plan has further ncreased the Company's spec al zat on n the cas ngs market, re nforc ng ts technolog cal leadersh p n cellulose and collagen cas ngs. Th s spec al zat on concluded n March 2015 w th the sale of Grupo Al mentar o IAN for 56 m ll on euros. IAN s a leader n canned vegetables (asparagus, peppers, ol ves, tomatoes and sauce) n Spa n and a p oneer n prepared d shes.

Th s Company leadersh p has resulted n an ncrease n sales and volumes, through wh ch t has ach eved an annual zed revenue growth n the Cas ngs d v s on of 7.0% between 2011 and 2015. In add t on, product on mprovements have led to ncreased www.v scofan.es act v ty logo

marg ns of 1.7 percentage po nts dur ng sa d per od and th s has resulted n an annual zed EBITDA growth of 8.6% for 2011-2015.

W th the presentat on of results for 2015, the Company ntroduced ts new ("MORE TO BE") Strateg c Plan 2016-2020 where t targets to be the global leader n cas ngs, rank ng first or second n the major markets through a threefold approach of serv ce, technology and cost. Th s ncludes the acqu s t on of 90.57% Nanopack Technology & Packag ng dur ng 2015, a company spec al z ng n the product on of "glass" plast c and add t ve manufactur ng.

INFORMATION ON INVESTEE COMPANIES

Listed
VISCOFAN

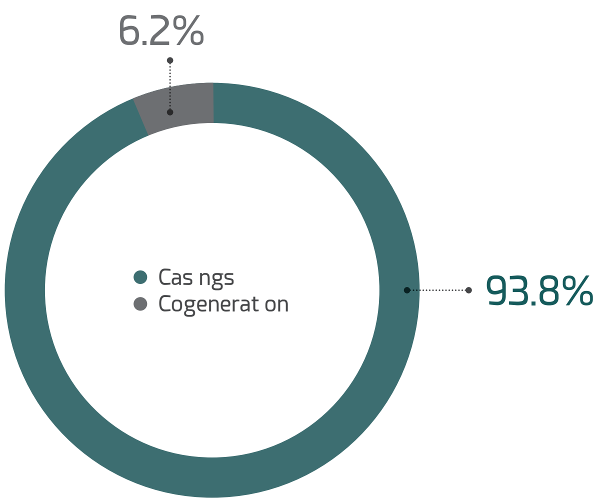
Key data

In millions of euros unless otherwise indicated	2015	2014	2013
Sales	741	687	765
EBITDA	214	185	178
EBIT	161	136	130
Net profit	120	106	102
Total assets	832	877	791
Net financ al debt/(net cash)	(3)	75	85
Shareholders' equ ty	633	576	522
Employees (average)	4,233	4,089	3,955
Share pr ce (31-Dec.) (n euros per share)	55.64	44.07	41.35
Market cap tal zat on (31-Dec.)	2,593	2,054	1,927
Gross d v dend y eld (on clos ng pr ce)	2.2%	2.6%	2.7%

Note Consol dated results for 2013 nclude Grupo AN wh ch n 2014 and 2015 has been consol dated as a d scont nued operat on/ava lable for sale. t was prev ously ncluded under global consol dat on.

V scofan sales ncreased by 7.8% n 2015 to 741 m ll on euros, eleven consecut ve years of susta ned growth n revenues, thanks to the ncrease of 8.8% of Cas ng sales, wh ch reached 695 m ll on euros dr ven by h gher volumes and the strength of the US dollar and the Ch nese renm nb aga nst the Euro. Meanwh le, Cogenerat on revenues fell 4.7% to 46 m ll on euros due to the account ng n late 2014 of a non-recurr ng ncome from a change n the regulat on of electr cal cogenerat on n Spa n. Exclud ng the mpact of currenc es and non-recurr ng ncome, annual revenue grew 2.7%.

Sales by activity

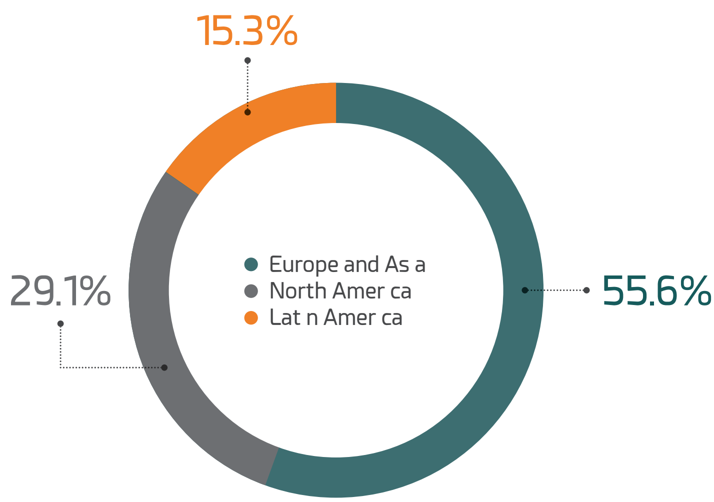


Total 2015

741

Million euros

Sales by geographic area



Total 2015

741

Million euros

INFORMATION ON INVESTEE COMPANIES

Listed
VISCOFAN

By geograph cal area, t s worth ment on ng the growth n revenue of 8.9% n North Amer ca, ma nly supported by the currency effect and the 8.0% n Europe and As a, dr ven by sales n Western Europe and As a. In Lat n Amer ca, the annual ncrease was 5.1% thanks to strong organ c growth, offsett ng the 18.3% deprec at on of the Braz l an Real aga nst the Euro.

EBITDA ncreased 15.3% n 2015, to 214 m ll on euros, w th a marg n over sales of 28.9% compared to 27.0% n 2014. Meanwh le, EBIT amounted to 161 m ll on euros, 18.0% more than the prev ous year, also expand ng the marg n over sales by 1.9 percentage po nts to 21.7%. These marg n mprovements were made poss ble thanks to growth n volumes, effic ency n product on and cost sav ngs ach eved w th the mplementat on of the "Be MORE" Strateg c Plan.

The net profit reached a new record h gh of 120 m ll on euros, 12.8% h gher than n 2014.

The strength of the Company's financ al results, together w th the proceeds from the d vestment of IAN, has led V scofan to have a net cash pos t on of 3 m ll on euros at 31 December 2015, compared to 75 m ll on euros of net financ al debt at the end of last year.

Moreover, V scofan ncreased the d v dend pa d to shareholders by 7.8% n 2015, to 58 m ll on euros.

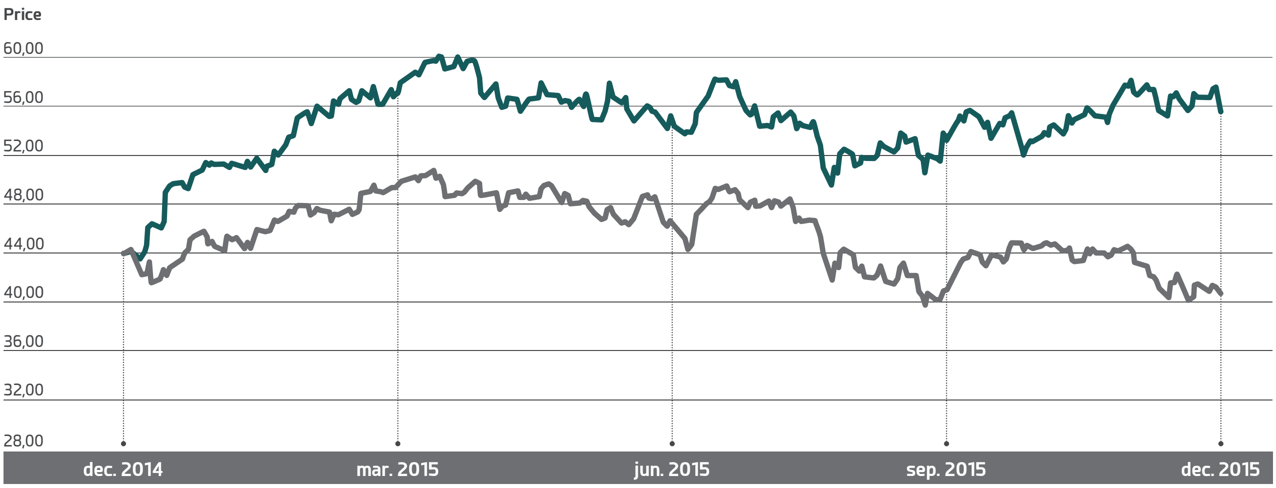
Alba's shareholding

In 2015, Alba acqu red an add t onal 0.07% stake n the Company and ts total stake at year-end amounted to 6.86% of ts share cap tal, becom ng one of ts major shareholders.

Share price performance

The V scofan share pr ce ncreased by 26.3% n 2015 to 55.64 euros per share and ts market cap tal zat on amounted to 2,593 m ll on euros at year end. In contrast, Ibex 35 fell 7.2%. It should be noted that from 2009 to 2015 the V scofan share pr ce was revalued by 213.3% w th ncreases near or above 50% annually n 2010 and 2012.

Share price performance of Viscofan in 2015



Source Bloomberg.

● Share pr ce (€)   ● bex 35 (base V S)

INFORMATION ON INVESTEE COMPANIES

Listed
EUSKALTEL

Description of the company

Euskaltel s a telecommun cat ons operator offer ng h gh-speed broadband, d g tal pay TV, fixed and mob le telephony for pr vate customers and compan es n the Basque Country. It s the lead ng operator n the reg on w th market shares over 40% n markets where t operates.

The Company has ts own cable network wh ch covers 85% of households n the Basque Country, a W -F network w th 120,000 ava lable po nts and ts own LTE network w th two frequency bands of 2.6 GHz that complete ts mob le telephony serv ces through the agreement w th Orange.

Euskaltel offers a comb nat on of f xed, mob le, broadband and TV serv ces by converg ng packages that prov de one or more of these serv ces (1P, 2P, 3P or 4P) to pr vate customers, self-employed cl ents, SMEs and large bus nesses.

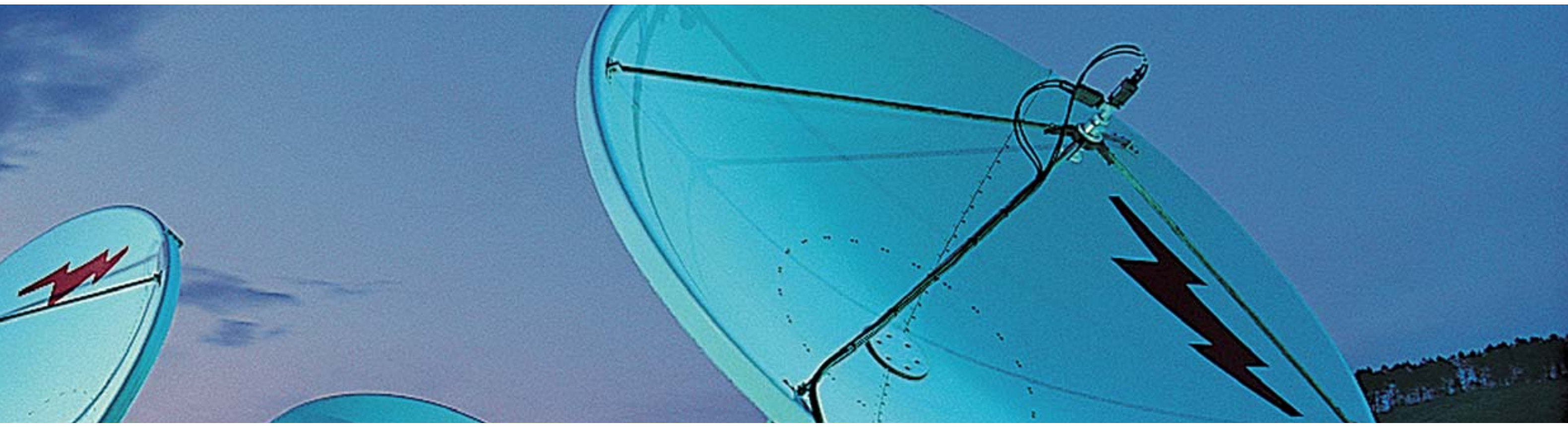
From 27 November 2015 Euskaltel s also present n Gal c a after the purchase of 100% of the share cap tal of R Cable y Telecomun cac ones (R Cable), the lead ng telecommun cat ons operator n Gal c a. R Cable s one of the lead ng compan es n h gh-speed broadband, d g tal pay telev s on and fixed and mob le telephony to pr vate customers and compan es n Gal c a.

At December 2015 Euskaltel had 545,502 res dent al customers and 88,163 bus ness customers, of wh ch 249,345 and 40,479 customers respect vely correspond to R Cable. Euskaltel and R Cable cover around 1.7 m ll on households between the Basque Country and Gal c a.

Notes on the company’s activities during 2015

Euskaltel results shown below for 2015 nclude the consol dat on of 12 months of Euskaltel act v ty and the month of December for R Cable, wh le 2014 refers exclus vely to 12 months of Euskaltel.

www.euskaltel.com act v ty logo



2015 has been a turnaround n the Company’s bus ness performance, report ng the first pos t ve revenue growth s nce 2012. Th s growth has been poss ble thanks to the s gn ficant mprovement n the macroeconom c env ronment, ncreased convergence and pr ces n the sector at nat onal level and the commerc al strategy mplemented by the Company n recent years.

Thus, n 2015 Euskaltel obta ned total revenue of 349 m ll on euros, a growth of 8.8% w th respect to the prev ous year. Th s ncrease s due to the contr but on of 22 m ll on euros n revenue from R Cable as well as the growth of the Res dent al segment.

Exclud ng the contr but on of R Cable n December, Euskaltel revenues would have ncreased by 2.1% n 2015.

INFORMATION ON INVESTEE COMPANIES

Listed
EUSKALTEL

Key data

In million of euros unless otherwise indicated	2015	2014	2013
Sales	349	321	335
EBITDA	152	156	155
EBIT	67	74	72
Net profit	7	37	42
Total assets	2,282	978	1,022
Net financ al debt/(net cash)	1,358	237	322
Shareholders' equ ty	703	647	615
Employees (average)	362	500	547
Share pr ce (31-Dec.) (n euros per share)	11.58	n.d.	n.d.
Market cap tal zat on (31-Dec.)	1,758	n.d.	n.d.
Gross d v dend y eld (on clos ng pr ce)	0.0%	n.d.	n.d.

Note Euskaltel results shown below for 2015 nclude the consol dat on of 12 months of Euskaltel act v ty and the month of December for R Cable, wh le 2014 and 2013 refer exclus vely to 12 months of Euskaltel.

The Res dent al segment ncreased ts revenue 10.2% (+3.4% exclud ng the contr but on from R Cable) to 216 m ll on euros. Th s growth s the result of ncorporat ng revenue from R Cable (13 m ll on euros), an mprovement of ARPU (55.97 euros n 2015, 2.19 euros h gher than n 2014) and the ncrease of products per customer (from 3.0 to 3.3 products per customer).

The Bus ness segment w th revenue of 99 m ll on euros, grew 6.3% compared to the same per od last year ma nly due to the contr but on of R Cable n the month of December (7 m ll on euros) and to a lesser extent the good performance of the sub-segment of small compan es (SOHO). Both med um and large Buss ness segments had a negat ve performance due to auster ty measures and pr ce pressure appl ed by compet t on.

The Wholesale segment obta ned moderate growth of 0.8% reach ng 25 m ll on euros.

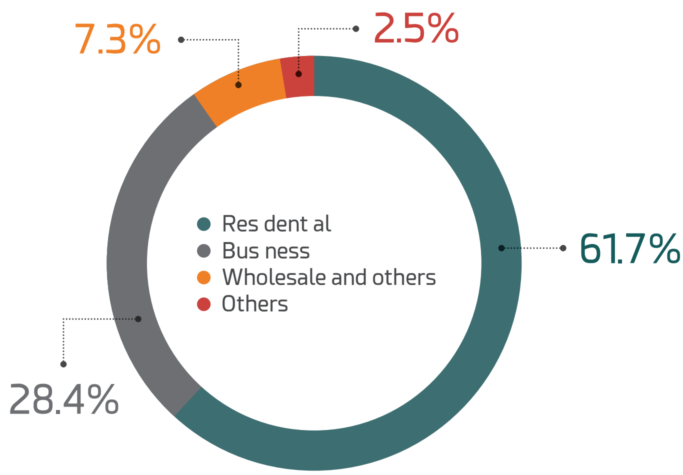
EBITDA amounted to 152 m ll on euros, represent ng a decrease of 2.8% compared to the same per od last year due to non-recurr ng costs assoc ated w th the IPO of the Company and the acqu s t on of R Cable. Exclud ng these effects, EBITDA would have ncreased by 7.1% to 167 m ll on euros w th a marg n over sales of 47.8%.

For these same reasons, net profit stood at 7 m ll on euros versus 37 m ll on euros the prev ous year. Exclud ng these effects, net profit would have amounted to around 50 m ll on euros, 16.9% more than n 2014.

Operat ng cash flow, defined as the d fference between EBITDA and nvestments for the per od amounted to 114 m ll on euros, represent ng a convers on rat o on EBITDA over 68%, above comparable compan es n the sector n Europe.

Net debt reached 1,358 m ll on euros n December 2015 compared to 237 m ll on euros n December 2014. Th s ncrease n net debt s due to the extraord nary d v dend d str buted pr or to the IPO (207 m ll on euros) and the acqu s t on of R Cable.

Sales by segment



Total 2015

349

Million euros

INFORMATION ON INVESTEE COMPANIES

Listed
EUSKALTEL

The acqu s t on of R Cable for 1,190 m ll on euros, nclud ng the Company's net financ al debt, was financed by ncreas ng the ex st ng bank debt by 600 m ll on euros, a new tranche of nst tut onal debt of 300 m ll on euros, ssu ng new shares for 255 m ll on euros and cash ava lable.

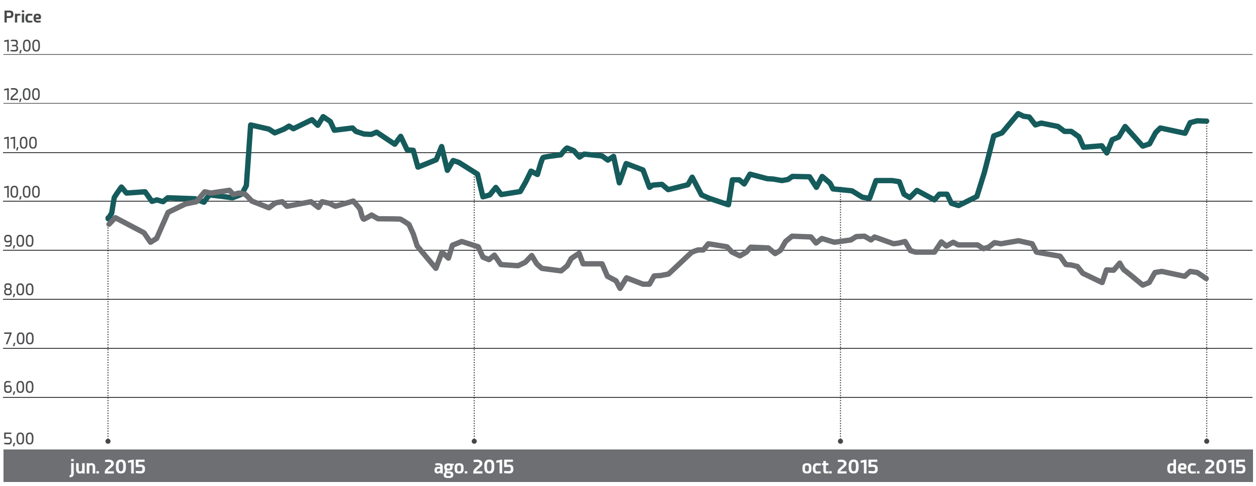
Alba's shareholding

Alba s the second largest shareholder of the Company w th a stake of 10.00% of ts share cap tal at 31 December 2015. The hold ng was wholly acqu red dur ng 2015 under the publ c offer ng last July 1 and the cap tal ncrease by the Company on November 23. Total nvestment amounted to 147 m ll on euros.

Share price performance

From 1 July 2015 (date of Euskaltel IPO), the share pr ce of the Company was revalued by 21.9% to 11.58 euros per share n the year, wh le ts market cap tal zat on amounted to 1,758 m ll on euros at year end.

Share price performance of Euskatel in 2015

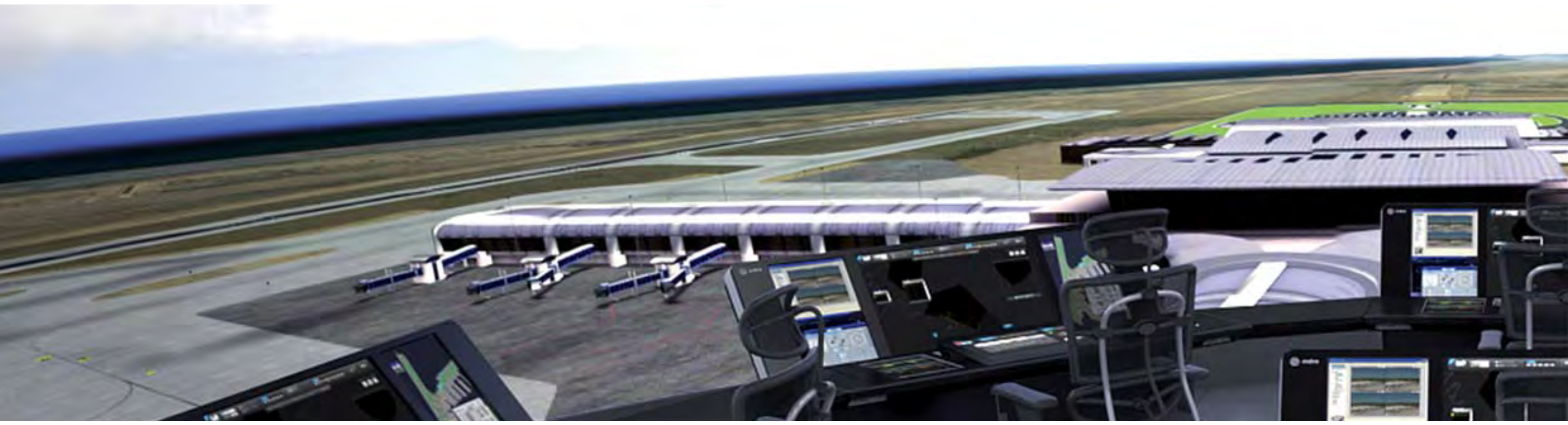


Source Bloomberg.

● Share pr ce (€) ● bex 35 (base EKT)

INFORMATION ON INVESTEE COMPANIES

Listed
INDRA



Description of the company

Indra s the lead ng nformat on technology and secur ty and defence systems company n Spa n, and also one of the largest n Europe and Lat n Amer ca. It offers h gh added value solut ons and serv ces for Secur ty and Defence, Transport and Traffic, and Informat on Technology vert cals wh ch nclude Energy and Industry, F nanc al Serv ces, Publ c and Health Adm n strat on, and Telecom and Med a.

The Company operates n more than 140 countr es and has close to 37,000 profess onals at the end of 2015. Indra's nternat onal presence has grown substant ally n recent years and n 2015 accounted for 57.1% of total sales, w th an mportant share com ng from Lat n Amer ca (25.8% of total). In 2010 nternat onal sales barely const tuted 38.7% of the total.

Indra offers end-to-end management of customer needs, from des gn ng a solut on, through ts development and mplementat on, to operat onal management. The Company structures ts offer n two ma n segments Solut ons and Serv ces.

- **Solutions**
  Th s segment nclude a w de range of propr etary and th rd party ntegrated systems, appl cat ons and components for the collect on, process ng, transm ss on and subsequent presentat on of data, bas cally focused on the control and management of complex processes. Add t onally, Indra prov des technology, operat ons and strateg c consult ng serv ces.

- **Services**
  Th s segment nclude all outsourc ng act v t es for the management, ma ntenance and operat on of systems and appl cat ons for th rd part es as well as outsourc ng certa n bus ness processes where technology s a strateg c and d fferent al element.

www. ndracompany.com act v ty logo

indra

Notes on the company's activities during 2015

Indra's results for 2015 were s gn ficantly affected by non-recurr ng costs n add t on to those reg stered n 2014. These non-recurr ng costs amounted to 718 m ll on euros for the year, 687 m ll on euros w th mpact on results. They ma nly compr se prov s ons, mpa rments and project cost overruns, other non-recurr ng effects such as mpa rment of ntang ble assets, goodw ll and tax cred ts, as well as lay off of the workforce. All th s led the Company to post a net loss of 641 m ll on euros n 2015 compared w th a loss of 92 m ll on euros the prev ous year.

INFORMATION ON INVESTEE COMPANIES

Listed
INDRA

Key data

In millions of euros unless otherwise indicated	2015	2014	2013
Sales	2,850	2,938	2,914
Recurr ng EBITDA	131	268	278
EBIT	(642)	(43)	198
Net result	(641)	(92)	116
Employees (31-Dec.)	37,060	39,130	38,548
Total assets	3,063	3,481	3,777
Net financ al debt	700	663	622
Shareholders' equ ty	308	954	1,135
Share pr ce (31-Dec.) (n euros per share)	8.67	8.07	12.16
Market cap tal zat on (31-Dec.)	1,423	1,325	1,995
Gross d v dend y eld (on clos ng pr ce)	0.0%	4.2%	2.8%

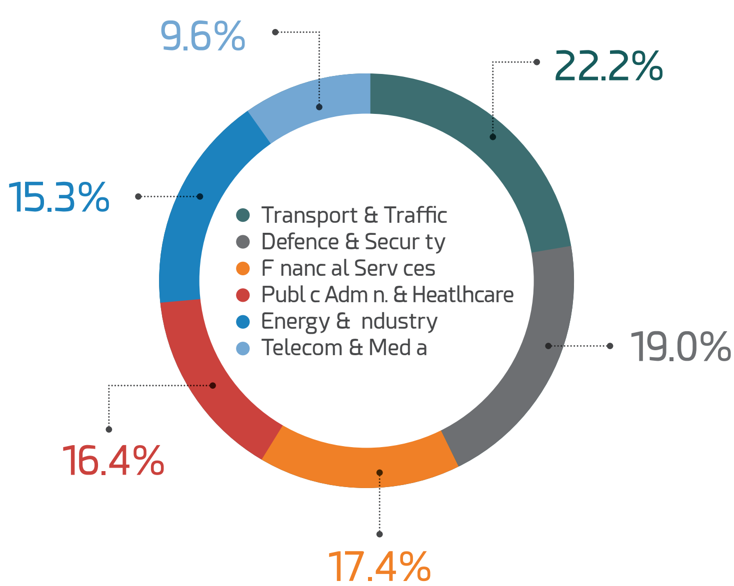
From a bus ness perspect ve, n 2015 Indra reported total revenues of 2,850 m ll on euros, 3.0% less than the prev ous year, ma nly affected by the decl ne n act v ty and the negat ve exchange rate effect n the Technology and Informat on vert cal that could not be offset by the good performance of other segments. The good performance of Spa n n terms of revenues (+ 6.7%) supported by the good performance of the publ c sector should be noted. Orders ntake as a whole also fell 12.0% to 2,651 m ll on euros as a result of a more select ve pol cy, desp te the favourable performance n Secur ty and Defence w th growth of 11.0%.

W th regard to the performance of recurrent operat ng profit (EBIT), the Company reported a result of 45 m ll on euros, 77.8% less than the prev ous year, w th a marg n over sales of 1.6% (versus a marg n of 6.9% n 2014). Th s decrease n marg n s due to lower gross marg ns, both n solut ons and serv ces, and overruns costs n problemat c projects. As of the second quarter of 2015 a gradual mprovement of the operat ng profit marg n was seen reach ng 6.0% n the fourth quarter.

W th regard to vert cal markets, t s worth ment on ng the good performance of Secur ty and Defence and Transport and Traffic, report ng a revenue growth of 6.7% and 2.0%, respect vely, supported by the mprovement n act v ty n Spa n. The Informat on Technology vert cal reported a decl ne n revenue of 7.4% affected by the aforement oned factors such as the decl ne n act v ty, the negat ve exchange rate effect and a more select ve contract ng pol cy. Only F nanc al Serv ces reported a pos t ve growth of 2.5% led by the Span sh bank ng sector and the nsurance sector n Lat n Amer ca.

By segments, Solut ons and Serv ces reported revenue of 1,834 and 1,016 m ll on euros, respect vely, 2.8% and 3.3% less w th respect to the prev ous year. Th s decl ne n Solut ons s ma nly due to less act v ty n both the elect ons bus ness and certa n countr es w th exposure to the pr ce of raw mater als. Regard ng Serv ces, the decl ne n revenue s ma nly due to the negat ve exchange rate effect and a more restr ct ve contract ng pol cy.

Sales by vertical markets



Total 2015

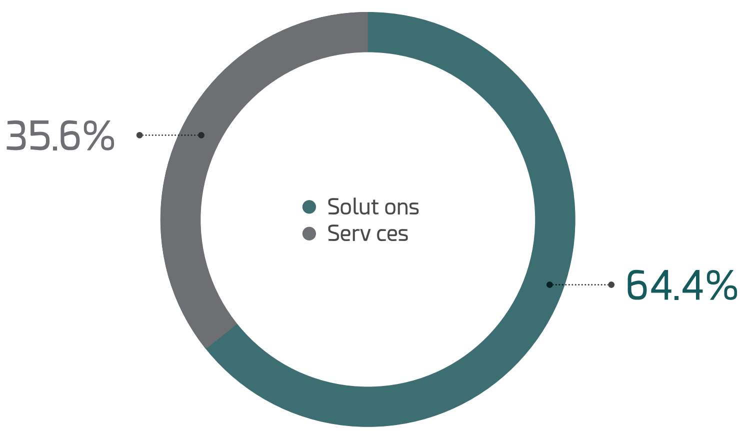
2,850

Million euros

INFORMATION ON INVESTEE COMPANIES

Listed
INDRA

Sales by segment



Total 2015
2,850
Million euros

F nally, w th regard to the performance by geograph cal area, the pos t ve evolut on of revenues n Spa n, the only reg on w th pos t ve growth n the year (+ 6.7%) should be noted. Th s growth s expla ned by the accelerat on of publ c spend ng n 2015 and consequent pos t ve mpact on Defence and Secur ty, Publ c Adm n strat on, and Transport and Traffic vert cals. Internat onal revenues were reduced by 9.1% ma nly affected by the currency effect n Lat n Amer ca (-8.7%), less act v ty n elect ons n As a, M ddle East and Afr ca (-10.6%), and by a slowdown n the Eurofighter project n Europe and North Amer ca (-8.8%).

