

**Nmás1 Dinamia, S.A.  
(formerly Dinamia Capital  
Privado, Sociedad de  
Capital Riesgo, S.A.) and  
companies comprising  
the N+1 Group**

Consolidated Financial Statements  
and Directors' Report  
as at and for the year ended  
31 December 2015 and  
the Audit Report thereon

*Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 30). In the event of a discrepancy, the Spanish-language version prevails.*

## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Nmás1 Dinamia, S.A. (formerly Dinamia Capital Privado, Sociedad de Capital Riesgo, S.A.),

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Nmás1 Dinamia, S.A. (formerly Dinamia Capital Privado, Sociedad de Capital Riesgo, S.A.) ("the Company" or "the Parent") and companies composing, together with the Company, the N+1 Group ("the Group"), which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in total equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

### *Directors' Responsibility for the Consolidated Financial Statements*

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the consolidated equity, consolidated financial position and consolidated results of Nmás1 Dinamia, S.A. (formerly Dinamia Capital Privado, Sociedad de Capital Riesgo, S.A.) and companies composing the N+1 Group in accordance with the regulatory financial reporting framework applicable to the Group in Spain (identified in Note 2.1 to the accompanying consolidated financial statements) and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation by the Parent's directors of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### *Opinion*

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of Nmás1 Dinamia, S.A. (formerly Dinamia Capital Privado, Sociedad de Capital Riesgo, S.A.) and companies composing the N+1 Group as at 31 December 2015, and their consolidated results and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

### *Emphasis of Matter*

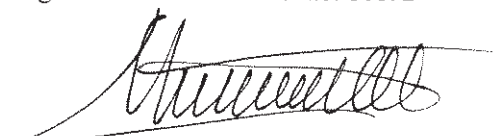
We draw attention to Note 1 to the accompanying consolidated financial statements, which indicates that on 29 April 2015 the Annual General Meetings of the Company and of N Más Uno IBG, S.A. approved the Common Draft Terms for the merger of the two companies, which has been effective since July 2015. To the extent that the transaction met the requirements to be classified as a reverse merger takeover for accounting and economic purposes, the absorbing company was N Más Uno IBG, S.A. and the absorbed company was the Company. Accordingly, as indicated in Note 2.1.1 to the accompanying consolidated financial statements, the transaction resulted in a group of investment services companies whose parent's shares are admitted to trading on a securities market and, therefore, it became obligatory, for the first time, to apply International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) in the preparation of the consolidated financial statements. Our opinion is not modified in respect of this matter.

### **Report on Other Legal and Regulatory Requirements**

The accompanying consolidated directors' report for 2015 contains the explanations which the Parent's directors consider appropriate about the situation of N más l Dinamia, S.A. (formerly Dinamia Capital Privado, Sociedad de Capital Riesgo, S.A.) and companies composing the N+1 Group, the evolution of their business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2015. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of N más l Dinamia, S.A. (formerly Dinamia Capital Privado, Sociedad de Capital Riesgo, S.A.) and companies composing the N+1 Group.

DELOITTE, S.L.

Registered in ROAC under no. S0692



Antonio Rios Cid

18 March 2016

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 30). In the event of a discrepancy, the Spanish-language version prevails.

**NMÁS1 DINAMIA, S.A. (FORMERLY DINAMIA CAPITAL PRIVADO, SOCIEDAD DE CAPITAL RIESGO, S.A.)  
AND COMPANIES COMPRISING THE N+1 GROUP**

**CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2015 AND 2014 AND AT 1 JANUARY 2014 (NOTES 1 TO 4)**  
(Thousands of euros)

ASSETS	Note	31/12/2015	31/12/2014(*)	01/01/2014(*)	LIABILITIES AND EQUITY	Note	31/12/2015	31/12/2014(*)	01/01/2014(*)
<b>NON-CURRENT ASSETS</b>		<b>65.791</b>	<b>24.070</b>	<b>19.429</b>	<b>EQUITY</b>		<b>183.912</b>	<b>46.569</b>	<b>39.320</b>
INTANGIBLE ASSETS					<b>OWN FUNDS:</b>		<b>175.667</b>	<b>39.427</b>	<b>35.305</b>
Goodwill	6	3.634	3.493	3.532	CAPITAL				
Other intangible assets	6	57	65	96	Issued capital	14	101.011	2.471	2.406
PROPERTY AND EQUIPMENT	7	1.764	1.641	1.902	Less: Uncalled capital	14	105.492	28.129	24.139
INVESTMENT PROPERTY		-	-	-	SHARE PREMIUM	14	(93.207)	746	800
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	8	12.403	13.132	8.650	RESERVES	14	(460)	(40)	(346)
NON-CURRENT FINANCIAL ASSETS	9	47.887	5.690	5.155	LESS: TREASURY SHARES AND OWN EQUITY INSTRUMENTS				
DEFERRED TAX ASSETS	17	46	49	94	RETAINED EARNINGS (PRIOR-YEAR LOSSES)				
OTHER NON-CURRENT ASSETS		-	-	-	OTHER OWNER CONTRIBUTIONS	14 & 22	65.686	14.140	8.338
					PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT	14	(2.855)	(5.987)	-
					LESS: INTERIM DIVIDEND	14	-	(32)	(32)
					OTHER EQUITY INSTRUMENTS				
					<b>CUMULATIVE OTHER COMPREHENSIVE INCOME:</b>		<b>3.428</b>	<b>889</b>	<b>45</b>
					ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT AND LOSS FOR THE PERIOD		-	-	-
					ITEMS THAT CAN BE SUBSEQUENTLY RECLASSIFIED TO PROFIT AND LOSS FOR THE PERIOD				
					Available-for-sale financial assets	9	2.567	312	33
					Hedging transactions	8	-	-	-
					Translation differences	8	861	577	12
					Others		-	-	-
					<b>EQUITY ATTRIBUTED TO THE PARENT</b>		<b>179.095</b>	<b>40.316</b>	<b>35.350</b>
					<b>NON-CONTROLLING INTERESTS</b>	15	<b>4.817</b>	<b>6.253</b>	<b>3.970</b>
					<b>NON-CURRENT LIABILITIES</b>		<b>3.021</b>	<b>669</b>	<b>777</b>
					NON-CURRENT PROVISIONS	16	1.451	-	-
					NON-CURRENT FINANCIAL LIABILITIES				
					DEFERRED TAX LIABILITIES	18	1.568	669	777
					OTHER NON-CURRENT LIABILITIES		2	-	-
<b>CURRENT ASSETS</b>		<b>147.249</b>	<b>48.492</b>	<b>31.103</b>	<b>CURRENT LIABILITIES</b>		<b>26.107</b>	<b>25.324</b>	<b>10.435</b>
NON-CURRENT ASSETS HELD FOR SALE		-	-	-	LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		-	-	-
TRADE AND OTHER RECEIVABLES					CURRENT PROVISIONS		-	-	-
Trade receivables	10	20.472	20.369	10.050	CURRENT FINANCIAL LIABILITIES		-	-	-
Other receivables	10	1.755	143	6.021	TRADE AND OTHER PAYABLES				
Current tax assets	18	7.102	1.226	-	Suppliers	17	3.163	2.942	1.135
OTHER CURRENT FINANCIAL ASSETS	11	3.810	60	251	Other payables	17	21.157	18.917	8.525
OTHER CURRENT ASSETS	12	765	1.259	558	Current tax liabilities	18	1.113	3.295	448
CASH AND CASH EQUIVALENTS	13	113.345	25.435	14.223	OTHER CURRENT LIABILITIES	12	674	170	327
<b>TOTAL ASSETS</b>		<b>213.040</b>	<b>72.562</b>	<b>50.532</b>	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>213.040</b>	<b>72.562</b>	<b>50.532</b>

(\*) Presented solely and exclusively for comparison purposes (see Note 2.7)

The accompanying Notes 1 to 30 and the Appendix are an integral part of the consolidated balance sheet at 31 December 2015

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 30). In the event of a discrepancy, the Spanish-language version prevails.

**NMÁS1 DINAMIA, S.A. (FORMERLY  
DINAMIA CAPITAL PRIVADO, SOCIEDAD DE CAPITAL RIESGO, S.A.)  
AND COMPANIES COMPRISING THE N+1 GROUP**

**CONSOLIDATED INCOME STATEMENTS  
FOR THE YEARS ENDED  
31 DECEMBER 2015 AND 2014 (NOTES 1 TO 4)**  
(Thousands of euros)

	Note	2015	2014 (*)
REVENUE	23	65.293	65.067
Income from provision of services		67.458	66.808
Transfers to third parties for joint execution		(2.165)	(1.741)
OTHER OPERATING INCOME		9	32
PERSONNEL EXPENSES	24	(33.969)	(30.007)
OTHER OPERATING EXPENSES	25	(17.097)	(13.527)
DEPRECIATION AND AMORTISATION	6 & 7	(366)	(431)
NON-FINANCIAL AND OTHER CAPITAL GRANTS		-	-
IMPAIRMENT LOSSES AND GAINS (LOSSES) ON DISPOSAL OF NON-CURRENT ASSETS	6 & 7	2	(141)
OTHER INCOME (EXPENSE)	1	53.561	-
<b>OPERATING PROFIT (LOSS)</b>		<b>67.433</b>	<b>20.993</b>
FINANCE INCOME	9, 11 & 13	2.485	7
FINANCE COSTS		-	(14)
CHANGES IN FAIRVALUE OF FINANCIAL INSTRUMENTS	9	(335)	-
EXCHANGE DIFFERENCES	3 - t	159	(21)
IMPAIRMENT LOSSES AND GAINS (LOSSES) ON DISPOSAL OF FINANCIAL INSTRUMENTS	2.13, 8, 9 & 10	(380)	526
<b>NET FINANCE INCOME (EXPENSE)</b>		<b>1.929</b>	<b>498</b>
SHARE OF PROFIT (LOSS) OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD	22	2.042	2.803
<b>PROFIT (LOSS) BEFORE TAX</b>		<b>71.404</b>	<b>24.294</b>
INCOME TAX	18	(4.166)	(5.824)
<b>PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>67.238</b>	<b>18.470</b>
PROFIT (LOSS) AFTER TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS		-	-
<b>CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD</b>		<b>67.238</b>	<b>18.470</b>
PROFIT (LOSS) ATTRIBUTABLE TO THE PARENT		65.686	14.140
PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	15	1.552	4.330
<b>EARNINGS PER SHARE (euros)</b>			
Basic	4	2,40	0,67
Diluted	4	2,44	0,71

(\*) Presented solely and exclusively for comparison purposes

The accompanying Notes 1 to 30 and the Appendix form an integral part of the consolidated income statement for the year ended 31 December 2015

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 30). In the event of a discrepancy, the Spanish-language version prevails.

**NMÁS1 DINAMIA, S.A. (FORMERLY  
DINAMIA CAPITAL PRIVADO, SOCIEDAD DE CAPITAL RIESGO, S.A.)  
AND COMPANIES COMPRISING THE N+1 GROUP**

**CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE  
FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014 (NOTES 1 to 4)**

(Thousands of euros)

	Note	2015	2014 (*)
<b>CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD:</b>		<b>67.238</b>	<b>18.470</b>
<b>OTHER COMPREHENSIVE INCOME – AMOUNTS THAT CANNOT BE RECLASSIFIED TO PROFIT OR LOSS FOR THE PERIOD</b>		-	-
From revaluation (reversal of revaluation) of property and equipment and intangible assets		-	-
Actuarial gains and losses		-	-
Share in other comprehensive income from investments in joint ventures and associates		-	-
Other income and expenses not reclassified to profit or loss for the period		-	-
Tax effect		-	-
<b>OTHER COMPREHENSIVE INCOME – AMOUNTS THAT CAN BE RECLASSIFIED TO PROFIT OR LOSS FOR THE PERIOD</b>		<b>3.006</b>	<b>1.201</b>
<b>Available-for-sale financial assets-</b>		<b>3.174</b>	<b>508</b>
Valuation gains (losses)	9	3.174	519
Amounts transferred to income statement	9	-	(11)
Other reclassifications		-	-
<b>Cash flow hedges</b>		-	-
Valuation gains (losses)		-	-
Amounts transferred to income statement		-	-
Amounts transferred to the initial carrying amount of hedged items		-	-
Other reclassifications		-	-
<b>Exchange differences</b>		<b>284</b>	<b>565</b>
Valuation gains (losses)	8	284	565
Amounts transferred to income statement		-	-
Other reclassifications		-	-
<b>Share in other comprehensive income from investments in joint ventures and associates</b>		-	-
Valuation gains (losses)		-	-
Amounts transferred to income statement		-	-
Other reclassifications		-	-
<b>Other income and expenses that can be reclassified to profit or loss for the period</b>		<b>467</b>	<b>357</b>
Valuation gains (losses)	15	467	357
Amounts transferred to income statement		-	-
Other reclassifications		-	-
<b>Tax effect</b>	9	<b>(919)</b>	<b>(229)</b>
<b>TOTAL RECOGNISED INCOME AND EXPENSE FOR THE PERIOD</b>		<b>70.244</b>	<b>19.671</b>
ATTRIBUTABLE TO THE PARENT		68.225	14.984
ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	15	2.019	4.687

(\*) Presented solely and exclusively for comparison purposes

The accompanying Notes 1 to 30 and the Appendix form an integral part of the consolidated statement of recognised income and expense for the year ended 31 December 2015

NMÁS1 DINAMIA, S.A. (FORMERLY DINAMIA CAPITAL PRIVADO, SOCIEDAD DE CAPITAL RIESGO, S.A.)  
AND COMPANIES COMPRISING THE N+1 GROUP  
CONSOLIDATED STATEMENTS OF TOTAL CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014 (NOTES 1 TO 4)

(Thousands of euros)