Indra's net debt at year end was 700 m ll on euros, 5.6% more than n 2014 and 16.4% less than that recorded n September 2015. Net debt amounted to 5.4 t mes the recurr ng EBITDA for the year. Th s ncrease n net debt s ma nly due to a worst operat ng performance of the bus ness and workforce adjustment plans, wh ch nvolved a cash outflow of 78 m ll on euros. As a pos t ve element t s mportant to ment on the substant al mprovement of the operat ng work ng cap tal for the year. F nally, we should note the mprovement n free cash flow n the fourth quarter of 2015 wh ch amounted to 137 m ll on euros compared to 52 m ll on euros n the fourth quarter of 2014.

Alba's shareholding

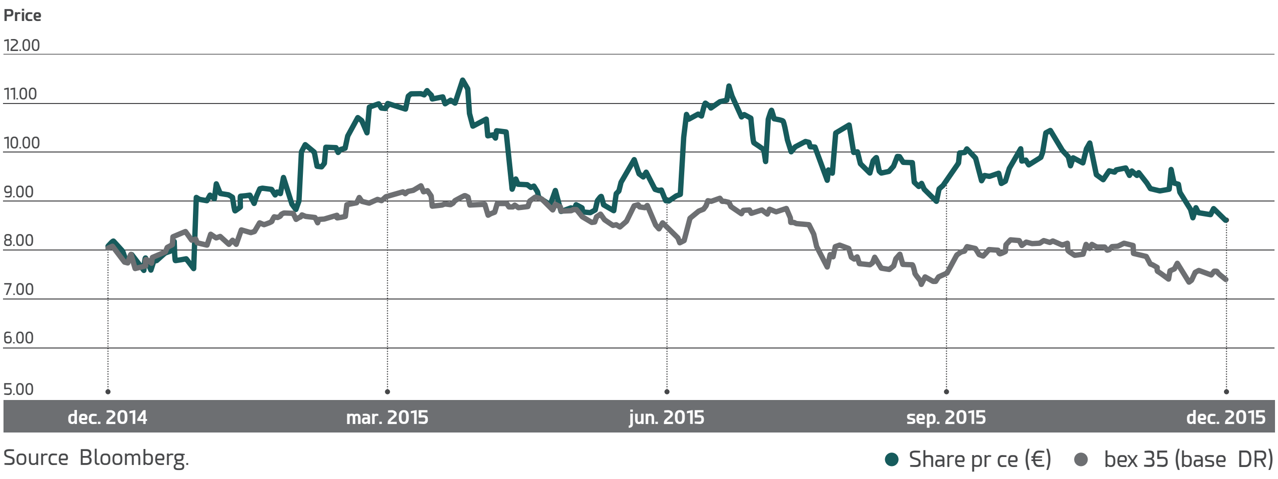
In 2015 Alba sold a stake of 1.20% n Indra's share cap tal for 21.7 m ll on euros reduc ng ts stake to the current 11.32%. These shares were purchased n the fourth quarter of 2014, be ng the sale pr ce 28.0% h gher than the purchase pr ce. At year end, Alba rema ns the second largest shareholder of the Company after SEPI.

Share price performance

Indra's share pr ce performance n 2015 was much better than Ibex 35, offsett ng the fall recorded the prev ous year. So wh le the benchmark n the Span sh market fell by 7.2% n the year, Indra's share pr ce ncreased 7.4% to 8.67 euros per share at 31 December. At year end, Indra's market cap tal zat on was 1,423 m ll on euros.

Th s mprovement n the share performance occurred n the second half of the year and was ma nly caused by the presentat on of the new Strateg c Plan 2015-2018.

Share price performance of Indra in 2015



Source Bloomberg.

INFORMATION ON INVESTEE COMPANIES

Listed
CLÍNICA BAVIERA

Description of the company

Clín ca Bav era s the leader n Spa n n prov d ng ophthalmolog cal serv ces to correct eye problems such as myop a, hyperop a, ast gmat sm, presbyop a or cataracts and has a strong presence n Germany and Italy.

At 31 December 2015, Clín ca Bav era has 73 eye care cl n cs and ophthalmology counsell ng centres, of wh ch 49 are n Spa n, 20 n Germany and Austr a and 4 n Italy. The total workforce at that date amounted to 868 employees, 4.1% more than at the end of 2014.

Notes on the company's activities during 2015

Clín ca Bav era's results for 2015 were marked by the growth n revenue and profitab l ty n ts core markets and cont nued mprovement n ts financ al results as the year progressed.

www.cl n cabav era.com | act v ty | logo

CLÍNICA BAVIERA
INSTITUTO OFTALMOLÓGICO EUROPEO

Key data

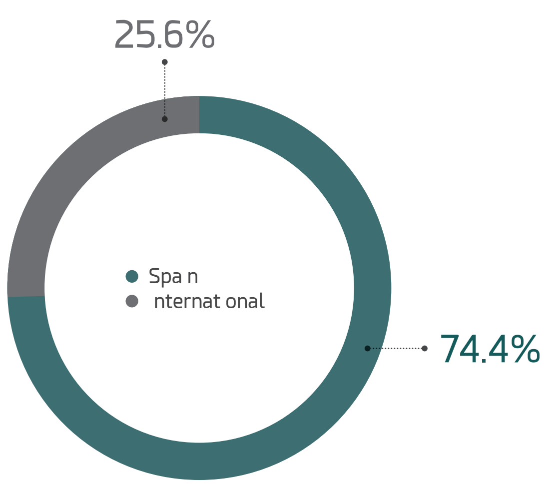
In millions of euros unless otherwise indicated	2015	2014	2013
Sales	86	83	80
EBITDA	11	11	12
EBIT	7	6	7
Net profit	5	4	5
Employees (31-Dec.)	868	834	784
Total assets	46	49	48
Net financ al debt/(cash)	1	3	(1)
Shareholders' equ ty	21	20	25
Share pr ce (31-Dec.) (n euros per share)	5.44	8.49	10.46
Market cap tal zat on (31-Dec.)	89	138	171
Gross d v dend y eld (on clos ng pr ce)	4.0%	5.8%	0.8%

Note The financ al data for 2013 ncludes Clín ca Londres under d scont nued operat ons. The Dutch act v t es were fully consol dated throughout 9 months of 2013.

Listed
CLÍNICA BAVIERA

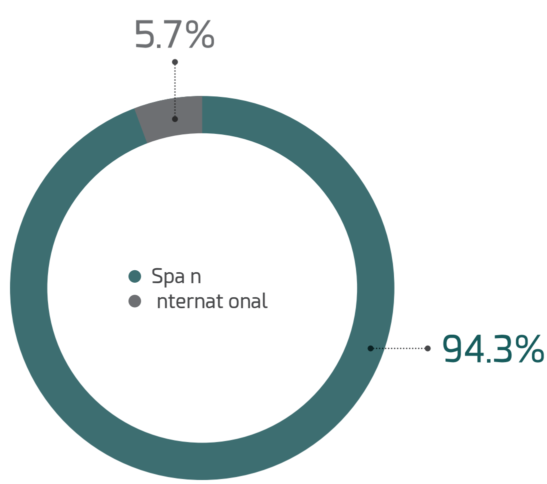
Total revenues grew 3.5% to 86 m ll on euros thanks to the pos t ve performance of both domest c bus ness, where sales rose 2.4% to 64 m ll on euros, and nternat onal bus ness, wh ch grew 6.9% to 22 m ll on euros dr ven by the German market. The mproved performance of nternat onal bus ness expla ns that Spa n reduced ts we ght to 74.4% of total sales, n contrast to 2014 where domest c revenue p cked up as a percentage of total sales.

Sales by geographic area



Total 2015
86
Million euros

EBITDA by geographic area



Total 2015
11
Million euros

EBITDA ncreased by 7.1% to 11 m ll on euros, w th a marg n over sales ncreas ng from 12.9% n 2014 to 13.3% n 2015. Th s mprovement n prof tab l ty s expla ned by the growth n revenues and reduct on of f xed costs n nternat onal bus ness and the change n m x toward more laser treatments n Spa n, after several years where growth was com ng from ntraocular surgery, a lower marg n bus ness.

EBIT and net profit attr butable to the parent company rose 15.7% and 21.1% respect vely, up to 7 and 5 m ll on euros.

It should be noted that the results have gradually mproved quarter by quarter throughout the year. The fourth quarter bore the fru t of th s pos t ve performance and showed an ncrease n sales of 5.6%, compared to the same per od for the prev ous year, and EBITDA and EBIT showed an ncrease of 22.7% and 44.9%, respect vely.

In 2015 Clín ca Bav era's nvestments amounted to 4 m ll on euros (-23.9% compared to 2014), of wh ch 59.2% were ded cated to ma ntenance and replacement of ex st ng equ pment and fac l t es and the rema n ng 40.8% to new open ngs and cl n c relocat ons.

Throughout the year, the Company opened two new cl n cs, one n Spa n and one n Germany, and moved the one n Barcelona to a better locat on.

At 31 December 2015, Clín ca Bav era had a net debt of 1 m ll on euros, 2 m ll on less than at the end of the prev ous year. The Company ma nta ned ts pol cy of d str but on of an ord nary d v dend equal to 80% of consol dated net prof t, wh ch resulted n the d str but on of 4 m ll on euros n d v dends.

Alba's shareholding

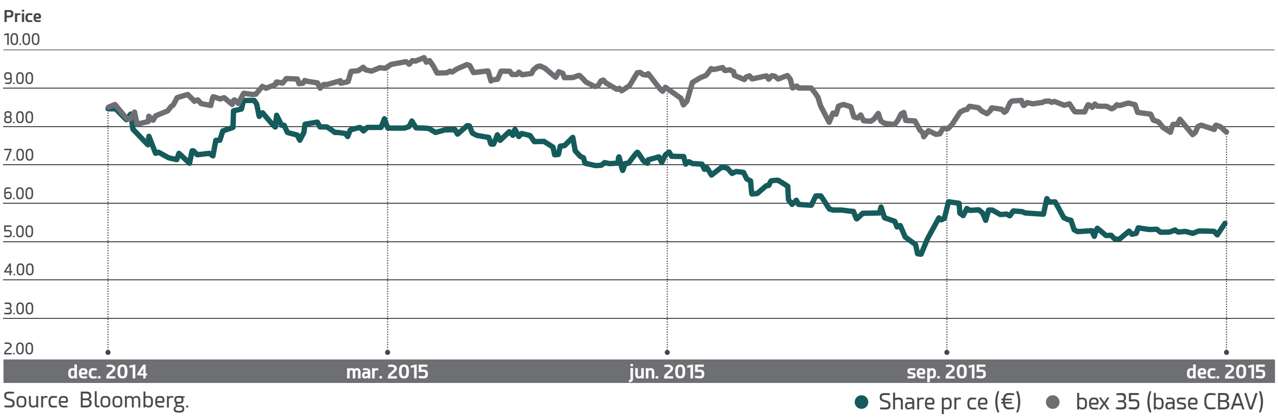
In 2015 Alba ma nta ned ts hold ng of 20.00% n Clín ca Bav era's share cap tal, be ng one of ts ma n shareholders.

Share price performance

Clín ca Bav era's share pr ce fell 35.9% n 2015, compared to the drop of 7.2% of Ibex 35, fin sh ng the year at 5.44 euros per share. The share pr ce recovered at the beg nn ng of the year, w th a max mum da ly clos ng pr ce of 8.70 euros per share n February. However, the share pr ce fell cont nuously unt l the end of September where the m n mum da ly clos ng pr ce of 4.60 euros per share (47.1% lower than the n t al pr ce for the year) was reached due to weak performance n the first half of the year. The share sl ghtly recovered from m n mums follow ng the release of th rd quarter results.

At 31 December 2015, the market cap tal zat on was 89 m ll on euros.

Share price performance of Clínica Baviera in 2015



Source Bloomberg.

INFORMATION ON INVESTEE COMPANIES

Unlisted
MECALUX

www.mecalux.com act v ty logo

Mecalux s a world leader n the storage systems market. Its act v ty cons sts of the des gn, manufacture, market ng and prov s on of serv ces related to metal pallet shelves, automated warehouses and other storage solut ons, w th cutt ng-edge technology n the sector.

Mecalux has an extens ve nternat onal presence, w th sales n around 70 countr es and more than 75% of ts act v ty generated outs de Spa n. It has product on centres n Spa n, Poland, the Un ted States, Mex co, Braz l and Argent na and an extens ve sales and d str but on network, wh ch makes t a leader n the shelv ng markets of southern Europe, NAFTA and Mercosur.

At 31 December 2015, Alba had a 24.38% stake n Mecalux's share cap tal, 8.78% d rectly and 15.60% through Deyá Cap tal.

Unlisted
PANASA

www.berlys.es

act v ty

logo

Founded n 1968, Panasa (Panaderías Navarras) s one of the lead ng manufacturers of fresh and frozen bread, pastr es and cakes n Spa n, w th a un que pos t on ng n the market.

Through Berlys, t offers ts products to more than 24,000 customers, nclud ng baker es, hotels, restaurants, supermarkets and other food stores, thanks to ts extens ve d str but on network d str buted throughout Spa n.

It also has a network of more than 200 exclus ve baker es located ma nly n the north of Spa n, wh ch d str bute fresh and frozen products.

It has modern product on fac l t es, hav ng nvested heav ly n recent years.

At 31 December 2015, Alba’s hold ng n Panasa, through Deyá Cap tal, was 26.46%.

INFORMATION ON INVESTEE COMPANIES

Unlisted
FLEX

www.flex.es

act v ty

logo

Flex s one of the lead ng compan es n sleep equ pment n Europe, w th a strong nternat onal presence. Founded n 1912, t manufactures and markets mattresses, p llows, adjustable beds and other accessor es.

Thanks to a powerful brand portfol o (nclud ng Flex, V -Spr ng, Kluft, Mash and Molaflex, among others) t s the largest sleep equ pment manufacturer n Spa n, Portugal and the Un ted K ngdom (luxury segment) and has an excellent pos t on ng n the US, Ch le, Braz l and Cuba. More than 85% of the Group's act v ty takes place outs de Spa n. It has product on plants located n Spa n, Portugal, Un ted K ngdom, U.S.A., Braz l, Ch le and Cuba.

In add t on, the Group has a network of over 105 stores under the brands Noctal a, Plumax and And So To Bed (Un ted K ngdom and M ddle East).

At 31 December 2015, Alba's hold ng n Flex, through Deyá Cap tal, was 19.75%.

Unlisted
ENCAMPUS

www.resa.es | act v ty | logo

EnCampus s ded cated to the purchase, development and management of un vers ty res dences and res dent al schools n order to create the largest portfol o of un vers ty student res dences n Spa n.

S nce ts creat on, at the end of 2012, the company has nvested n S resa, a lead ng company n Spa n n student res dences w th more than 7,000 places n 25 res dences located n the ma n c t es of Spa n. In add t on, to date, EnCampus has developed a portfol o of new projects w th 1,460 places, through the acqu s t on and development of new res dences n Madr d (3), Barcelona (3) and Valenc a (1).

At 31 December 2015, Alba's hold ng, through Deyá Cap tal, was 32.75%.

INFORMATION ON INVESTEE COMPANIES

Unlisted
iN-STORE MEDIA

www. n storemed a.com   act v ty   logo

in-Store Media

 n-Store Med a, created n 1998, s currently a worldw de leader manag ng advert s ng campa gns at the po nt of sale through exclus v ty agreements w th reta lers and the prov s on of serv ces to advert sers.

The company works w th more than 40 reta lers and manages almost 2,000 annual campa gns n more than 4,500 po nts of sale for large brands.

 n-Store Med a has a strong nternat onal component w th more than 70% of ts act v ty generated outs de Spa n (Portugal, Mex co, Argent na, Ch le, France and Poland). n-Store Med a s a leader n technology, nnovat on and turnover n all these markets.

At 31 December 2015, Alba's hold ng n n-Store Med a, through Deyá Cap tal, was 18.89%.

Unlisted
ROS ROCA ENVIRONMENT

www.rosrocaenv ronment.com

act v ty

logo

RosRoca environment

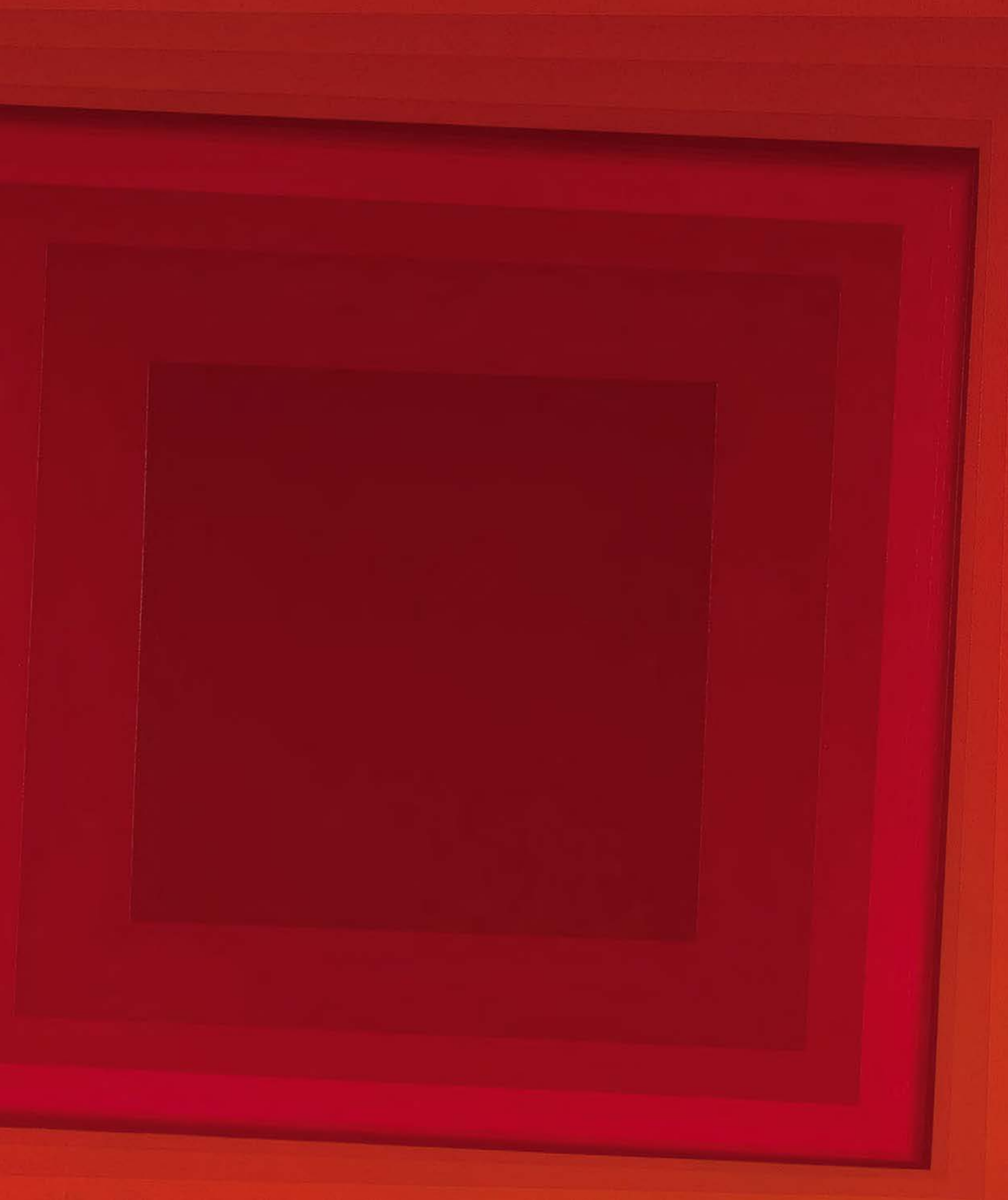
S nce t was founded n 1953, Ros Roca has focussed ts act v ty on the manufacture of veh cles for urban waste collect on and env ronmental equ pment. The company spec al zes n the manufacture and commerc al zat on of spec al veh cles for urban waste collect on and clean ng (truck-mounted compactor collectors, street clean ng mach nery and sewer clean ng equ pment). Currently, Ros Roca s a worldw de leader n th s area of act v ty, export ng to more than 70 countr es.

W th a strong nternat onal profile, w th more than 80% of ts act v ty outs de Spa n, Ros Roca s headquartered n Tarrega (Lle da) and has major subs d ar es and other product on centres n the UK, France, Germany, Braz l, Mex co, Ch le and Malays a.

In the first quarter of 2016, Ros Roca Env ronment and the Dutch company Terberg Env ronmental have completed the r merger creat ng TRRG Hold ng L m ted. Terberg Env ronmental s the env ronmental subs d ary of the Dutch fam ly conglomerate Terberg. W th an extens ve range of products and markets, the merger of the two compan es creates a strong leader excell ng n management of urban waste w th the manufacture of collect on equ pment, spec al chass s and l ft systems, w th product on centres n the UK, Spa n, Holland, Germany, France, Lat n Amer ca and Ch na.

At 31 December 2015, Alba's hold ng n Ros Roca, through Deyá Cap tal, was 17.36%.

REAL ESTATE INVESTMENTS



REAL ESTATE INVESTMENTS

At the end of 2015 Alba had around 100,000 square meters of leasable area (17,000 square meters more than n 2014) and 1,500 park ng spaces (500 more than n 2014), ma nly n office bu ld ngs located n Madr d and Barcelona. Th s ncrease corresponds ma nly to the purchase of the bu ld ng located at Paseo de la Castellana nº 89 n Madr d. The total nvestment n th s property was 149.3 m ll on euros, nclud ng taxes and other acqu s t on costs; t has a leasable area of 20,009 square meters and 530 park ng spaces. In add t on, four propert es located n Barcelona, Mallorca, Sev lle and Ov edo have been sold contr but ng a profit of about 1 m ll on euros. Due to these operat ons, 2015 figures are not comparable w th the prev ous year.

The book value of the real estate propert es s updated annually based on the appra sal made by an ndependent expert, wh ch at 31 December 2015 valued them at 352.2 m ll on euros, represent ng 147.3 m ll on euros more than the prev ous year. Th s appra sal value exceeds the net value of the nvestment by 107.3 m ll on euros.

The ma n office rental market rat os n 2015 and 2014, obta ned from market research carr ed out by the ma n spec al zed consultants, are as follows

	2015		2014	
	Madrid	Barcelona	Madrid	Barcelona
New office rental	+32.6%	+41.6%	+9.4%	+46.6%
Average rent	+6.6%	+9.1%	-0.7%	+3.0%
Vacancy rate at 31.12	11.7%	11.5%	12.9%	13.7%
Area of greatest occupat on	4.7%	3.5%	5.9%	3.9%
Area of least occupat on	18.2%	28.0%	19.3%	35.1%

Alba has obta ned s m lar results to the ndustry average. The occupancy rate at year end 2015 stood at 85.2%, sl ghtly lower than the occupancy rate at the end of 2014.

 Rental ncome amounted to 15.6 m ll on euros for the year. D rect costs from real estate act v ty totalled 4.3 m ll on euros.

The gross y eld, calculated on the year end valuat on, reached 5.2%. Dur ng the year other nvestments were made totall ng 1.2 m ll on euros to mprove both construct on and fac l t es for the var ous propert es as requ red.

AUDITOR'S REPORT

AUDITOR'S REPORT

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 2015, 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.

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 2015, 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 2015 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 2015. 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)

Francisco V. Fernández Romero

25 de abril de 2016

INDEPENDENT AUDIT REPORT OF CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of
CORPORAC ÓN F NANC ERA ALBA, S.A.

Report regarding consolidated financial statements

We have aud ted the attached consol dated financ al statements for CORPORAC ÓN F NANC ERA ALBA, S.A. (the parent company) and subs d ar es (the Group) wh ch cons st of the consol dated balance sheet at 31 December 2015, the consol dated profit and loss account, the consol dated statement of comprehens ve ncome, the consol dated statement of changes n equ ty, the consol dated cash flow statement and the related notes correspond ng to the financ al year ended on that date.

Responsibility of the directors with regard to the consolidated financial statements

The parent company D rectors are respons ble for prepar ng the consol dated financ al statements attached wh ch express a fa r v ew of the consol dated equ ty, the financ al pos t on and the consol dated results for CORPORAC ÓN F NANC ERA ALBA, S.A. and subs d ar es, n accordance w th nternat onal F nanc al Report ng Standards adopted by the European Un on, other prov s ons under the financ al report ng standards framework that apply to the Group n Spa n and the nternal control cons dered necessary to enable the preparat on of the consol dated financ al statements w th no mater al m sstatement due to fraud or error.

Responsibility of the auditor

Our respons b l ty s to express an op n on on the attached consol dated financ al statements based on our aud t. We have conducted our aud t n accordance w th the aud t ng regulatory standards n force n Spa n. These standards requ re us to meet eth cal standards as well as to plan and execute the aud t n order to obta n reasonable certa nty that the consol dated financ al statements are free of any mater al naccuracy.

An aud t requ res the appl cat on of procedures to obta n aud t ev dence on the amounts and nformat on d sclosed n the consol dated financ al statements. The procedures selected depend on the aud tor s judgment, nclud ng an assessment of mater al m sstatement s r sks n the consol dated financ al statements due to fraud or error. When conduct ng these r sk assessments, the aud tor cons ders the nternal control relat ng to the preparat on of the consol dated financ al statements by the parent company D rectors n order to des gn the aud t procedures that are appropr ate to the c rcumstances and not w th the purpose of express ng an op n on on the efficacy of the ent ty s nternal control. An aud t also ncludes the assessment of the su tab l ty of the account ng pol c es appl ed and the reasonab l ty of the account ng est mat ons made by the management as well as the assessment of the presentat on of the consol dated financ al statements as a whole.

We bel eve that the aud t ev dence obta ned prov des a suffic ent and adequate bas s for our aud t op n on.

Opinion

n our op n on, the attached consol dated financ al statements show, n all s gn ficant aspects, a true and fa r v ew of the consol dated equ ty and the consol dated financ al pos t on of CORPORAC ÓN F NANC ERA ALBA, S.A. and subs d ar es at 31 December 2015 as well as the consol dated ncome statement and the consol dated cash flow statement correspond ng to the financ al year ended on that date, n accordance w th nternat onal F nanc al Report ng Standards adopted by the European Un on, and other prov s ons under the financ al report ng standards framework that apply n Spa n.

Report regarding other legal and regulatory requirements

The attached consol dated management report for 2015 conta ns explanat ons that the parent company D rectors deem relevant w th regard to the Group s tuat on, bus ness performance and other matters and does not form an ntegral part of the consol dated financ al statements. We have ver fied that the account ng nformat on conta ned n sa d consol dated management report agrees w th the consol dated financ al statements for 2015. Our work as aud tors s l m ted to the ver ficat on of the consol dated management report w th n the aforement oned scope and does not nclude the rev ew of nformat on other than that obta ned from the account ng records of CORPORAC ÓN F NANC ERA ALBA, S.A. and subs d ar es.