	Capital	Share premium	Reserves	Equity attributable to the parent				Other equity instruments	Total own funds	Cumulative other comprehensive income	Non-controlling interests	Total equity
				Less: Treasury shares and own equity instruments	Profit (loss) for the period	Interim dividends	Less: Treasury shares and own equity instruments					
<b>BALANCE AT YEAR-END 2013 (*)</b>	287	24.139	2.919		8.338	-		(32)	35.305	45	3.970	39.320
Adjustments for changes in accounting criteria	-	-	-	-	-	-	-	-	-	-	-	-
Restatements to correct errors	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments due to reverse takeover (Note 1)	2.119	-	(2.119)	-	-	-	-	-	-	-	-	-
<b>RESTATED OPENING BALANCE AT 1 JANUARY 2014 (*)</b>	2,406	24.139	800		8,338	-		(32)	35,305	45	3,970	39,320
<b>Total recognised income and expense</b>	-	-	-	-	14,140	-	-	-	14,140	844	4,687	19,671
<b>Transactions with shareholders and owners</b>												
Equity issues	10	3.980	-	-	-	-	-	-	4.000	-	-	4.000
Shares cancelled	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	(5,847)	-	-	(5,987)	-	-	(11,834)	-	-	(11,834)
Transactions with treasury shares and own equity instruments (net)	-	-	(343)	-	306	-	-	-	(37)	-	-	(37)
Increase (decrease) in equity resulting from business combinations	-	-	-	-	-	-	-	-	-	-	-	-
Other transactions with shareholders and owners	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other changes in equity</b>												
Adjustments due to reverse takeover (Note 1)	68	-	(68)	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between equity items	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	(13)	-	6,204	-	(8,338)	-	-	-	(2,147)	-	(2,404)	(4,551)
<b>CLOSING BALANCE AT 31 DECEMBER 2014 (*)</b>	2,471	28,129	746	(40)	14,140	(5,987)		(32)	39,427	889	6,253	46,569
Adjustments for changes in accounting criteria	-	-	-	-	-	-	-	-	-	-	-	-
Restatements to correct errors	-	-	-	-	-	-	-	-	-	-	-	-
<b>RESTATED OPENING BALANCE AT 1 JANUARY 2015 (*)</b>	2,471	28,129	746	(40)	14,140	(5,987)		(32)	39,427	889	6,253	46,569
<b>Total recognised income and expense</b>	-	-	-	-	65,686	-	-	-	65,686	2,539	2,019	70,244
<b>Transactions with shareholders and owners</b>												
Equity issue	52,173	82,865	-	-	-	-	-	-	135,128	-	-	135,128
Shares cancelled	46,387	13,802	(102,967)	-	40	-	-	-	(42,758)	-	-	(42,758)
Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	(1,147)	-	-	(2,655)	-	-	(23,396)	-	-	(23,396)
Transactions with treasury shares and own equity instruments (net)	-	(19,394)	-	-	(460)	-	-	-	(460)	-	-	(460)
Increase (decrease) in equity resulting from business combinations	-	-	-	-	-	-	-	-	-	-	-	-
Other transactions with shareholders and owners	-	-	1,934	-	-	-	-	32	1,966	-	(3,455)	(1,489)
<b>Other changes in equity</b>												
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between equity items	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	8,227	-	(14,140)	5,987	-	-	74	-	-	74
<b>CLOSING BALANCE AT 31 DECEMBER 2015</b>	10,101	105,492	(93,207)	(460)	65,686	(2,655)		-	175,667	3,428	4,817	183,912

(\*) Presented solely and exclusively for comparison purposes (see Note 2.7).

The accompanying Notes 1 to 30 and the Appendix are an integral part of the consolidated statement of total changes in equity for the year ended 31 December 2015

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 30). In the event of a discrepancy, the Spanish-language version prevails.

**NMÁS1 DINAMIA, S.A. (FORMERLY  
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AND COMPANIES COMPRISING THE N+1 GROUP**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014 (NOTES 1 to 4)**

(Thousands of euros)

	Note	2015	2014 (*)
<b>1. CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		<b>27.091</b>	<b>15.980</b>
Profit (loss) before tax		71.404	24.294
Adjustments to profit (loss)		4.388	56
Depreciation and amortisation	6 & 7	366	431
Other adjustments to profit (loss) (net)		4.022	(375)
Changes in working capital		3.316	(6.478)
Trade and other receivables	10	34.714	(8.119)
Other current assets	11 & 12	(3.256)	(495)
Trade and other payables	17	9.791	7.764
Other current liabilities	12	504	(157)
Other non-current assets and liabilities	9 & 18	(38.437)	(5.471)
Other cash flows from (used in) operating activities:		(52.017)	(1.892)
Dividends received		-	-
Income tax receipts (payments)	18	(10.085)	(1.892)
Other cash received from (paid on) operating activities	9, 14 & 15	(41.932)	-
<b>2. CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		<b>83.910</b>	<b>3.103</b>
Payments for investments		(7.275)	(4.571)
Group companies, associates and business units	2.13	(3.593)	821,857.42
Property and equipment, intangible assets and investment property	6 & 7	(657)	(306)
Other financial assets	9	(3.025)	(4.265)
Other assets		-	-
Proceeds from disposals		55.367	7.674
Group companies, associates and business units	2.13	52.983	-
Property and equipment, intangible assets and investment property	6 & 7	35	-
Other financial assets	9	2.349	7.674
Other assets		-	-
Other cash flows from (used in) investing activities		35.818	-
Dividends received		-	-
Interest received		-	-
Other cash received from (paid on) investing activities		-	-
Other business units	1	35.818	-
<b>3. CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		<b>(23.091)</b>	<b>(7.871)</b>
Proceeds from (payments for) equity instruments		305	3.963
Issuance		-	4.000
Cancellation		-	-
Acquisition	14	(548)	(40)
Disposal	14	853	3
Proceeds from (payments for) financial liabilities		-	-
Issuance		-	-
Repayment and redemption		-	-
Dividends paid and payments on other equity instruments	4 & 14	(23.396)	(11.834)
Other cash flows from (used in) financing activities		-	-
Interest paid		-	-
Other cash received from (paid on) financing activities		-	-
<b>4. EFFECT OF CHANGES IN EXCHANGE RATES</b>		<b>-</b>	<b>-</b>
<b>5. NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (1+2+3+4)</b>		<b>87.910</b>	<b>11.212</b>
Cash and cash equivalents, opening balance	13	25.435	14.223
Cash and cash equivalents, closing balance	13	113.345	25.435

(\*) Presented solely and exclusively for comparison purposes

The accompanying Notes 1 to 30 and the Appendix  
form an integral part of the consolidated statement of cash flows for the year ended 31 December 2015



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## **Nmás1 Dinamia, S.A. (formerly Dinamia Capital Privado, Sociedad de Capital Riesgo, S.A.) and companies comprising the N+1 Group**

Notes to the Consolidated Financial Statements  
for the year ended  
31 December 2015

### **1. Description of the N+1 Group and the takeover of the former N Más Uno IBG, S.A. by Nmás1 Dinamia, S.A. (reverse merger takeover)**

Nmás1 Dinamia, S.A. (hereinafter, the Company) was incorporated on 11 November 1997 as Dinamia Capital Privado, Sociedad de Capital Riesgo, S.A. The deed for the takeover of N Más Uno IBG, S.A. by the Company was entered in the Madrid Companies Register on 20 July 2015. This transaction (hereinafter, the Merger or Takeover) (further information hereon) resulted in N Más Uno IBG, S.A. ceasing to exist and the Company changing its name to the current one and also losing its status as a private equity firm.

Until it ceased to exist as a private equity firm, the Company's primary corporate purpose was essentially to take temporary equity interests in companies other than financial institutions or real estate companies that, at the time of investment, were not listed on any of the primary equity markets run by Bolsas de Valores, or on an equivalent regulated market of the European Union or other member nations of the Organisation for Economic Cooperation and Development.

In light of the Takeover of N Más Uno IBG, S.A. (hereinafter, N+1 IBG) by the Company, the Company's shareholders voted at the General Meeting to amend the wording of the Company's Bylaws. The Company's new corporate purpose therefore encompasses the following activities:

1. Provision of financial advisory services.
2. Management of any property or assets, in accordance with any prevailing legal requirements.
3. Acquisition and holding of shares and equity stakes in other companies whose corporate purpose is, pursuant to any prevailing legal requirements, financial brokerage, management of any type of asset including investment funds or portfolios of any type, and provision of all types of investment services.
4. Acquisition, holding and disposal of shares or equity stakes in any type of company; granting participating loans or other forms of finance to any type of company; investment in any securities or financial instruments, assets, movable property or real estate, or rights, in accordance with any prevailing legal requirements, in order to generate a return on said shares or equity stakes in companies and investments.

The activities comprising the corporate purpose may be performed by the Company in whole or in part, or indirectly through ownership of shares or equity stakes in companies with an identical or similar corporate purpose.

The Company carries out its business in Spain from its offices at calle Padilla, 17 in Madrid.

Subsequent to the Takeover, the Company became the parent of a group (hereinafter, the Group or the N+1 Group) comprising various companies carrying out financial advisory and consultancy services to businesses and institutions in Spain and abroad. They also provide investment and associated services; advice on asset management; advice, administration and management for private equity firms, collective investment schemes (hereinafter, CIs) and funds – all activities conducted previously by the group of which N+1 IBG was parent (hereinafter, the Pre-merger N+1 Group) – and companies involved in acquiring direct stakes in companies; carried out before by the Company (see Note 2.13).

On 29 July 2015, the Company's 17,390,984 new shares were admitted to trading on the Madrid and Barcelona stock exchanges through the Spanish electronic trading platform (*Sistema de Interconexión Bursátil*). These shares were issued for exchange in the Takeover and added to the shares that the Company already had in circulation. Since that date, the N+1 Group's activity described in the paragraph above is therefore performed within a group whose parent is a listed company.

Nmás1 Equities, Sociedad de Valores, S.A. was incorporated on 10 January 2011. It was solely owned by Nmás1 Research, S.L. (both companies were subsequently merged to create Nmás1 Equities, Sociedad de Valores, S.A. (see Note 2.13)). Since then, N+1 IBG regained its previous status as parent of a consolidable group of investment services companies. After the Merger, the N+1 Group continued to be a consolidable group of investment services companies and the Company became the parent thereof.

#### **Takeover of the former N Más Uno IBG, S.A. by the Company (reverse merger takeover)**

On 18 December 2014, the boards of directors of the Company and N Más Uno IBG, S.A. approved the merger of the Company with N+1 IBG. On 23 February 2015, the boards of both companies approved and co-signed the Joint Merger Plan for both companies. This Joint Merger Plan and the agreements on the Merger were signed off by both companies' shareholders at their respective general meetings held on 29 April 2015. Prior to this, the relevant independent expert and management reports were drawn up pursuant to Articles 33 and 34 of the Act on Structural Changes to Companies (*Ley de Modificaciones Estructurales de las Sociedades Mercantiles*). The Merger involved the absorption of N+1 IBG (legal acquiree) by the Company (legal acquirer), with the winding up without liquidation of N+1 IBG and the *en bloc* transfer of all its assets and liabilities to the Company, which acquired by universal succession all N+1 IBG's rights and obligations. As a result of the Merger, N+1 IBG shareholders received shares in the Company by way of exchange, along with cash compensation as per Article 25 of the Act on Structural Changes to Companies to cover any unsettled fractions in one-to-one exchanges.

The Company's portfolio of holdings in investees was simultaneously spun off as part of the planned merger, and transferred *en bloc* to a new company, Nmás1 Dinamia Portfolio, S.L. (now known as Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A.), which was initially solely owned by the Company (see Note 2.13). This spin-off was the object of the corresponding Spin-off Plan prepared by the Company's Board of Directors who prepared the Joint Merger Plan and approved by the Company's shareholders at the same General Meeting at which the latter was signed off.

For the purposes set forth in Article 36 of the Act on Structural Changes to Companies, the merger balance sheets are those closed by N+1 IBG and the Company at 31 December 2014; both authorised for issue by shareholders at the respective general meetings. Moreover, irrespective of the fact that as legal acquiree, N+1 IBG legally ceases to exist, since the transaction met requirements to be considered a "reverse merger takeover for accounting purposes", the acquirer was N+1 IBG and the Company was the acquiree. Thus, the carrying amount of N+1 IBG's assets and liabilities was not affected by the Merger, while the assets and liabilities of the Company – acquiree for economic purposes, were recognised at fair value at the time of the Merger, without prejudice to the manner in which the aforesaid spin-off was recognised. Nonetheless, equity calculated in this manner was restructured to take into consideration that the capital remaining after the Merger was that of N+1 IBG, adjusted by the exchange calculation. Any adjustments deriving from this restructuring were booked against share premium and reserves in the 31 December 2014 balance sheet (see Note 10). The financial information for

2014 presented for comparison with the financial information on the Company and N+1 Group companies for 2015 is therefore that relating to the Pre-merger N+1 Group – acquirer for economic purposes.