25 Apr l 2016

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS FOR CORPORACIÓN FINANCIERA ALBA, S.A. AND SUBSIDIARIES CORRESPONDING TO 2015

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Consolidated Statement of Changes in Equity 107
Cash Flow Statement 108
Notes to the Consolidated Financial Statements 110

Consolidated Balance Sheet at 31 December 2015 and 2014

In thousands of euros	Notes	31/12/2015	31/12/2014
Assets			
Investment property	5	352,185	204,905
F xed assets	6	7,666	8,285
Intang ble assets		18	24
Investments n assoc ates	7	2,235,973	2,214,655
F nanc al nvestments at fa r value w th changes n Profit and Loss	8	285,875	276,712
Other financ al assets	9	149,035	148,703
Deferred tax assets	19	898	1,077
Non-current assets		**3,031,650**	**2,854,361**
Non-current assets held for sale	8	-	81,000
Trade and other rece veables	10	161,998	120,484
Cash and cash equ valents	11	298,837	492,470
Current assets		**460,835**	**693,954**
Total assets		**3,492,485**	**3,548,315**
Shareholders' Equity and Liabilities			
Share Cap tal	12	58,300	58,300
Reta ned earn ngs	12	3,285,586	3,049,607
Treasury shares	12	(2,413)	(2,413)
Inter m d v dend	3	(29,120)	(29,118)
Shareholders' equ ty		3,312,353	3,076,376
M nor ty shares		598	570
Total shareholders' equity		**3,312,951**	**3,076,946**
Bank borrow ngs	16	136,625	-
Other financ al l ab l t es	9	2,760	1,945
Prov s ons	14	142	300
Deferred tax l ab l t es	19	26,930	28,931
Non-current liabilities		**166,457**	**31,176**
Suppl ers and other payables	15	4,127	4,405
Bank borrow ngs	16	8,950	435,788
Current liabilities		**13,077**	**440,193**
Total Shareholders' Equity and Liabilities		**3,492,485**	**3,548,315**

Consolidated Income Statement for the years ended 31 December 2015 and 2014

In thousands of euros	Notes	2015	2014
Share of the profit/(loss) of assoc ates	7	61,320	148,580
Lease ncome	21	15,618	12,836
Other ncome		137	133
Changes n the fa r value of nvestment propert es	5	4,667	1,965
Profit/(loss) from d sposal of financ al assets and other assets	7 and 8	138,968	104,039
Impa rment of assets	6, 7 and 8	43,670	(70,236)
Staff costs	22.a	(10,618)	(11,725)
Other operat ng expenses	21	(10,163)	(8,057)
Amort sat on		(923)	(925)
Operating profit/(loss)		**242,676**	**176,610**
F nanc al ncome	23.b	7,954	19,435
F nanc al expenses and exchange d fferences		(1,573)	(5,075)
Changes n fa r value of financ al nstruments	8 and 22.c	19,414	111,958
Net financ al ncome/(expense)		**25,795**	**126,318**
Profit/(Loss) before tax from continuing activities		**268,471**	**302,928**
Corporate ncome tax expense	19	1,586	(61,043)
Profit/(loss) from continuing activities		**270,057**	**241,885**
Consolidated profit/(loss) for the year		**270,057**	**241,885**
Profit/(loss) attr butable to m nor ty nterests		490	557
Consolidated profit/(loss) for the year attributable to the Group		**269,567**	**241,328**
Average number of shares outstand ng for the year (exclud ng treasury shares)	12	58,240,102	58,235,595
Bas c and d luted earn ngs per share (€/share)		4.63	4.14

Consolidated Statements of Comprehensive Income for the years ended 31 December 2015 and 2014

In thousands of euros	Notes	2015	2014
Consolidated profit/(loss) of the Income Statement		**270,057**	**241,885**
Income and expenses recognised directly on equity			
From valuat on of financ al nstruments		24,678	(57,988)
From nvestments n assoc ates	7	24,678	(57,988)
From other adjustments		(23)	(4)
Total income and expenses recognised directly in equity		**24,655**	**(57,992)**
Total comprehensive income		**294,712**	**183,893**
Attr buted to the parent company		294,222	183,336
Attr buted to m nor ty nterests		490	557

Consolidated Statement of Changes in Shareholders' Equity for the years ended 31 December 2015 and 2014

In thousands of euros	Share capital	Retained earnings and other	Treasury shares	Interim dividend	Shareholders' equity	Minority interests	Total shareholders' equity
Balance at 1 January 2014	**58,300**	**2,924,535**	**(2,599)**	**(29,116)**	**2,951,120**	**426**	**2,951,546**
Changes n consol dated shareholders' equ ty of assoc ates (note 7)	-	(57,988)	-	-	(57,988)	-	(57,988)
Others	-	(4)	-	-	(4)	-	(4)
Profit/(loss) for the year	-	241,328	-	-	241,328	557	241,885
Total ncome and expenses for the year	-	183,336	-	-	183,336	557	183,893
Inter m d v dend for the prev ous year (note 3)	-	(29,116)	-	29,116	-	-	-
D v dends pa d dur ng the year (note 3)	-	(29,118)	-	(29,118)	(58,236)	(526)	(58,762)
Increases/(decreases) due to bus ness comb nat on	-	-	-	-	-	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**
Changes n consol dated net assets of assoc ates (note 7)	-	24,678	-	-	24,678	-	24,678
Others	-	(23)	-	-	(23)	-	(23)
Profit/(loss) for the year	-	269,567	-	-	269,567	490	270,057
Total ncome and expenses for the year	-	294,222	-	-	294,222	490	294,712
Inter m d v dend for the prev ous year (note 3)	-	(29,118)	-	29,118	-	-	-
D v dends pa d dur ng the year (note 3)	-	(29,120)	-	(29,120)	(58,240)	(462)	(58,702)
Other changes	-	(5)	-	-	(5)	-	(5)
Balance at 31 December 2015	**58,300**	**3,285,586**	**(2,413)**	**(29,120)**	**3,312,353**	**598**	**3,312,951**

Consolidated Cash Flow Statement for the years ended 31 December 2015 and 2014 (Note 27)

In thousands of euros	Notes	2015	2014
Operating activities			
Profit/(loss) for the year		269,567	241,328
Adjustments to profit/(loss)			
Amort sat ons		923	925
Changes n the fa r value of nvestment propert es	5	(4,667)	(1,965)
Share of the profit/(loss) of assoc ates	7	(61,320)	(148,580)
Profit/(loss) from d sposal of financ al assets and other assets		(138,968)	(104,039)
Impa rment of assets	6, 7 and 8	(43,670)	70,236
Changes n fa r value of financ al nstruments	8 and 22.c	(19,414)	(111,958)
F nanc al ncome	22.b	(7,954)	(19,435)
F nanc al expense		1,573	5,075
Corporate ncome tax	19	(1,586)	61,043
Other cash flows from operat ng act v t es			
D v dends rece ved		113,709	107,316
Work ng cap tal		33,635	(8,090)
Payments on account of corporate ncome tax		(75,427)	(63,899)
Interests rece ved		7,954	19,435
Interests pa d		(1,573)	(5,075)
Other tems		641	275
Net cash from operating activities		**73,423**	**42,592**

In thousands of euros	Notes	2015	2014
Investing activities			
Purchases of financ al asset	7 and 8	(235,645)	(414,582)
Sales of financ al assets	7	458,466	234,752
Acqu s t on of nvestment propert es	5	(150,570)	(6,893)
Sale of nvestment propert es		9,385	3,450
Purchase of tang ble assets	6	(239)	(47)
Net cash from investing activities		**81,397**	**(183,320)**
Financing activities			
D v dends pa d	3	(58,240)	(58,236)
Proceeds from bank borrow ngs	16	145,575	435,788
Repayment from bank borrow ngs	16	(435,788)	(347,314)
Net cash from financing activities		**(348,453)**	**30,238**
Increase/(Decrease) in net cash		**(193,633)**	**(110,490)**
Cash and cash equivalents at 01/01		**492,470**	**602,960**
Cash and cash equivalents at 31/12 (note 11)		**298,837**	**492,470**

1. Activities

Corporac ón F nanc era Alba, S.A. (Alba) s a company reg stered n Madr d, Spa n, w th s gn ficant hold ngs n var ous compan es, w th act v t es n d fferent ndustr es that are deta led below. Its core act v t es also nclude management and lease of real estate propert es and nvestments through the Pr vate Equ ty arm.

G ven the nature of ts bus ness act v t es, Alba has no env ronmental l ab l t es, expenses, assets, prov s ons or cont ngenc es that could be s gn ficant n relat on to ts net assets, financ al pos t on and results thereof. Therefore, no spec fic d sclosures are ncluded n these consol dated financ al statements regard ng env ronmental matters.

2. Basis of presentation of the Consolidated Financial Statements

2.1. Accounting principles

Alba's consol dated financ al statements for the year ended 31 December 2015 were prepared by the Board of D rectors at ts meet ng on 30 March 2016, and have been prepared n accordance w th Internat onal F nanc al Report ng Standards (of henceforth IFRS) adopted by the European Un on, n accordance w th Regulat on (EC) No. 1606/2002 of the European Parl ament and Counc l of 19 July and subsequent amendments, so that they reflect the true and fa r v ew of the shareholders' equ ty and consol dated financ al pos t on of Alba at 31 December 2015, the results of ts operat ons, changes n shareholders' equ ty and consol dated cash flows that have occurred n the Group dur ng the per od ended on th s date.

The account ng pr nc ples and valuat on cr ter a appl ed are deta led n Note 4 of th s consol dated report. There s no mandatory account ng pr nc ple or valuat on cr ter on w th a s gn f cant effect on the consol dated f nanc al statements that has not been appl ed.

For compar son purposes, the figures ncluded n these consol dated financ al statements are presented together w th those correspond ng to the prev ous year. In accordance w th the s ngle add t onal prov s on of the "Resolut on of 29 January 2016, by the Inst tute of Account ng and Aud t ng, regard ng the nformat on to be ncluded n the notes of the financ al statements n relat on to the average payment per od to suppl ers n commerc al transact ons", n Note 15 the Company prov des the nformat on relat ng to the year and no comparat ve nformat on s presented, as these financ al statements for 2015 are cons dered as n t al for these purposes w th regard to the appl cat on of the pr nc ple of un form ty and the comparab l ty requ rement.

a) Standards and interpretations approved by the European Union and applied for the first time this year

The account ng pol c es used n the preparat on of these consol dated financ al statements are the same as those appl ed n the consol dated financ al statements for the year end ng 31 December 2014, as no new standard, nterpretat on or amendment appl cable for the first t me th s year has had an mpact for the Group.

b) Standards and interpretations issued by the IASB, but not applicable in this year

The Group a ms to adopt the standards, nterpretat ons and amendments ssued by the IASB, wh ch are not mandatory n the European Un on at the date of preparat on of these consol dated financ al statements, when they enter nto force, f appl cable. The Group s currently analys ng the mpact. Based on the analys s performed to date, the Group est mates that ts n t al mplementat on w ll not have a s gn ficant mpact on ts consol dated financ al statements.

The consol dated financ al statements are presented n thousands of euros unless otherw se nd cated.

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

For the preparat on of certa n nformat on ncluded n these consol dated financ al statements, judgments and est mates based on assumpt ons that affect the appl cat on of the cr ter a and account ng pr nc ples and the amounts of assets, l ab l t es, ncome, expenses and comm tments reported here n are used. The most s gn ficant est mates used n the preparat on of these consol dated financ al statements refer to

- The losses due to mpa rment and the useful l fe of tang ble assets (note 4.b).
- The valuat on of the consol dated goodw ll to determ ne the ex stence of mpa rment losses thereof (note 4.c).
- The fa r value of certa n unl sted financ al assets (note 4.d).

Est mates and assumpt ons used are per od cally rev ewed. Any mpact or change on these assets, as a result of rev ews of est mates or future events, would be recorded n the consol dated ncome statement for that per od and success ve per ods, n accordance w th IAS 8.

2.3. Subsidiaries

Subs d ar es have been consol dated by the global consol dat on method. Control s obta ned when the Group s exposed, or has r ghts, to var able returns from ts nvolvement n a subs d ary and has the potent al to affect those returns through the exerc se of ts power over the subs d ary. Spec fically, the Group controls a subs d ary f, and only f, the Group has

- Power over the subs d ary (ex st ng r ghts that enta ls the power to manage the relevant act v t es of the subs d ary)
- Exposure, or r ghts, to var able returns from ts nvolvement n the subs d ary
- It can nfluence these returns by exerc s ng ts power over the subs d ary

Generally, there s a presumpt on that the major ty of vot ng r ghts assume control.

At the t me of acqu s t on of a subs d ary, ts assets and l ab l t es are measured at the r fa r values at the acqu s t on date. Any excess of the cost of acqu s t on over the fa r values of the dent fiable net assets acqu red s recogn zed as goodw ll. Any defic t n the cost of acqu s t on over the fa r values of the dent fiable net assets acqu red, .e. d scount on acqu s t on, s allocated, where appropr ate, to ncome on the date of acqu s t on.

The m nor ty nterest n the Group’s equ ty and results for the year are presented under “M nor ty nterests” w th n the “Total shareholders’ equ ty” n the consol dated Balance Sheet and “Profit attr butable to m nor ty nterests” n the consol dated Income statement, respect vely.

In accordance w th nternat onal financ al report ng standards, the Group compan es have been consol dated under the global consol dat on method, w th all assets, l ab l t es, ncome, expenses and cash flows form ng part of the consol dated financ al statements after adjust ng and el m nat ng ntra-group operat ons.

The nformat on correspond ng to 31 December 2015 and 2014 s shown below

Subsidiary	Activity	Years	% ownership interest	Net book value before consolidation	Shareholders' equity before undistributed profit	Profit/(loss) for the year
Alba Patr mon o nmob l ar o, S.A.U Castelló, 77, 5ª planta 28006 Madr d	Real Estate nvestment	2015 2014	100.00	180,946	187,306	6,383
Alba Part c pac ones, S.A.U Castelló, 77, 5ª planta 28006 Madr d	Secur ty nvestment	2015 2014	100.00 100.00	117,633 117,633	2,945,683 2,834,504	200,633 127,256
Alba Europe SARL Rue Eugène Ruppert 6 L 2453 Luxemburgo	Secur ty nvestment	2015 2014	100.00	147,768	147,731	(32)
Artá Cap tal, SGE C, S.A.U. Pza. Marqués de Salamanca, 10 28006 Madr d	Pr cate equ ty management company	2015 2014	81.00 81.00	1,673 1,673	2,697 2,564	2,582 2,897
Artá Partners, S.A. Castelló, 77, 5ª planta 28006 Madr d	Secur ty nvestment	2015 2014	81.00 81.00	1,702 1,702	2,090 2,074	2,447 2,792
Balboa Part c pac ones, S.A.U. Castelló, 77, 5ª planta 28006 Madr d	Secur ty nvestment	2015 2014	100.00 100.00	199,100 282,500	186,780 266,852	3,327 11,626
Deyá Cap tal, SCR, S.A.U. Pza. Marqués de Salamanca, 10 28006 Madr d	Pr vate equ ty company	2015 2014	100.00 100.00	147,461 236,011	174,830 198,905	64,475 (24,535)

EY s the aud tor for all the compan es.

2.4. Associates

Assoc ates are cons dered as compan es over wh ch Alba has s gn ficant nfluence but does not reach a hold ng of 20%. To determ ne the ex stence of s gn ficant nfluence, the parent company cons ders, among other s tuat ons, representat on on the Board of D rectors, part c pat on n the process of sett ng pol c es and the durat on of the part c pat on.

The nformat on correspond ng to 31 December 2015 and 2014 s shown below

Associate / Auditor	Registered address	Activity	% ownership At 31 12 15	% ownership At 31 12 14
Acer nox, S.A. KPMG Aud tores	Sant ago de Compostela, 100 (Madr d)	Manufacture and sale of sta nless steel products	19.62	23.09
ACS, Act v dades de Construcc ón y Serv c os, S.A. Delo tte	Avda. de Pío XII, 102 (Madr d)	Construct on and serv ces	11.69	13.88
Bolsas y Mercados Españoles, Soc edad Hold ng de Mercados y S stemas F nanc eros, S.A. PWC	Plaza de la Lealtad, 1 (Madr d)	Secur t es clear ng, settlement and reg stry serv ces	10.57	8.28
Clín ca Bav era, S.A. PWC	Paseo de la Castellana, 20 (Madr d)	Ophthalmology and aesthet cs med c ne serv ces	20.00	20.00
Ebro Foods, S.A. EY	Paseo de la Castellana, 20 (Madr d)	Food	10.01	10.01
Euskaltel, S.A. KPMG Aud tores	Parque Tecnológ co, Ed fic o 809 (Der o-V zcaya)	Telecom	10.00	-
Indra S stemas, S.A. KPMG Aud tores	Avda. de Bruselas, 35 (Alcobendas - Madr d)	New technolog es	11.32	12.53
V scofan, S.A. EY	Polígono Industr al Berroa (Tajonar-Navarra)	Manufacture of meat-based, cellulose or art fic al cas ngs	6.86	6.79

Dur ng 2015 Alba reduced ts sharehold ng n ACS, Act v dades de Construcc ón y Serv c os, S.A. due to the sale of 2.19%, n Acer nox, S.A. due to the sale of 3.10% and a cap tal ncrease made to pay a "scr p d v dend" that Alba rece ved n cash, and n Indra S stemas, S.A. due to the sale of 1.20%. In add t on, a part c pat on n Euskaltel, S.A. has been acqu red and the hold ng n Bolsas y Mercados Españoles, Soc edad Hold ng de Mercados y Serv c os F nanc eros, S.A. has been ncreased by 2.29% and n V scofan, S.A. by 0.07%.

Dur ng 2014 Alba reduced ts sharehold ng n ACS, Act v dades de Construcc ón y Serv c os, S.A. due to the sale of 2.42%, n Acer nox, S.A. due to a cap tal ncrease made to pay a "scr p d v dend" that Alba rece ved n cash. The hold ng n Anteven o, S.A. was transferred to "F nanc al nvestments at fa r value through Profit and Loss". In add t on, a stake n Bolsas y Mercados Españoles, Soc edad Hold ng de Mercados y Serv c os F nanc eros, S.A. and n V scofan, S.A. was acqu red and the part c pat on n Ebro Foods, S.A. ncreased to 1.80% and n Indra S stemas, S.A. to 1.21%.

3. Distribution of profit

The d str but on of profit for 2015 that the Board of D rectors w ll propose to the Annual General Meet ng and the d str but on of profit for 2014 approved by the 2014 Annual General Meet ng are as follows

	2015	2014
Profit to be distributed		
Profit for the year attr butable to the parent company	65,673	68,092
Reta ned earn ngs	138,384	128,530
Total	**204,057**	**196,622**
Distribution		
To reta ned earn ngs	145,817	138,384
To d v dends	58,240	58,238
Total	**204,057**	**196,622**

The d v dends pa d by the parent company n 2015 and 2014 have been as follows

	No. of shares with dividend rights	€/Share	Thousands of euros
2015			
Inter m d v dend for 2015	58,240,102	0.500	29,120
F nal d v dend for 2014	58,240,102	0.500	29,120
2014			
Inter m d v dend for 2014	58,235,494	0.500	29,118
F nal d v dend for 2013	58,235,494	0.500	29,118

An add t onal d v dend of 0.50 euros per share s proposed for approval by the Annual General Meet ng for those shares n ssue at the date of payment of the d v dend.

The Board of D rectors has presented n the parent company's nd v dual Notes the l qu d ty statement requ red under Art cle 277 of the Cap tal Compan es Act ("Ley de Soc edades de Cap tal") n relat on to the nter m d v dend.

4. Valuation standards

The ma n valuat on standards used n the preparat on of the Consol dated F nanc al Statements are as follows

a) Property investments (note 5)
Property nvestment, bu ld ngs for lease, are n t ally measured at cost, nclud ng transact on costs. Subsequently, they are reg stered at fa r value, determ ned by ndependent experts n accordance w th the follow ng def n t on "Fa r value s the pr ce at wh ch the property could be sold through a pr vate contract between a w ll ng seller and an ndependent buyer at the valuat on date f the property were to be offered publ cly on the market, market cond t ons enabled the sale to be carr ed out n an orderly fash on and a normal per od of t me were ava lable for the sale to be negot ated, g ven the nature of the property". Changes n fa r value are ncluded n the ncome statement for the per od n wh ch they occur. These nvestments are not amort zed.

a.1) Leases
The determ nat on of whether a contract s or conta ns a lease s based on the econom c substance of the agreement at the date of commencement. The contract s analysed n order to ascerta n whether compl ance depends on the use of an asset or spec fic assets or the agreement conveys a r ght to use the asset or assets, although th s r ght s not expl c tly spec fied n the contract.

Leases where the Group substant ally reta ns all the r sks and rewards nherent to ownersh p of the leased asset are class fied as operat ng leases. Cont ngent revenues are recogn zed as ncome n the per od n wh ch they are obta ned.

b) Tangible assets (note 6)
In appl cat on of IFRS 1 "F rst-t me Adopt on of Internat onal F nanc al Report ng Standards" property for own use was reg stered on 1 January 2004 at fa r value, determ ned by ndependent experts as defined n the prev ous note, w th th s amount cons dered as the cost of acqu s t on. Th s ncrease n value was cred ted n the shareholders' equ ty of the consol dated Balance Sheet.

The rema n ng tang ble assets are valued at the cost of acqu s t on; nterests and exchange rate d fferences are not ncluded. The costs of expans on, modern zat on or mprovements that represent an ncrease n product v ty, capac ty or effic ency or a lengthen ng of the useful l fe of the assets are cap tal zed as the h gher cost of the correspond ng assets.

Amort sat on s calculated follow ng the l near method, allocat ng the book value of the assets throughout the years of est mated useful l fe, n accordance w th the follow ng percentages

Annual depreciation percentage	
Bu ld ngs and other construct ons	2 to 6
Mach nery and nstallat ons	8 to 24
Transport equ pment	16
Furn ture and fixtures	10
Computer hardware	25

If the book value of an asset exceeds ts recoverable amount, the asset s cons dered mpa red and ts book value s reduced to ts recoverable amount.

c) Investments in associates and Goodwill (note 7)

They are accounted under the equ ty method. Under th s method nvestment n assoc ates s recorded at cost, wh ch ncludes Alba's shareholders' equ ty share plus goodw ll that has not been ass gned to spec fic tems of the assoc ated company. Th s goodw ll s not amort sed and s analysed annually for mpa rment.

D v dends rece ved from these compan es are recorded reduc ng the cost of nvestment. The results obta ned by these compan es correspond ng to Alba's share, are ncorporated, net of tax effect, to the Income statement attached under the head ng "Share of profit/(loss) of assoc ates".

Movements n the shareholders' equ ty of an assoc ate s recogn zed n the same way n Alba's shareholders' equ ty.

The fa r value of nvestments have been est mated n order to assess the need to adjust the book value of the stakes. In accordance w th IAS 36, the fa r value s cons dered to be the h gher of the share pr ce at the end of the year and ts value n use.

In 2015, assoc ated compan es where the share pr ce at year end s lower than the book value are Acer nox, S.A., Bolsas y Mercados Españoles, Soc edad Hold ng de Mercados y S stemas F nanc eros S.A., Clín ca Bav era, S.A. and Indra S stemas, S.A. In these cases to calculate the fa r value, the d scounted cash flows method was used, subsequently deduct ng the value of net debt and m nor ty nterests. The assumpt ons used were as follows

	Acerinox, S.A.	Bolsas y Mercados Españoles, S.A.	Clínica Baviera, S.A.	Indra Sistemas, S.A.
Perpetual growth rate	2.5%	1.5%	2.0%	2.0%
D scount rate	8.1%	9.0%	8.8%	9.4%
Cap tal structure	75% equ ty and 25% debt	100% equ ty	90% equ ty and 10% debt	85% equ ty and 15% debt
Cost of equ ty	9.7%	9.0%	9.4%	10.4%
Cost of debt after tax	3.3%	2.9%	3.5%	3.9%
Est mated fa r value (€/share)	12.64	34.48	8.56	8.67

In 2015, Alba made the follow ng sens t v ty analys s

	Acerinox, S.A.	Bolsas y Mercados Españoles, S.A.	Clínica Baviera, S.A.	Indra Sistemas, S.A.
Weighted average cost of capital (WACC)				
2015 fa r value d scount rate	8.1%	9.0%	8.8%	9.4%
D scount rate to match book value	8.5%	9.6%	8.8%	9.4%
Perpetual growth				
2015 fa r value growth rate	2.5%	1.5%	2.0%	2.0%
Growth rate to match book value	2.0%	1.3%	2.0%	2.0%
EBITDA margin used for the terminal value				
2015 fa r value EBITDA marg n	10.1%	70.0%	10.1%	10.4%
EBITDA marg n to match book value	9.5%	63.1%	10.1%	10.4%
Change n sales dur ng the est mated per od and term nal value to match book value	-5.6%	-7.3%	-	-
Change n EBITDA marg n dur ng the est mated per od and term nal value to match book value	-0.5%	-5.0%	-	-

In 2015 a var at on of + 0.5% and -0.5% n the assumpt ons used n calculat ng the fa r value would have the follow ng mpact on value

Variation	Acerinox, S.A.	Bolsas y Mercados Españoles, S.A.	Clínica Baviera, S.A.	Indra Sistemas, S.A.
WACC				
+ 0.5%	-11.0%	-6.0%	-7.1%	-9.8%
- 0.5%	13.2%	6.9%	8.2%	11.2%
Perpetual growth rate				
+ 0.5%	9.2%	5.5%	6.8%	7.0%
- 0.5%	-7.7%	-4.8%	-5.9%	-6.1%
EBITDA margin used for terminal value				
+ 0.5%	6.6%	0.5%	2.7%	8.2%
- 0.5%	-6.6%	-0.5%	-2.7%	-8.2%

In 2014, assoc ated compan es where the share pr ce at year end s lower than the book value were Clín ca Bav era, S.A., Ebro Foods, S.A. and Indra S stemas, S.A. In these cases to calculate the fa r value, the d scounted cash flows method was used, subsequently deduct ng the value of net debt and m nor ty nterests. The assumpt ons used were as follows

	Clínica Baviera, S.A.	Ebro Foods, S.A.	Indra Sistemas, S.A.
Perpetual growth rate	2.0%	2.0%	2.0%
D scount rate	8.6%	7.6%	8.8%
Cap tal structure	90% equ ty and 10% debt	85% equ ty and 15% debt	85% equ ty and 15% debt
Cost of equ ty	9.2%	8.4%	9.6%
Cost of debt after tax	3.4%	3.3%	4.1%
Est mated fa r value (€/share)	8.49	16.44	10.27

In 2014, Alba made the follow ng sens t v ty analys s

	Clínica Baviera, S.A.	Ebro Foods, S.A.	Indra Sistemas, S.A.
Weighted average cost of capital (WACC)			
2014 fa r value d scount rate	8.6%	7.6%	8.8%
D scount rate to match book value	8.6%	7.9%	8.8%
Perpetual growth			
2014 fa r 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 fa r value EBITDA marg n	17.5%	14.0%	10.6%
EBITDA marg n to match book value	17.5%	13.5%	10.6%
Change n sales dur ng the est mated per od and term nal value to match book value	-	-7.4%	-
Change n EBITDA marg n dur ng the est mated per od and term nal value to match book value	-	-0.5%	-

In 2014 a var at on of + 0.5% and -0.5% n the assumpt ons used n calculat ng the fa r value would have the follow ng mpact on value

Variation	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 rate			
+ 0.5%	6.9%	8.4%	6.5%
- 0.5%	-6.0%	-7.0%	-5.6%
EBITDA margin used for terminal value			
+ 0.5%	2.7%	4.5%	7.8%
- 0.5%	-2.7%	-4.5%	-7.8%

d) Financial investments at fair value with changes in profit and loss (note 8)

Investments held through the pr vate equ ty company, where s gn ficant nfluence may ex st, are ncluded under th s head ng.

They are measured at fa r value, and changes n fa r value of these nvestments are recorded n the ncome statement.

As these nvestments n unl sted compan es do not have an act ve market, fa r value s determ ned us ng comparable mult ples or the d scounted cash flow method, wh chever s most approp ate.

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

Alba values financ al nstruments such as der vat ves and non-financ al assets such as nvestment property at fa r value at the clos ng date of the financ al statements. Also, the fa r values of financ al assets measured at amort sed cost s broken down n Note 17. The fa r value s the pr ce to be rece ved for the sale of an asset or pa d to transfer a l ab l ty n a transact on between market part c pants on the date of the transact on. The fa r value s based on the assumpt on that the transact on to sell the asset or transfer the l ab l ty takes place

- In the ma n market for the assets or l ab l t es, or
- In absence of a ma n market, the market most advantageous for the transact on of those assets or l ab l t es

The ma n market or the most advantageous market has to be a market access ble to Alba.

The fa r value of an asset or l ab l ty s calculated us ng the assumpt ons that market part c pants would use when mak ng an offer for that asset or l ab l ty, assum ng those market part c pants act n the r own econom c nterest.

The calculat on of the fa r value of a non-financ al asset cons ders the ab l ty of market part c pants to generate econom c benefits as a result of better and greater use of that asset or by sell ng t to another market part c pant that would make better or greater use of t.

Alba uses appropr ate valuat on techn ques under the c rcumstances and w th suffic ent nformat on ava lable to calculate the fa r value, max m z ng the use of relevant observable nputs and m n m z ng the use of non-observables nputs.

All assets and l ab l t es for wh ch calculat ons or breakdowns of fa r value are made n the f nanc al statements are categor zed w th n the fa r value h erarchy descr bed below based on the var able lower level requ red to calculate the fa r value as a whole

- **Level 1.** Quoted pr ces (unadjusted) n act ve markets for dent cal assets or l ab l t es.

- **Level 2.** Valuat on techn ques where the lowest level nput used, wh ch s s gn ficant for the calculat on, s d rectly or nd rectly observable.

- **Level 3.** Valuat on techn ques where the lowest level nput used, wh ch s s gn ficant for the calculat on, s observable.

For assets and l ab l t es recorded n the financ al statements on a recurr ng bas s, Alba determ nes whether there have been transfers between the d fferent levels of h erarchy by means of a categor zat on rev ew (based on lower level nput that s s gn ficant to the fa r value calculat on as a whole) at the end of each year.

Alba determ nes the pol c es and procedures for both recurr ng fa r value calculat ons, such as nvestment property and unl sted financ al assets held for sale.

For the valuat on of s gn ficant assets and l ab l t es, such as property nvestments, financ al assets held for sale and cont ngent cons derat ons, nternal and external appra sers are used.

The F nanc al Department presents the results of valuat ons to the Aud t Comm ttee and Alba's external aud tors.

For the purposes of the breakdowns requ red regard ng fa r value, the Group has class fied the d fferent classes of assets and l ab l t es accord ng to the r nature, character st cs, r sks and levels of fa r value h erarchy as expla ned above.

f) Loans and receivables (notes 9 and 10)

The Group values f nanc al assets ncluded n th s category (other f nanc al assets and rece vables and other rece vables) n t ally at fa r value, wh ch s the pr ce of the transact on. Those transact ons whose matur ty s less than a year and have no contractual nterest rate, as well as unpa d d v dends and payments due on equ ty nstruments that are expected n the short term are valued at the r nom nal value, s nce the effect of not d scount ng cash flows s ns gn f cant.

Subsequently, these financ al assets are measured at amort sed cost and accrued nterest s recorded n the ncome statement us ng the effect ve nterest method. At least once a year and whenever there s object ve ev dence that a loan or rece vable s mpa red, Alba w ll conduct the mpa rment test. Based on these analyses, where appropr ate, Alba shall make the relevant valuat on adjustments.

Impa rment losses of these financ al assets s the d fference between the book value and the current value of future cash flows expected to be generated, d scounted at the effect ve nterest rate.