For information purposes only, the 31 December 2014 balance sheet of N Más Uno IBG, S.A. is presented hereon. This balance sheet was prepared in accordance with Spanish generally accepted accounting principles (*Plan General de Contabilidad*) approved by Royal Decree 1,514/2007 of 16 November, and sector-specific adaptations thereof:

N MÁS UNO IBG, S.A.			
ASSETS	Thousands of euros	LIABILITIES AND EQUITY	Thousands of euros
NON-CURRENT ASSETS	32,948	Own funds	36,023
Intangible assets	15	Capital	284
Property and equipment	974	Share premium	28,129
Non-current investments in group companies and associates	30,058	Reserves	6,528
Non-current financial assets	1,885	Treasury shares and own equity investments	(40)
Deferred tax assets	16	Profit (loss) for the period	7,141
CURRENT ASSETS	12,017	Interim dividend	(5,987)
Trade and other receivables	10,144	Other equity instruments	(32)
Cash and cash equivalents	1,873	Valuation adjustments	34
		TOTAL EQUITY	36,057
		NON-CURRENT LIABILITIES	435
		Deferred tax liabilities	435
		CURRENT LIABILITIES	8,473
		Current payables, group companies and associates	711
		Trade and other payables	7,762
		TOTAL LIABILITIES	8,908
TOTAL ASSETS	44,965	TOTAL EQUITY AND LIABILITIES	44,965

The balance sheet at of Dinamia Capital Privado, Sociedad de Capital Riesgo, S.A. is also presented solely for information. This balance sheet was prepared pursuant to Circular 11/2008 of 30 December, of the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores* or CNMV):

DINAMIA CAPITAL PRIVADO, SOCIEDAD DE CAPITAL RIESGO, S.A.			
ASSETS	Thousands of euros	LIABILITIES AND EQUITY	Thousands of euros
CURRENT ASSETS	55,152	CURRENT LIABILITIES	915
Cash and cash equivalents	54,097	Trade and other payables	822
Prepayments and accrued income	21	Other current liabilities	93
Receivables	159	NON-CURRENT LIABILITIES	11,530
Other current assets	875	Deferred tax liabilities	8
NON-CURRENT ASSETS	94,827	Non-current payables	10,844
Non-current financial assets	12,177	Other non-current liabilities	678
Non-current investments in group companies and associates	82,650	TOTAL LIABILITIES	12,445
		Own funds	134,940
		Capital	48,838
		Share premium	44,931
		Reserves	35,800
		Own equity instruments	(223)
		Retained earnings (prior-year losses)	(22,691)
		Profit (loss) for the period	28,285
		Valuation adjustments – Equity	2,594
		TOTAL EQUITY	137,534
TOTAL ASSETS	149,979	TOTAL EQUITY AND LIABILITIES	149,979
CONTINGENCY AND COMMITMENT ACCOUNTS	251		
OTHER MEMORANDUM ACCOUNTS	112,545		

The Merger was structured as a purely “reverse” merger takeover for accounting purposes because although the Company acquired N+1 IBG from a legal perspective, N+1 IBG was the acquirer from an accounting and economic standpoint. Some arguments that support N+1 IBG’s treatment as the acquirer for accounting and economic purposes, and therefore classification of the transactions as a “reverse merger takeover” for accounting purposes are as follows:

- The Pre-merger N+1 Group had a high relative valuation as per the exchange calculation described below than was stipulated in the Joint Merger Plan through which the Company’s former shareholders were allocated 43% of the capital of the merged company and N+1 IBG shareholders, 57%.
- The entire management team was contributed by N+1 IBG, since the Company had no staff due to its nature.
- Most of the votes at the Company’s General Meeting were submitted by N+1 IBG.

Pursuant to the Joint Merger Plan, the exchange calculation was 7.566 shares in the Company (with a nominal value of €3 each) for every Class A or Special Class N+1 IBG share (nominal value of €0.10 each); and 151.325 shares in the Company (with a nominal value of €3 each) for every Class E N+1 IBG share (nominal value of €2 each), as well as cash compensation as per Article 25 of Act 3/2009 of 3 April on Structural Changes to Companies to cover any unsettled fractions. The Company therefore delivered a total of 21,504,158 shares (4,113,174 treasury shares – 4,060,356 issued as a result of the withdrawal right (described hereon) and 52,818 shares held by the Company – and 17,390,984 newly issued shares of the same class and series and conferring the same rights as those already in circulation). Capital was thus increased by €52,172,952 with a share premium of €82,954,933.68, amounting to €4.77 per share (see Note 14). Each of these shareholders received cash compensation for the unsettled fractions, resulting in a total payment of €122.32. As a result of the exchange, the bearer certificates for the N+1 IBG share were cancelled and its shares cease to exist.

The number of treasury shares held by N+1 IBG and the Company prior to the date of the Joint Merger Plan were included in the exchange calculation. In particular, at the date of drawing up the Joint Merger Plan, N+1 IBG held 51 Class E treasury shares that had been redeemed, representing 0.036% of its capital. As explained beforehand, the Company held 52,818 treasury shares representing approximately 0.43% of its capital, which were considered in the share issue within the framework of the Merger.

The following dividend pay-outs by N+1 IBG and the Company were also taken into account in the exchange calculation:

- As per the resolution of N+1 IBG's board of directors on 22 January 2015, N+1 IBG paid its shareholders a dividend totalling €4,002 thousand – €2855 thousand against 2015 profit and €1,147 thousand against 2014 profit (see Note 14). It was agreed by the parties that this pay-out would not affect the exchange calculation insofar as it was offset by the dividend of €3,019 thousand that the Company distributed to its shareholders in accordance with the Board of Director's resolution of 16 March 2015.
- As a result of the 26 May 2015 sale of Teltronic, S.A. (subsidiary of the investee Tryo Communications Technologies, S.L.), and the agreement reached on 19 June 2015 entailing the Company selling its stake in Estacionamientos y Servicios, S.A. pursuant to fulfilment of certain conditions precedent, the Company distributed a dividend of €8,160 thousand: €3000 thousand against the share premium (see Note 14) and €5,160 thousand as an interim dividend, as the sales price was greater than €3,000 thousand. The sales price comprised amounts of €26,124 thousand and €20,575 thousand, respectively, versus the value assigned to the stakes in these companies of €21,000 thousand and €16,000 thousand, respectively, adjusted for the corresponding performance fees. The exchange calculation was not modified in any way by this dividend. The dividend did not benefit the Company's shareholders choosing to exercise their right of withdrawal or N+1 IBG shareholders who became such through the Merger, having previously settled the fee for its entry in the Companies Register (see Note 4).
- A dividend of €19,394 thousand against the share premium, distributed to the Company's shareholders after the Merger had been completed (see Note 14).

The exchange calculation was verified by an independent expert appointed by the Madrid Companies Registry. Banco Santander, S.A., in its capacity as advisor to the Company, also issued a fairness opinion, addressed to the Company's Board of Directors, in which it stated that the agreed-upon exchange calculation was fair from a financial standpoint. Banco Bilbao Vizcaya Argentaria, S.A., meanwhile, issued a valuation report, addressed to N+1 IBG's board of directors, in which it provided a comparison of the valuations of both companies using different possible methods.

As a result of the variation in corporate purposes stemming from integrating the business of the Pre-merger N+1 Group, and given the substantial change this represents, the Company's shareholders were entitled to exercise the right of withdrawal laid down in the Corporate Enterprises Act (*Ley de Sociedades de Capital*).

On 12 June 2015, the Company issued a material disclosure reporting that shareholders holding 4,060,356 shares, representing 24.94% of the Company's capital at 31 December 2014, had exercised the right to withdrawal. Consequently, in order to honour the withdrawal right, the Company acquired treasury shares from those shareholders exercising said right, paying €8.1305 per share, equivalent to the average price of the Company's shares over the quarter preceding the date on which the merger resolution was adopted by shareholders at the 29 April 2015 General Meeting. The Company paid out a total of €33,012,724.46 in this regard.

The Merger took effect for accounting purposes on 9 July 2015 when the merger deed was filed at the Madrid Companies Registry, carrying an entry date of 20 July 2015. The conditions precedent stipulated in the Joint Merger Plan had previously been met. Thus:

- The transaction was approved by the shareholders of investees, the spin-off of the investee portfolio to Nmás1 Dinamia Portfolio, S.L.U. (now Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A.) was executed by public deed, and the withdrawal right was executed, as explained above.
- Lastly, a material disclosure was published on 1 July 2015 reporting that the CNMV had not opposed the transaction.

The Merger is subject to the special tax regime established in Chapter VIII, Title VII of Act 27/2014 of 27 November, on corporation tax, which has been reported to the Spanish tax authorities (see Note 18).

The Merger – classified for accounting purposes as a “reverse merger takeover” – has been recognised in accordance with IFRS 3 “Business Combinations” (see Note 3 w)). The consideration transferred has been calculated using the fair value of the Company’s equity instruments (legal parent and acquiree for accounting purposes). To this end, the Company’s directors considered that the Company’s market capitalisation was the best reference for said fair value given that the Company was listed on a secondary market whose share price was affected by the performance of an active market. The consideration paid was therefore calculated as the sum of multiplying the share price at 9 July 2015 (the date of the Merger for accounting purposes) by the 12,166,026 shares of the Company in circulation at the acquisition date, which equals €92,340 thousand. As the net fair value of the identifiable assets acquired and liabilities assumed by the Company exceeds the consideration paid (no non-controlling interests), a gain of €53,561 thousand was recognised under “Other income (expense)” in the 2015 consolidated income statement. Due to the Merger, €35,818 thousand was included corresponding to the balance of the Company’s cash and cash equivalents at the time of the Merger.

Details of subsidiaries, jointly-controlled entities and associates at 31 December 2015, and relevant information thereon, are provided below:



## **2. Basis of presentation of the consolidated financial statements and other information**

### ***2.1 Regulatory financial reporting framework applicable to the Group***

The accompanying consolidated financial statements were authorised for issue by the Company's directors in accordance with the regulatory framework applicable to the Group, which is established in the Spanish Commercial Code and corporate law, and therefore, for the first time, pursuant to the International Financial Reporting Standards as endorsed by the European Union (hereinafter, IFRS-EU).

#### ***2.1.1. Explanation of transition to International Financial Reporting Standards (IFRS)***

Despite being a listed company in 2014, the Company was not a parent of a consolidated group and therefore did not prepare consolidated financial statements. In that year, because the shares of the N+1 Group were not admitted to trading, N+1 IBG had also not previously prepared consolidated financial statements in accordance with IFRS-EU. The takeover of N+1 IBG (legal acquiree) by the Company (legal acquirer) described in Note 1 resulted in the formation of a listed group of investment service companies, which was therefore required to prepare the accompanying consolidated financial statements pursuant to IFRS-EU.

The Group's consolidated financial statements as at and for the year ended 31 December 2015 were prepared in accordance with IFRS, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, under which all companies governed by the law of an EU Member State and whose securities are admitted to trading on a regulated market of any Member State must prepare their consolidated financial statements for the years beginning on or after 1 January 2005 in conformity with the IFRS previously adopted by the European Union.

According to the options available under IAS 1.81, the Group elected to present separately, first, a statement displaying the components of consolidated profit or loss ("Consolidated income statement") and, secondly, a statement that begins with profit or loss for the period and displays the components of other comprehensive income for the period, which in these consolidated interim financial statements is termed the "Consolidated statement of recognised income and expense". The formats followed to present the balance sheet, income statement, statement of recognised income and expense, statement of cash flows, and statement of total changes in equity, included in the accompanying consolidated financial statements, were basically drawn up in accordance with the model issued in Circular 1/2008 of 30 January, on the periodical reporting of issuers whose securities are admitted to trading on regulated market in terms of half-yearly financial reports, interim management statements and, if applicable, quarterly financial reports. In this regard, pursuant to IFRS 1 "First-time Adoption of International Financial Reporting Standards", the date of transition to IFRS-EU is 1 January 2014. The accompanying consolidated financial statements therefore show the aforesaid statements for 2015 and 2014 (for comparison purposes), including a third column in the balance sheet with figures as at the transition date of 1 January 2014. The notes to the consolidated financial statements also include comparative information for all the disclosures made.

Lastly, IFRS 1 also stipulates that the first set of consolidated financial statements prepared under IFRS must include a reconciliation of the opening and closing consolidated equity for the immediately preceding financial year (i.e. 1 January and 31 December 2014) with the opening and closing consolidated equity for the comparative period to which these consolidated financial statements refer, respectively. IFRS 1 also requires a reconciliation of comprehensive income for the comparative period (i.e. 2014) with comprehensive income for the same period calculated in accordance with the accounting principles and standards applied to prepare the Pre-merger N+1 Group's 2014 consolidated financial statements. Note 28 includes the aforementioned reconciliation of the opening and closing balances for the year ended 31 December 2014 – which were therefore presented in the Pre-merger N+1 Group's consolidated financial statements for said period, prepared in accordance with CNMV Circular 7/2008 of 26 November – with the balances for 2014 prepared pursuant to the new standards. As



stated in Note 28, all of the reconciling items are for presentation purposes; there are no items for material amounts that alter the consolidated equity or results at the reference dates.

## **2.2 Fair presentation**

The consolidated financial statements were prepared by the Company's directors at the Board meeting on 17 March 2016, in accordance with the financial reporting framework applicable to the Group and, in particular, the accounting principles contained therein, to present fairly the Group's consolidated equity and consolidated financial position at 31 December 2015, and the consolidated results of its operations, consolidated recognised income and expenses and cash flows in the year then ended. The 2015 consolidated financial statements were prepared from the Company's accounting records and the individual records of the companies that comprise the Group. Since the accounting policies and measurement bases used in preparing the N+1 Group's 2015 consolidated financial statements may differ from those used by certain Group companies, the required adjustments and reclassifications were made on consolidation to unify such policies and bases and to make them compliant with the IFRS adopted by the European Union.

These consolidated financial statements will be submitted for approval by shareholders at the General Meeting. It is expected that they will be approved without any changes. The pre-merger 2014 financial statements for the N+1 Group were approved by shareholders at N+1 IBG's general meeting held on 29 April 2015 and filed with the Madrid Companies Register.

Given the magnitude of the figures in the accompanying consolidated financial statements, the Company's directors prepared them including figures in thousands of euros.

The main accounting principles and measurement bases adopted by the Group are detailed in Notes 2.13 and 3.

## **2.3 Non-obligatory accounting principles applied**

No non-obligatory accounting principles were applied. The directors also authorised for issue these consolidated financial statements by taking into account all the obligatory accounting principles and standards with a significant effect thereon. All obligatory accounting principles were applied.

## **2.4 Main regulatory changes during the period from 1 January to 31 December 2015**

*Principle standards, amendments to the existing standards and interpretations of standards adopted by the European Union that entered into force on 1 January 2015:*

- Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions". Amendments issued to allow employee contributions to be deducted from the service cost in the period in which they were paid, provided certain requirements are met.
- Improvements to the IFRSs 2010-2012 Cycle. Minor amendments to IFRS 8 "Operating Segments", IFRS 13 "Fair Value Measurements", IAS 16 "Property, Plant and Equipment", IAS 24 "Related Party Disclosures", and IAS 38 "Intangible Assets".

Application of all these standards and amendments are mandatory for years beginning on or after 1 February 2015. The application thereof is not expected to have a material impact on the Group.

*Principle standards, amendments to the existing standards and interpretations of standards adopted by the European Union that have not yet taken effect or that have not yet been adopted by the Group:*

- Amendments to IAS 16 and IAS 38 “Acceptable Methods of Depreciation and Amortisation”. Clarifies that, as a general rule, revenue-based methods of depreciation and amortisation are not allowed as they are not an appropriate manifestation of consumption of expected economic benefits of an asset.
- Amendment to IFRS 11 “Recognition of Acquisitions of Interests in Joint Arrangements”. The amendment stipulates that IFRS 3 must be applied when the joint operation acquired is a business. This circumstance was not specifically addressed before.
- Amendments of IAS 16 and IAS 41 “Bearer Plants”. Bearer plants will be measured at cost instead of at fair value.
- Annual Improvements to IFRSs – 2012-2014 Cycle. Minor amendments to IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, IFRS 7 “Financial Instruments: Disclosures”, IAS 19 “Employee Benefits” and IAS 34 “Interim Financial Reporting”.
- Amendments to IAS 27 “Equity Method in Separate Financial Statements”. The equity method will be permitted in an investor’s separate financial statements.
- Amendment to IAS 1 “Disclosure Initiative”. Makes a number of clarifications concerning disclosures (e.g. materiality, aggregation, order of notes, etc.).

Had they been applied, none of these amendments or interpretations would have had a material impact on the accompanying consolidated financial statements. Application of all these amendments and interpretations are mandatory for years beginning on or after 1 January 2016.

*Principle standards, amendments to the existing standards and interpretations of standards not yet approved for use in the European Union:*

Although these standards, amendments and interpretations can be applied in some cases, the Group has still not introduced them as it is analysing what effects this would have.

- IFRS 9 “Financial Instruments”: On 24 July 2014, the IASB published IFRS 9 which will replace IAS 39 and includes requirements for classifying and measuring financial assets and liabilities, impairment of financial assets and hedge accounting. Financial assets will be classified according to the business model in which they are managed and their contractual cash flow characteristics. Financial assets will be measured at amortised cost, at fair value in equity or at fair value through profit and loss. The combined effect of applying the criteria on the business model and contractual cash flow characteristics could result in differences in the amount of financial assets at amortised cost or at fair value compared with IAS 39. The Group is analysing any possible impacts of these changes. In relation to financial liabilities, the classification categories proposed under IFRS 9 are similar to those in existence under IAS 39, so that application of the new standard should not imply material departures in this respect other than the requirement to recognise changes in fair value arising from changes in own credit risk in equity, in the case of financial liabilities using the fair value option.

The impairment requirements will apply to financial assets at amortised cost and at fair value in equity, and to lease agreements and certain commitments to lend money and financial guarantee contracts. On initial recognition, an allowance for expected losses from any possible impairment in the next 12 months (“12-month expected losses”) must be recognised. If the credit risk increases significantly, an allowance

must be recognised for all possible impairment over the lifetime of the financial instrument (“full-lifetime expected losses”). An assessment of whether or not credit risk has increased significantly since initial recognition must be performed for every reporting period, considering the change in default risk over the remaining life of the financial instrument. Any measurement of credit risk and estimate of expected losses must be performed in such a way as to reflect an unbiased and probability-weighted amount. Also, all available information must be used, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. The aim is therefore to recognise and measure impairment earlier and in a more forward-looking manner than under the current incurred losses model of IAS 39. The Group is analysing the possible impacts of these changes.

General hedge accounting will also give rise to changes because the focus of the standard differs from that under IAS 39 as it aims to align accounting recognition with economic management of risk.

The IASB has stipulated that the mandatory application date of IFRS 9 will be 1 January 2018 with early adoption permitted.

No estimate of the quantitative impact of applying this standard, if any, at 1 January 2018 had been made at the date of preparing the accompanying consolidated financial statements.

- IFRS 15 “Revenue from Contracts with Customers”. This will replace IAS 18 and IAS 11, and existing interpretations on revenue (IFRIC 13, 15 and 18 and SIC-31). The mandatory application date is 1 January 2018.
- IFRS 16 “Leases”. The IASB issued IFRS 16 on 13 January 2016, replacing IAS 17. The new standard introduces a single lessee accounting model and requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The lessee must recognise a right-of-use asset representing its right to use the leased asset, and a lease liability representing its obligation to make future lease payments.

The requirements of the IFRS 16 lessor accounting model are substantially the same as the accounting requirements in IAS 17. Subsequently, the lessor will continue to classify its leases as operating leases or finance leases, and will account for each of these types of lease agreement differently.

This standard will be applicable for periods commencing on or after 1 January 2019, although early adoption is permitted if IFRS 15 is also applied.

- Amendments to IFRS 10 and IAS 28 “Sales or Contributions of Assets between an Investor and its Associate or Joint Venture” This provides clarification on the gain or loss from these transactions, because there are currently discrepancies between the two standards. The gain or loss resulting from the sale or contribution of assets that constitute a business is recognised in full. If the assets do not constitute a business, a partial gain or loss is recognised. The effective date of these amendments is yet to be determined.
- Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities”. The amendments to IFRS 10, IFRS 12 and IAS 28 clarify three aspects concerning the accounting requirements of investment entities:

They confirm that an investment entity parent whose subsidiary is an investment entity can apply the exemption from preparing its own consolidated financial statements.

They clarify that if an investment parent has a subsidiary that is not itself an investment entity and whose main purpose is to support the investment activities of its parent, providing services or activities that relate to the investment activities of the parent or third parties, the investment entity must consolidate the subsidiary. However, if the subsidiary is an investment entity, the parent must measure the subsidiary at fair value through profit and loss.

They require an entity that is not itself an investment entity to retain, when applying the equity method, the fair value measurement applied by the investment entity associate or joint venture to account for its own interests in its subsidiaries.

These amendments will be applicable for periods commencing on or after 1 January 2016, although early adoption is permitted.

## ***2.5 Critical issues regarding valuation and estimation of uncertainty***

The consolidated results and determination of consolidated equity are a product of the accounting policies and principles, measurement bases and estimates used by the Company's directors in the preparation of the consolidated financial statements. The main accounting policies and principles and measurement bases used are disclosed in Notes 2.13 and 3.

In preparing the accompanying consolidated financial statements estimates were occasionally made by the Company's directors in order to measure certain assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The measurement of possible impairment losses on certain assets (see Notes 2.13, 3 e), 3 g), 3 h), 6, 7, 8, 9, 10, 11 and 12);
- The useful life of property, plant and equipment and of intangible assets (see Notes 3 g), 3 h), 6 and 7);
- The measurement of goodwill impairment (see Note 6);
- The fair value of certain financial instruments (see Notes 3 b) and 9);
- The recoverability of deferred tax assets (see Notes 3 p) and 18); and
- The calculation of any provisions (see Note 3 v)).

Although these estimates were made on the basis of the best information available at year-end 2015, possible future events may require these estimates to be modified (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the related consolidated income statement for the affected years.

## ***2.6 Grouping of items***

Certain items in the consolidated balance sheet, the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated statement of changes in equity and the consolidated statement of cash flows were aggregated to make them easier to understand; however, whenever the amounts involved are material, the information is broken down in the related notes to the consolidated financial statements.

## **2.7 Comparison of information**

As required by corporate law, the information relating to 2014 contained in these notes to the consolidated financial statements is presented for comparison purposes only with the information relating to 2015. The financial information for 2014 presented for comparison with the N+1 Group's financial information for 2015 corresponds to the Pre-merger N+1 Group, as its parent was the acquirer for economic purposes in the Merger (see Note 1).

The financial information for 2014 presented in the accompanying consolidated financial statements for comparison purposes does not therefore exactly match that included in the financial statements for said year because they were prepared in accordance with the accounting principles and standards in force at that time (basically CNMV Circular 7/2008 of 26 November) and not with IFRS-EU (see Note 2.1.1). Because the operation involved a reverse merger takeover, the Company's capital at 31 December 2014 was also redefined pursuant to IFRS 3, considering N+1 IBG's capital at that date multiplied by the exchange calculation established in the merger agreement (see Notes 1 and 14).

The comparative information at 1 January 2014 (the transition date adopted by the directors) is presented pursuant to IFRS 1 to provide information for the period for which IFRS was applied for the first time. The start of the first period for which the Group presents all comparative information under IFRS-EU in these first consolidated financial statements prepared in accordance with these standards is therefore 1 January 2014. Capital at 1 January 2014 was redefined as per the same terms established for 31 December 2014.

## **2.8 Environmental impact**

Environmental assets are deemed to be assets used on a lasting basis in the Group's operations, whose main purpose is to minimise environmental impact and to protect and restore the environment, including the reduction or elimination of pollution in the future.

In view of the activities in which Group companies are engaged, the Group has no environmental liabilities, expenses, assets, provisions or contingencies that could have a material effect on its consolidated equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated financial statements.

## **2.9 Minimum own fund requirements**

Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, and Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms regulate access to the activity of, supervision of and prudential requirements of credit institutions and investment firms and the minimum own funds such entities must have, how these own funds are calculated, and the internal capital adequacy assessment processes (ICAAP) that entities must complete. In relation to this, CNMV Circular 2/2014 of 23 June, came into force on 29 June 2014. This circular set forth the rules on the exercise of various regulatory options on solvency for investment service firms and their consolidable groups. Meanwhile, the existing standard on own funds – CNMV Circular 12/2008 of 30 December, on the solvency of investment service firms and their consolidable groups – was repealed (see Note 20).

The minimum own fund requirements set forth in the new Circular are calculated according to the Group's exposure to market, credit, liquidity, operational and other risks deriving from its activity.

At 31 December 2015, the Group's own funds exceeded the minimum requirements stipulated in the rules in

force at the aforesaid dates.

## **2.10 Investment Guarantee Fund and Fund for Orderly Bank Restructuring**

Nmás1 Equities, Sociedad de Valores, S.A. and Nmás 1 Asset Management, S.G.I.I.C., S.A.U. are the Group companies party to the Investment Guarantee Fund (*Fondo de Garantía de Inversiones*). Expenses incurred by the Group for contributions to the Investment Guarantee Fund in 2015 and 2014 totalled €50 thousand in both years, which are recognised under “Other operating expenses” in the consolidated income statement.

At 31 December 2015, the Group held nine shares in Sociedad Gestora del Fondo de Garantía de Inversiones with a par value of €200 (1,509 shares with a par value of €1 at 31 December 2014) (see Note 9).

“Other operating expenses” in the 2015 consolidated income statement also includes €1 thousand for the contribution by Nmás1 Equities, Sociedad de Valores, S.A. in said year to the Fund for Orderly Bank Restructuring (*Fondo de Reestructuración Ordenada Bancaria*) (no amount recognised in 2014).

## **2.11 Error correction**

No significant errors in the preparation of the accompanying consolidated financial statements were detected that required the figures disclosed in the 2014 consolidated financial statements to be restated (without prejudice to the disclosures made in Notes 2.1.1 and 2.7).

## **2.12 Customer service department**

Pursuant to Ministry of Economy Order ECO/734/2004 of 11 March, on customer care departments and services and customer ombudsmen of financial institutions that develops Act 35/2002 of November 22, on measures to reform the financial system, the Group's subsidiaries Nmás1 Equities, Sociedad de Valores, S.A. and Nmás1 Asset Management, S.G.I.I.C., S.A.U. established their own customer service departments and regulations that fully and systematically govern the operations of these departments. These developments ensure customers can easily access the complaints system, and that any complaints or claims submitted by them are quickly resolved.

These customer service departments submitted reports on their activities in 2015 to the companies' respective boards of directors on 17 March 2016. The reports state that no complaints or claims were filed by any customers in 2015. No decisions, recommendations or suggestions therefore had to be made in this regard.

## **2.13 Basis of consolidation**

### **2.13.1. Subsidiaries**

Subsidiaries are defined as entities over which the Group has the capacity to exercise control; control is, in general but not exclusively, presumed to exist when the Company owns directly or indirectly 50% or more of the voting rights of the investee or, even if this percentage is lower or zero, when, for example, there are other circumstances or agreements that give the Company control. A company has control over another investee when it is exposed, or has rights to variable returns from its involvement with the investee, and when it has the ability to use its power to affect its returns, even if the aforesaid percentage stake is not held.

The financial statements of the Group's subsidiaries are fully consolidated as per prevailing accounting standards. The following criteria, *inter alia*, were therefore adopted during consolidation:

1. All material balances and results of transactions carried out between consolidated companies, along with the material results of internal transactions that did not involve third parties were eliminated on consolidation.
2. Minority shareholders' shares in the equity and results of consolidated subsidiaries are shown under "Non-controlling interests" in the consolidated balance sheet and under "Profit (loss) attributable to non-controlling interests" in the consolidated income statement, respectively.
3. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are recognised at their fair value at the date of acquisition. Any excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recognised as goodwill. Any negative differences are taken to income on the acquisition date (see Notes 1, 3 h) and 3 w)).
4. Any changes in the equity of consolidated subsidiaries as from the date of acquisition that are not due to changes in the percentages of capital held or percentage share of results, or to changes in their valuation adjustments are recognised under "Reserves" in the consolidated balance sheet.

#### *Loss of control over a subsidiary*

When control over a subsidiary is lost, for consolidation purposes only, the profit or loss recognised in the separate financial statements of the company reducing its equity interest must be adjusted as per the following criteria:

- a) The amount relating to the reserves in consolidated companies generated since acquisition is taken to reserves in the company, reducing its equity interest.
- b) The amount relating to income and expenses generated by the subsidiary during the year until the date control is lost is presented based on its substance.
- c) The amounts relating to income and expenses recognised directly in the subsidiary's equity since the acquisition date that have not been taken to consolidated profit or loss are reclassified based on their substance. Associated translation differences are recognised under "Exchange differences" in the consolidated income statement.
- d) Any profit or loss existing after such adjustments have been made is recognised in the consolidated income statement.

If control is lost without divestment of the equity interest in the subsidiary, the result of the transaction is also presented in the consolidated income statement.

On the other hand, if the subsidiary in question becomes a jointly-controlled entity or associate, it is consolidated using the equity method on initial recognition at the fair value of the shareholding retained at said date. The balancing entry of the adjustment needed to measure the new equity interest at fair value is recognised as per the criteria described in the previous points.

Lastly, and for consolidation purposes only, an adjustment must be recognised in the consolidated income statement to recognise minority shareholders' share of income and expenses generated by the subsidiary during the year until the date control is lost, and in the income and expenses recognised directly in equity transferred to profit and loss.