The mpa rment losses and reversals are recogn zed as an expense or ncome, respect vely, n the consol dated ncome statement. Impa rment reversal w ll be l m ted to the book value of the cred t that would be recogn zed on the reversal date f the mpa rment loss was not recorded.

g) Cash and cash equivalents (note 11)
Th s sect on of the balance sheet records cash, short-term depos ts and other short-term nvestments of h gh l qu d ty wh ch are read ly convert ble nto cash and have no r sk of changes n value.

h) Financial liabilities (note 16)
F nanc al l ab l t es bas cally nclude debts w th cred t nst tut ons that are n t ally recogn zed at the amount rece ved, net of costs ncurred n the transact on. In subsequent per ods they are measured at amort sed cost us ng the effect ve nterest rate.

i) Treasury shares (note 12)
Treasury shares are deducted from shareholders' equ ty. Results from the purchase, sale, ssuance, amort sat on or cancellat on of Alba's own equ ty nstruments are not recogn zed.

j) Provisions (note 14)
Prov s ons are recogn zed for present obl gat ons ar s ng from past events whose settlement s l kely to cause an outflow of resources and a rel able est mate can be made of the obl gat on amount. If the temporary monetary value effect s s gn ficant, the amount of the prov s on s d scounted us ng a pre-tax rate. When d scounted, the ncrease n the prov s on due to the passage of t me s recorded as a financ al costs.

k) Corporate income tax (note 19)
The expense for corporate tax s calculated by add ng the current tax amount result ng from apply ng the correspond ng tax rate to the taxable ncome less any appl cable rebates and deduct ons, and changes, dur ng the year, n deferred tax assets and l ab l t es recorded. It s recorded n the ncome statement, except when t relates to transact ons that are recogn zed d rectly n shareholders' equ ty, n wh ch case the correspond ng tax s also recogn zed n the shareholders' equ ty and n bus ness comb nat ons where t s recorded as an ncrease or decrease n goodw ll.

l) Alternative pension plans systems
Alba operates two defined benefit plans, wh ch are outsourced to an nsurance company and, therefore, requ re contr but ons to be made to a ndependent managed fund.

The cost allocat on method used for the valuat on of the obl gat on ar s ng from the defined benefit plans s known as "Projectec Un t Cred t". Th s method allows to finance these benefits as they are generated, tak ng nto account the years of serv ce of the employee n the Company. The comm tment s fully funded when t ends the act ve work ng l fe of the employee and reaches the age of ret rement.

Profits and losses and the return earned on assets of the plans (exclud ng net nterest) are recogn zed mmed ately n the financ al statement w th a deb t or cred t balance on the results accumulated n the shareholders' equ ty n the per od ncurred. Re-valuat ons are not reclass fied n the ncome statement for subsequent years.

The cost of past serv ces s recogn zed n the consol dated ncome statement on the date pr or to

- The date of mod ficat on or reduct on of the plan, or
- The date on wh ch the group recogn zes expenses related

to restructur ng or severance payments.

The d scount rate of obl gat ons and assets related to the payment of benefits s calculated us ng the return of h gh qual ty cred t corporate debt of s m lar matur ty to those comm tments assumed as well as the German publ c debt as a reference.

The ma n hypotheses used n 2015 and 2014 to value those comm tments have been

Mortality and survival tables	PERM / F 2000 NP
Interest rate ncluded n the pol c es	2.50% - 3.70%
CPI growth	1.25%
Salary growth	1.25%
Rate of ncrease n soc al secur ty bases	1.50%
D scount rate for obl gat ons and assets affect ng the payment of comm tments	2.50%
Ret rement age	65

Changes n defined benefit plan obl gat ons and the fa r value of the assets of these plans n 2015 and 2014 are deta led below

	01/01	Costs of obligations recognised in the income statement			Pension obligations settled (paid)	Actuarial gains /(losses)	31/12
		Cost of services	Net interest (expense) /income	Subtotal included in the income statement			
2015							
Obl gat ons n defined benefit plans	(22,514)	(1,186)	(593)	(1,779)	3,104	(326)	(21,515)
Fa r value of assets of the plan	22,860	1,208	601	1,809	(3,104)	60	21,625
Net (obl gat ons) / r ghts n defined benefit plans	346						110
2014							
Obl gat ons n defined benefit plans	(21,151)	(1,104)	(723)	(1,827)	823	(359)	(22,514)
Fa r value of assets of the plan	21,282	1,427	738	2,165	(823)	236	22,860
Net (obl gat ons) / r ghts n defined benefit plans	131						346

The contr but on expected to be made n 2016 n relat on to defined benefit plans s 1,237 thousand euros.

Sensitivity analysis

	Discount rate		Future salary increases	
Sens t v ty	+0.5%	-0.50%	+0.5%	-0.50%
2015				
Net mpact on (obl gat ons)/r ghts n defined benefit pens on plans	-9.72%	11.28%	4.00%	-3.90%
2014				
Net mpact on (obl gat ons)/r ghts n defined benefit pens on plans	-9.65%	11.17%	3.95%	-3.84%

The contr but ons relat ng to both systems are recogn zed n the attached ncome statement and are broken down n note 22.a.

m) Transactions with payments based on equity instruments (note 24)

Alba class fies ts share opt on plan as cash settlement. Unt l settlement, the l ab l ty s measured at fa r value, calculated as the d fference between the fa r value of the opt on at year end and at the start date of the plan, w th any change n valuat on recogn sed n the consol dated ncome statement. Personnel costs are determ ned based on the fa r value of the l ab l ty and are recorded as the serv ces are rendered over the three-year per od.

n) Recognition of income and expenses

Income and expenses are recogn zed when the actual flow of goods and serv ces occurs, regardless of when the monetary or f nanc al flow der ved from them occurs, and s always based on the econom c substance of the transact on.

5. Investment property

Th s sect on ncludes real estate propert es held for leas ng purposes. C.B. R chard Ell s, S.A., spec al st n appra sals of th s type of nvestments, has valued these propert es at 31 December 2015 and 2014. The valuat on has been made n accordance w th the Appra sal and Valuat on Standards and the Property Observat on Gu de publ shed by the Royal Inst tut on of Chartered Surveyors of Great Br ta n, and s based on the D scounted Cash Flow and the Compar son method.

The geograph c d str but on s as follows

	2015	2014
Madr d	327,460	169,875
Barcelona	23,500	31,000
Palma de Mallorca	1,090	2,420
Other	135	1.610
Total	**352,185**	**204,905**

The movements n th s chapter have been as follows

Balance at 1-1-14	**200,420**
Increases	6,170
Decreases	(3,650)
Change n fa r value	1,965
Balance at 31-12-14	**204,905**
Increases	150,563
Decreases	(7,950)
Change n fa r value	4,667
Balance at 31-12-15	**352,185**

In 2015, ncreases correspond ma nly to the purchase of the bu ld ng located on Paseo de la Castellana, 89 (Madr d) for 149,329 thousand euros, as well as the mprovements carr ed out on other bu ld ngs. Decreases correspond to sales of propert es n Barcelona, Ov edo, Sev lle and Mallorca that have contr buted a profit of 1 m ll on euros.

Increases n 2014 relate to the acqu s t on of an office floor n Madr d and the mprovements on bu ld ngs.

The most s gn ficant data on the leasable surface area at 31 December are as follows

	2015	2014
Floor area above ground level (square meters)	98,818	82,950
Leased floor area (square meters)	84,230	71,865
Leased area as % total floor area	85.2%	86.6%

Expenses related to the free surface are not s gn ficant for breakdown.

Income from leases related to the mandatory per od, calculated unt l the contractual matur ty at 31 December 2015 and 2014 are as follows

	2015	2014
Up to one year	9,544	12,561
Between 1 and 5 years	13,534	17,547
Over 5 year	2,743	1,796
Total	**25,821**	**31,904**

Insurance pol c es are formal zed for a suffic ent amount to cover the r sks to wh ch these assets are subject.

6. Tangible assets

The movement n th s sect on of the attached Balance Sheet has been as follows

	Property	Other fixed assets	Total
Cost			
Balance at 1-1-14	**19,300**	**3,030**	**22,330**
Add t ons	-	47	47
D sposals	-	(408)	(408)
Balance at 31-12-14	**19,300**	**2,669**	**21,969**
Add t ons	169	70	239
D sposals	-	(488)	(488)
Balance at 31-12-15	**19,469**	**2,251**	**21,720**
Accumulated Amortisation			
Balance at 1-1-14	**(9,985)**	**(2,623)**	**(12,608)**
Add t ons	(774)	(134)	(908)
D sposals	-	408	408
Balance at 31-12-14	**(10,759)**	**(2,349)**	**(13,108)**
Add t ons	(774)	(137)	(911)
D sposals	-	488	488
Balance at 31-12-15	**(11,533)**	**(1,998)**	**(13,531)**
Provisions			
Balance at 1-1-14	**(729)**	**-**	**(729)**
Decreases	153	-	153
Balance at 31-12-14	**(576)**	**-**	**(576)**
Decreases	53		53
Balance at 31-12-15	**(523)**	**-**	**(523)**
Net tang ble assets at 31-12-14	7,965	320	8,285
Net tangible assets at 31-12-15	**7,413**	**253**	**7,666**

Insurance pol c es are formal sed for a suffic ent amount to cover the r sks to wh ch the d verse elements of the tang ble assets are subject.

7. Investments in associates

Changes n th s sect on for 2015
are as follows

Company	Consolidated value at 01-01-15	Profit/(loss) of investees	Accrued dividends	Acquisitions/ (disposals)	Impairment	Changes in consolidated shareholders' equity of associates	Consolidated value at 31-12-15	Quoted market value at 31-12-15
Acer nox, S.A.	678,700	8,657	(23,500)	(90,959)	-	38,021	610,919	492,866
ACS, Act v dades de Construcc ón y Serv c os, S.A.	700,156	84,280	(43,222)	(117,743)	-	(19,524)	603,947	993,592
Bolsas y Mercados Españoles, Soc edad Hold ng de Mercados y S stemas F nanc eros, S.A.	214,908	15,774	(14,766)	68,161	-	(171)	283,906	274,518
Clín ca Bav era, S.A.	27,674	968	(717)	-	-	(17)	27,908	17,744
Ebro Foods, S.A.	249,463	13,934	(10,164)	-	-	7,354	260,587	279,587
Euskaltel, S.A.	-	2,267	-	147,189	-	-	149,456	175,855
ndra S stemas, S.A.	211,201	(72,729)	-	(20,312)	43,617	(645)	161,132	161,132
V scofan, S.A.	132,553	8,169	(3,952)	1,688	-	(340)	138,118	177,869
Total	**2,214,655**	**61,320**	**(96,321)**	**(11,976)**	**43,617**	**24,678**	**2,235,973**	**2,573,163**

Changes n th s sect on for 2014
are as follows

Company	Consolidated value at a 01-01-14	Profit/(loss) of investees	Accrued dividends	Acquisitions/ (disposals)	Transfer	Impairment	Changes in consolidated shareholders' equity of associates	Consolidated value a 31-12-14	Quoted market value at 31-12-14
Acer nox, S.A.	621,711	31,795	(27,136)				52,330	678,700	755,777
ACS, Act v dades de Construcc ón y Serv c os, S.A.	885,918	103,961	(46,447)	(130,824)			(112,452)	700,156	1,265,496
Bolsas y Mercados Españoles, Soc edad Hold ng de Mercados y S stemas F nanc eros, S.A.		5,889	(8,035)	217,054				214,908	222,595
Anteven o, S.A.	1,990				(1,990)				
Clín ca Bav era, 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
ndra S stemas, S.A.	278,871	(12,460)	(6,320)	17,012		(61,659)	(4,243)	211,201	165 ,958
V scofan, 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**

Changes n 2015 and 2014 n the consol dated shareholders' equ ty of Acer nox, S.A. s ma nly due to translat on d fferences and n ACS, Act v dades de Construcc on y Serv c os, S.A. due to translat on d fferences, changes n value of financ al assets held for sale and changes n treasury shares. Changes n the the rest of assoc ates relate to valuat on adjustments of financ al assets held for sale and hedg ng and translat on d fferences.

The results recorded under "Profit/(loss) from d sposals of financ al assets and other assets" of the Consol dated Income Statement for 2015 nclude sales of 2.19% of ACS, Act v dades de Construcc on y Serv c os, S.A. for 218,922 thousand euros and a profit of 104,312 thousand euros, 3.10% of Acer nox, S.A. for 118,260 thousand euros and a profit of 26,432 thousand euros and 1.20% of Indra S stemas, S.A. for 21,723 thousand euros and a profit of 1,413 thousand euros.

The results recorded under "Profit/(loss) from d sposals of financ al assets and other assets" of the Consol dated Income Statement for 2014 nclude sales of 2.42% of ACS, Act v dades de Construcc on y Serv c os, S.A. for 234,938 thousand euros and a profit of 104,114 thousand euros.

The nformat on regard ng the compan es ncluded n th s sect on s as follows

	Assets		Liabilities			
	Current	Non current	Current	Non current	Turnover	Consolidated profit/(loss)
Acerinox, S.A.						
2015	1,808,142	2,317,530	1,106,775	995,593	4,221,426	42,891
2014	2,159,123	2,256,517	1,293,760	1,276,187	4,380,289	136,329
ACS, Actividades de Construcción y Servicios, S.A.						
2015	21,500,560	13,779,268	19,393,135	10,689,424	34,924,662	725,322
2014	25,319,859	14,000,876	24,887,894	9,534,953	34,880,860	717,090
Bolsas y Mercados Españoles, S.A.						
2015	31,101,139	171,203	30,820,175	19,085	335,358	173,463
2014	33,782,639	165,877	33,511,386	18,199	332,901	164,924
Clínica Baviera, S.A.						
2015	15,007	31,373	13,903	11,164	85,527	4,879
2014	16,679	32,360	15,478	13,356	82,621	4,055
Ebro Foods, S.A.						
2015	1,091,801	2,311,875	626,207	784,533	2,461,915	144,846
2014	1,028,292	2,133,776	716,219	572,044	2,120,722	146,013
Euskaltel, S.A.						
2015	97,622	2,184,772	140,461	1,439,009	343,259	7,241
2014	56,875	921,542	117,888	212,949	315,109	36,783
Indra Sistemas, S.A.						
2015	1,917,606	1,146,693	1,649,660	1,106,993	2,850,404	(641,189)
2014	2,275,216	1,206,053	1,615,808	911,887	2,937,885	(91,908)
Viscofan, S.A.						
2015	415,733	416,188	116,183	82,539	740,770	120,022
2014	463,721	413,178	201,166	99,866	687,063	106,452

Communication of participation:

Acqu s t ons, movements and transfers of shares n the share cap tal of compan es has been not fied, n accordance w th the regulat ons and laws n force at any t me.

In 2015 the follow ng was commun cated to

Acer nox, S.A. that a share has been sold of	3.10%
ACS, Act v dades de Construcc ón y Serv c os, S.A. that has been sold a share of	2.19%
Indra S stemas, S.A. that has been sold a share of	1.20%
Euskaltel, S.A. that has been bought a share of	10.0%
Bolsas y Mercados Españoles, S.A. that has been bought a share of	2.29%
V scofán, S.A. that has been bought a share of	0.07%

In 2014 the follow ng was commun cated to

ACS, Act v dades de Construcc ón y Serv c os, S.A. that has been sold a share of	2.42%
Ebro Foods, S.A. that has been bought a share of	1.80%
Indra S stemas, S.A. that has been bought a share of	1.21%
Bolsas y Mercados Españoles, S.A. that has been bought a share of	8.28%
V scofán, S.A. that has been bought a share of	6.79%

8. Financial investments at fair value with changes in profit and loss

The hold ngs n th s sect on at 31 December 2015 and 2014 are as follows

	%	
Long term unlisted	**2015**	**2014**
C. E. Extremadura, S.A.	1.01	2.55
EnCampus Res denc as de Estud antes, S.A.	32.75	32.75
Flex E.D., S.A.	19.75	19.75
Grupo Empresar al Panasa, S.L.	26.46	26.48
n Store Med a Group, S.A.	18.89	-
Mecalux, S.A.	24.38	24.38
Ros Roca Env ronment, S.L.	17.36	17.36
S resa Campus, S.A.	17.44	17.44
Anteven o, S.A.	-	14.54
Oc bar, S.A.	-	21.66

The movements dur ng 2015 and 2014 were as follows

Balance at 1-1-14	**243,684**
Add t ons	2,599
Ret rements	(405)
Transfers	(79,005)
Change n fa r value	109,839
Balance at 31-12-14	**276,712**
Add t ons	18,608
Ret rements	(28,859)
Prov s ons	19,414
Balance at 31-12-15	**285,875**

Dur ng 2015 add t ons relate to the acqu s t on of a stake n n-Store Med a, S.A. and the subscr pt on of two cap tal ncreases n EnCampus Res denc as de Estud antes, S.A., keep ng the same percentage of ownersh p n th s ent ty. D sposals correspond to the sale of the stake n Oc bar, S.A. and the payment of d v dends that reduce the value of the stake.

In 2014, add t ons correspond to cap tal ncreases n Mecalux, S.A. and EnCampus Res denc as de Estud antes, S.A. Transfers correspond to the d sposal of Pepe Jeans, S.L. to "Non-current assets held for sale" and the add t on n th s sect on of Anteven o, S.A. from "Investments n assoc ates".

To calculate the fa r value of nvestments, a d scounted cash flows method has been used. In the case of Oc bar, same assumpt ons used for Oc bar, S.A. at the date of the nvestment, updated n some cases by those employed n the financ ng bank model w th a yearly d scount rate of 11% and nclud ng the cash flows t ll the value of the last concess on, w thout term nal value, that happen to be the acqu s t on cost. The hypotheses used for the rest have been

	Ros Roca Environment, S.L.	Mecalux, S.A.	Siresa Campus, S.A.	Grupo Empresarial Panasa, S.L.	Flex E.D., S.A.(1)	EnCampus Residencias de Estudiantes, S.A.	in-Store Media Group, S.A.
2015							
Perpetual growth rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
D scount rate	9.0%	9.0%	7.9%	9.1%	8.8%	7.9%	9.5%
2014							
Perpetual growth rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	-
D scount rate	9.0%	9.3%	7.9%	8.6%	8.3%	7.9%	-

(1) n 2014 Grupo Empresar al Flex, S.A.

Sensitivity analysis

A var at on of + 0.5% and -0.5% n the assumpt ons used n calculat ng the fa r value would have the follow ng mpact on value

	Ros Roca Environment, S.L.	Mecalux, S.A.	Siresa Campus, S.A.	Grupo Empresarial Panasa, S.L.	Flex E.D., S.A.(1)	EnCampus Residencias de Estudiantes, S.A.	Ocibar, S.A.	InStore Media Group, S.A.
2015								
WACC								
+ 0.5%	-14.6%	-6.1%	-10.7%	-10.6%	-8.1%	-9.1%	-	-6.2%
- 0.5%	16.9%	7.0%	12.7%	12.2%	9.4%	10.8%	-	7.1%
Perpetual growth rate								
+ 0.5%	13.0%	5.9%	10.1%	9.4%	7.2%	8.6%	-	5.4%
- 0.5%	-11.2%	-5.1%	-8.5%	-8.1%	-6.2%	-7.3%	-	-4.7%
2014								
WACC								
+ 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%	-	-

(1) n 2014 Grupo Empresar al Flex, S.A.

9. Other non-current financial assets and liabilities

The compos t on at 31 December 2015 and 2014 s as follows

	2015	2014
Other non-current financial assets		
Loans to th rd part es	147,043	146,871
Guarantees depos ted n publ c nst tut ons	1,987	1,818
Other financ al assets	5	14
Balance at 31 December	149,035	148,703
Other non-current financial liabilities		
Guarantees rece ved from customers	2,760	1,945

Cred ts to th rd part es mostly correspond to the value of the debt pend ng collect on from Grupo Bergé.

In March 2010, the debtor s gned a refinanc ng w th a synd cate of ent t es among wh ch s Alba Part c pac ones, S.A., mod fy ng the follow ng aspects

- Interest shall be settled quarterly based on Eur bor 3 months, w th a spread of 100 bas s po nts for the f rst 5 years, 140 bas s po nts for the next 5 years and 180 bas s po nts for the rema nder. The n t al rate was 1.70%.
- The payment schedule beg ns as of 2019, 5 m ll on euros annually. Th s loan s expected to be recovered, ma nly through the Cash Sweep mechan sm, wh ch cons st n the d str but on of surplus cash flow between the d fferent types of debt, accord ng to a preset order.

Dur ng 2015 and 2014 the debtor has cont nued fulfill ng ts contractually establ shed payment obl gat ons (related to nterests).

10. Trade and other receivables

The compos t on at 31 December 2015 and 2014 s as follows

	2015	2014
Accrued and unpa d d v dends	16,330	15,564
Corporte ncome tax w thheld and nstalment payments	142,960	102,201
M scellaneous debtors	2,547	2,617
Prepa d expenses	53	48
Trade rece vables	108	54
Balance at 31 December	**161,998**	**120,484**

11. Cash and cash equivalents

The compos t on at 31 December 2015 and 2014 s as follows

	2015	2014
Cash	13,837	14,432
Short-term depos ts and nvestments	285,000	478,038
Balance at 31 December	**298,837**	**492,470**

Short-term depos ts and nvestments are read ly convert ble nto cash and have no r sk of change n value. The amounts of th s sect on accrue a var able nterest rate based on the nterbank market nterest rate.

12. Shareholders' equity

At 31 December 2015 and 2014 the share cap tal was represented by 58,300,000 bearer shares w th a nom nal value of 1 Euro each, fully subscr bed and pa d, w th all of them l sted on the Stock Market (SIBE).

The Annual General Meet ng of Corporac ón F nanc era Alba, S.A., on 11 June 2014, agreed to delegate to the Board of D rectors the power to agree on one or more cap tal ncreases up to a max mum of 50% of the share cap tal, through monetary contr but ons w th n a max mum per od of five years, but so far no use has been made of th s power.

Corporac ón F nanc era Alba, S.A. s part of the Banca March group. Control of Banca March, S.A. falls to Mr. Juan, Mr. Carlos, Ms. Glor a and Ms. Leonor March Delgado, who jo ntly control 100% of the share cap tal, w thout any of them hav ng nd v dual control e ther on the bas s of the r stake or based on any type of agreement.

At year end, Banca March, S.A. and ts shareholders jo ntly controlled (Concerted Act on) 66.996% of Corporac ón F nanc era Alba, S.A. Other stakes greater than 3%, commun cated to the CNMV at 31 December, are those of Mr. Juan March de la Lastra w th 5.381% and Mr. Juan March Juan w th 3.076%.

The head ng "Reta ned earn ngs" ncludes the follow ng reserves by the equ ty method

	2015	2014
Treasury shares	(33,304)	(28,658)
Translat on d fferences	53,173	7,401
Valuat on of financ al nstruments	15,834	7,767
Change n scope of consol dat on and others	(32,418)	(79,046)
Total	**3,285**	**(92,536)**

The above amount, except those of treasury shares, may be recycled to the Consol dated Income Statement.

The movement of Alba's treasury shares n 2015 and 2014 s as follows

	No. of shares	Percentage of share capital	Average acquisition price (€/share)	Thousands of euros
At 31 December 2013	**64,506**	**0.12%**	**40.29**	**2,599**
Sales	(4,608)	(0.01%)	40.29	(186)
At 31 December 2015 and 2014	**59,898**	**0.10%**	**40.29**	**2,413**

Bas c earn ngs per share s calculated by d v d ng the profit or loss attr butable to ord nary shareholders of the parent company by the average number of shares outstand ng dur ng that per od.

D luted earn ngs per share s calculated by d v d ng the profit or loss attr butable to ord nary shareholders of the parent company by the average number of shares outstand ng dur ng the year, ncreased by the average number of ord nary shares that would be ssued f all financ al nstruments potent ally convert ble nto ord nary shares were transformed nto ord nary shares. S nce there s no type of financ al nstrument of th s type, the bas c earn ngs per share s the same as the d luted earn ngs per share.

	2015	2014
Profit/(loss) attributable to ordinary shareholders of the parent company		
Cont nu ng operat ons	269,567	241,328
D scont nued operat ons	-	-
Profit/(loss) attr butable to ord nary shareholders of the parent company for calculat on of bas c earn ngs	269,567	241,328
Attr butable to holders of financ al nstruments convert ble nto ord nary shares	-	-
Profit/(loss) attr butable to ord nary shareholders of the parent company adjusted d lut on effect	269,567	241,328

	2015	2014
Average number of ord nary shares for calculat on of bas c earn ngs per share (*)	58,240,102	58,235,595
D lut on effect	-	-
Average number of ord nary shares adjusted for the d lut on effect (*)	58,240,102	58,235,595

(*) The average number of shares takes nto account the we ghted effect of changes n treasury stock dur ng the year.

There have been no transact ons on ord nary shares or potent al ord nary shares between the report ng date and the date of preparat on of these consol dated financ al statements.

13. Capital management policy

Alba manages ts cap tal w th the a m of prov d ng ts subs d ar es w th suff c ent f nanc al resources to carry out the r act v t es. In add t on to rat onally and object vely manag ng the cap tal requ red to cover the r sks assumed by ts act v ty, t a ms to max m ze shareholder return through an appropr ate balance between equ ty and debt.

Alba's leverage rat o at year end 2015 and 2014 s as follows

	2015	2014
Bank borrow ngs	145,575	435,788
Cash and cash equ valents	(298,837)	(492,470)
Total net debt	**(153,262)**	**(56,682)**
Shareholders' equ ty	3,312,353	3,076,376
Shareholders' equ ty + net debt	3,465,615	3,133,058

In 2015 and 2014 there s no net debt, therefore leverage rat o s not appl cable.

14. Provisions

The movement for 2015 and 2014 s as follows

	2015	2014
Balance at 1 January	**300**	**421**
Allocat ons	142	-
Uses	(300)	(121)
Balance at 31 December	**142**	**300**

15. Suppliers and other payables

The compos t on at 31 December 2015 and 2014 s as follows

	2015	2014
Trade payables	1,296	1,549
Accrued wages and salar es	1,540	1,916
Current tax l ab l t es (note 19)	1,281	651
Accruals and deferred ncome	10	289
Balance at 31 December	**4,127**	**4,405**

In accordance w th the s ngle add t onal prov s on of the Resolut on of 29 January 2016 of the Inst tute of Account ng and Aud t ng, regard ng the nformat on to be ncluded n the notes of the financ al statements n relat on to the average payment per od to suppl ers n commerc al transact ons, no comparat ve nformat on s presented, as the financ al statements for 2015 are cons dered as the first for these purposes w th regard to the appl cat on of the pr nc ple of un form ty and the comparab l ty requ rement.

The nformat on regard ng the average payment per od to suppl ers s as follows

	2015
Days	
Average payment per od to suppl ers	34
Rat o of operat ons pa d	33
Rat o of operat ons pend ng payments	34
Thousands of euros	
Total payments made	10,088
Total payments pend ng	1,296

16. Bank borrowings

Current and non-current:

Current debts w th cred t organ zat ons have annual matur ty and the breakdown by matur ty s as follows

	At 31/12/2015		At 31/12/2014	
Bank	Maturity	Balance drawn	Maturity	Balance drawn
Credit lines				
BBVA		-	09/07/15	200,000
		-		200,000
Loans with short-term maturity				
BBVA	2016	8,950		-
	Subtotal	8,950	Subtotal	-
Loans with long-term maturity				
BBVA	2017 to 2025	136,625		-
	Subtotal	136,625	Subtotal	-
	Total	**145,575**	**Total**	**-**
L m t on cred t l nes granted		-		200,000

On 17 June 2015 a loan agreement for 150 m ll on euros was s gned w th BBVA at 1.5% nterest rate, wh ch matures on 17 June 2025. Both the amort zat on of the pr nc pal and nterests are settled sem annually.

On 6 of January 2015 a loan for the amount of 235,788 thousand euros was cancelled.

17. Valuation at fair value

Breakdown of assets and l ab l t es and the r fa r value h erarchy at 31 December 2015 and 2014, valued at that date, s shown n the follow ng tables

	Valuation at fair value		
	Total	Listed price in active markets (Level1)	Significant unobservable inputs (Level 3)
2015			
Assets valued at fair value			
Property nvestments (note 5)	352,185	-	352,185
F nanc al nvestments at fa r value w th changes n profit and loss (note 8)	285,875	-	285,875
Assets whose fair value is known			
Investments n assoc ates (note 7) (1)	2,235,973	2,235,973	-
Other financ al assets (note 9)	149,035	-	149,035
Trade and other rece vables (note 10)	161,998	-	161,998
Cash and cash equ valents (note 11)	298,837	-	298,837
2014			
Assets valued at fair value			
Property nvestments (note 5)	204,905	-	204,905
F nanc al nvestments at fa r value w th changes n profit and loss (note 8)	276,712	-	276,712
Non-current assets held for sale	81,000	-	81,000
Assets where fair value is disclosed			
Investments n assoc ates (note 7) (1)	2,214,655	2,214,655	-
Other financ al assets (note 9)	148,703	-	148,703
Cl ents and other rece vables (note 10)	120,484	-	120,484
Cash and cash equ valents (note 11)	492,470	-	492,470

(1) Th s fa r value s not the value used for mpa rments, n wh ch case s Level 3.

18. Risk management objectives and policies

The Board of D rectors for Corporac ón F nanc era Alba, S.A. has created the follow ng r sk control and management Pol cy

1. Types of risks to which the Company is subject

R sk s nherent to all bus ness act v t es and s defined as the uncerta nty that an event or act on may occur that may adversely affect the ab l ty of the Company to max m ze value for stakeholders and to ach eve the r object ves; relates to both the poss b l ty of threats to fully mater al ze and opportun t es not to be ach eved.

Corporac ón F nanc era Alba s ded cated to two types of ma n act v t es

( ) equ ty part c pat on n l sted and unl sted compan es, and

( ) nvestment n real estate property (offices) for leas ng purposes.

As a result of ts act v ty, the markets and sectors n wh ch t s exposed and of ts env ronment, the Company s exposed to the follow ng r sk categor es

- Strateg c r sks, related to the Company m ss on and v s on, the ach evement of bus ness object ves and the creat on and preservat on of value for shareholders and other stakeholders.

  Th s ncludes r sks relat ng to the Company's corporate governance, ts reputat on and respons b l ty, nvestment and d vestment strateg es and market dynam cs.

- Operat onal r sks relat ng to poss ble d rect or nd rect econom c losses result ng from external events uncerta nty n own bus ness operat ons; or nternal events due to fa lures and nadequac es n the Company's processes, systems or resources.

  Th s ncludes r sks related ma nly to ncome, nvestments and d vestments and the r mon tor ng, the acqu s t on of goods and serv ces, phys cal assets, human resources, nformat on technolog es and natural d sasters, terror sm and other cr m nal acts.

- F nanc al r sks ar s ng broadly from any financ ng operat on requ red by the Company to carry out ts act v ty, as well as the rel ab l ty of financ al nformat on ssued.