### *2.13.2. Jointly-controlled entities*

A jointly-controlled entity is an entity which, not being a subsidiary, is jointly controlled by the Group and one or more companies not related to the Group. This heading includes joint ventures. Joint ventures are contractual arrangements whereby two or more entities ("venturers") undertake an economic activity or hold assets so that any strategic financial or operating decisions affecting them requires the unanimous consent of all venturers, and those operations and assets are not part of any financial structure other than those of the venturers. Jointly-controlled entities are measured using the equity method, as defined in prevailing accounting standards and below.

### *2.13.3. Associates*

Associates are defined as companies over which the Company is in a position to exercise significant influence, but not control or joint control. This influence is usually evidenced by a direct or indirect holding of 20% or more of the investee's voting rights, unless it can be clearly demonstrated that such influence does not exist. Associates are measured using the equity method, as defined in prevailing accounting standards.

On acquisition, associates are recognised at fair value under "Investments accounted for using the equity method" in the consolidated balance sheet. Fair value is equal to the share of the investee's equity held, excluding any treasury shares. Goodwill generated due to any excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recognised as part of the value of the equity interest held under "Investments accounted for using the equity method" and not separately under "Intangible assets – Goodwill".

Associates were consolidated using the equity method. Investments in associates were therefore measured for an amount equivalent to the Group's share of the associates' capital, after taking into account the dividends received and other equity eliminations. The profit or loss of associates is recognised for an amount equal to the percentage of equity held under "Share of profit (loss) of companies accounted for using the equity method" in the consolidated income statement. If, as a result of losses incurred by an associate, its equity were negative, the investment would be presented in the Group's consolidated balance sheet with a zero value, unless the Group is obliged to give it financial support.

Pursuant to prevailing accounting rules, when there is evidence of impairment of investments in associates, the amount of the impairment is estimated as the negative difference between the recoverable amount (calculated as the higher of fair value of the investment less costs to sell and value in use; value in use is defined as the present value of the cash flows expected to be received on the investment in the form of dividends and those from its sale or other disposal) and the carrying amount. Unless there is better evidence of the recoverable amount of the investment, the estimate of impairment of this asset class is based on the equity of the investee (consolidated where applicable) adjusted for unrealised gains at the date of measurement. Losses due to impairment of these investments are recognised under "Impairment losses and gains (losses) on disposal of financial instruments" in the consolidated income statement. The reversal of any impairment loss is limited to the carrying amount of the investment that would have been recognised at the reversal date had no impairment loss been recognised.

In accordance with IAS 28, any investments in associates held indirectly through private equity firms, investment funds, unit trusts or similar entities are not accounted for using the equity method. Since Nmás1 Dinamia Portfolio II, S.L. is considered to be an "investment firm" for the purposes defined in IFRS 10, this entity is classified in this group and therefore the investees over which the Group has significant influence through the subsidiary Nmás1 Dinamia Portfolio II, S.L. are excluded from the requirement to be accounted for using the equity method. These investees are measured at fair value through profit and loss (see Note 9) and recognised under "Non-current financial assets" in the consolidated balance sheet.



#### 2.13.4 CISs and private equity firms

Where the Group incorporates entities or holds stakes in them in order to provide its customers with access to certain investments, consideration is given pursuant to internal criteria and procedures and considering IFRS 10 as to whether the Group controls them and therefore, whether or not they should be consolidated. These methods and procedures take into consideration, *inter alia*, the risks and rewards retained by the Group, including all material items such as guarantees given or losses associated with the collection of receivables retained by the Group. These entities include CISs and private equity firms managed by the Group, which are not consolidated as the stipulations on the Group's control over them are not met. Specifically, the Group acts as an agent not a principal because it does so in the name of and to the benefit of investors or parties concerned (the principal or principals) and therefore, does not control said undertakings or vehicles when it exercises its decision-making powers.

In the case of both subsidiaries and jointly-controlled entities and associates, the results of companies acquired during the year are included in the consolidated income statement from the date of acquisition to year-end. Similarly, the results of subsidiaries disposed of during the year are included in the consolidated income statement from the beginning of the year to the date of disposal.

In the case of Group companies whose accounting and measurement methods differ from those of the parent, adjustments based on the Group's criteria were made upon consolidation in order to present the consolidated financial statements on a like-for-like basis.

Details of consolidated companies and the most relevant information thereon at 31 December 2015 and 2014, including the most relevant disclosures on acquisitions and disposals in said periods are provided below:

**Investments in Group companies at 31 December 2015:**

	% shareholding		Thousands of euros							
			Figures for each company at 31 December 2015 (1)							
	Direct	Indirect	Share capital	Reserves and share premium	Valuation adjustments	Interim dividends paid out in the year	Total assets	Total liabilities	Profit (loss) (16)	
							Operating		Net	
Nmás1 Equity and Credit Management, S.A.U. (2)	100%	-	60	29	-	-	255	159	9	7
Nmás1 Investment Managers, S.L.U. (formerly Nmás1 Mercapital, S.L.U.) (2) (13)	100%	-	343	751	-	(2,100)	1,461	150	2,429	2,317
Nmás1 Capital Privado, S.G.E.I.C., S.A.U. (3) (13) (14)	-	100%	311	435	-	(281)	4,736	2,829	2,029	1,442
Nmás1 Capital Privado Servicios, S.L.U. (2) (14)	-	100%	3	401	-	-	474	168	(137)	(98)
Nmás1 Private Equity International Limited (3) (13)	-	100%	41	(4)	-	-	99	62	3	-
N Más Uno Advisor, S.A.U.(2) (13)	-	100%	60	12	-	-	67	93	(135)	(98)
Mercapital Private Equity S.G.E.I.C., S.A.U. (3) (12) (13)	-	100%	301	242	-	-	31,152	1,167	1,989	1,442
Paulonia Servicios de Gestión, S.L.U. (2) (12)	-	100%	3	(2)	-	-	28	27	-	-
Partilonia Administración, S.L.U. (2) (12)	-	100%	3	-	-	-	27	24	-	-
Mideslonia Administración, S.L.U. (2) (12)	-	100%	3	(2)	-	-	28	27	-	-
Flenox, S.L.U. (2) (12)	-	100%	3	(2)	-	-	3	3	(1)	(1)
EQMC GP LLC (2) (7) (13)	-	100%	-	-	-	-	-	-	-	-
Alteralia Management, S.á.r.l. (2) (8) (13)	-	100%	13	(33)	-	-	598	619	1	(1)
Nmás1 Infraestructure, S.L.U. (formerly Nmás1 Energía, S.L.U.) (2)	100%	-	6	338	-	-	2,824	367	1,996	2,113
Nplus1 Credit Solutions, LLP (2)	100%	-	143	-	-	-	-	-	-	-
Nmás1 International Corporate Advisory, S.L. (2) (6)	94.33%	-	98	18,481	-	(8,000)	30,457	11,777	14,090	8,101
Nmás1 Corporate Finance, S.A.U. (3) (6) (15)	-	94.33%	61	63	-	(6,100)	13,841	13,362	8,211	6,455
Nmás1 Corporate Portfolio Advisors, S.L. (2) (9) (10) (15)	-	66.03%	10	105	-	(1,200)	5,671	3,875	4,002	2,881
N+1 Deutschland GmbH (3) (6)	-	56.60%	25	1,688	-	-	3,796	1,586	739	497
N+1 s.r.l. (formerly N+1 Syz s.r.l.) (3) (6)	-	80.18%	100	418	-	-	2,068	1,295	461	255
N+1 France Corporate Finance SAS (3) (6) (8)	-	56.60%	936	494	-	-	2,115	1,035	(350)	(350)
N+1 Corporate Finance, B.V. (2) (6) (7)	-	94.33%	15	85	-	-	75	79	(104)	(104)
N+1 U.S. Corporation (2) (6) (7)	-	94.33%	-	-	-	-	-	-	-	-
N+1 REIM UK LLP (3)	99.99%	0.01%	1,000	(1,046)	-	-	141	255	(68)	(68)
Nmás1 Equities, Sociedad de Valores, S.A. (3)	50.01%	-	2,000	647	-	-	5,763	1,646	1,888	1,470
Nmás1 Asset Management, S.G.I.I.C., S.A.U. (3) (5)	100%	-	300	500	-	-	6,286	4,430	1,429	1,056
QMC Directorship, S.L.U. (2) (10) (5)	-	100%	3	1	-	-	103	7	126	92
Baruch Inversiones, S.L. (2)	46.56%	-	276	105	-	1,542	2,713	806	(16)	(16)
Nmás1 Debt Solutions, S.L. (2) (9)	75%	-	4	-	-	-	947	1,204	363	(261)
Nmás1 REIM, S.L.U. (2) (9) (11)	100%	-	10	64	-	-	36	-	-	(38)
Nmás1 REIM Spain, S.L.U. (2) (9) (11)	-	100%	3	(3)	-	-	269	79	264	190
Nmás1 REIM France (4) (10) (11)	-	75%	50	(436)	-	-	391	1,375	(598)	(598)
Nmás1 Dinamia Portfolio II, S.L. (2) (7)	100%	-	100	7,441	2,273	-	10,160	348	(2)	(2)

(1) Figures from separate financial statements.

(2) Companies whose financial statements are not audited but are subject to a limited review.

(3) Companies whose financial statements are audited by Deloitte.

(4) Company whose financial statements are audited.

(5) Nmás1 Asset Management, S.G.I.I.C., S.A.U. is sole shareholder of QMC Directorship, S.L.U.

(6) Nmás1 International Corporate Advisory, S.L. is sole shareholder of Nmás1 Corporate Finance, S.A.U. It also holds 85% of N+1 s.r.l. (formerly N+1 Syz s.r.l.), 28.16% of Nplus1 Signer Ltd., 60% of N+1 Deutschland GmbH, 60% of N+1 France Corporate Finance SAS, 100% of N+1 Corporate Finance B.V., 100% of N+1 U.S. Corporation, 35% of Nplus1 Daruma Finansal Danışmanlık Hizmetleri A.Ş. and Nplus1 Daruma Gayrimenkul Kurumsal Finansman Danışmanlık Hizmetleri A.Ş. and 25% of N+1 Swiss Capital AG, Zürich.

(7) Companies incorporated in 2015.

(8) Companies acquired in 2015.

(9) Companies incorporated in 2014.

(10) Companies acquired in 2014.

(11) Nmás1 REIM, S.L.U. is sole shareholder of Nmás1 REIM Spain, S.L.U. and has a 75% stake in N+1 REIM France.

(12) Mercapital Private Equity S.G.E.I.C., S.A.U. is sole shareholder of Paulonia Servicios de Gestión, S.L.U., Partilonia Administración, S.L.U., Mideslonia Administración, S.L.U. and Flenox, S.L.U.

(13) Nmás1 Investment Managers, S.L.U. is sole shareholder of Nmás1 Capital Privado S.G.E.I.C., S.A.U., Mercapital Private Equity S.G.E.I.C., S.A.U., Nmás1 Private Equity International Limited, N Más Uno Advisor, S.A.U., EQMC GP LLC and Alteralia Management, S.á.r.l.

(14) Nmás1 Capital Privado, S.G.E.I.C., S.A.U. is sole shareholder of Nmás1 Capital Privado Servicios, S.L.U.

(15) Nmás1 Corporate Finance, S.A.U. has a 70% stake in Nmás1 Corporate Portfolio Advisors, S.L.

(16) The profit or loss of each entity for the whole of 2015 is included, irrespective of the date on which it was included in the Group.

Investments in Group companies at 31 December 2014:

	% shareholding	Thousands of euros Figures for each company at 31 December 2014 (1)									
		Direct	Indirect	Share capital	Reserves and share premium	Valuation adjustment	Interim dividends paid out in the year	Total assets	Total liabilities	Profit (loss) (16)	
										Operating	Net
Nmás1 Equity and Credit Management, S.A.U. (2)	100%	-	60	(4)	-	(1,625)	3,681	3,592	2,371	1,658	
Nmás1 Mercapital, S.L.U. (2) (13)	100%	-	343	591	-	(2,179)	1,201	108	2,390	2,338	
Nmás1 Capital Privado, S.G.E.I.C., S.A.U. (3) (12) (13)	-	100%	301	60	-	(1,384)	5,161	3,434	3,764	2,750	
Nmás1 Capital Privado Servicios, S.L.U. (2) (13)	-	100%	3	400	-	(350)	881	197	902	631	
Nmás1 Private Equity International Limited (3) (12)	-	100%	41	29	-	(250)	50	14	216	216	
N Más Uno Advisor, S.A.U. (2) (12)	-	100%	60	12	-	(75)	160	34	184	129	
Mercapital Private Equity S.G.E.I.C., S.A.U. (3) (11) (12)	-	100%	301	60	-	(475)	2,294	1,081	1,899	1,327	
Paulonia Servicios de Gestión, S.L.U. (2) (11)	-	100%	3	(1)	-	-	41	40	(1)	(1)	
Partilonia Administración, S.L.U. (2) (11)	-	100%	3	(1)	-	-	41	40	(1)	(1)	
Mideslonia Administración, S.L.U. (2) (11)	-	100%	3	(2)	-	-	41	41	(1)	(1)	
Flenox, S.L.U. (2) (11)	-	100%	3	(1)	-	-	3	(2)	(2)	(2)	
N+1 Mercapital México SA de CV (2) (11)	-	100%	3	(169)	-	-	16	249	(67)	(67)	
Nmás1 Energía, S.L.U. (2) (4)	100%	-	6	338	-	(358)	856	97	757	773	
Nmás1 Eolia, S.G.E.I.C., S.A.U. (3) (4)	-	100%	301	60	-	(454)	1,486	1,097	675	482	
Wessel Duval Nmás1 Energía SpA (2) (4) (7)	-	75%	10	-	-	-	-	-	(10)	(10)	
Nplus1 Credit Solutions, LLP (2) (8)	100%	-	143	-	-	-	168	52	(27)	(27)	
Nmás1 International Corporate Advisory, S.L. (formerly Nmás1 ICA, S.L.) (2) (6)	92.50%	-	89	16,886	-	(4,122)	21,427	4,330	4,197	4,244	
Nmás1 Corporate Finance, S.A.U. (3) (6) (15)	-	92.50%	61	63	-	-	13,686	8,591	7,087	4,971	
Nmás1 Corporate Portfolio Advisors, S.L. (2) (7) (9) (15)	-	64.75%	10	103	-	-	4,311	2,508	2,415	1,690	
N+1 Deutschland GmbH (3) (6) (8)	-	55.50%	25	1,610	-	-	4,853	1,647	2,030	1,571	
N+1 Syz, S.R.L. (3) (6)	-	60.13%	100	418	-	-	1,611	1,011	171	82	
N+1 REIM UK LLP (formerly Trinova Real Estate L.L.P.) (3)	100%	-	1,000	(684)	-	-	249	224	(291)	(291)	
Nmás1 Equities, Sociedad de Valores, S.A. (3) (5)	50.01%	-	2,000	451	-	(1,747)	5,724	3,077	1,943	1,943	
Nmás1 Asset Management, S.G.I.I.C., S.A.U. (3) (15)	100%	-	300	500	-	(350)	2,448	1,147	1,116	851	
QMC Directorship, S.L.U. (2) (9) (14)	-	100%	3	1	-	-	-	24	-4	96	
Baruch Inversiones, S.L. (2)	46.56%	-	842	518	-	598	3,243	1,287	(2)	(2)	
Nmás1 Debt Solutions, S.L.U. (2) (7)	100%	-	3	-	-	-	3	-	(2)	(1)	
Nmás1 REIM, S.L.U. (2) (7) (10)	100%	-	10	65	-	-	77	3	(4)	(3)	
Nmás1 REIM Spain, S.L.U. (2) (7) (10)	-	100%	3	-	-	-	4	4	(4)	(3)	
Nmás1 REIM France (2) (9) (10)	-	75%	50	-	-	-	635	1,019	(430)	(434)	