  Th s ncludes l qu d ty and cred t, market, tax, account ng and report ng r sks.

- Compl ance r sks ar s ng from potent al breaches of laws, regulat ons, nternal rules and codes of conduct, as well as ncreased exposure to them.

  Th s ncludes legal r sks, regulatory r sks and r sks related to codes of eth cs and conduct.

2. Integrated Risk Management System

Aware of the mportance and benefits of a proper and effic ent management of r sks, Corporac on F nanc era Alba has defined an Integrated R sk Management System focused ma nly on

- Enabl ng proact ve and effic ent dent ficat on and assessment of r sks at Company level as well as a cont nuous mon tor ng.

- Integrat ng, coord nat ng and manag ng the var ous efforts made by the Company w th regard to r sk management.

- Enabl ng a respons ble acceptance of r sk and re nforce the respons b l ty of the Company employee.

- Ensur ng that the control systems are al gned w th the Company's current r sks.

- Fac l tat ng and exped t ng the mplementat on of correct ve measures.

The Integrated R sk Management System mater al sed by putt ng together three key elements

( ) The cont nuous process of R sk Management, understood as those act v t es undertaken by all Company personnel -under the superv s on of the Aud t Comm ttee-, wh ch are a med at dent fy ng those potent al r sk events that may affect the Company, manag ng the dent fied r sks and prov d ng reasonable assurance regard ng the ach evement of company object ves.

( ) An organ zat onal approach w th clearly defined roles and respons b l t es. Th s comprehens ve r sk management affects all Company personnel and therefore t s necessary to define an organ zat onal r sk management approach adapted to ts organ zat onal structure and corporate culture.

Wh le the Integrated R sk Management System affects and nvolves all Company personnel, the ma n part c pants are those respons ble for r sks, the R sk Control and Management Un t, the Aud t Comm ttee and the Board of D rectors.

( ) A mon tor ng model, wh ch defines and prov des the necessary and t mely nformat on so that all part c pants n the r sk management process can undertake nformed dec s ons regard ng them.

2.1. The Continuous Risk Management Process

In br ef, the cont nuous r sk management process cons sts on the follow ng act v t es

- To dent fy and evaluate r sks that may affect the Company.

  Ident fy key strateg c, operat onal, financ al and compl ance r sks that affect the company strategy and object ves, assess the l kel hood of occurrence and the r potent al mpact and pr or t ze them accord ngly.

- To set the r sk level that s cons dered acceptable.

  By defin ng key r sk nd cators (KRI' s) for each cr t cal r sk and establ sh ng levels of tolerance.

- Ident ficat on of controls.

  Spec fy current controls (or to be mplemented) n the company to m t gate the above r sks.

- Ident ficat on of processes where these r sks and controls occur.

  Determ ne the relat onsh p between the company's key r sks -and controls- and the processes, dent fy ng and analys ng those processes that are cr t cal to r sk management.

- Evaluat on of controls.

  Evaluate the effect veness of controls n m t gat ng the r sks dent fied.

- Des gn and mplementat on of act on plans n response to the r sks.

  Determ ne the act on plans requ red to br ng the res dual r sk to an acceptable level, tak ng nto account the costs and benefits of such act ons. Follow ng th s reduct on of the level of r sk, a reassessment and pr or t zat on of the latter w ll be necessary and appropr ate, form ng a cont nuous r sk management process.

In th s sense, Corporac ón F nanc era Alba has developed the Company R sk Map, n wh ch, based on the r mpact and probab l ty, key r sks ment oned above are l sted. W th the a m that th s map s effect vely set up as a management tool to allow the company to make nformed dec s ons, t s regularly rev ewed and updated to meet the current Company s tuat on.

L kew se, the Company has defined the R sk Sheets for those cr t cal r sks, dent fy ng key r sk nd cators -w th the r correspond ng tolerance levels-, assoc ated controls and, where appropr ate, act on plans to be mplemented. These Sheets allow the Company to conduct regular evaluat ons and mon tor ng of the r sks and to determ ne the most su table response.

2.2. Roles and responsibilities organizational model

Wh le the Integrated R sk Management System affects and nvolves all personnel of the Company, the ma n part c pants are

( ) R sks managers

They are respons ble for mon tor ng the r sks they are ass gned and report ng any relevant nformat on to the R sk Management and Control Un t.

( ) R sk Management and Control Un t.

The R sk Management and Control Un t has spec fically the follow ng funct ons

- Ensure the proper funct on ng of the r sk control and management systems and n part cular, to dent fy, manage and adequately quant fy all s gn ficant r sks affect ng the company.
- Act vely part c pate n the development of the r sk strategy and n major dec s ons regard ng r sk management.
- To ensure that the r sk control and management systems adequately m t gate r sks w th n the framework of the pol cy defined by the Board of D rectors.

( ) Aud t Comm ttee.

Th s comm ttee superv ses the effect veness of the company's nternal control and r sk management systems, among others, accord ng to the prov s ons of the Company Board of D rectors' Regulat on.

Also, t d scusses any s gn ficant weaknesses n the nternal control system w th the Aud tor, f detected n the course of the aud t.

(v) Board of D rectors.

As prev ously noted, t has the power to determ ne the r sk control and management pol cy, nclud ng tax r sks and mon tor ng of nternal nformat on systems and nternal control. In relat on to the r sk management processes, t s worth not ng that, n add t on to the R sk Control and Management Un t ment oned, Corporac on F nanc era Alba has Compl ance processes for the var ous operat onal and support areas, as well as an Internal Aud t Serv ce (IAS), wh ch s defined as an adv sory and control body for the Aud t Comm ttee, ndependent w th n the organ zat on as to ts act on, a med at evaluat ng the d fferent funct onal areas and act v t es of the Company.

Among the tasks entrusted to the Internal Aud t Serv ce are the analys s and proposal of recommendat ons for mprovement of r sk management processes. It also conducts ndependent evaluat ons of the effic ency and effect veness of nternal controls, although th s s always n coord nat on w th the R sk Control and Management Un t n order to avo d dupl cat on and/or areas not adequately covered.

2.3 Monitoring and Reporting Model

The last element of the Integrated R sk Management System s a mon tor ng and report ng model able to prov de relevant nformat on n a t mely manner to all those nvolved n the r sk control and management process, both upward and downward.

Th s s configured as a transverse element that allows the System to have a dynam c behav our and, above all, feedforward, wh ch enables a r sk control and management w th n the l m ts establ shed by the Company.

In short, the Integrated R sk Management System mplemented by Corporac ón F nanc era Alba s establ shed as a management, commun cat on, mon tor ng and support mechan sm for all act v t es related to r sk control and management. It s essent al n order to prov de a response to nd v dual and spec fic r sks of each act v ty, wh le prov d ng a framework to be managed coord nated by the Company.

19. Tax position

Corporac on F nanc era Alba, S.A. together w th Alba Patr mon o Inmob l ar o, S.A.U., Alba Part c pac ones, S.A.U., Alba Europe, S.à.r.l., Balboa Part c pac ones, S.A.U., Deyá Cap tal, SCR, S.A.U., Artá Cap tal, SGEIC, S.A. and Artá Partners, S.A. are taxed under the Tax Reg me for Groups of compan es.

The ma n elements of the ncome tax for the years ended 31 December 2015 and 2014 are as follows

Consolidated Income Statement	2015	2014
Corporate income tax for the year		
Corporate ncome tax expense for the year	(442)	27,810
Adjustments to corporate ncome tax expense for prev ous years	64	115
Deferred tax		
Related to the or g n and reversal of temporary d fferences	(1,208)	33,118
Income tax expense recorded n the ncome statement	(1,586)	61,043
Consol dated statement of comprehens ve ncome	-	-
Deferred tax on tems deb ted or cred ted d rectly to equ ty n the financ al year	-	-

The reconc l at on between the corporate tax expense and the product of the profit result ng from the ncome statement and the tax rate appl cable to Alba for the years ended 31 December 2015 and 2014 s as follows

	2015	2014
Profit/(loss) before tax from cont nu ng operat ons	268,471	302,928
Profit/(loss) before tax from d scont nued operat ons	-	-
Profit/(loss) before tax	268,471	302,928
Consol dat on d fferences	(43)	(189,840)
Permanent d fferences	(269,848)	103,180
At the tax rate set of 28% (2015) and 30% (2014)	(398)	64,880
Adjustments related to prev ous years current tax l ab l t es	64	383
Appl cat on of prev ously unrecogn sed tax losses	-	-
Non-deduct ble expenses for tax purposes		
Impa rment of goodw ll	-	-
Change n cont ngent payments on acqu s t on	-	-
Other non-deduct ble expenses	-	-
At the tax rate set of 28% (2015) and 30% (2014)	-	115
Deduct ons	(44)	(37,070)
Changes n assets and l ab l t es for deferred tax and change n tax rates	(1,208)	33,118
Tax expense recorded n the consol dated ncome statement	(1,586)	61,043
Income tax attr butable to d scont nued operat ons	-	-

The most s gn ficant consol dat on d fferences correspond to the share of the profit/(loss) of assoc ates, the d v dends rece ved from assoc ates and to the d fference n the cost of assoc ates.

The movement of deferred tax assets and l ab l t es s as follows

	31/12/15	Additions/ (Derecognitions)	31/12/14	Additions/ (Derecognitions)	01/01/14
Deferred tax assets					
Due to mpa rment of financ al assets	-	-	-	(14,119)	14,119
Tax cred ts from loss carryforwards and deduct ons pend ng appl cat on	-	-	-	(15,912)	15,912
Other expenses and Ret rement Plan	898	(179)	1,077	(4,561)	5,638
Due to valuat on adjustments	-	-	-	(5,414)	5,414
Total deferred tax assets	898		1,077		41,083
Deferred tax liabilities					
Due to cap tal ga ns from nvestment propert es	26,930	(2,001)	28,931	(4,286)	33,217
Total deferred tax l ab l t es	26,930		28,931		33,217

The company's profits taxed as a corporate tax group wh ch the Group has opted to re nvest and whose exp ry date has not yet been reached are as follows

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

At 31 December 2015 and 2014 there were no outstand ng tax losses to be offset by the consol dated tax group, or deduct ons pend ng appl cat on.

2011 and the follow ng years are open to nspect on and t s also est mated that the add t onal taxes that m ght result from such nspect ons w ll not be s gn ficant.

The deta l of the amount shown n note 15 "Current tax l ab l t es" under the head ng "Trade and other payables" s as follows

	2015	2014
Personal ncome tax	521	400
VAT and others	690	184
Soc al Secur ty contr but ons	70	67
Total	**1,281**	**651**

20. Workforce

The average number of people employed n each year, d str buted by categor es, was as follows

	2015			2014		
	Men	Women	Total	Men	Women	Total
Execut ve D rectors and Sen or managers	10	-	10	11	-	11
Department heads	12	-	12	10	-	10
Adm n strat ve staff and others	14	16	30	14	17	31
Total	**36**	**16**	**52**	**35**	**17**	**52**

The average number of people employed at the end of each year, d str buted by categor es, was as follows

	2015			2014		
	Men	Women	Total	Men	Women	Total
Execut ve D rectors and Sen or managers	10	-	10	11	-	11
Department heads	12	-	12	11	-	11
Adm n strat ve staff and others	16	16	32	14	18	32
Total	**38**	**16**	**54**	**36**	**18**	**54**

21. Information by segments

The follow ng tables prov des nformat on on revenues, profit or loss, assets and l ab l t es related to the bus ness segments for the years ended 31 December 2015 and 2014.

There are no transact ons between the d fferent segments.

Information by segment 2015

In thousands of euros	Property leases	Investments in securities	Total Group
Direct segment revenue and expenses			
Lease ncome and other tems	15,618	-	15,618
Profit from d sposals	913	138,055	138,968
Share of profit/(loss) n assoc ates	-	61,320	61,320
ncrease/(decrease) n fa r value	4,667	19,414	24,081
Other d rect segment operat ng expenses	(4,646)	-	(4,646)
Segment profit/(loss)	**16,552**	**218,789**	**235,341**
Income and expenses not allocated to segments			
mpa rment			43,670
Staff costs			(10,618)
Other operat ng costs			(5,517)
Amort sat on			(923)
Other results			137
Net financ al ncome			6,381
Profit/(loss) before taxes and minority interests			**268,471**
Corporate ncome tax			1,586
M nor ty nterests			(490)
Net profit for the year			**269,567**
Assets and Liabilities			
Assets of the segment	354,172	2,521,848	2,876,020
Unallocated assets			616,465
Total Assets			**3,492,485**
L ab l t es of the segment	2,760		2,760
Unallocated l ab l t es			176,774
Total Liabilities			**179,534**

Information by segment 2014

In thousands of euros	Property leases	Investments in securities	Total Group
Direct segment revenue and expenses			
Lease ncome and other tems	12,836	-	12,836
Profit from d sposals	-	104,039	104,039
Share of profit/(loss) n assoc ates	-	148,580	148,580
ncrease/(decrease) n fa r value	1,965	111,958	113,923
Other d rect segment operat ng expenses	(3,203)	-	(3,203)
Segment profit/(loss)	**11,598**	**364,577**	**376,175**
Income and expenses not allocated to segments			
mpa rment			(70,236)
Staff costs			(11,725)
Other operat ng costs			(4,854)
Amort sat on			(925)
Other results			133
Net financ al ncome			14,360
Profit/(loss) before taxes and minority interests			**302,928**
Corporate ncome tax			(61,043)
M nor ty nterests			(557)
Net profit for the year			**241,328**
Assets and Liabilities			
Assets of the segment	206,722	2,493,486	2,700,208
Unallocated assets			848,107
Total Assets			**3,548,315**
L ab l t es of the segment	1,945		1,945
Unallocated l ab l t es			469,424
Total Liabilities			**471,369**

Alba carr es out ts act v t es n Spa n and therefore, th s s cons dered as a s ngle geograph cal segment.

22. Other income and expenses

The d fferent tems ncluded n th s head ng for 2015 and 2014 are shown below.

a) Staff costs

	2015	2014
Wages and salar es	8,615	9,335
Soc al secur ty costs for the company	670	665
Alternat ve pens on plans systems	1,195	1,402
Insurance prem ums	44	228
Other employee welfare costs	94	95
Balance at 31 December	**10,618**	**11,725**

b) Financial income

	2015	2014
D v dends	19	3,340
Profit/(loss) on der vat ves	876	1,500
Interests	5,408	12,832
Management fee	1,651	1,763
Balance at 31 December	**7,954**	**19,435**

c) Change in the fair value of financial instruments

At year-end 2015 and 2014 corresponds to change n fa r value of the head ng "F nanc al nvestments at fa r value w th changes n Profit and Loss" (note 8).

23. Related parties

In 2015, the follow ng operat ons
were performed

Description of the transaction	Amount	Related party
With significant shareholders of the company		
Serv ces	299	Banca March
D v dend	16,849	Banca March Group concerted act on
With other related parties		
D v dends and other benefits d str buted	113,727	ACS, Acer nox, Ebro Foods, Clín ca Bav era, BME, V scofan, Panasa, S resa y Mecalux
Insurance prem ums brokered	2,179	March JLT
Insurance prem ums	401	March V da
Operat ng lease contracts	271	Other
Collaborat on contracts	300	Fundac ón Juan March

In 2014, the follow ng operat ons were performed

Description of the transaction	Amount	Related party
With significant company shareholders		
Interest on loans	551	Banca March
Serv ces	319	Banca March
D v dend	18,307	Banca March Group concerted act on
Sale of a prem se	3,650	Prop etary D rector
With other linked parties		
D v dends and other benefits d str buted	99,998	ACS, Acer nox, Indra, Ebro Foods, Clín ca Bav era, BME y V scofan
Insurance prem ums brokered	1,481	March JLT
Insurance prem ums	613	March V da
Operat ng lease contracts	299	Other
Collaborat on contracts	300	Fundac ón Juan March

24. Share option scheme

On 11 June 2014 Alba's Annual General Meet ng approved a share opt on scheme for the acqu s t on of shares of the Company by the Company's Execut ve D rectors and the Company's sen or managers. The plan lasts for three years. The character st cs of the scheme are as follows

a) The Company has granted the benefic ar es w th opt ons that w ll g ve the r ght to purchase shares n Corporac on F nanc era Alba S.A. after a per od of three years from the scheme's approval date.

b) The benefic ar es of th s opt on scheme are the execut ve d rectors and sen or managers of Corporac ón F nanc era Alba, S.A.

c) The max mum number of shares to be del vered under th s scheme w ll be 635,000.

d) The opt ons are non-transferable except upon the death of the benefic ary.

e) The exerc se pr ce of each opt on w ll be the clos ng share pr ce of Corporac on F nanc era Alba, S.A. on the last day of the scheme, m nus the d fference between the final settlement value and the n t al settlement value of such shares. However, at the benefic ary's request, the exerc se of opt on r ghts may also settled v a cash payment by the Company to the benefic ary, for an amount equal to the d fference between the final settlement value and the n t al settlement value of Corporac on F nanc era Alba, S.A. shares mult pl ed by the number of opt ons held up to a max mum of 20 euros per share. It s expected that benefic ar es w ll accept the cash payment, so the Company w ll est mate the correspond ng financ al l ab l ty at the end of each account ng per od.

f) The prov s on of the opt ons were at no cost.

Ne ther at 31 December 2015 nor at 31 December 2014 were any l ab l t es under these schemes recorded.

25. Remuneration to the Board of Directors and Senior Management

The Company and ts subs d ar es have recorded the follow ng remunerat on earned by the members of the Board of D rectors at 31 December 2015 and 2014 wh ch cons sted of 13 members and sen or management of Corporac on F nanc era Alba, S.A.

	2015				
			Board remuneration		Alternative pension systems
	No. of persons	Salaries & other	Alba	Group Companies	
Prop etary d rectors	3	-	334	-	15
Independent external d rectors	7	-	336	-	-
Execut ve d rectors	5	1,672	293	33	539
Sen or Management	4	1,474	-	175	214

	2014				
			Board remuneration		Alternative pension systems
	No. of persons	Salaries & other	Alba	Group Companies	
Prop etary d rectors	2	-	292	-	14
Independent external d rectors	6	-	262	-	-
Execut ve d rectors	5	2,216	200	100	178
Sen or Management	4	1,825	-	48	345

In 2015 and 2014 there were no advances or loans to members of the Board of D rectors or the Sen or Management.

Remunerat on earned n 2015 and 2014 by each member of the Board of D rectors was as follows

	Fixed remuneration	Alba group companies	Total remuneration	Pension plan contribution	Insurance premium
2015					
De Ampuero y Osma, José Dom ngo	-	63	63	-	-
Brookes, N cholas	-	25	25	-	-
Carné Casas, Ramón	438	53	491	-	-
Del Caño Palop, José Ramón	275	53	328	130	-
Fernández Barre ro, Is dro	-	-	-	-	-
Garmend a Mend zábal, Cr st na	-	71	71	-	-
González Fernández, Carlos Alfonso	-	40	40	-	-
March de la Lastra, Juan	469	63	532	144	-
March Delgado, Carlos	-	130	130	-	7
March Delgado, Juan	-	138	138	-	8
March Juan, Juan	55	63	118	32	-
Martínez-Conde Gut érrez-Barquín, Santos	435	95	530	233	-
Moranchel Fernández, Reg no	-	60	60	-	-
Moraleda Martínez, Amparo	-	-	-	-	-
N eto de la C erva, José	-	65	65	-	-
Pradera Jauregu , Antón	-	32	32	-	-
Ru z-Gálvez Pr ego, Eugen o	-	45	45	-	-
Serra Farré, José María	-	-	-	-	-
Total Board of Directors	**1,672**	**996**	**2,668**	**539**	**15**

	Fixed remuneration	Variable remuneration	Alba group companies	Total remuneration	Pension plan contribution	Insurance premium
2014						
De Ampuero y Osma, José Dom ngo	-	-	40	40	-	-
Brookes, N cholas	-	-	50	50	-	-
Carné Casas, Ramón	450	-	40	490	-	-
Del Caño Palop, José Ramón	169	203	40	412	154	8
Garmend a Mend zábal, Cr st na	-	-	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 Gut érrez-Barquín, Santos	90	507	140	737	352	10
Moranchel Fernández, Reg no	-	-	46	46	-	-
Moraleda Martínez, Amparo	-	-	50	50	-	-
N eto de la C erva, José	-	-	50	50	-	-
Ru z-Gálvez Pr ego, Eugen o	-	-	30	30	-	-
Total Board of Directors	**924**	**1,292**	**854**	**3,070**	**693**	**40**

On 10 June 2015 Alba's Annual General Meet ng approved a scheme of var able remunerat on l nked to the net asset value of shares for the Company Execut ve D rectors and personnel of the Company determ ned by the Board of D rectors to al gn them w th the value creat on for the Company's shareholders. The features of the scheme are as follows

a) The Company has granted un ts to the benefic ar es ent tl ng them to rece ve, three years after the approval of the scheme, an amount equal to the product of such un ts by the d fference between the " n t al" and "end" net asset values of Corporac on F nanc era Alba S.A.'s shares.

b) The max mum number of un ts to be granted w ll be 221,664.

c) The var able amount to be prov ded for each un t w ll be equal to the d fference between the "final net asset value" and the " n t al net asset value" of Corporac on F nanc era Alba, S.A.'s shares, where

- The " n t al net asset value" of each share w ll be the average net asset value of Corporac on F nanc era Alba, S.A.'s shares dur ng the ten trad ng sess ons pr or to the first day of the Scheme, 10 June 2015.
- The "final net asset value" of each share w ll be the average net asset value of Corporac on F nanc era Alba, S.A.'s shares dur ng the ten trad ng sess ons pr or to the last day of the Scheme, 9 June 2018.

The calculat on of the " n t al" and "f nal" net asset values w ll be made by deduct ng the treasury shares w thout tak ng nto account the taxes der ved from the theoret cal l qu dat on.

For the purposes of the prov s ons of the preced ng paragraphs, the max mum d fference between the "f nal net asset value" and " n t al net asset value" should not exceed 30 percent of the n t al "net asset value".

In accordance w th Art cles 227, 228, 229 and 231 of the Cap tal Compan es Law ("LSC"), as amended by Law 31/2014, of 3 December, amend ng the LSC to mprove the corporate governance, D rectors of Alba have nformed Alba that dur ng the year ended 31 December 2015 there have been no confl ct of nterest w th Alba and that, accord ng to the nformat on ava lable and obta ned w th due d l gence, related persons connected to them has also not any confl ct of nterest w th Alba.

26. Auditors' remuneration

The amount earned by EY n 2015 was 94 thousand euros and n 2014 was 74 thousand euros, of wh ch 20 thousand euros related to adv ce on nternal aud t ng for both years and 19 thousand euros n 2015 to other work conducted. The rema nder n both years corresponds to the aud t of the Ind v dual and Consol dated F nanc al Statements.

27. Cash flows statement

Th s has been prepared n accordance w th the prov s on of Internat onal Account ng Standard 7.

Th s statement s d v ded n three sect ons

- Net cash flows from operat ng act v t es ncludes cash movements at the operat onal level of all bus nesses managed by the Group.
- Net cash flows from nvestment act v t es ncludes flows related to long-term asset nvestments and the acqu s t on and d sposal of equ ty nstruments ssued by another ent ty.

- Net cash flows from financ ng act v t es ncludes cash outflows used n buybacks, cash nflows der ved from external financ ng sources, cash outflows as a result of cancellat on of external financ ng sources and payment of d v dends.

28. Post-closing events

After 31 December 2015 the follow ng s gn ficant events have taken place

- Alba has acqu red an add t onal 1.12% n BME for 27.4 m ll on euros, ncreas ng ts share n th s Company to 11.69%.

- Add t onally, t has nvested 22.8 m ll on euros n the purchase of 0.92% n V scofan. Alba's current share n V scofan s 7.78%.

- In the first quarter of 2016, Ros Roca Env ronment and the Dutch company Terberg Env ronmental have completed the r merger creat ng TRRG Hold ng L m ted. Terberg Env ronmental s the env ronmental subs d ary of the Dutch fam ly conglomerate Terberg. W th an extens ve range of products and markets, the merger of the two compan es creates a strong leader excell ng n management of urban waste w th the manufacture of collect on equ pment, spec al chass s and l ft systems, w th product on centres n the UK, Spa n, Holland, Germany, France, Lat n Amer ca and Ch na.

29. Explanation added for translation to English

These consol dated financ al statements are presented on the bas s of account ng pr nc ples generally accepted n Spa n and may not conform w th generally accepted account ng pr nc ples n other countr es.

MANAGEMENT REPORT

OF CORPORACIÓN FINANCIERA ALBA S.A.
AND SUBSIDIARIES FOR 2015

1. Business performance and Company position

The Consol dated F nanc al Statements at 31 December 2015 g ve a true and fa r v ew of the Groups' assets and l ab l t es, financ al pos t on, results of ts operat ons and changes n equ ty and cash flows for the year end and have been author sed for ssue by the D rectors of the Company.

Dur ng 2015 Alba Group's act v ty has cons sted of

- The management of a set of controll ng and s gn ficant nfluence stakes n compan es w th act v t es n d fferent ndustr es.
- Promot on of and part c pat on n compan es.
- The performance of real estate property for leas ng or sale.

2. Foreseeable Company performance

Alba's pr or ty object ve s for ts nvestees to obta n max mum profitab l ty, mprove compet t veness and ncrease human, financ al and technolog cal potent al. In add t on, the Company's financ al structure as well as ts s ze and flex b l ty w ll enable the Company to se ze nvestment opportun t es that may ar se.

3. Acquisition and sales of treasury shares

The movement of treasury shares shown n the equ ty head ng of the attached Balance Sheet at 31 December 2015 s as follows

	No. of share	Percentage of share capital	Average acquisition price (€/share)	Thousands of euros
At 31 December 2013	**64,506**	**0.12%**	**40.29**	**2,599**
Sales	(4,608)	(0.01%)	40.29	(186)
At 31 December 2015 and 2014	**59,898**	**0.10%**	**40.29**	**2,413**

4. Activities regarding research and development.

The Company’s spec fic act v t es and the lack of product on mean that d rect nvestments n th s area are unnecessary.

5. Average payment period to suppliers

In accordance w th the prov s on of the s ngle add t onal prov s on of the Resolut on of 29 January 2016, by the Inst tute of Account ng and Aud t ng, regard ng the nformat on to be ncluded n the notes of the financ al statements n relat on to the average payment per od to suppl ers n commerc al transact ons, no comparat ve nformat on s presented, as the financ al statements for 2015 are cons dered the n t al financ al statements for these purposes w th regard to the appl cat on of the pr nc ple of un form ty and the comparab l ty requ rement.

The nformat on regard ng the average payment per od to suppl ers s as follows

	2015
Days	
Average payment per od to suppl ers	34
Rat o of operat ons pa d	33
Rat o of operat ons pend ng payment	34
Thousands of euros	
Total payments made	10,088
Total payments pend ng	1,296

6. Significant post-closing events

After 31 December 2015 the follow ng mportant events have taken place

- Alba has acqu red an add t onal 1.12% n BME for 27.4 m ll on euros, ncreas ng ts share n th s Company to 11.69%.
- Add t onally, t has nvested 22.8 m ll on euros n the purchase of 0.92% n V scofan. Alba’s current share n V scofan s 7.78%.
- In the first quarter of 2016, Ros Roca Env ronment and the Dutch company Terberg Env ronmental have completed the r merger creat ng TRRG Hold ng L m ted. Terberg Env ronmental s the env ronmental subs d ary of the Dutch fam ly conglomerate Terberg. W th an extens ve range of products and markets, the merger of the two compan es creates a strong leader excell ng n management of urban waste w th the manufacture of collect on equ pment, spec al chass s and l ft systems, w th product on centres n the UK, Spa n, Holland, Germany, France, Lat n Amer ca and Ch na.

7. Risk control and management policy

The Board of D rectors for Corporac ón F nanc era Alba, S.A. has created the follow ng r sk control and management pol cy

1. Types of risks to which the Company is subject

R sk s nherent to all bus ness act v t es and s defined as the uncerta nty that an event or act on may occur that may adversely affect the ab l ty of the Company to max m ze value for stakeholders and to ach eve the r object ves; relates to both the poss b l ty of threats to fully mater al ze and for opportun t es not to be ach eved.

Corporac ón F nanc era Alba s ded cated to two types of ma n act v t es

() equ ty part c pat on n l sted and unl sted compan es, and

( ) nvestment n real estate property (offices) for leas ng purposes.

As a result of ts act v ty, of the markets and sectors n wh ch t s exposed and of ts env ronment, the Company s exposed to the follow ng r sk categor es

- Strateg c r sks, related to the Company m ss on and v s on, the ach evement of bus ness object ves and the creat on and preservat on of value for shareholders and other stakeholders.

  Th s ncludes r sks relat ng to the Company's corporate governance, ts reputat on and respons b l ty, nvestment and d vestment strateg es and market dynam cs.

- Operat onal r sks relat ng to poss ble d rect or nd rect econom c losses result ng from external events uncerta nty n own bus ness operat ons; or nternal events due to fa lures and nadequac es n the Company's processes, systems or resources.

  Th s ncludes r sks related ma nly to ncome, nvestments and d vestments and the r pursu t, the acqu s t on of goods and serv ces, phys cal assets, human resources, nformat on technolog es and natural d sasters, terror sm and other cr m nal acts.

- F nanc al r sks ar s ng broadly from any financ ng operat on requ red by the Company to carry out ts act v ty, as well as the rel ab l ty of financ al nformat on ssued.

  Th s ncludes l qu d ty and cred t, market, tax, account ng and report ng r sks.

- Compl ance r sks ar s ng from potent al breaches of laws, regulat ons, nternal rules and codes of conduct, as well as ncreased exposure to them.

  Th s ncludes legal r sks, regulatory r sks and r sks related to codes of eth cs and conduct.

2. Integrated Risk Management System

Aware of the mportance and benefits of proper and effic ent r sk management of r sks, Corporac ón F nanc era Alba has defined an Integrated R sk Management System focused ma nly on

- Enabl ng proact ve and effic ent dent ficat on and assessment of r sks at Company level as well as the r cont nuous mon tor ng.