- (1) Figures from separate financial statements.  
(2) Companies whose financial statements are not audited but are subject to a limited review.  
(3) Companies whose financial statements are audited by Deloitte.  
(4) Nmás1 Energía, S.L.U. is sole shareholder of Nmás1 Eolia. Sociedad Gestora de Entidades de Inversión de tipo Cerrado, S.A.U. and has a 75% stake in Wessel Duval Nmás1 Energía SpA.  
(5) Nmás1 Equities, Sociedad de Valores, S.A. and Nmás1 Research, S.L. have merged.  
(6) Nmás1 International Corporate Advisory, S.L. is sole shareholder of Nmás1 Corporate Finance, S.A.U., and has a 65% stake in N+1 Syz, S.R.L., 28.16% in Nplus1 Signer Ltd, 60% in N+1 Deutschland GmbH, 35% in Nplus1 Daruma Finanzial Danışmanlık Hizmetleri A.Ş. and Nplus1 Daruma Gayrimenkul Kurumsal Finansman Danışmanlık Hizmetleri A.Ş. and 25% in N+1 Swiss Capital AG, Zürich.  
(7) Companies incorporated in 2014.  
(8) Companies incorporated in 2013.  
(9) Companies acquired in 2014.  
(10) Nmás1 REIM, S.L.U. is sole shareholder of Nmás1 REIM Spain, S.L.U. and has a 75% stake in N+1 REIM France.  
(11) Mercapital Private Equity, S.G.E.I.C., S.A.U. solely owns Paulonia Servicios de Gestión, S.L.U., Partilonia Administración, S.L.U., Mideslonia Administración, S.L.U., Flenox, S.L.U. and N+1 Mercapital México SA de CV.  
(12) Nmás1 Uno IBG, S.A. (now defunct) acquired the remaining 48.57% of this company's capital in 2014. This company is sole shareholder of Nmás1 Capital Privado S.G.E.I.C., S.A.U., Mercapital Private Equity S.G.E.I.C., S.A.U., Nmás1 Private Equity International Limited and N Más Uno Advisor, S.A.U.  
(13) Nmás1 Capital Privado, S.G.E.I.C., S.A.U. is sole shareholder of Nmás1 Capital Privado Servicios, S.L.U.  
(14) Nmás1 Asset Management, S.G.I.I.C., S.A.U. is sole shareholder of QMC Directorship, S.L.U.  
(15) Nmás1 Corporate Finance, S.A.U. has a 70% stake in Nmás1 Corporate Portfolio Advisors, S.L.  
(16) The profit or loss of each entity for the whole of 2014 is included, irrespective of the date on which it was included in the Group.

**Interests in associates and jointly-controlled entities at 31 December 2015:**

	% shareholding		Carrying amount (*)	Accumulated impairment (*)	Thousands of euros Figures for each company at 31 December 2015 (1)								
		Direct			Indirect	Share capital	Reserves and share premium	Valuation adjustments	Interim dividends paid out in the year	Total assets	Total Liabilities	Profit (loss) (9)	
												Operating	Net
<b>Investments in jointly-controlled companies:</b> Plusalpina Real Estate Advisors GmbH (3) Alpina Real Estate GP I, S.A. (2) Alpina Real Estate GP II, S.A. (2) Alpina Real Estate GP, S.A. (2) Phoenix Recovery Management, S.L. (3) (5) (6)	50%	-	14	-	25	-	-	(203)	1,887	948	1,362	915	
	50%	-	15	(15)	31	(3)	-	-	59	87	(56)	(56)	
	50%	-	15	-	31	77	-	-	522	335	104	79	
	50%	-	16	-	31	250	-	-	1,133	417	615	435	
	50%	-	102	-	4	200	-	-	607	379	34	24	
<b>Investments in associates:</b> Nmás1 Syz Valores Agencia de Valores, S.A. (3) Nmás1 Syz Gestión, S.G.I.I.C., S.A. (3) Nplus1 Singer Ltd (3) (4) N+1 Swiss Capital AG, Zürich (3) (4) (10) Nplus1 Daruma Finansal Danışmanlık Hizmetleri A.Ş. (3) (4) (7) Nplus1 Daruma Gayrimenkul Kurumsal Finansman Danışmanlık Hizmetleri A.Ş. (3) (4) (7) (8) Nplus1 Daruma Turizm Yatırım Finansal Danışmanlık Hizmetleri A.Ş. (3) (8)	23%	-	2,281	(1,796)	380	1,854	-	-	5,886	4,280	(628)	(628)	
	23%	-	512	(250)	544	633	-	-	2,513	1,566	(230)	(230)	
	-	26.56%	6,032	-	123	23,491	-	-	55,566	26,043	6,643	5,909	
	-	23.58%	2,516	-	164	515	-	-	1,822	705	572	438	
	-	33.02%	470	(470)	415	90	-	-	454	1,183	(1,237)	(1,234)	
	-	33.02%	35	(35)	100	(182)	-	-	43	125	(163)	(168)	
	-	26.41%	13	-	17	(20)	-	-	15	21	(2)	(3)	

(\*) In the separate financial statements of the company holding the equity interest.

(1) Figures from the separate financial statements, except in the case of Nplus1 Singer Ltd.

(2) Companies whose financial statements are not audited but are subject to a limited review.

(3) Companies whose financial statements are audited by Deloitte.

(4) Nmás1 International Corporate Advisory, S.L. is sole shareholder of Nmás1 Corporate Finance, S.A.U. It also holds 85% of N+1 s.r.l. (formerly N+1 Syz s.r.l.), 28.16% of Nplus1 Singer Ltd., 60% of N+1 Deutschland GmbH, 60% of N+1 France Corporate Finance SAS, 100% of N+1 Corporate Finance B.V., 100% of N+1 U.S. Corporation, 35% of Nplus1 Daruma Finansmanlık Hizmetleri A.Ş. and Nplus1 Daruma Gayrimenkul Kurumsal Finansmanlık Hizmetleri A.Ş. and 25% of N+1 Swiss Capital AG, Zürich.

(5) Companies incorporated in 2015.

(6) Companies acquired in 2014.

(7) Companies acquired in 2015.

(8) Nplus1 Daruma Gayrimenkul Kurumsal Finansmanlık Hizmetleri A.Ş. has an 80% stake in Nplus1 Daruma Turizm Yatırım Finansal Dan.Hiz.A.Ş..

(9) The profit or loss of each entity for the whole of 2015 is included, irrespective of the date on which it was included in the Group.

Interests in associates and jointly-controlled entities at 31 December 2014:

	% Shareholding		Thousands of euros									
	Direct	Indirect	Carrying amount (*)	Accumulated impairment (*)	Share capital	Reserves and share premium	Valuation adjustments	Interim dividends paid out in the year	Figures for each company at 31 December 2014 (1)			
									Total assets	Total liabilities	Profit (loss) (8)	net
<b>Investments in jointly-controlled companies:</b> Plusalpina Real Estate Advisors GmbH (3) (5) Plusalpina Real Estate Management GmbH (3) (5) Alpina Real Estate GP I, S.A. (2) Alpina Real Estate GP II, S.A. (2) Alpina Real Estate GP, S.A. (2)	50%	-	14	-	25	493	-	-	1,394	733	234	143
	-	50%	30	-	25	(1)	-	-	398	309	65	65
	50%	-	15	-	31	43	-	-	110	82	(47)	(46)
	50%	-	15	-	31	95	-	-	314	206	(23)	(18)
	50%	-	16	-	31	5	-	-	435	154	347	245
<b>Investments in associates</b> Nmás1 Syz Valores Agencia de Valores, S.A. (3) Nmás1 Syz Gestión, S.G.I.I.C., S.A. (3) Nplus1 Singer Ltd (3) (4) N+1 Swiss Capital AG, Zürich (3) (4) (10) Nplus1 Daruma Finansal Danışmanlık Hizmetleri A.Ş. (3) (4) (6) Nplus1 Daruma Gayrimenkul Kurumsal Finansman Danışmanlık Hizmetleri A.Ş. (3) (4) (6) (7) Nplus1 Daruma Turizm Yatırım Finansal Dan.Hiz.A.Ş. (7)	23.5%	-	2,281	(1,796)	372	1,687	-	-	3,450	1,383	8	8
	23.5%	-	512	(250)	532	741	-	-	2,326	1,210	(158)	(157)
	-	26.05%	6,032	-	123	20,006	-	-	54,275	25,671	10,905	8,475
	-	23.13%	2,516	-	164	518	-	-	3,382	984	2,176	1,716
	-	32.38%	470	-	415	(19)	-	-	1,288	776	144	116
	-	32.38%	35	-	100	1	-	-	139	236	(208)	(198)
	-	27.16%	13	-	17	-	-	-	11	16	(23)	(22)

(\*) In the separate financial statements of the company holding the equity interest.

(1) Figures from separate financial statements, except in the case of Nplus1 Singer Ltd and Nplus1 Daruma Gayrimenkul Kurumsal Finansman Danışmanlık Hizmetleri A.Ş.

(2) Companies whose financial statements are not audited but are subject to a limited review.

(3) Companies whose financial statements are audited by Deloitte.

(4) Nmás1 International Corporate Advisory, S.L. is sole shareholder of Nmás1 Corporate Finance, S.A.U., and has a 65% stake in N+1 Syz, S.R.L., 28.16% in Nplus1 Signer Ltd., 60% in N+1 Deutschland GmbH, 35% in Nplus1 Daruma Finanzal Danışmanlık Hizmetleri A.Ş. and Nplus1 Daruma Gayrimenkul Kurumsal Finansman Danışmanlık Hizmetleri A.Ş. and 25% in N+1 Swiss Capital AG, Zürich.

(5) Plusalpina Real Estate Advisors GmbH solely owns Plusalpina Real Estate Management GmbH.

(6) Companies acquired in 2014.

(7) Nplus1 Daruma Gayrimenkul Kurumsal Finansman Danışmanlık Hizmetleri A.Ş. holds an 80% stake in Nplus1 Daruma Turizm Yatırım Finansal Dan.Hiz.A.Ş.

(8) The profit or loss of each entity for the whole of 2014 is included, irrespective of the date on which it was included in the Group.

### **Separate financial statements**

The separate financial statements of the Group's parent (Nmás1 Dinamia, S.A.) were prepared in accordance with the Spanish General Chart of Accounts (*Plan General de Contabilidad*) approved by Royal Decree 1514/2007 of 16 November, and the sector-specific versions thereof. The Group recognises its investments in subsidiaries, associates and jointly-controlled entities at cost in the separate financial statements, as stipulated in the Spanish General Chart of Accounts.

The financial statements of Nmás1 Dinamia, S.A. at 31 December 2015 and those of Nmás Uno IBG, S.A. at 31 December 2014 showing capital redefined as per the exchange calculation established in the merger agreement (see Note 2.7) are as follows:

Balance sheets at 31 December 2015 and 2014 of Nmásf Dinamia, S.A. (formerly Dinamia Capital Privado, Sociedad de Capital Riesgo, S.A.)