- Integrat ng, coord nat ng and manag ng the var ous efforts made by the Company w th regard to r sk management.

- Enabl ng a respons ble acceptance of r sk and re nforce the respons b l ty of the Company employee.

- Ensur ng that the control systems are al gned w th the Company's current r sks.

- Fac l tat ng and exped t ng the mplementat on of correct ve measures.

The Integrated R sk Management System mater al sed by putt ng together three key elements

( ) The cont nuous process of R sk Management, understood as those act v t es undertaken by all Company personnel -under the superv s on of the Aud t Comm ttee-, wh ch are a med at dent fy ng those potent al r sk events that may affect the Company, manag ng the dent fied r sks and prov d ng reasonable assurance regard ng the ach evement of company object ves.

( ) An organ zat onal approach w th clearly defined roles and respons b l t es. Th s comprehens ve r sk management affects all Company personnel and therefore t s necessary to define an organ zat onal r sk management approach adapted to ts organ zat onal structure and corporate culture.

Wh le the Integrated R sk Management System affects and nvolves all Company personnel, the ma n part c pants are those respons ble for r sks, the R sk Control and Management Un t, the Aud t Comm ttee and the Board of D rectors.

( ) A mon tor ng model, wh ch defines and prov des the necessary and t mely nformat on so that all part c pants n the r sk management process can undertake nformed dec s ons regard ng them.

2.1. The Continuous Risk Management Process

In br ef, the cont nuous r sk management process cons sts on the follow ng act v t es

- To dent fy and evaluate r sks that may affect the Company.

  Ident fy key strateg c, operat onal, financ al and compl ance r sks that affect the company strategy and object ves, assess the l kel hood of occurrence and the r potent al mpact and pr or t ze them accord ngly.

- To set the r sk level that s cons dered acceptable

  By defin ng key r sk nd cators (KRI' s) for each cr t cal r sk and establ sh ng levels of tolerance.

- Ident ficat on of controls.

  Spec fy current controls (or to be mplemented) n the company controls to m t gate the above r sks.

- Ident ficat on of processes where these r sks and controls occur.

  Determ ne the relat onsh p between the company's key r sks -and controls- and the processes, dent fy ng and analys ng those processes that are cr t cal to r sk management.

- Evaluat on of controls.

  Evaluate the effect veness of controls n m t gat ng the r sks dent fied.

- Des gn and mplementat on of act on plans n response to the r sks.

  Determ ne the act on plans requ red to br ng the res dual r sk to an acceptable level, tak ng nto account the costs and benefits of such act ons. Follow ng th s reduct on of the level of r sk, a reassessment and pr or t zat on of the latter w ll be necessary and appropr ate, form ng a cont nuous r sk management process.

In th s sense, Corporac ón F nanc era Alba has developed the Company R sk Map, n wh ch, based on the r mpact and probab l ty, key r sks ment oned above are l sted. W th the a m that th s map s effect vely set up as a management tool to allow the company to make nformed dec s ons, t s regularly rev ewed and updated to meet the current Company s tuat on.

L kew se, the Company has defined the R sk Sheets for those cr t cal r sks, dent fy ng key r sk nd cators -w th the r correspond ng tolerance levels-, assoc ated controls and, where appropr ate, act on plans to be mplemented. These Sheets allow the Company to conduct regular evaluat ons and mon tor ng of the r sks and to determ ne the most su table response.

2.2. Roles and responsibilities organizational model

Wh le the Integrated R sk Management System affects and nvolves all personnel of the Company, the ma n part c pants are

( ) R sks managers.

They are respons ble for mon tor ng the r sks they are ass gned and report ng any relevant nformat on to the R sk Management and Control Un t.

( ) R sk Management and Control Un t.

The R sk Management and Control Un t has spec fically the follow ng funct ons

- Ensure the proper funct on ng of the r sk control and management systems and n part cular, to dent fy, manage and adequately quant fy all s gn ficant r sks affect ng the company.
- Act vely part c pate n the development of the r sk strategy and n major dec s ons regard ng r sk management.
- To ensure that the r sk control and management systems adequately m t gate r sks w th n the framework of the pol cy defined by the Board of D rectors.

( ) Aud t Comm ttee.

Th s comm ttee superv ses the effect veness of the company's nternal control and r sk management systems, among others, accord ng to the prov s ons of the Company Board of D rectors' Regulat on.

Also, t d scusses any s gn ficant weaknesses n the nternal control system w th the Aud tor, f detected n the course of the aud t.

(v) Board of D rectors.

As prev ously noted, t has the power to determ ne the r sk control and management pol cy, nclud ng tax r sks and mon tor ng of nternal nformat on systems and nternal control. In relat on to the r sk management processes, t s worth not ng that, n add t on to the R sk Control and Management Un t ment oned, Corporac ón F nanc era Alba has Compl ance processes for the var ous operat onal and support areas, as well as an Internal Aud t Serv ce (IAS), wh ch s defined as an adv sory and control body for the Aud t Comm ttee, ndependent w th n the organ zat on as to ts act on, a med at evaluat ng the d fferent funct onal areas and act v t es of the Company.

Among the tasks entrusted to the Internal Aud t Serv ce are the analys s and proposal of recommendat ons for mprovement of r sk management processes; It also conducts ndependent evaluat ons of the effic ency and effect veness of nternal controls, although th s s always n coord nat on w th the R sk Control and Management Un t n order to avo d dupl cat on and/or areas not adequately covered.

2.3 Monitoring and Reporting Model

The last element of the Integrated R sk Management System s a mon tor ng and report ng model able to prov de relevant nformat on n a t mely manner to all those nvolved n the r sk control and management process, both upward and downward.

Th s s conf gured as a transverse element that allows the System to have dynam c behav our and, above all, feedforward, wh ch enables a r sk control and management w th n the l m ts establ shed by the Company.

In short, the Integrated R sk Management System mplemented by Corporac ón F nanc era Alba s establ shed as a management, commun cat on, mon tor ng and support mechan sm for all act v t es related to r sk control and management. It s essent al n order to prov de a response to the nd v dual and spec f c r sks of each act v ty, wh le prov d ng a framework to be managed coord nated by the Company.

8. Annual Report on Corporate Governance

Attached as ANNEX I.

SUSTAINABILITY REPORT

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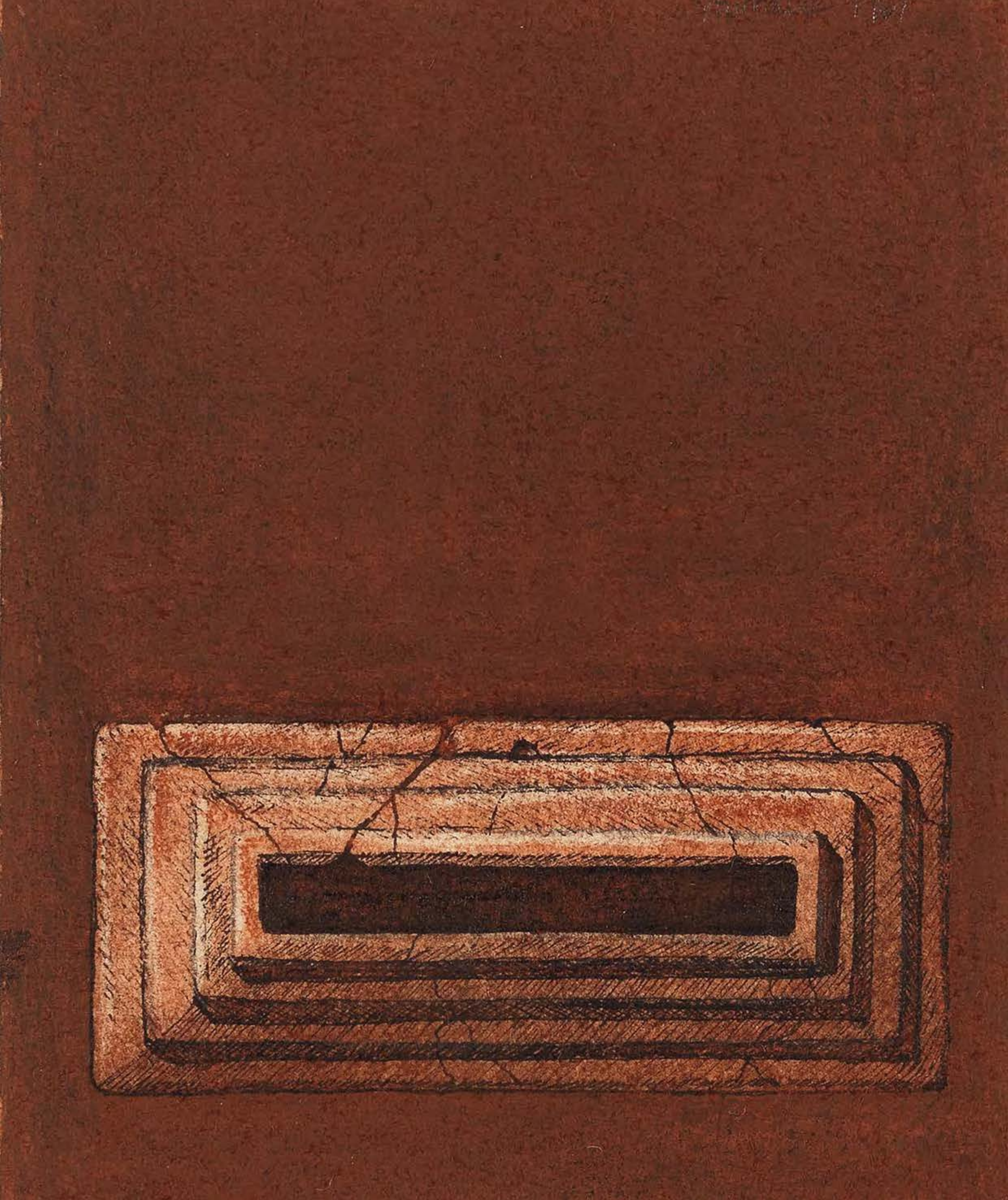


SUSTAINABILITY REPORT

Letter from the Chairman[1]

Dear reader,

It s my pleasure to present the f rst susta nab l ty report for Corporac ón F nanc era Alba. As a company founded on sol d eth cal pr nc ples and values, w th an mportant long term comm tment to nvestment act v ty and an establ shed track record of act ve nvolvement n all our nvestee compan es, t s a good exerc se for us to evaluate our soc al respons b l ty.

We are aware that l ke us, n many cruc al cases, a grow ng number of nvestors value the bus ness contr but on to the progress and welfare of soc ety, the protect on and preservat on of our natural resources and good governance and m t gat on of other than only f nanc al r sks. Th s ncreased transparency allows us to approach other stakeholders beyond the f nanc al market, where our act v t es are l m ted, contr but ng to enr ch our m ss on as an organ zat on.

2015 has been mportant for us to formal se our comm tments as a respons ble company. F rst, we have rev sed our nvestment pol cy to reflect the fundamental aspects of our f duc ary respons b l ty, such as the long-term a m and permanence n compan es that represent a comm tment to nnovat ve development and value creat on.

Th s year we have developed a thorough analys s of the degree of adopt on of pol c es and pract ces n susta nab l ty w th n our portfol o, dent fy ng r sks and opportun t es for our exposure to trends from the po nt of v ew of susta nable development. We have dent f ed a number of factors that may play a major role, both on the mpact on soc ety and the env ronment, as well as the performance of our portfol o compan es such as, respons ble and secure access to raw mater als, compl ance w th employment standards and env ronmental ssues n develop ng countr es, cl mate change or ntegr ty n contractual relat ons w th publ c adm n strat on. For a better understand ng of these r sks, we have mproved the techn cal sk lls w th regard to respons ble nvestment and soc al respons b l ty, both n terms of human cap tal and through the formal zat on of comm tments at the organ zat onal level. In th s sense, Alba has jo ned the Global Compact of the Un ted Nat ons, and has worked dec s vely to ncorporate the latest trends n corporate governance standards and the recommendat ons of the new Code of Good Governance of the Span sh Nat onal Stock Market Comm ss on ("Com s ón Nac onal del Mercado de Valores") as well as other nternat onal requ rements.

F nally, we have developed a thorough mater al ty analys s to try to dent fy and pr or t ze the expectat ons of our stakeholders, tak ng nto account the part cular t es of our bus ness and our shareholder structure. We bel eve that the future s for the respons ble company and therefore we apply th s ns de and outs de our organ zat on, as far as our nfluence may reach. Th s s good for our stakeholders, our nvestee compan es and, ult mately, for our shareholders.

(1) G4-1 and G4-2

2. Investing with responsibility

The core act v ty of Corporac ón F nanc era Alba, S.A.[2] (Alba) s the nvestment n d fferent types of assets and the management of ts nvestment portfol o w th a long term v ew. Ensure the utmost d l gence and ntegr ty throughout the nvestment process s one of ts ma n respons b l t es ncluded from the Investment Pol cy to the select on of assets and nvolvement n the management of nvestee compan es.

The general principles of Alba's investment policy

1. *Necessity of a high knowledge of its investments*
   All Alba nvestments undergo a r gorous n t al analys s and subsequent constant and deta led mon tor ng of both the Company or the part cular asset, as well as the ndustry and markets where t operates and the general econom c and market cond t ons that may affect t at any t me, nclud ng quant tat ve and qual tat ve aspects, the latter be ng part cularly relevant g ven Alba's nvestment hor zon. Th s process should always be a med at ach ev ng the object ve set and espec ally, dent fy ng and try ng to m t gate the potent al present or future r sks that could h nder the r ach evement.

2. *Active participation in investee Companies or assets in which it invests*
   In the case of Compan es, th s translates as hav ng representat on on the Board of D rectors and, n the case of other assets (e.g. real estate propert es) as manag ng them d rectly. Th s act ve nvolvement requ res hav ng a suff c ent stake, nvolves not delegat ng the management and mon tor ng of ts nvestments to th rd part es and requ res a h gh level of ded cat on to these nvestments result ng n a relat vely l m ted number of portfol o nvestments.

3. *Credibility and reputation as assets*
   Alba cons ders ts cred b l ty and reputat on n the market as one of ts ma n assets, contr but ng dec s vely to ach ev ng ts long-term goals. Both var ables are not based solely and exclus vely on obta n ng pos t ve f nanc al results n the r nvestments but on aspects such as avo d ng potent al confl cts of nterest between nvestments and Alba, the long-term comm tment to nvestee Compan es, the clar ty and coherence n plans and strateg es and max mum adhes on to the pr nc ples regard ng corporate governance and eth cal behav ours n general, among others. Therefore, wherever poss ble, Alba avo ds all acts or s tuat ons that m ght mpa r ts reputat on n the market result ng, for example, n encourag ng the appl cat on of the h ghest eth cal standards n Alba and ts nvestees, w th spec al attent on to all aspects of regulatory compl ance, corporate governance, personnel, env ronmental mpact and relat onsh p w th soc ety n general.

4. *Prudence and risk control*
   Alba Investments may exper ence s gn f cant fluctuat ons n market value, wh ch requ res that, n order to meet ts goal of creat ng long-term value, these are undertaken w th a h gh level of prudence, try ng to m t gate the poss ble r sks that may affect ts act v ty through, among others, adequate portfol o d vers f cat on, low levels of corporate debt or ma nta n ng a h gh proport on of ts portfol o n l qu d assets.

(2) G4-3 and G4-7

5. *Flexibility,* as much n the nternal dec s on mak ng as n the appl cat on of the nvestment pr nc ples and cr ter a for spec f c nvestment opportun t es.

Respons ble management, based on these pr nc ples, contr butes to the creat on of more transparent and better governed markets, connect ng f nanc al markets to the real economy and creat ng opportun t es and econom c prosper ty for soc ety, both n Spa n and n other countr es where the nvestee compan es are present.

3. Managing Alba with social responsibility

The Global Compact of the Un ted Nat ons[3] reflects the values wh ch gu de Alba therefore, dur ng 2015 t s gned th s n t at ve. S nce ts proposal at the World Econom c Forum n 1999, the Global Compact has gathered comm tments to reach over 8,400 s gnator es worldw de. Another of the reasons for start ng external comm tments n terms of CSR w th the s gn ng of th s Compact has been ts ab l ty to br ng together a number of ent t es around fundamental pr nc ples that promote the protect on of human r ghts, workers' r ghts, the env ronment as well as transparency and good governance as opposed to corrupt on.

UN GLOBAL COMPACT
COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

The soc al respons b l ty pol cy, approved n October 2015, s al gned sol dly w th th s comm tment of the Un ted Nat ons. Its ma n object ve s to promote a culture of soc al respons b l ty n the group, to help mprove the welfare of people, boost econom c and soc al development of the commun t es where t operates and create susta nable value for shareholders and nvestors, employees, customers, suppl ers, cred tors and for soc ety n general and the env ronment. In short, t a ms to gu de the Company's act v t es towards a susta nable bus ness management model focused on creat ng value for the var ous stakeholders.

At the beg nn ng of 2015, the Span sh Nat onal Stock Market Comm ss on (CNMV) publ shed a new Code of Good Governance for L sted Compan es. One of ts ma n features s the nclus on of spec f c recommendat ons on corporate soc al respons b l ty (CSR) governed by pr nc ple 24, wh ch urges compan es to develop a CSR pol cy that s approved by the board of d rectors, so that t s al gned w th the company strategy and s ncorporated n dec s on-mak ng processes.

Desp te ts voluntary nature, Alba s concerned w th updat ng ts

(3) G4-15. n force on 12/01/2016

pract ces n transparency, compl ance and good corporate governance to adhere, as far as poss ble to the recommendat ons of the aforement oned Code. In th s sense, of the 64 recommendat ons ncluded n the new Code of Good Governance of L sted Compan es, there are 7 that are not appl cable to Alba and, of the 57 appl cable, 55 are followed n full and only 2 n part, w th none that are not followed at all.

In relat on to compl ance w th the recommendat ons of good corporate governance, t should be noted that the new Code of Good Governance of L sted Compan es has removed recommendat ons that have come to be conta ned n leg slat on and are therefore mandatory, but has ncluded 26 new recommendat ons that were not covered by the Sole Document on Corporate Governance Recommendat ons (approved by the CNMV n 2006) and has ncorporated changes n another 14 recommendat ons that d d ex st prev ously. Thus, dur ng the year Alba has made a s gn f cant effort to meet the new recommendat ons, hav ng reached a very h gh level of compl ance s m lar to last year, but w th a new code of good governance as a reference.

From the recommendat ons that are part ally met, recommendat on 5 should be noted, regard ng the Board of D rectors not subm tt ng proposals to the General Shareholders' Meet ng for the delegat on of powers to ssue shares or convert ble secur t es w th exclus on of preferent al subscr pt on r ghts, for an amount h gher than 20% of the cap tal at the t me of the delegat on, s expected to be fulf lled n the current year, s nce t s the Company's ntent on to propose to the General Shareholders' Meet ng to resc nd the delegat on currently n force, wh ch allows a cap tal ncrease up to 50% of the same -adopted n 2014- and agreed a delegat on that meets the above recommendat on. In add t on, w th respect to gender d vers ty on the Board (ment oned n recommendat on 14), t s the Company's ntent on to subm t the proposal to appo nt two new female D rectors to the General Shareholders' Meet ng, w th wh ch t would have three female d rectors on the Board.

3.1. Materiality of Alba and stakeholders[4]

Th s report s al gned w th one of the most w dely used nternat onal susta nab l ty report ng standards worldw de, Global Report ng In t at ve (GRI), n ts latest vers on, G4, and the essent al or core mode[5].

One of the requ rements of th s methodology s to perform an analys s to dent fy the company's ma n stakeholders. Alba understands th s process from a broad perspect ve and cons ders the stakeholders of the r nvestee compan es as the r own s nce they are affected, although to a lesser extent, by the r dec s ons and management.

(4) G4-19, G4-24, (5) G4-32

Figure 1. Map of stakeholders

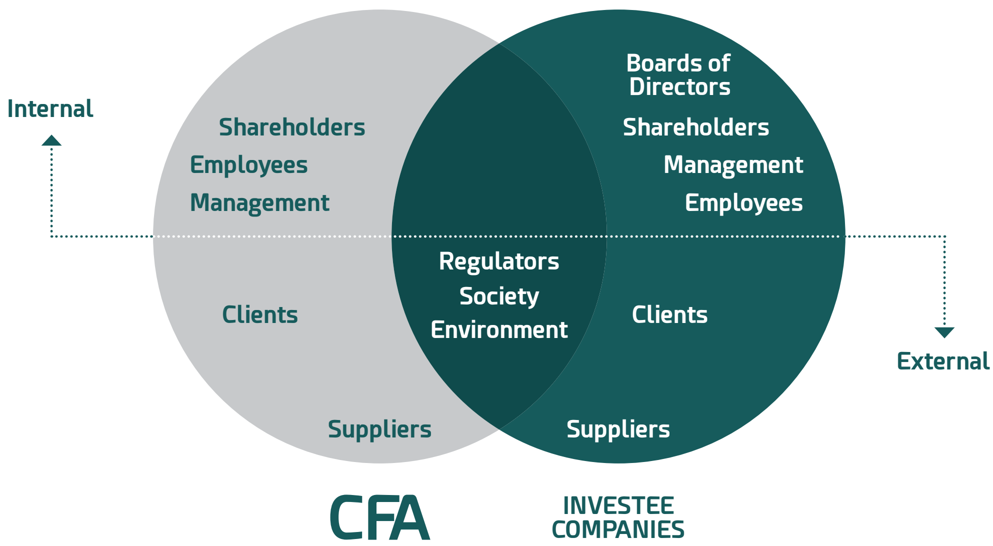
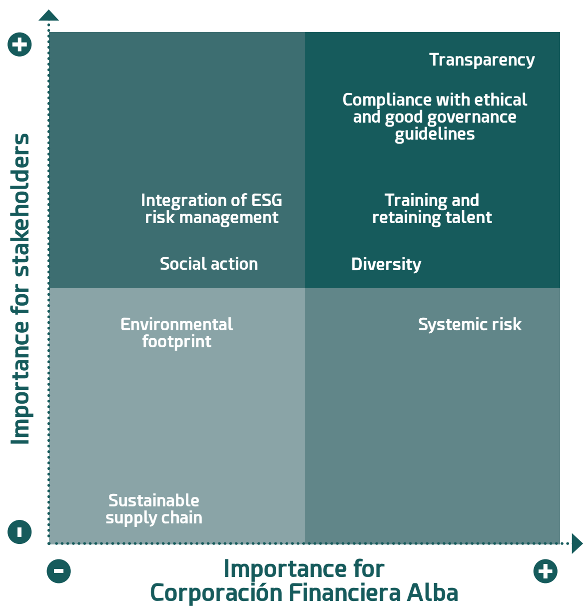


Figure 2. Materiality analysis



In add t on, a mater al ty analys s process has been carr ed out to dent fy the most relevant aspects and matters for Alba wh ch, therefore, should be reflected n the report. Th s analys s has taken place nternally and ts results can be seen n the follow ng matr x

Communication channels with stakeholders

Alba has many nstruments to commun cate w th ts stakeholders, as for all compan es, the proport on of transparent nformat on to those who make poss ble the r ex stence and the company n general s an mportant constant for ts m ss on.

The corporate webs te for Corporac ón F nanc era Alba prov des updated nformat on - n Span sh and Engl sh s multaneously whenever poss ble- regard ng what affects the Company, the evolut on of ts key f gures, a descr pt on of ts nvestment strategy and ts nvestment portfol o and the content requ red by the regulat ons appl cable to l sted compan es. There s a spec f c sect on a med at shareholders and nvestors w th all the relevant facts and f nanc al nformat on regard ng the Company and other sect ons that prov de add t onal nformat on of value for other stakeholders to have a better understand ng of our or g n, strategy and act v ty.

For per od c nformat on concern ng the company other routes are also used, both trad t onal commun cat on methods and new technolog es. E ther way, the ult mate goal s to use the appropr ate means for fuller part c pat on and d alogue w th stakeholders, and even more so w th shareholders and nvestors. For th s reason there s a channel ava lable on the webs te w th two routes ord nary correspondence d rected to headquarters at Alba, S.A. - Calle Castelló nº 77, 5º Planta 28006, Madr d[6]- and a second v a the follow ng e-ma l address to alba@corporac onalba.es.

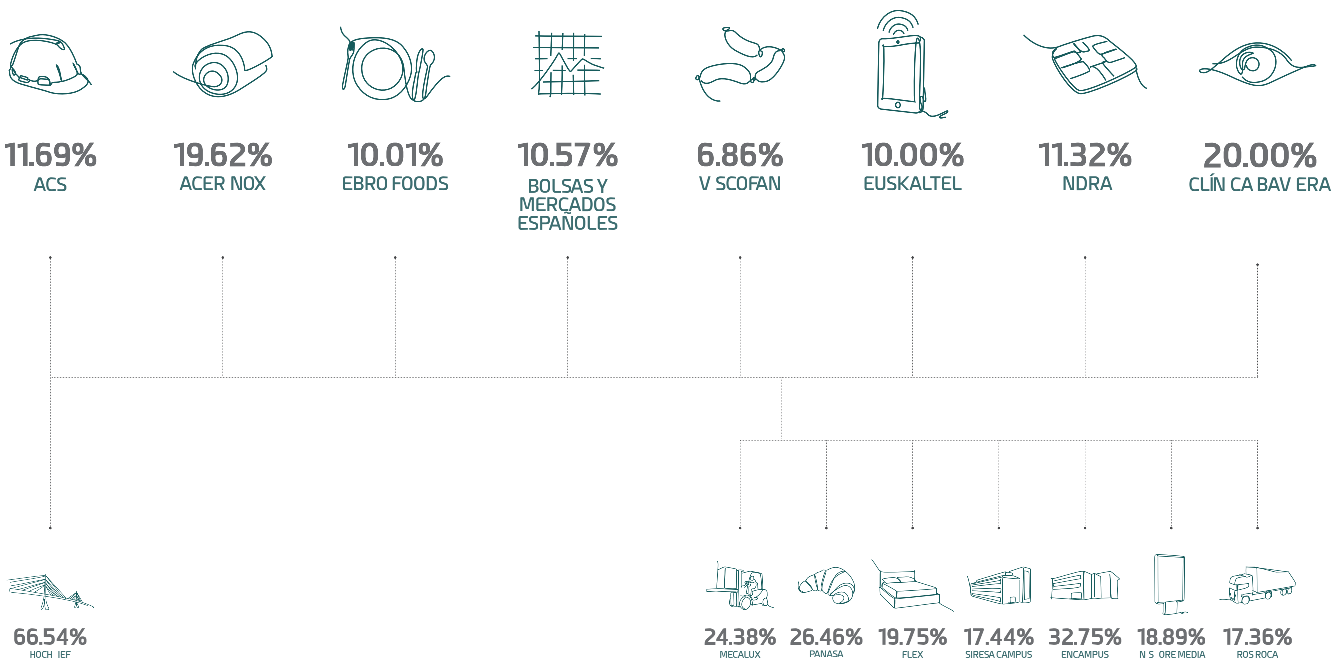
In l ne w th the Code of Good Governance of L sted Compan es recommendat ons, s nce 2011, Alba has prov ded ts employees w th a commun cat on channel where they can conf dent ally make compla nts regard ng conduct that may nvolve any rregular ty or breach of the eth cs Code to the Aud t Comm ttee or the Board Secretary.

(6) G4-5

3.2. Alba’s portfolio in key sustainability

Alba s a long-term nvestor seek ng prof tab l ty n the susta nable development of compan es n wh ch t part c pates as a shareholder.

Figure 3. Investee companies at 31 December 2015



At 31 December 2015, the average l fe of nvestments n the l sted portfol o, we ghted by the n t al nvestment made, was close to 13 years desp te nclud ng three nvestments completed n the last two years (Bolsas y Mercados Españoles, V scofan and Euskaltel). Cons der ng Alba's h stor cal portfol o, almost all nvestment has a durat on exceed ng 5 years, and some of the most s gn f cant, both n amount and prof tab l ty, exceed 10 years durat on, such as Pryca (14 years), Carrefour (17 years) or Sogecable (13 years).

Alba selects ts nvestments based on a r gorous f nanc al and techn cal analys s -descr bed n the nvestment pol cy- and once made, also keeps track of not only f nanc al r sks that current nvestments are exposed. In terms of susta nab l ty, nvestee compan es face many strateg c challenges that must be pr or t zed f they w sh to ma nta n the r compet t veness n the long term.

Sustainable Development Goals

The Susta nable Development Goals (SDG) of the Un ted Nat ons, adopted by 192 countr es and enter ng nto force on 1 January 2016, proposed a program through 16 object ves and 169 goals to ach eve susta nable development by 2030.

It is essential to achieve the participation of private enterprise, not only for cap tal needs -among 2 and 3 tr ll on dollars per year- but also due to the nature of the goals themselves. Susta nable and res l ent nfrastructure, nutr t on and health or renewable energ es are fields wh ch for compan es are a source of bus ness opportun t es that allows them to generate shared value and contr bute to mprov ng the l v ng cond t ons of m ll ons of people and env ronmental balance.

Raw materials

Efficiency, quality and safety n the transformat on of raw mater als nto products and the r d str but on are challenges for the food ndustry due to est mated exponent al populat on growth unt l 2050, ncreased consumpt on by the grow ng global m ddle class or freshwater shortages n parts of the planet.

The gradual **increase in demand for manufactured products** and the ex stence of l m ted commod t es -o l, gas, m nerals, and metals- poses a challenge n terms of med um/long-term supply w th poss ble solut ons found n nvest ng n technolog es that ncrease the effic ency of raw mater als, the replacement of certa n resources by renewable sources, such as energy, or n the c rcular economy.

Productive presence in emerging countries

Globalization and the pursuit of efficiency have led many compan es outsourc ng product on or relocat ng to countr es where labour s more compet t ve. These countr es often have more frag le governments and structures and more lax and perm ss ve laws that make t more l kely to breach bas c nternat onal r ghts such as human r ghts and workers r ghts or env ronmental standards.

The **implementation of controls and audits** on these factor es to ensure a full and respons ble supply cha n s a key task wh ch becomes more complex the larger the company s, the greater the transformat on processes requ red for a product, and the greater the number of countr es nvolved.

SUSTAINABILITY REPORT

Climate change

Cl mate change s an **urgent and potentially irreversible threat** to humans and the planet; and to combat ts effects deep cuts n global em ss ons are requ red.

Compan es and the r ncome statements are go ng to be mpacted n the med um/long-term due to consequences of th s phenomenon - n vary ng degrees depend ng on the r sector or locat on- so ncorporat ng a r sk analys s not only financ al n the management of the bus ness or the use of an nternal carbon pr ce to offset the costs and r sks of GHG em ss ons can help m t gate future challenges and mpa rment losses.

Public contracting

The **new directive on Public Procurement** of the European Comm ss on wh ch should become nat onal law n Apr l 2016, urges member countr es to nclude CSR cr ter a as an add t onal qual ty and pr ce p llar **in bidding for public contracts**. Th s new approach s presented as a compet t ve advantage for compan es that are leaders n the r sector and also have more complete coverage of the env ronmental, soc al and governance (ESG) factors than the r compet tors.

Environmental value chain

The **increase concern for environmental care generates great diversity of services** that are mostly managed by pr vate compan es through publ c tender. The act v t es covered by th s market such as waste management and treatment, street clean ng, management of renewable energy and co-generat on or management of the ntegrated water cycle have extens ve growth that favours the creat on of a s gn ficant green employment n che.

Among the many challenges n the field of susta nab l ty that may potent ally affect Alba's nvestee compan es and mater al ze as both r sks and opportun t es; those w th a poss ble major mpact on ts act v ty have been selected and nd v dually analysed as shown n the table below.

Figure 4. Sustainability challenges for investee companies

	Manufacturing	Presence in emerging countries	Public contracting	Environmental value chain	SDG	Climate change
Acer nox	✓	✓		✓	✓	✓
ACS	✓	✓	✓	✓	✓	✓
Ebro Foods	✓	✓			✓	✓
ndra		✓	✓		✓	✓
BME					✓	✓
Clín ca Bav era					✓	✓
Euskaltel			✓		✓	✓
V scofan	✓	✓		✓	✓	✓
Encampus					✓	✓
Flex	✓	✓			✓	✓
n Store Med a					✓	✓
Mecalux		✓			✓	✓
Panasa	✓				✓	✓
Ros Roca		✓	✓	✓	✓	✓
S resa					✓	✓

In add t on, analys ng the status on soc al respons b l ty of nvestee compan es enable to dent fy those wh ch can serve as an example n Alba, to evolve and move towards a more advanced soc al respons b l ty management model and those wh ch can be pos t vely nfluenced from ts pos t on on the Board of D rectors, so that the CSR could become a turn ng po nt n the r bus ness models and meet ngs of the r govern ng bod es or central comm ttees.

Figure 5. Analysis of the CSR of listed investee companies and Alba

Company	CSR online	Adhesion year to the Global Compact	Sustainability report	GRI	Carbon Disclosure Proyect	Dow Jones Sustainability Index
IBEX 35						
Acer nox	✓	2013	✓	✓	✓	
ACS	✓	2002	✓	✓	✓	✓
Ebro Foods	✓	2002	✓	✓		
ndra	✓	2004	✓	✓	✓	✓
Listed						
BME	✓	2011	✓	✓	✓	
Clín ca Bav era	✓					
Euskaltel	✓	2005	✓	✓		
V scofan	✓	2015	✓			
Alba	✓	2015	✓	✓	✓	

F gure 5 shows a decrease n completed cells as we move to the r ght (ncrease n the degree of comm tment to CSR's n t at ve) and down (compan es w th lower cap tal zat on). Th s does not occur n solat on for all compan es analysed, but s recurrent n the bus ness commun ty worldw de when larger, renowned compan es n the economy and markets are compared w th others who have a lower turnover or med a exposure.

Figure 6. Analysis of the CSR of investee companies by group

Company	CSR online	Adhesion to the Global Compact	Sustainability report	GRI	Carbon Disclosure Proyect	Dow Jones Sustainability Index
BEX 35	100%	100%	100%	100%	75%	50%
BEX 35 + L sted	100%	88%	88%	75%	50%	25%
L sted	100%	75%	75%	50%	25%	0%
otal Compan es	80%	47%	53%	47%	27%	13%
Unl sted	57%	0%	14%	14%	0%	0%

F gure 6 shows that there s a clear d fference between the compan es l sted n IBEX 35, those that are l sted on the Span sh stock-market and those unl sted. The f rst group has a greater degree of coverage n all aspects evaluated whether n terms of part c pat on n external n t at ves, n report ng or n the commun cat on of CSR v a ts channels.

The reference to soc al respons b l ty on the webs te and encourag ng ts var ous stakeholders to take part of th s comm tment s the start ng po nt for the development of a CSR strategy for many compan es. That s the reason why 79% of total nvestees, approx mately, express the r w ll ngness to do bus ness respons bly through the most access ble commun cat on channel for ts stakeholders.

Another m lestone that usually mater al zes n the f rst phase of CSR ntegrat on n a company s jo n ng the Global Compact. In ts portfol o, the s gn ng of the ten pr nc ples s l m ted to l sted compan es - n IBEX 35 or the cont nuous market- and wh ch account for almost 50% of the number of nvestee compan es.

These two prev ous act ons form part of a CSR commun cat on process that must be al gned, to be effect ve, w th respons ble management. An early way to val date the ex stence of th s, are the nternat onal standards cert f cates (ISO, OSHAS, EMAS, etc.) that nclude many matters such as qual ty, the env ronment or employment relat ons and wh ch pract cally all nvestees hold.

The preparat on of susta nab l ty reports -a path between management and commun cat on- nd cates a more advanced CSR status that necessar ly requ res an ntegrat on of ESG (env ronmental, soc al and governance) factors n organ zat on and a deta led analys s and rev ew of performance. Report ng data, nd cators and object ves through the susta nab l ty report allows spec f cat on of company act v t es n terms of soc al respons b l ty to ts stakeholders. In 2015, th s document was made by 100% of the compan es ntegrat ng the IBEX 35, 88% of all l sted compan es, and 53% of the total. Compl ance of these reports w th nternat onal standards s one of the recommendat ons of the Code of Good Governance for l sted compan es. 75% of the nvestee compan es that are the object of these voluntary d rect ves fulf l th s requ rement, w th the r reports ndexed n the GRI platform.

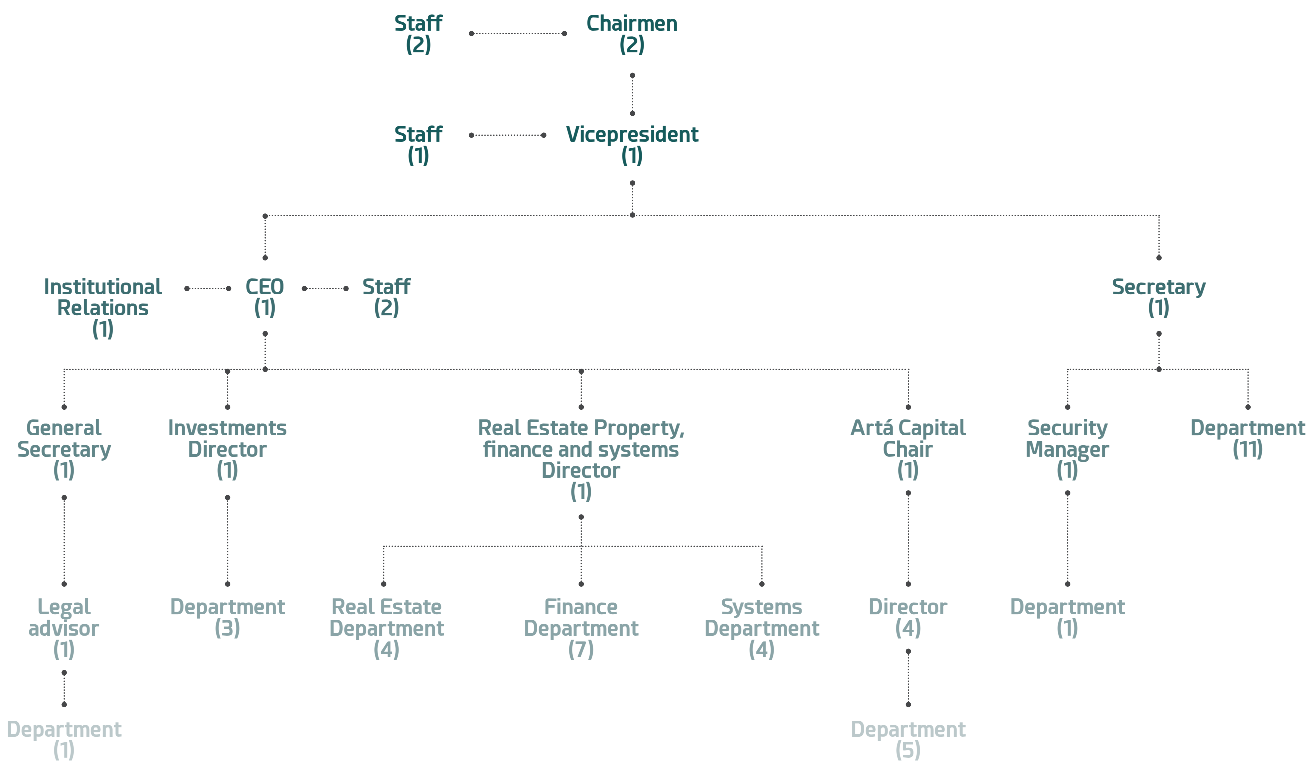
Part c pat on n the last two n t at ves evaluated, report ng under the Carbon D sclosure Project (CDP) and part c pat on n the Dow Jones Susta nab l ty Index, s cond t onal upon rece pt of the nv tat on to part c pate[7], wh ch n turn depends on the market cap tal zat on of the

ent ty, among other factors. In 2015 four nvestee compan es f led the r CO_2 em ss ons data of 2014 through the CDP report on cl mate change and two compan es, ACS and Indra were ncluded n the Susta nab l ty Yearbook RobecoSAM.

3.3. Alba’s human team

Alba’s human cap tal s one of the most mportant assets to the company. Therefore t cont nuously tr es to mprove processes and pol c es to foster a pleasant work ng env ronment and a transparent two-way commun cat on that allows to reta n talent and ncrease the sk lls of ts employees.

Figure 7. Company organization chart



(7) n the case of CDP, compan es not nv ted may send the r completed quest onna re but they w ll not be ncluded n the stat st cal data of ts annual nformat on.

Diversity

Alba’s team s made up of 55 people w th permanent employment contracts of wh ch 30% are women[8]. The d vers ty of the workforce s an aspect ncluded n the recru tment cr ter a, however the pr nc ples govern ng the recru tment of a new employee are profess onal sm, sk lls and competence. These gu del nes are also appl ed when select ng members of the Board of D rectors. In 2015 two female d rectors were appo nted, although one of them could not take off ce. Due to ts ph losophy of cont nuous mprovement, n 2016 t w ll ncrease the number of female d rectors to 3, wh ch would be 20% of the Board of D rectors.

Health and Safety

Although off ce work has a below average njury rate compared w th other sectors, the health and safety of ts team s also a pr or ty. F rstly, Alba has an emergency measures plan for any nc dent that may affect ts fac l t es even when there s no or m n mal mpact. In add t on, t performs a yearly labour r sk assessment and prov des ts employees w th a manual on “Health and Safety for Off ce jobs”.

As for soc al benef ts, all staff have an annual health rev ew, health, l fe and acc dent nsurance -as payment n k nd- and pens on plans[9].

Conciliation

Alba cons ders that the conc l at on of personal, fam ly and work ng l fe s a key tool for max m z ng employee sat sfact on and t s therefore conta ned n the code of conduct[10] v a paragraph 6.5 where Alba undertakes to promote fam ly conc l at on pol c es that fac l tate the necessary balance between profess onal and personal l fe.

Training

At present, tra n ng employees s a med at the more techn cal prof les, so f the average hours per employee ded cated to tra n ng dur ng work ng hours s calculated, th s amounts to approx mately 3 hours per year[11]. Look ng ahead to 2016 one of ts a ms s to generate a record wh ch counts the hours employees spend on tra n ng and ncreas ng the number of them who rece ve tra n ng.

(8) G4-10 and G4-LA12
(9) G4-LA2
(10) G4-56. Code of conduct
(11) G4-LA9

3.4.Alba’s impact on society[12]

Alba supports d fferent projects, from ent t es whose m ss on s to generate knowledge and research on the evolut on of the economy and soc ety at nat onal level, to those who are respons ble for promot ng culture, protect ng the nterests of the sector or deal ng w th those who are n a precar ous econom c s tuat on. Add t onally and nd rectly, th s type of act v t es are promoted from the foundat ons of nvestee compan es ACS, Ebro Foods and Euskaltel. Dur ng 2015 contr but ons were made that amounted to 329,000 euros to the follow ng organ zat ons

Institute of Economic Studies

nst tute wh ch a ms to promote, conduct and d ssem nate work and research regard ng econom c and soc al matters n order to encourage pr vate enterpr se and the market as an effic ent way of creat ng and allocat on resources.

Foundation for Applied Economy Studies

Foundat on wh ch a ms to pos t vely nfluence soc ety, research ng the most mportant econom c and soc al matters of our t me.

Juan March Foundation

Foundat on that develops ts act v t es n the field of human and sc ent fic culture.

265 concerts, exh b t ons and conferences 267,095 attendees.

Spanish Food Bank Federation

Non-profit organ sat on wh ch ntegrates 55 food Banks, at least once n each prov nce at nat onal level.

Spanish Issuers

Assoc at on created to cover the nterests of compan es w th secur t es traded on nat onal markets.

Private Equity Spanish Association

Asoc ac ón Española de Ent dades de Cap tal R esgo s the non-profit organ zat on that represents the Venture Cap tal & Pr vate Equ ty ndustry n Spa n.

(12) G4-16

Also, as member of the soc ety wh ch the r act ons mpact d rectly, Alba tr es to manage the supply cha n[13] n a respons ble manner. Desp te belong ng to a sector of l ttle consequence regard ng resource consumpt on and a med um-s zed company n terms of personnel for wh ch th s aspect s mmater al, t attempts to effic ently mon tor ts suppl ers -office suppl ers and adaptat on mostly-. In 2015 t had 79 d fferent suppl ers -100% local- nvolv ng payment of 4 m ll on euros plus VAT for Alba. Th s figure should not only be cons dered as a note n the annual accounts but also as a way of contr but ng to the real economy, wh ch enables the generat on of shared value for soc ety.

3.5.Alba’s environmental footprint

Env ronmental mprovement and protect on s a cornerstone for soc ety n general as well as to the bus ness commun ty. Th s s why for Alba t s also mportant to ma nta n a f rm comm tment to prevent ve conservat on and mprov ng the env ronment, m n m z ng un ntended consequences of the act v ty, as stated n ts CSR pol cy. Therefore, n the exerc se of ts act v ty, Alba a ms to prevent pollut on, ensure rat onal and susta nable use of resources and to carry out proper waste management.

The nternat onal agreement reached at the UN cl mate summ t n Par s 2015 has been a key event to ra se the mportance of the f ght aga nst cl mate change, the ma n challenge n env ronmental terms today. 196 States have rat f ed the urgency to reduce greenhouse gas em ss ons to curb th s weather phenomenon, call ng on compan es to act and engage n m t gat on. There are numerous tools to work from the bus ness sector n th s challenge, but the f rst step s measurement; know ng to what extent t s contr but ng to the problem.

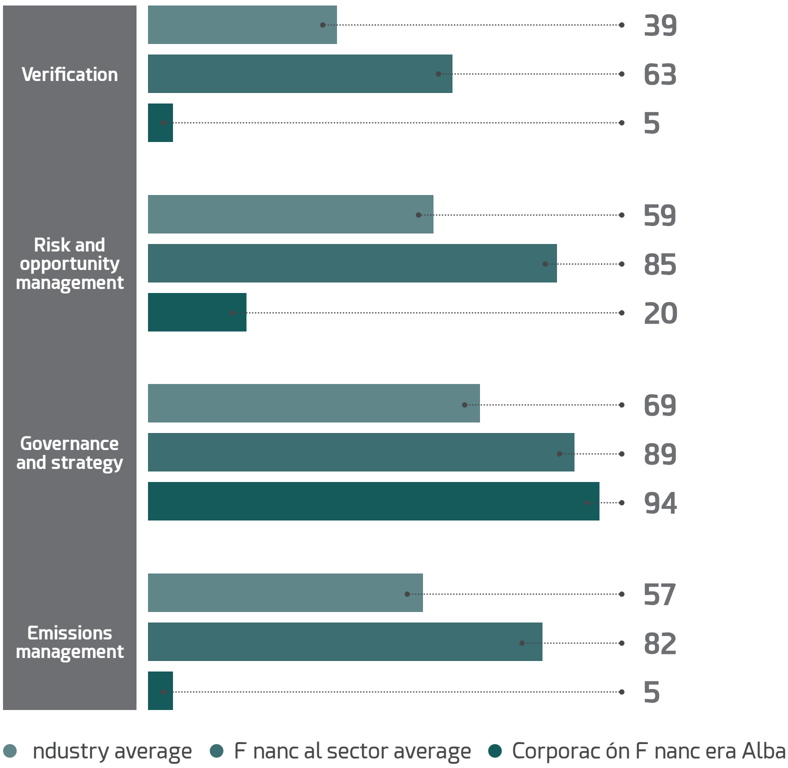
To calculate ts carbon footpr nt, both a r transport and electr c ty consumpt on[14] of off ces (383,309 kwh[15]) have been cons dered, wh ch would correspond to em ss ons scope 1 GHG (d rect em ss ons)[16] and amounted to 141.8 tons of CO_2.

In 2015 Alba’s f rst Carbon D sclosure Project (CDP) report was subm tted. CDP s an organ zat on of nternat onal reference -whose a m s to encourage all types of ent t es to measure, d sclose and reduce the mpact of the r act ons on the env ronment, and natural resources- that gathers the most extens ve database on cl mate change reports made by compan es and other organ zat ons based on self-assessments. In Spa n, 46 compan es correctly completed the quest onna re dur ng 2015, of wh ch more than 65% form part of IBEX 35.

Although there s st ll room for vast mprovement compared to other compan es that measure the r performance n th s regard, f governance and strategy are cons dered among the ex st ng four -em ss ons management, r sk management and opportun t es and ver f cat on-, t exceeds both the average score of ts ndustry and the average for the f nanc al sector. In the other three areas t s necessary an mprovement, espec ally n ver f cat on and em ss ons management, where t s only mets 5% of the requ rements.

(13) G4-12
(14) G4-EN3
(15) F gure extrapolated based on consumpt on n the first n ne months of the year.
(16) G4-EN15

Figure 8. 2015 Carbon Disclosure Project Report



Two other env ronmental mpacts that are measured[17] are the consumpt on of paper and the water footpr nt. In the case of the paper, consumpt on s over 425,000 pages, all of them cert ficates w th the PEFC seal. Water consumpt on amounts to 8,495 cub c metres[18] and although Alba act v ty s not water ntens ve and therefore th s s not a mater al aspect for ts bus ness, the fact that t s n a country w th a potent al r sk of drought and desert ficat on enta ls the need for greater control, m n m z ng consumpt on and greater awareness.

(17) Data obta ned from the extrapolat on of consumpt on up to 3 December 2015.
(18) G4-EN8

4. Next steps

For Alba, th s susta nab l ty report marks an mportant m lestone n ts comm tment to corporate soc al respons b l ty. However, t s not only a document that reflects what has taken place throughout the year, but s also a means to make publ c ts object ves for 2016. These goals have been structured on four p llars that cover a broad spectrum w th all fields ncluded w th n the scope of susta nab l ty

Transparency and Good Governance

1. 1. Encourage investee companies to:

1.1. ncrease the r nvolvement n terms of corporate soc al respons b l ty.

1.2. Adhere to the UN Global Compact .

1.3. Comply w th the new European D rect ve on d sclosure of non-financ al nformat on that w ll be transposed to Span sh law dur ng 2016.

2. 2. Training in ESG matters to the Investment Management team in order to gradually include non-financial risks assessment in portfolio management.

3. 3. Join initiatives to promote Good Governance that arise in Spain.

4. 4. Develop and consolidate the crime prevention plan in compliance with current legislation.

Environment

1. Increase the carbon footprint coverage including real estate property in the calculation.

2. Promote the reduction in paper consumption

3. Encourage investee companies to participate in the *Carbon Disclosure Project* initiative.

Workplace

1. Create a professional and personal life conciliation plan.

2. Improve the employee training process.

Social Action

1. Increase the promotion of social action.

2. Create a corporate volunteer plan in the company.

5. Table of contents GRI

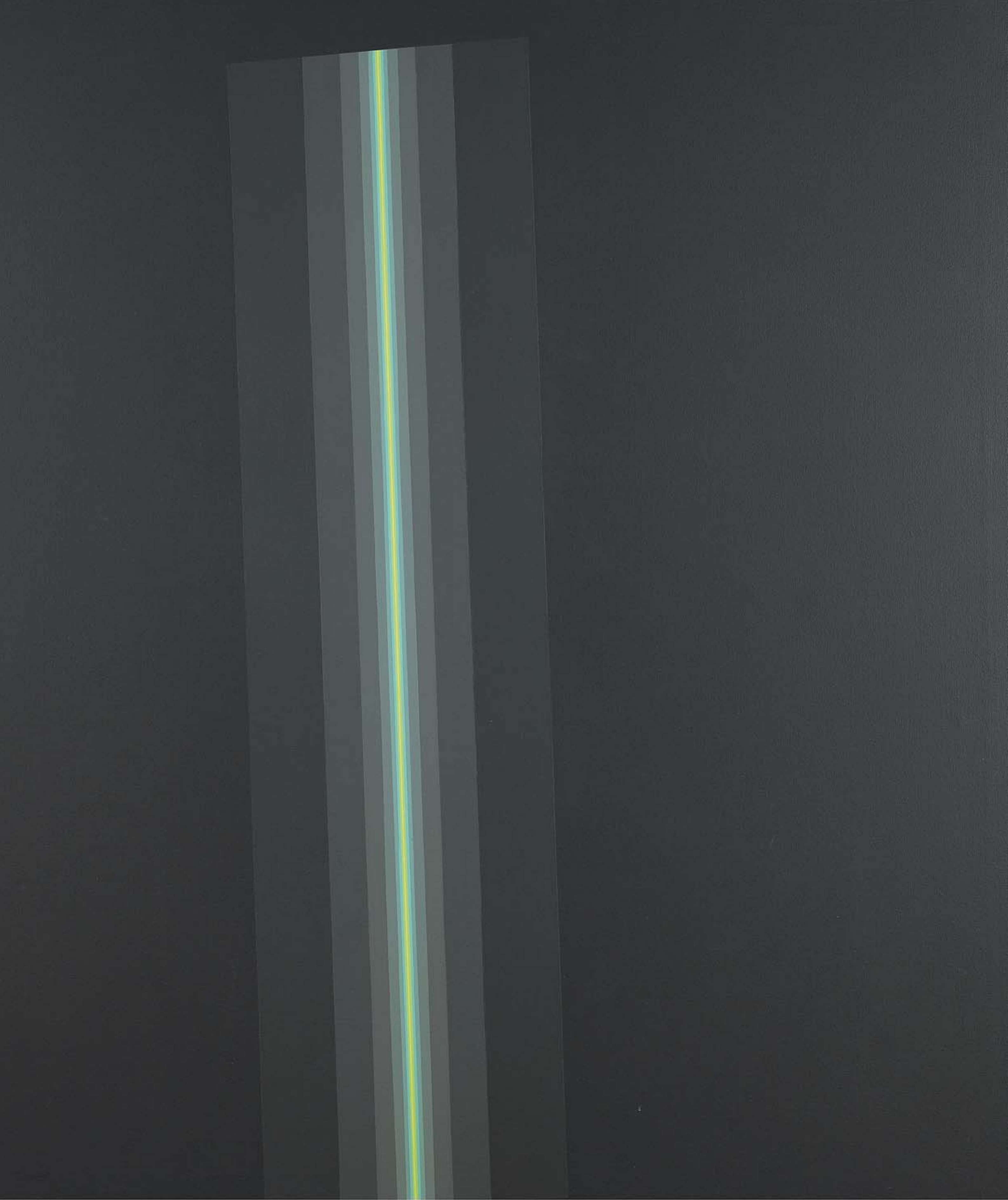
GRI	Section	Omissions
Strategy and analysis		
G4 1	Letter from the cha rman	
G4 2	Letter from the cha rman	
Organization profile		
G4 3	Mater al ty and stakeholders	
G4 5	Mater al ty and stakeholders	
G4 6		Operat ons are only performed n Spa n
G4 7	nvest ng w th respons b l ty	
G4 8		Operat ons are only performed n Spa n
G4 9		Average staff: 50 people Cap tal sat on (31/12/2015): 2,323 m ll on euros
G4 10	Alba's human team	
G4 11		100% of employees covered w th the office agreement
G4 12	Alba's mpact on soc ety	
G4 13		he property act v ty has been segregated, contr but ng ts assets and l ab l t es nto a new company
G4 14		N/A. Corporac ón F nanc era Alba's d rect env ronmental mpact s l m ted enough to cons der the precaut onary pr nc ple
G4 15	Manag ng Alba w th soc al respons b l ty	
G4 16	Alba's mpact on soc ety	
Material aspects and coverage		
G4 17		23 ent t es wh ch nclude Group compan es, assoc ates and Pr vate Equ ty nvestments; appear ng n full n the report
G4 18		he process of determ n ng mater al ty and content has been conducted nternally
G4 19	Mater al ty and Alba stakeholders	
G4 20		N/A
G4 21		Mater al ty has rema ned l m ted to nternal aspects of the organ sat on
G4 22		N/A h s s the first susta nab l ty report for Corporac ón F nanc era Alba
G4 23		N/A h s s the first susta nab l ty report for Corporac ón F nanc era Alba

GRI	Section	Omissions
Participation of stakeholders		
G4 24	Mater al ty and Alba's stakeholders	
G4 25		Select on s based on the mpacts that may ar se n the bus ness and that may ar se as a result of Alba's act v t es
G4 26		N/A
G4 27		No problems have been recorded w th stakeholders
Report profile		
G4 28		Calendar year 2015
G4 29		N/A. h s s the first susta nab l ty report
G4 30		Annual
G4 31		rc@cfa.com
G4 32	Mater al ty and Alba's stakeholders	
G4 33		No ver ficat on of the report has been conducted by external ent t es
Governance		
G4 34		he Annual General Meet ng, called and held n accordance w th the law, bylaws, and the requ rements of the Annual General Meet ng Regulat on, s the supreme and sovere gn body for the express on of the soc al w ll. ( ) Nom nat on and Remunerat on Comm ttee formed by external D rectors, w th the ma or ty of ts members and Cha r be ng ndependent D rectors. ( ) Aud t Comm ttee formed by external D rectors, w th the ma or ty of ts members and Cha r be ng ndependent D rectors. ( ) Operat ons Comm ttee made up of a m n mum of three and a max mum of s x D rectors appo nted by the Board of D rectors based on the r knowledge, sk lls and exper ence and the tasks of the Comm ttee.
Ethics and integrity		
G4 56	Alba's human team	
Economic performance		
G4 EC1		Net turnover: 17.4 m ll on euros

GRI	Section	Omissions
Energy		
G4 EN3	Alba's env ronmental footpr nt	
Water		
G4 EN8	Alba's env ronmental footpr nt	
Emissions		
G4 EN15	Alba's env ronmental footpr nt	
Employment		
G4 LA2	Alba's env ronmental footpr nt	
Health and safety at work		
G4 LA6		Dur ng 2015 3 people have been on s ck leave for an average of 3 weeks each and one person has been on matern ty leave
Training and education		
G4 LA9	Alba's human team	
Diversity and equal opportunities		
G4 LA12	Alba's human team	
Regulatory compliance		
G4 SO8		Dur ng 2015 there have been no fines or penalt es n th s area

CORPORATE GOVERNANCE REPORT

To go to the annual Corporate Governance Report,
please click on this **link**



AUDIT COMMITTEE REPORT

IN THE YEAR 2015

AUDIT COMMITTEE REPORT

I. Introduction

The report on the funct ons and act v t es of the Aud t Comm ttee of Corporac ón F nanc era Alba, S.A. was prepared based on the recommendat ons regard ng good corporate governance of l sted compan es and, n part cular, those ncluded n the Good Governance Code of L sted Compan es ("Cód go de Buen Gob erno de las Soc edades Cot zadas"), approved by the Span sh Nat onal Secur t es Market Comm ss on ("CNMV") on 18 February 2015, as env sage n the Un fied Document of Corporate Governance Recommendat ons ("Documento Un ficado de Recomendac ones de Gob erno Corporat vo"), approved by the Span sh Nat onal Secur t es Market Comm ss on on 22 May 2006.

The Aud t Comm ttee was created by the Board of D rectors on 29 March 2000, follow ng the recommendat ons of the so-called "Ol venc a Code".

Subsequently, Law 44/2002, of 22 November, on F nanc al System Reform Measures ("F nance Law"), establ shed the mandatory ex stence of th s Comm ttee n l sted compan es and certa n requ rements related to the r compos t on, competences and operat ng rules.

Pursuant to sa d Law, Corporac ón F nanc era Alba, S.A. amended ts Bylaws and ts Board Regulat on, establ sh ng the Comm ttee's competences and operat ng rules.

The approval of Law 12/2010, of 30 June, amend ng the Aud t ng, Secur t es Market and Span sh Compan es Laws, extend ng the competences of Aud t Comm ttees, gave r se to the amendment of the Board Regulat on to adapt them to the legal prov s ons n relat on to the Aud t Comm ttee. Also, advantage was taken of th s amendment to ntroduce the recommendat ons ar s ng from the document of the Span sh Nat onal Secur t es Market Comm ss on relat ve to "Internal control of financ al nformat on n l sted compan es" (June 2010) n the Board Regulat on.