ASSETS	Thousands of euros		Thousands of euros	
	31/12/2015	31/12/2014	LIABILITIES AND EQUITY	31/12/2015 31/12/2014
<b>NON-CURRENT ASSETS</b>				
Intangible assets	73,149	32,948	EQUITY	167,086 36,057
Property and equipment	42	15	OWN FUNDS-	167,050 36,023
Non-current investments in group companies and associates-	914	974	Capital	101,011 2,471
Equity/instruments	37,081	30,058	Share premium	105,492 28,129
Loans to companies	36,804	28,144	Reserves-	(97,894) 4,341
Non-current financial assets-	277	1,914	Legal and statutory reserves	70 70
Equity/instruments	35,102	1,885	Other reserves	(97,964) 4,271
Loans to third parties	10,187	1,565	Treasury shares and	(460) (40)
Other financial assets	24,773	178	own equity investments	61,756 7,141
Deferred tax assets	142	142	Interim dividend	(2,855) (5,987)
	10	16	Other equity instruments	- (32)
			VALUATION ADJUSTMENTS-	
			Available-for-sale financial assets	36 34
				36 34
<b>CURRENT ASSETS</b>				
Trade and other receivables-	106,675	12,017	NON-CURRENT LIABILITIES	1,719 435
Trade receivables	30,503	10,144	Non-current provisions	1,289 -
Receivable from Group companies and associates	176	149	Deferred tax liabilities	430 435
Sundry accounts receivable	17,375	9,628		
Employee receivables	5,620	106	CURRENT LIABILITIES	11,019 8,473
Other receivables from the tax authorities	68	261	Current payables, group companies and associates	5,066 711
Current financial investments	7,264	-	Trade and other payables-	5,953 7,762
Cash and cash equivalents-	3,750	-	Other payables	2,526 3,256
Cash	72,422	1,873	Employee payables	2,241 1,187
Cash equivalents	67,387	183	Other payables to the tax authorities	1,186 2,587
	5,035	1,690	Current tax liabilities	- 732
<b>TOTAL ASSETS</b>	<b>179,824</b>	<b>44,965</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>179,824 44,965</b>

Income statements for the years ended 31 December 2015 and 2014

Thousands of euros

	2015	2,014
<b>CONTINUING OPERATIONS</b>		
Revenue	17,467	15,971
Other operating income-	3,674	-
Non-core and other current operating income	3,674	-
Personnel expenses-	(4,920)	(3,518)
Wages, salaries and similar expenses	(4,275)	(2,952)
Employee benefits expense	(645)	(566)
Other operating costs-	(9,439)	(5,268)
Outside services	(9,379)	(5,254)
Taxes	(60)	(14)
Losses, impairment and changes in trade provisions	-	-
Depreciation and amortisation	(158)	(156)
Impairment losses and gains (losses) on disposal of non-current assets-	-	-
Impairment and losses	-	-
Negative goodwill in business combinations	53,561	-
<b>OPERATING PROFIT (LOSS)</b>	<b>60,185</b>	<b>7,029</b>
Finance income-	1,878	36
From marketable securities and other financial instruments		
- Group companies and associates	1,769	6
- Third parties	109	30
Finance costs	-	-
Exchange differences	2	(8)
Impairment losses and gains (losses) on disposal of financial instruments-	(982)	(591)
Impairment and losses	(1,542)	(601)
Gains (losses) on disposals and others	560	10
<b>NET FINANCE INCOME (EXPENSE)</b>	<b>898</b>	<b>(563)</b>
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>61,083</b>	<b>6,466</b>
Income tax	673	675
<b>PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>61,756</b>	<b>7,141</b>
<b>DISCONTINUED OPERATIONS</b>		
Profit (loss) after tax for the period from discontinued operations	-	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>61,756</b>	<b>7,141</b>



Statements of changes in equity for the years ended 31 December 2015 and 2014

A) Statements of recognised income and expense

Thousands of euros

	2015	2014
<b>PROFIT (LOSS) FOR THE PERIOD (I)</b>	<b>61,756</b>	<b>7,141</b>
<b>Income and expense recognised directly in equity</b>		
- <b>Measurement of financial instruments</b>	<b>3</b>	<b>45</b>
Available-for-sale financial assets	3	45
Other income (expense)	-	-
- <b>Cash flow hedges</b>	-	-
- <b>Grants, donations and bequests received</b>	-	-
- <b>Actuarial gains and losses and other adjustments</b>	-	-
- <b>Tax effect</b>	<b>(1)</b>	<b>(11)</b>
<b>TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)</b>	<b>2</b>	<b>34</b>
<b>Amounts transferred to the income statement</b>		
- <b>Measurement of financial instruments</b>	-	<b>(11)</b>
Available-for-sale financial assets	-	(11)
Other income (expense)	-	-
- <b>Cash flow hedges</b>	-	-
- <b>Grants, donations and bequests received</b>	-	-
- <b>Tax effect</b>	-	<b>3</b>
<b>TOTAL AMOUNTS TRANSFERRED TO THE INCOME STATEMENT (III)</b>	<b>-</b>	<b>(8)</b>
<b>TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)</b>	<b>61,758</b>	<b>7,167</b>

**STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014 (NOTES 1 TO 4)**

**B) Statements of total changes in equity**

*Thousands of euros*

	Capital	Share premium	Reserves	Treasury shares	Profit (loss) for the period	Interim dividend	Other equity instruments	Valuation adjustments	Grants donations and bequests received	TOTAL
<b>BALANCE AT YEAR-END 2013 (*)</b>	287	24.139	11.901	-	858	-	(32)	8	-	36.815
Adjustments for changes in accounting criteria	-	-	-	-	-	-	-	-	-	-
Restatements to correct errors	-	-	-	-	-	-	-	-	-	-
Adjustments due to reverse takeover (Note 1)	2.119	-	(2.119)	-	-	-	-	-	-	-
<b>RESTATED OPENING BALANCE, 2014 (*)</b>	<b>2.406</b>	<b>24.139</b>	<b>9.782</b>	<b>(346)</b>	<b>858</b>	<b>-</b>	<b>(32)</b>	<b>8</b>	<b>-</b>	<b>36.815</b>
<b>Total recognised income and expense</b>	-	-	-	-	7.141	-	-	26	-	7.167
<b>Transactions with shareholders</b>	-	-	-	-	-	-	-	-	-	-
- Equity/iss uses	10	3.990	-	-	-	-	-	-	-	4.000
- Shares cancelled	-	-	-	-	-	-	-	-	-	-
- Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-	-	-
- Dividend distribution	-	-	(5.847)	-	-	(5.987)	-	-	-	(11.834)
- Transactions with treasury shares (net)	-	-	(343)	306	-	-	-	-	-	(37)
- Business combinations	-	-	-	-	-	-	-	-	-	-
- Other transactions	-	-	-	-	-	-	-	-	-	-
<b>Other changes in equity</b>	-	-	-	-	-	-	-	-	-	-
- Adjustments due to reverse takeover (Note 1)	68	-	(68)	-	-	-	-	-	-	-
- Other changes	(13)	-	817	-	(858)	-	-	-	-	(54)
<b>CLOSING BALANCE, 2014 (*)</b>	<b>2.471</b>	<b>28.129</b>	<b>4.341</b>	<b>(40)</b>	<b>7.141</b>	<b>(5.987)</b>	<b>(32)</b>	<b>34</b>	<b>-</b>	<b>36.057</b>
Adjustments for changes in accounting criteria	-	-	-	-	-	-	-	-	-	-
Restatements to correct errors	-	-	-	-	-	-	-	-	-	-
<b>RESTATED OPENING BALANCE, 2015 (*)</b>	<b>2.471</b>	<b>28.129</b>	<b>4.341</b>	<b>(40)</b>	<b>7.141</b>	<b>(5.987)</b>	<b>(32)</b>	<b>34</b>	<b>-</b>	<b>36.057</b>
<b>Total recognised income and expense</b>	-	-	-	-	61.756	-	-	2	-	61.758
<b>Transactions with shareholders</b>	-	-	-	-	-	-	-	-	-	-
- Compensation transferred from takeover (Note 1)	-	-	-	-	-	-	-	-	-	-
- Equity/iss uses	52.173	82.955	-	-	-	-	-	-	-	135.128
- Other adjustments	46.367	13.802	(102.967)	40	-	-	-	-	-	(42.758)
- Equity/iss uses	-	-	-	-	-	-	-	-	-	-
- Shares cancelled	-	-	-	-	-	-	-	-	-	-
- Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-	-	-
- Dividend distribution	-	(19.394)	(1.147)	-	-	(2.855)	-	-	-	(23.396)
- Transactions with treasury shares (net)	-	-	-	(460)	-	-	-	-	-	(460)
- Business combinations	-	-	-	-	-	-	-	-	-	-
- Other transactions	-	-	725	-	-	-	-	-	-	757
- Other changes in equity	-	-	1.154	-	(7.141)	5.987	32	-	-	-
<b>CLOSING BALANCE, 2015</b>	<b>101.011</b>	<b>105.492</b>	<b>(97.894)</b>	<b>(460)</b>	<b>61.756</b>	<b>(2.855)</b>	<b>-</b>	<b>36</b>	<b>-</b>	<b>167.086</b>

Statements of cash flows for the years ended 31 December 2015 and 2014

	Thousands of euros	
	2015	2014
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES (I)</b>	<b>8,978</b>	<b>5,428</b>
Profit (loss) before tax	61,083	6,466
Adjustments to profit and loss		
- Depreciation and amortisation	158	156
- Impairment losses	1,542	601
- Proceeds from (payments for) retirements and disposals of financial instruments	(560)	(10)
Changes in working capital		
- Trade and other receivables	23,196	(12,086)
- Trade and other payables	5,713	7,629
- Other current liabilities	4,355	333
- Other non-current assets and liabilities	(39,808)	(2,715)
Other cash flows from (used in) operating activities		
- Dividends received	3,585	7,267
- Income tax receipts (payments)	(7,522)	(2,185)
- Other receipts (payments)	(42,764)	(28)
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (II)</b>	<b>84,662</b>	<b>1,324</b>
Payments for investments		
- Group companies and associates	(1,900)	(3,322)
- Intangible assets	(43)	(14)
- Property and equipment	(82)	(123)
- Other financial assets	(2,908)	(1,237)
- Other assets	-	(859)
Proceeds from disposals		
- Group companies and associates	52,843	309
- Other business units	35,818	
- Other financial assets	156	6,570
- Other assets	778	-
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (III)</b>	<b>(23,091)</b>	<b>(7,871)</b>
Proceeds from and (payments for) equity instruments		
- Issuance of equity instruments	-	4,000
- Acquisition of own equity instruments	(548)	(40)
- Disposal of own equity instruments	853	3
Proceeds from and (payments for) financial liabilities		
Dividends paid and payments on other equity instruments		
- Dividends	(23,396)	(11,834)
<b>EFFECT OF CHANGES IN EXCHANGE RATES (IV)</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)</b>	<b>70,549</b>	<b>(1,119)</b>
Cash and cash equivalents, opening balance	1,873	2,992
Cash and cash equivalents, closing balance	72,422	1,873

## Main transactions during the year

At their respective meetings on 27 June 2014, the boards of directors of Nmás1 Equities, Sociedad de Valores, S.A.U. and Nmás1 Research, S.L. drew up and jointly signed the Joint Merger Plan for the takeover of Nmás1 Research, S.L. by Nmás1 Equities, Sociedad de Valores, S.A.U., involving the winding up without liquidation of the former. The Joint Merger Plan and the resolutions concerning the Merger were approved by the General Meeting of Partners and the Sole Shareholder, respectively, on 30 April 2014, exercising the powers vested in the General Meeting of Partners. As a result of the Merger, all of the acquiree's assets and liabilities were transferred *en bloc* by universal succession to Nmás1 Equities, Sociedad de Valores, S.A.U. (acquirer), with Nmás1 Equities, Sociedad de Valores, S.A.U. assuming all the rights and obligations of the acquiree.

On 23 January 2014, as sole partner of Nmás1 International Corporate Advisory, S.L., N+1 IBG agreed to increase the former's capital by issuing 5,538 new stakes with a par value of €1 and a share premium of €90.24 each. These stakes were fully subscribed and paid up by certain natural persons through a non-monetary contribution of 35% of the capital of Nplus 1 Daruma Finansal Danışmanlık Hizmetleri A.Ş. and Nplus 1 Daruma Gayrimenkul Kurumsal Finansman Danışmanlık Hizmetleri A.Ş. As a result of this capital increase, N+1 IBG's stake in this company decreased from 100% to 92.5%. Nonetheless, pursuant to the cross option sale-purchase agreement entered into at the same time, the 7.5% stake held by minority stakeholders is subject to correction. This will be carried out using a calculation based on the average EBITDAs of Nmás1 International Corporate Advisory, S.L. and the acquirees calculated for the period 2014-2016. Given that the counterparties in this cross option sale-purchase agreement are N+1 IBG and the minority stakeholders of Nmás1 International Corporate Advisory, S.L., this transaction meant that N+1 IBG had a financial derivative instrument from this arrangement at 31 December 2014, acquired from Nmás1 International Corporate Advisory, S.L. at no cost. N+1 IBG waived its preferential right to subscribe to the new stakes and therefore its stake in Nmás1 International Corporate Advisory, S.L. was modified, entailing the latter losing its status as a solely-owned company. This agreement was filed in the Companies Register on 18 February 2014. On 26 May 2014, the partners of Nmás1 International Corporate Advisory, S.L. also agreed to increase the company's capital by issuing 15,000 new stakes with a par value of €1 and a share premium of €175 per stake, in order to finance the investment in Swiss Capital Corporate Finance AG and acquire more shares in Nplus1 Singer Ltd. This agreement was filed in the Madrid Companies Register on 24 July 2014.

On 30 May 2014, an agreement was signed by Nmás1 International Corporate Advisory, S.L. and Swiss Capital Corporate Finance AG through which the partners of Swiss Capital Corporate Finance AG sold 50.002% of the company's shares with voting rights, corresponding to 25.001% of economic rights, to Nmás1 International Corporate Advisory, S.L. in exchange for an initial consideration of €2,516 thousand, plus an amount to be determined at 2016 year-end. This amount will equal 25% of six times the average EBITDA of Swiss Capital Corporate Finance AG in 2014, 2015 and 2016, less the initial consideration paid, up to a maximum of €5,000 thousand and a minimum initial payment. Based on the Group's estimates, it was not necessary to recognise a financial liability in the consolidated balance sheet for this item at 31 December 2015 and 2014. Simultaneously, cross options between both companies were arranged which expire in 2019. These granted Nmás1 International Corporate Advisory, S.L. the option of acquiring an additional 25% of the economic rights of Swiss Capital Corporate Finance AG, and the latter the entitlement to demand that the former acquire said additional 25% in exchange for stakes in Nmás1 International Corporate Advisory, S.L. These options had no impact on the consolidated financial statements for 2015 and 2014. After signing this agreement, Swiss Capital Corporate Finance AG's name was changed to N+1 Swiss Capital AG, Zürich.

On 12 January 2015, the partners of Nmás1 International Corporate Advisory, S.L. agreed to increase the company's capital by issuing 8,884 stakes with a par value of €1 and a share premium of €179.10 per stake, in order to finance the investment in N+1 France Corporate Finance, SAS. On 22 January 2015, the partners of N+1 France Corporate Finance SAS resolved to increase capital by issuing 702,000 new stakes with a par value of €1 and a share premium of €0.80 per stake, which were fully subscribed and paid up by Nmás1 International Corporate Advisory, S.L. This agreement was entered in the Madrid Companies Register on 16 February 2015. Lastly, on 19 November 2015, Nmás1 International Corporate Advisory, S.L. sold a 15% stake in N+1 France

Corporate Finance SAS through the sale of 140,400 shares totalling €140 thousand. At 31 December 2015, Nmás1 International Corporate Advisory, S.L. held a 60% stake in N+1 France Corporate Finance SAS.