Law 31/2014, of 3 December, amend ng the Span sh L m ted L ab l ty Compan es Law to mprove the Corporate Governance, ntroduced Art cle 529 quaterdec es, relat ve to the Aud t Comm ttee, n the Span sh L m ted L ab l ty Compan es Law ("LSC"), nclud ng prov s ons relat ng to the r compos t on, organ sat on and funct ons, wh ch have been ncorporated to the Board Regulat on by means of the amendment agreed upon on 5 May 2015, wh ch was duly not fied to the shareholders at the Annual General Meet ng held on 10 June 2015 and reg stered n the Mercant le Reg ster on 6 July 2015.

In add t on, Law 22/2015, of 20 July, on Aud t ng, amended F nal Prov s on 4 of Art cle 529 quaterdec es of the Span sh L m ted L ab l ty Compan es Law, n relat on, as ment oned earl er, to the Aud t Comm ttee, n those aspects that affect, ma nly, the compos t on of th s Comm ttee and ts funct ons, would requ re a new mod ficat on of the Board Regulat on to ncorporate those amendmends.

II. Functions of the Audit Committee

Pursuant to Art cle 529 quaterdec es of the Span sh L m ted L ab l ty Compan es Law, Art cle 22 of the Board Regulat on of Corporac ón F nanc era Alba, S.A. (amended by the resolut on adopted on 5 May 2015), entrusts the Aud t Comm ttee w th the follow ng funct ons, notw thstand ng any other funct ons that may be ass gned thereto by the Board of D rectors

a) Inform the shareholders at the Annual General Meet ng of any quest ons ra sed n relat on to matters for wh ch the Comm ttee s respons ble.

b) Superv se the effect veness of the nternal control of the Company, nternal aud t and r sk management systems, nclud ng tax r sk, and d scuss ng w th the aud tor s gn ficant weaknesses of the nternal control system detected dur ng the aud t.

c) Superv se the mandatory financ al nformat on preparat on and presentat on process.

d) Propose to the Board of D rectors the select on, appo ntment, re-elect on and replacement of the external aud tor and appo ntment cond t ons, and regularly obta n nformat on about the aud t plan and ts execut on, n add t on to preserv ng ts ndependence n the exerc se of ts funct ons.

e) Establ sh the relevant relat ons w th the external aud tor n order to rece ve nformat on on any matters that m ght jeopard se ts ndependence, for exam nat on by the Comm ttee, and any other matters related to the financ al aud t process and commun cat ons env saged n the financ al aud t leg slat on and aud t ng standards. In any case, each year the aud tors w ll be requ red to furn sh wr tten confirmat on of the r ndependence w th respect to the ent ty or ent t es related d rectly or nd rectly thereto, as well as nformat on on any manner of add t onal serv ces of any k nd prov ded to these ent t es by the external aud tor or by the persons or ent t es related thereto pursuant to the financ al aud t leg slat on.

f) Issuance on a yearly bas s, pr or to ssu ng the aud t report, of a report express ng an op n on on the aud tor's ndependence. Th s report must conta n, n all cases, the evaluat on of the prov s on of add t onal serv ces to wh ch the preced ng letter makes reference, cons dered nd v dually and globally, other than the legal aud t and n relat on to the ndependence reg me or to the aud t regulat on n force.

g) Inform the Board of D rectors at first nstance of all the subject matters env saged n the Law, Bylaws and Board Regulat on and, n part cular, of

1. The financ al nformat on that all l sted compan es must per od cally d sclose.
2. The creat on or acqu s t on of ownersh p nterests n spec al purpose ent t es or res dent n countr es or terr tor es cons dered tax havens.
3. Transact ons w th related part es.

III. Composition

The Aud t Comm ttee s an nternal body of the Board of D rectors and, therefore, s composed of Company d rectors. The d rectors are appo nted by the Board of D rectors and, pursuant to the Span sh L m ted L ab l ty Compan es Law, subsequent to the amendment w th respect to Law 31/2014, all the members of th s Comm ttee should be non-execut ves, at least two of the d rectors should be ndependent d rectors and the Cha rman should be an ndependent d rector. Pursuant to the Law and the Bylaws, the Cha rman shall be replaced every four years, although he/she may be re-elected after one year has elapsed from h s/her removal.

The compos t on of the Aud t Comm ttee of Corporac ón F nanc era Alba has fulfilled the new legal requ rements, s nce t s formed by three d rectors, two of wh ch are ndependent and one s propr etary, and the Cha rman s ndependent.

The compos t on of th s Comm ttee, at 31 December 2015, was as follows Mr. Carlos González Fernández, as Cha rman, and Mr. Reg no Moranchel Fernández and Mr. José N eto de la C erva, as d rectors. Mr. González and Mr. Moranchel are ndependent d rectors and Mr. N eto s a propr etary d rector. L kew se, the follow ng d rectors formed part of the Comm ttee n 2015 Mr. Eugen o Ru z-Gálvez Pr ego (ndependent d rector) as Cha rman, unt l the end of September, when he res gned due to h s age, and Mr. N cholas Brookes (ndependent), unt l the month of June, when h s fourth mandate as d rector exp red.

IV. Operation and activity

The nternal operat on of the Aud t Comm ttee s governed by the prov s ons of Art cle 47 of the Bylaws and by the prov s ons of art cles 29 to 34 of the Board Regulat on, wh ch regulate everyth ng relat ng to ts sess ons, calls to meet ngs, quorums, adopt on of resolut ons, m nutes, relat ons w th the Board of D rectors and w th the Company management, and the powers to request nformat on on any aspect of the Company and to obta n assessment from external profess onals.

In 2015 the Aud t Comm ttee held e ght meet ngs, n wh ch the follow ng areas were addressed w th n the aforement oned funct ons and for wh ch the necessary nformat on and documentat on was furn shed

- Regular rev ew of the financ al nformat on for subm ss on to the Span sh Nat onal Secur t es Market Comm ss on.
- External aud t of the financ al statements.
- R sk dent ficat on and nternal control system.
- Regulatory and nternal regulat on compl ance.

a) Rev ew of regular financ al nformat on

In relat on to the regular f nanc al nformat on, the Aud t Comm ttee analysed, pr or to the presentat on thereof, the quarterly and s x-monthly f nanc al nformat on subm tted to the Span sh Nat onal Secur t es Market Comm ss on (CNMV) and wh ch are d sclosed, as well as the requ rements establ shed by Royal Decree 1362/2007, of 19 October (amended by Royal Decree 875/2915, of 2 October) and by CNMV C rcular 1/2008, of 30 January (amended by C rcular 5/2015, of 28 October).

The Company's F nanc al Manager, who s respons ble for prepar ng the aforement oned nformat on, collaborates n the analys s for the purpose of expla n ng the account ng process followed to prepare sa d f nanc al nformat on and the dec s ons and cr ter a adopted.

The Comm ttee approved the aforement oned nformat on pr or to ntroduc ng certa n suggest ons made.

L kew se, a meet ng was ded cated to the exam nat on of the financ al statements pr or to the r author sat on by the Board of D rectors.

b) External aud t of the financ al statements and relat ons w th external aud tors

As regards external aud t, t should be noted that the aud tors attended the meet ngs of the Aud t Comm ttee, n wh ch the f nanc al nformat on correspond ng to 2014 year-end and the related f nanc al statements. The external aud tors reported extens vely on the aud t work performed, the most mportant quest ons ra sed and the cr ter a followed. In part cular, the f nanc al statements were ssued w thout any reservat ons n wh ch no relevant r sks to the Company were detected and cons der ng the nternal control of the Company adequate. The external aud tors performed the r funct ons w th the collaborat on of the Company's execut ves. L kew se, the aud t work plan for 2015 was expla ned.

Furthermore, pursuant to Art cle 529 quaterdec es of the Span sh Nat onal L m ted L ab l ty Compan es Law, the Aud t Comm ttee rece ved wr tten confirmat on of the aud tors' ndependence from the ent ty or related ent t es and ssued a report express ng ts op n on on the aud tors' ndependence.

L kew se, the external aud tors part c pated n a Comm ttee meet ng n wh ch the most relevant developments of the Aud t Law (Law 22/2015, of 20 July) were exam ned.

W th n th s area, t should also be noted that the current aud tor was also des gnated n 2004 and that the last renewal was agreed for 2014, 2015 and 2016.

c) R sk dent ficat on and nternal control system

As regards the r sk dent ficat on and nternal control system, t should be noted that the Company's F nanc al Department s n charge of the nternal control thereof that ncludes a ser es of operat ng rules that establ sh the nternal control cr ter a. These rules relate, nter al a, to Account ng and Report ng, Investments and D vestments, Short-Term Investments, Real Estate Property Management and Accounts Rece vable, Accounts Payable and Relat ons w th the CNMV.

The Aud t Comm ttee has attr buted competences n th s area and evaluates whether or not the Company has the adequate organ sat on, personnel and processes to dent fy and control ts ma n operat ng, financ al and legal r sks, and s empowered to nvest gate any aspect of the r sk dent ficat on and nternal control system t deems relevant. In th s connect on, t should be noted that s nce 2004 the external aud tors have performed a deta led exam nat on of the Company's nternal control system on several occas ons, result ng n that, n the r op n on, the Company has a sat sfactory nternal control system, notw thstand ng hav ng made recommendat ons n th s regard, wh ch have been assumed.

In 2011, follow ng the recommendat ons of the CNMV's document "Internal control of financ al nformat on n l sted compan es" (June 2010), the Aud t Comm ttee proposed, and the Board of D rectors agreed, to establ sh an Internal Aud t ng serv ce as an nstrument for mprov ng the development of the funct ons

AUDIT COMMITTEE REPORT

entrusted to the Board of Directors and to the Audit Committee in relation to risk control and management and monitoring of the internal information and control systems. Likewise, the person in charge of this service was appointed and an audit company was engaged to perform Internal Audit functions, in this case Ernst & Young.

In connection with internal audit, it should be noted, namely, that a Bylaw was approved by the Board of Directors (amended by the resolution adopted on 26 October 2015), that a Risk Map of the Company was prepared (at inherent level, residual and internal control effectiveness level) -which has already been reviewed on two occasions- and that it follows an Activity Plan approved by the Audit Committee.

In 2015, the internal audit updated, under the Activity Plan, some internal procedures and performed various internal audits, specifically of the procedures deemed most relevant. Likewise, in relation to the Company's Guide to Internal Control Over Financial Information ("Manual del Sistema de Control Interno de la Información Financiera (SCIIF)"), in 2015 its provisions were followed and reported to the Audit Committee which, in turn, informed the Board of Directors of the result of the internal audits and monitoring of the SCIIF.

Likewise, in 2015, following the recommendations of the Code of Good Governance of Listed Companies, the Board of Directors, at the proposal of the Audit Committee, agreed to establish a Risk Control and Management Unit as advisory and control body of the Audit Committee, independent from the business, and aimed at ensuring the establishment of an adequate control and efficient and prudent risk management. The Risk Management and Control Function Bylaw was approved by the Board of Directors on 26 October 2015 and a Risk Management Methodology and Monitoring Model was adopted.

In this regard, the Company has defined an Integrated Risk Management System focused mainly on enabling proactive and efficient identification and evaluation, in addition to monitoring and follow-up; integrating, coordinating and managing of the Company's different risk management-related efforts; enabling the obtainment of responsible risk acceptance and reinforcing the responsibility of the Company's personnel; ensuring that the control systems are aligned with respect to the Company's actual risks; and facilitating the application of the corrective measures.

This Integrated Risk Management System was implemented to mitigate the risks to which the group is exposed, given the nature and complexity of its operations and the environment in which it carries on its activity, and is materialised in three key elements

- The continuous risk management process, understood as those activities performed by all the Company's personnel aimed at identifying the potential risk events that could affect it, managing the identified risks and providing reasonable assurance that the Company's objectives will be achieved. In this context, the Company's Risk Map was updated and the Risk Data Sheets defined for risks with greater criticality.

- An organisational approach with clearly defined roles and responsibilities, such that, although integrated risk management affects and nvolves all Company personnel, the ma n part c pants are those respons ble for r sks, the R sk Control and Management Un t, the Aud t Comm ttee and the Board of D rectors.

- A mon tor ng model that defines and prov des the necessary and spec fic nformat on for all the part c pants of the r sk management process to make nformed dec s ons w th respect thereto.

The Aud t Comm ttee, w th n th s Integrated R sk Management System, has been entrusted the funct on of superv s ng the effect veness of the Company's nternal control, the nternal aud t and r sk management systems, evaluat ng whether or not the group has the appropr ate organ sat on, personnel, pol c es and processes for dent fy ng and controll ng ts ma n r sks and, part cularly, the financ al and legal operat ng processes.

In connect on w th the r sk management processes, n add t on to the aforement oned R sk Control and Management Un t, Corporac ón F nanc era Alba has regulatory compl ance processes that res de n the d fferent operat ons and support areas and the aforement oned Internal Aud t Serv ce.

As a result of the work carr ed out and of the organ sat on establ shed, n 2015 no s gn ficant nc dents were detected n relat on to r sk dent ficat on and the nternal control of the Company.

d) Regulatory and nternal regulat on compl ance

As regards w th regulatory and nternal regulat on compl ance, t s expounded n greater deta l than n the preced ng po nts s nce, pursuant to Art cle 26.c) of the Board Regulat ons, the Aud t Comm ttee must prepare a report n th s connect on.

It should firstly be noted that the Company, n order to ensure compl ance w th the appl cable regulat ons, has the appropr ate organ sat on nclud ng, namely, the ex stence of a Legal Adv sory Department, Tax Adv sory Department and F nanc al Department, each of wh ch, w th n the r area of competence, ensures compl ance w th the appl cable regulat ons (external and nternal). L kew se, the Board Regulat on prov de that the Secretary w ll be n charge of ensur ng the formal and mater al legal ty of ts act ons, the statutory regular ty thereof and the fulfilment of ts governance procedures and rules.

Furthermore, the funct ons of th s Comm ttee nclude guarantee ng the ex stence of an effect ve nternal system for ensur ng that the Company fulfils the laws and prov s ons that govern ts act v ty and ensur ng that the necessary procedures for guarantee ng that the management team and employees fulfil nternal regulat ons. L kew se, t should be noted that the F nanc al Manager n charge of the Company's nternal control attends the Comm ttee's meet ngs and nforms about the related matters.

Further, as ment oned earl er, the Company has an Internal Aud t Serv ce and a R sk Control and Management Un t, and a R sk Management Methodology and Mon tor ng Model was adopted.

Also, n 2015 the Company adopted or updated the follow ng pol c es based on the Aud t Comm ttee's report, env saged n var ous good corporate governance prov s ons or recommendat ons Corporate Governance Pol cy; Corporate Soc al

AUDIT COMMITTEE REPORT

Respons b l ty Pol cy; Commun cat on Pol cy; D v dends Pol cy; Treasury Shares Pol cy; Investment Pol cy; Tax Pol cy; Board Remunerat on Pol cy; D rector Cand date Select on Pol cy; R sk Management Pol cy; and Cr me and Fraud Prevent on Pol cy.

As regards the ex stence of nternal procedures, as ment oned earl er, the Company has a ser es of operat ng rules that establ sh the nternal control cr ter a, n add t on to the Company's F nanc al Informat on Internal Control System Gu de, R sk Management Methodology and Mon tor ng Model, and Cr me Prevent on manuals.

Moreover, n 2011 a Code of Eth cs and Conduct and Cr me and Fraud Prevent on Pol cy was approved and the Internal Conduct Regulat ons n relat on to the Secur t es Market was updated (updated aga n n 2013 n order to adopt CNMV cr ter a n relat on to d scret onal treasury share transact ons).

The aforement ond nternal regulat ons env sage the correspond ng control and mon tor ng bod es and the Code of Eth cs and Conduct regulates a confident al report ng channel whose field of appl cat on currently compr ses any act on supposedly llegal or contrary to that env saged n the Code tself.

In 2015, these nternal regulat ons were fulfilled and no rregular t es were detected n relat on thereto.

Based on the forego ng, the Comm ttee cons ders that the Company has an appropr ate organ sat on and regulatory framework cons dered suffic ent to ensure compl ance w th the appl cable nternal and external regulat ons.

In relat on to th s area of act v ty, the Aud t Comm ttee also exam ned the Draft Annual Corporate Governance Report -wh ch was subsequently approved by the Board of D rectors- and the Report prepared by the control body env saged n the Internal Conduct Regulat ons on the act ons carr ed out n fulfilment thereof (all relat ng to 2014).

Further, w th n th s area of regulatory compl ance, reference should also be made to the exam nat on of related transact ons w th d rectors, s gn ficant shareholders or the r representat ves, or w th persons related thereto or w th nvestees ("related transact ons"), wh ch have been favourably nformed on fulfill ng the necessary cond t ons.

Spec f c reference should be made to the mon tor ng of tax r sk, wh ch mot vated the exam nat on of the Company's tax s tuat on by the Aud t Comm ttee, n relat on to ts tax obl gat ons n general, to the most relevant aspects n relat on to Income Tax, VAT and Local Taxat on, and to the fulf lment of the d fferent nformat ve obl gat ons.

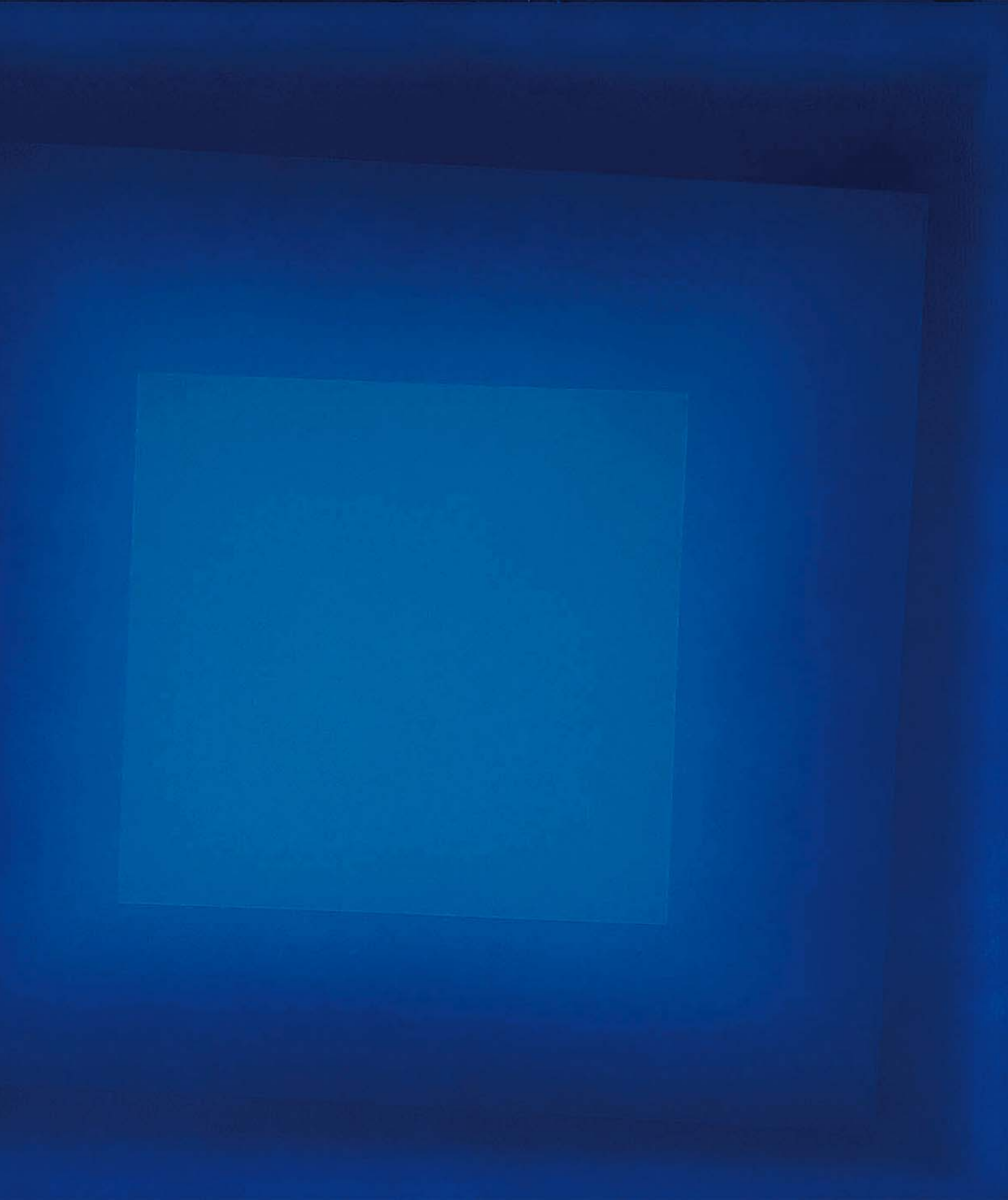
Lastly, the Aud t Comm ttee has followed the operat on of the Company's webs te, wh ch was mod fied as a result of the approval of CNMV C rcular 3/2015, of 23 June, and wh ch s fully adapted to the prov s ons n force.

In l ght of the forego ng, the Aud t Comm ttee cons ders that the Company's compl ance w th the regulat ons, n general, and w th good corporate governance, n part cular, s sat sfactory, fulfill ng the currently appl cable regulatory requ rements and recommendat ons.

Madr d, 25 February 2016

DIRECTOR REMUNERATION REPORT

To go to the annual Director Remuneration Report, please click on this **link**



PROPOSED RESOLUTIONS

PROPOSED RESOLUTIONS

The Board of D rectors subm tted the follow ng resolut ons for cons derat on at the Annual General Meet ng

1. Approve the financ al statements, both nd v dual and consol dated, for the year ended 31 December 2015.

2. Approve the management of the Board of D rectors dur ng the same per od.

3. Approve the proposed d str but on of profit and payment of d v dends.

4. Empower the Board of D rectors to ncrease cap tal aga nst reserves (reta ned earn ngs) by ssu ng new ord nary shares of the same class and ser es as those currently outstand ng, to nstrument a “scr p d v dend”.

5. To determ ne the number of d rectors, appo ntment, re-elect on and rat ficat on of d rectors.

    - Set a total number of 15 Company d rectors.
    - Render null and vo d the appo ntment of Ms. Amparo Moraleda Martínez as Company d rector, approved at the Annual General Meet ng held on 10 June 2015, as she has be ng unable to accept the appo ntment.
    - Re-elect Mr. Carlos Mach Delgado and Mr. Juan March de la Lastra as Company d rectors.
    - Appo nt Ms. María Eugen a G rón Dáv la and Ms. Claud a P ckholz as Company d rectors.

6. Amend the head ng of Chapter III of T tle III of the Bylaws and Art cle 47 -relat ng to the Aud t Comm ttee- thereof.

7. Inform the shareholders at the Annual General Meet ng of the effects of Art cle 528 of the LSC (Span sh L m ted L ab l ty Compan es Law) on the amendment of the Board Regulat on of the Company, agreed upon on 3 May 2016.

8. Appo nt as a external aud tor of the Company and of ts consol dated Group for 2017, 2018 and 2019, at KPMG Aud tores, S.L.

9. Author se the merger by absorpt on of the wholly owned subs d ar es Alba Part c pac ones, S.A.U. and Balboa Part c pac ones, S.A.U., for the purposes env saged n art cles 160 and 511 b s of the Span sh L m ted L ab l t es Compan es Law.

10. Approve, n a adv sory capac ty, the Remunerat on Report of the Board of D rectors n 2015.

11. Approve, pursuant to Art cle 219 of the LSC (Span sh L m ted L ab l ty Compan es Law) and Art cle 39 of the Bylaws, a var able remunerat on t ed to the value of the Company’s shares for the execut ve d rectors and personnel determ ned by the Board of D rectors, n order to b nd them d rectly to the shareholder value creat on process.

12. Author se the Board of D rectors to ncrease share cap tal pursuant to Art cle 297.1.b) of the LSC (Span sh L m ted L ab l ty Compan es Law).

    12.1. Render null and vo d the author sat on to ncrease share cap tal approved at the Annual General Meet ng held on 11 June 2014.

    12.2. Empower the Board of D rectors to agree upon the ncrease n share cap tal, once or several t mes, up to an amount equal to 20% of the share cap tal, and to el m nate pre-empt on r ghts when necessary.

    12.3. Empower the Board of D rectors to agree upon the ncrease n share cap tal, once or several t mes, up to an amount equal to 50% of the share cap tal, w thout power to el m nate pre-empt on r ghts.

13. Author se the acqu s t on of treasury shares, w th n the max mum l m ts perm tted at a g ven t me and n compl ance w th the requ rements establ shed n the Span sh L m ted L ab l ty Compan es Law, and the use of the shares acqu red by v rtue of th s author sat on and pr or author sat ons, for the allotment of remunerat on plans of execut ve d rectors, execut ves and employees cons st ng of the del very of shares or opt ons thereon, and author se the Board of D rectors to reduce the share cap tal, where appl cable.

14. Author se the Board of D rectors to execute the resolut ons adopted at the Annual General Meet ng.

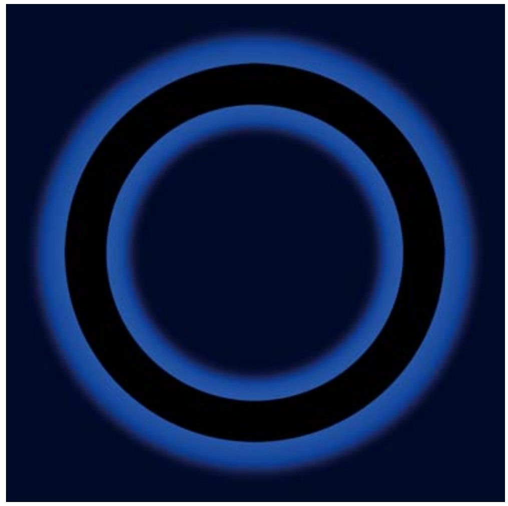
15. Approve the m nutes of the Annual General Meet ng.

JOSÉ MARÍA YTURRALDE WORKS

COVER

RITMO, 1966
COLLEC ION FUNDACIÓN JUAN MARCH,
MUSEO DE AR E ABS RAC O ESPAÑOL, CUENCA

BOARD OF DIRECTORS AND MANAGEMENT TEAM



EIRENE, 2015
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PRISMA 4, 1972
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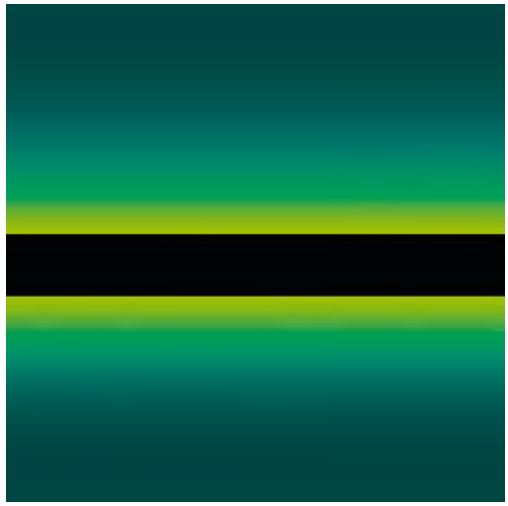

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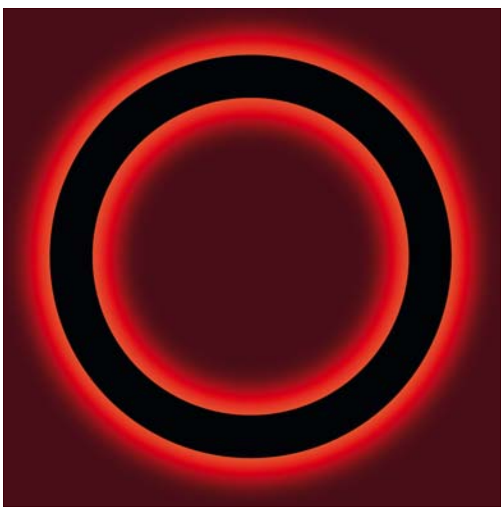

DISIS, 2015
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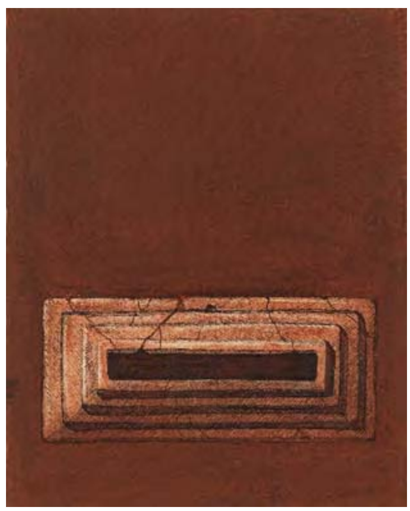
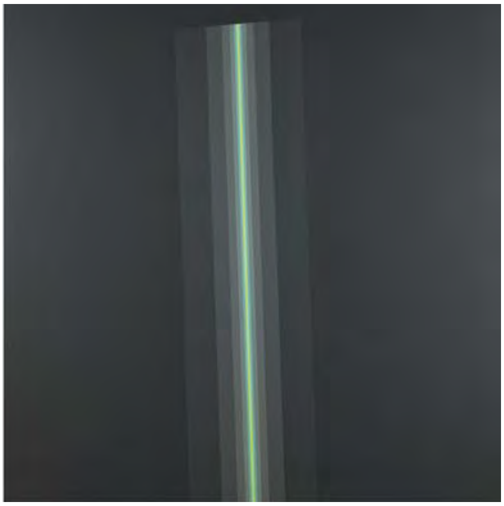


UNTITLED, 1967
COLLEC ION FUNDACIÓN JUAN MARCH, MADRID

CORPORATE GOVERNANCE REPORT



ELEGÍA, 1986
COLLEC ION FUNDACIÓN JUAN MARCH, MADRID

AUDIT COMMITTEE REPORT

SITUACIÓN LÍMITE EN EL ESPACIO, 1967
PRIVA E COLLEC ION

DIRECTOR REMUNERATION REPORT

INTERLUDIO, 1997
COLLEC ION FUNDACIÓN CHIRIVELLA SORIANO

PROPOSED RESOLUTIONS

POSTLUDIO, 1999
COLLEC ION FUNDACIÓN CHIRIVELLA SORIANO

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