On 17 March 2015, the partners of Nmás1 International Corporate Advisory, S.L. agreed to amend the agreement on 21 January 2014, mutually granting an in rem right to the parties involved. First, for the period 2014-2016, an in rem right was granted over the economic rights N+1 IBG held in Nplus 1 Daruma Finansal Danışmanlık Hizmetleri A.Ş. and Nplus 1 Daruma Gayrimenkul Kurumsal Finansman Danışmanlık Hizmetleri A.Ş. (hereinafter, "the Daruma companies") in favour of Nmás1 International Corporate Advisory, S.L.'s minority shareholders. Moreover and for the same period, an in rem right was granted to N+1 IBG over the economic rights of the minority shareholders of Daruma companies (and Nmás1 International Corporate Advisory, S.L. minority stakeholders) over said companies that Nmás1 International Corporate Advisory, S.L. held at 31 December 2013. It was also agreed that N+1 IBG would settle in cash to Nmás1 International Corporate Advisory, S.L. minority stakeholders all the amounts that these had paid out pursuant to the capital increases to which they subscribed after the initial agreement was signed (acquisition of 25% of N+1 Swiss Capital AG, Zürich, additional Nplus1 Singer Ltd shares, and investment in N+1 France Corporate Finance). As a result of this initial agreement, N+1 IBG holds 100% of the economic rights in the companies that Nmás1 International Corporate Advisory, S.L. held at 31 December 2013, while N+1 Swiss Capital AG, Zürich holds the aforementioned cross options stipulated in the initial agreement until 2017 when they will be exercised, if applicable. On 29 April 2015, Nmás1 International Corporate Advisory, S.L. acquired 1,791 stakes from the minority stakeholders for €318 thousand; equivalent to the contributions made by these stakeholders described above. As a result of this acquisition, the Company's stake in Nmás1 International Corporate Advisory, S.L. changed from 92.5% at 31 December 2014 to 94.33%. Furthermore, due to the amendments in the aforementioned agreements and performance of the Daruma companies (see Note 8) at 31 December 2015, the non-controlling interests relating to this entity were adjusted.

On 24 April 2015, Nmás1 International Corporate Advisory, S.L. acquired 13,000 stakes in the Italian company N+1 Syz s.r.l. for €78 thousand. On 12 November 2015, Nmás1 International Corporate Advisory, S.L. also acquired a further 7,000 stakes in N+1 Syz s.r.l. (for an initial consideration of €35 thousand at the sales date and a deferred payment of €19 thousand due between the first and sixteenth day of July 2016). Lastly, on 27 November 2015, N+1 Syz s.r.l. changed its name to N+1 s.r.l. As a result of these transactions, Nmás1 International Corporate Advisory, S.L.'s stake in N+1 s.r.l. (formerly N+1 Syz s.r.l.) increased from 65% to 85%.

N+1 Corporate Finance B.V. was incorporated on 7 October 2015 with Nmás1 International Corporate Advisory, S.L. contributing €15 thousand and holding 100% of the capital thereof. On 2 November 2015, an agreement was also reached through which the sole partner made a contribution of €85 thousand to N+1 Corporate Finance B.V.

N+1 US Corporation LLC was incorporated on 15 November 2015, which is solely owned by Nmás1 International Corporate Advisory, S.L.

On 8 January 2014 and 8 May 2014, the partners of Baruch Inversiones, S.L. resolved to increase this company's capital by issuing 52,589 and 36,375 stakes with a par value of €1 and a share premium of €0.66 and €0.5152, respectively. These capital increases were fully subscribed and paid up by N+1 IBG through a monetary contribution, and entered in the Companies Register on 21 February 2014 and 2 June 2014, respectively. On 4 December 2014, the partners of Baruch Inversiones, S.L. resolved to decrease this company's capital by reducing the par value of the 1,465,867 stakes representing its capital from €1 to €0.5741 in order to redeem partners' contributions. This capital decrease was entered in the Companies Register on 23 January 2015 and recognised by N+1 IBG as a decrease in the acquisition cost of its investment. Moreover, on 18 December 2014 Baruch Inversiones, S.L.'s partners authorised the transfer of 12,826 stakes held by N+1 IBG to another partner. N+1 IBG's sale of stakes, which did not generate a material result for the Group, resulted in N+1 IBG's ownership interest in Baruch Inversiones, S.L. decreasing from 47.44% to 46.56%. On 13 July 2015, the partners of Baruch Inversiones, S.L. resolved to decrease this company's capital by reducing the par value of the 1,465,867 stakes representing its capital from €0.5741 to €0.1884 in order to redeem partners' contributions. This capital decrease was entered in the Companies Register on 16 September 2015. On 23 November 2015, Baruch Inversiones,

S.L.'s partners resolved to distribute a share premium of €410 thousand. At 31 December 2015 and 2014, the Company's directors deemed that the right conditions had been fulfilled to consider this company as a subsidiary. On 26 March 2015, Plusalpina Real Estate Advisors GmbH sold 100% of the shares in Plusalpina Real Estate Management GmbH for €1, with no material impact for the Group.

Global Vibrato, S.L.U. was incorporated on 24 March 2015. This company's corporate purpose involves the acquisition, administration and management of movable assets and securities and investment portfolios. On 30 March 2015, N+1 IBG acquired 50% of the capital of Global Vibrato, S.L.U. by purchasing 1,800 stakes for €2 thousand, whereby this company lost its status as a solely-owned company. This agreement was filed in the Companies Register on 28 April 2015. On 17 June 2015, Global Vibrato, S.L. changed its name to Phoenix Recovery Management, S.L. On 11 December 2015, Phoenix Recovery Management, S.L.'s partners also resolved in their general meeting to contribute €200 thousand in cash to the company's reserves. Each partner made a contribution in proportion to its ownership interests in the company. The Group therefore made an additional contribution of €100 thousand.

On 4 February 2015, an agreement was signed setting forth the terms and conditions pursuant to which, and subject to compliance of certain conditions precedent, Nmás1 Energía, S.L.U. would sell and transfer Nmás1 Eolia, S.G.E.I.C., S.A.U. shares to Eolia Renovables de Inversiones, S.C.R., S.A., which the latter would acquire by delivering 550,088 shares in Eolia Renovables de Inversiones, S.C.R., S.A. to Nmás1 Energía, S.L.U., plus a further €100 thousand monetary contribution. On 27 May 2015, these conditions precedent had been fulfilled and Nmás1 Energía, S.L.U. proceeded to formalise the transfer of ownership and deliver to Eolia Renovables de Inversiones, S.C.R., S.A. the Nmás1 Eolia, S.G.E.I.C., S.A.U. shares. Eolia Renovables de Inversiones, S.C.R., S.A. also formalised the transfer of ownership and delivery Nmás1 Energía, S.L.U. of the Eolia Renovables de Inversiones, S.C.R., S.A. shares and payment of the additional consideration. On 28 April 2015, prior to final formalisation of the aforesaid agreement, Nmás1 Energía, S.L.U. had sold to Nmás1 Eolia, S.G.E.I.C., S.A.U. 100% of Wessel Duval Nmás1 Energía Spa shares for €8 thousand. Lastly, on 9 July 2015 Nmás1 Energía, S.L.U. changed its name to Nmás1 Infraestructura, S.L.U. At 31 December 2015, Nmás1 Eolia, S.G.E.I.C., S.A. and Wessel Duval Nmás1 Energía Spa therefore no longer lay within the scope of consolidation. This transaction gave rise to €2,281 thousand in revenue recorded under "Revenue" in the 2015 consolidated income statement.

At the 30 April 2015 general meeting, Nmás1 Syz Gestión, SGIIC, S.A.'s shareholders resolved to increase its share capital by issuing 11,570 new shares with a par value of €1 and a share premium of €4.33 each. This agreement was filed in the Madrid Companies Register on 29 June 2015. N+1 IBG waived its preferential right to subscribe to the new shares and therefore the Company's stake in Nmás1 Syz Gestión, SGIIC, S.A. changed from 23.5% at 31 December 2014 to 23%.

At the 30 April 2015 general meeting, Nmás1 Syz Valores AV, S.A.'s shareholders resolved to increase its share capital by issuing 8,100 new shares with a par value of €1 and a share premium of €19.77 each. This agreement was filed in the Madrid Companies Register on 29 June 2015. N+1 IBG waived its preferential right to subscribe to the new shares and therefore the Company's stake in Nmás1 Syz Valores AV, S.A. changed from 23.5% at 31 December 2014 to 23%.

On 29 June 2015, Mercapital Private Equity, S.G.E.I.C., S.A.U.'s sole shareholder resolved to increase its share capital by issuing 10 new shares with a par value of €1 and a share premium of €12,990 each. This agreement was filed in the Madrid Companies Register on 20 October 2015. In December 2015, Mercapital Private Equity, S.G.E.I.C., S.A.U. sold 100% of N+1 Mercapital Mexico, S.A. de C.V.'s shares for €2 thousand, with no material impact on the accompanying financial statements.

On 29 June 2015, Nmás1 Capital Privado, S.G.E.I.C., S.A.U.'s sole shareholder resolved to increase its share capital by raising the par value of the €5,000 shares representing its share capital from €60.101210 to €61, and by issuing 100 new shares with a par value of €61 and a share premium of €3,094.06 per share. These agreements were filed in the Companies Register on 20 October 2015.

On 31 October 2014, N+1 IBG and the other Nmás1 Mercapital, S.L. partners signed a sale-purchase commitment affecting all the company's stakes for €2,228 thousand, subject to fulfilment of certain conditions precedent. It was agreed that payment to the former partners of Nmás1 Mercapital, S.L. would be in three tranches: €393 thousand as an advanced payment on account on 31 October 2014; €272 thousand in cash on signing the contract; and the remainder (€1,563 thousand) in nine instalments. The balance payable is recognised under "Trade and other payables – Other payables" on the liabilities side of the consolidated balance sheets at 31 December 2015 and 2014 (see Note 17). Lastly, the final agreement was signed on 18 December 2014, and consequently the Company has held a 100% ownership interest since that date. At said date, an agreement was also signed to transfer in rem rights to N+1 IBG. A price of €300 thousand was set, €68 thousand of which was payable in cash on the signing date and the remainder equivalent to €232 thousand payable in nine instalments. This latter amount is recognised under "Trade and other payables – Other payables" on the liabilities side of the consolidated balance sheets at 31 December 2015 and 2014 (see Note 17). As the transfer of usufruct consolidated N+1 IBG's sole ownership of the stake in Nmás1 Mercapital, S.L.U. and the aforesaid in rem right was annulled, the cost was recognised as an increase in the cost of acquiring the investee. A debit was recognised against reserves as a result of this transaction. On 23 July 2015, Nmás1 Mercapital, S.L.U. changed its name to Nmás1 Investment Managers, S.L.U. Lastly, on 31 December 2015, Nmás1 Investment Managers, S.L.U. acquired 100% of the capital of Alteralia Management S.à.r.l. by acquiring 1,250 shares for €1.

On 30 July 2015, Nmás1 Debt Solutions, S.L.U.'s sole partner resolved to increase its capital by issuing 1,002 new stakes with a par value of €1. This agreement was filed in the Madrid Companies Register on 15 October 2015. The Company waived its preferential right to subscribe to the new stakes and therefore the Company's stake in Nmás1 Debt Solutions, S.L. changed from 100% at 31 December 2014 to 75%. The company therefore lost its solely-owned status.

On 19 January 2016, it was agreed that Nplus1 Credit Solutions LLP would be wound up, with no impact on the Group's consolidated result.

As reported in the material disclosure of 24 November 2015, the Company agreed on that date, subject to a number of conditions precedent, to acquire 100% of the capital of Downer & Company, LLC – a North American company operating in the US and other countries (primarily Germany, France, Ireland, China and India) that provides financial advice relating to corporate actions (corporate finance). It was agreed that this purchase would be settled by: (i) a payment through N+1 US Corporation LLC (see Note 2.13) of \$18.58 million in cash; and (ii) delivery by the Company of 1,262,652 treasury shares, subject to approval at the General Meeting. An amount of \$3.75 million of the \$18.58 million cash consideration will be paid in three equal instalments in January 2017, January 2018 and January 2019. If the Company were unable to issue or deliver said treasury shares before 30 May 2017, it would have to pay \$12.7 million in cash on that date. As mentioned beforehand, closing of the transaction is subject to obtaining approval thereof from the North American regulator, the Financial Industry Regulatory Authority (FINRA), which supervises Downer & Company, LLC's operations. At the date of preparation for issue of these financial statements, this approval had not been obtained and therefore, the transaction had not been completed and the company integrated into the Group.

*Spin-off, restructuring and partial sale of the investee portfolio of Dinamia Capital Privado, Sociedad de Capital Riesgo, S.A.*

On 23 February 2015, the Company's Board of Directors approved and signed a spin-off Plan to carve out its investee portfolio, comprising an economic unit, to a new limited company solely owned by the Company: Nmás1 Dinamia Portfolio, S.L. (hereinafter, the "Beneficiary"). In exchange for the contribution, the Company received all the stakes representing the Beneficiary's capital. The agreements on the spin-off were approved by the Company's shareholders at the General Meeting on 29 April 2015 in the context of the Merger between the Company and N+1 IBG described in Note 1. The Company therefore restricted completion of the spin-off until the condition precedent concerning the execution of the deed for the planned Merger of the Company (as acquirer) and N+1 IBG (as acquiree) is fulfilled.

The spin-off enabled the Company to concentrate its investee portfolio in the Beneficiary, transforming the Beneficiary into the Company's investment vehicle. This involved a spin-off through which the Beneficiary acquired *en bloc* through universal succession the Company's former investee portfolio, but not the rest of the Company's assets and liabilities not connected with this investee portfolio.

The Company's balance sheet at 31 December 2014 is taken as the spin-off balance sheet for the purposes set forth in Article 36 of the Act on Structural Changes to Companies in relation to Article 73 (see Note 1).

The spin-off took effect for accounting purposes on 9 July 2015, which is when the Beneficiary was integrated into the Group and the Merger was simultaneously completed (see Note 1). The Beneficiary was also incorporated for an indefinite period when the spin-off deed was executed (9 July 2015) with the name *Nmás1 Dinamia Portfolio, S.L.*

On 23 September 2015, the Company approved the transformation of the Beneficiary into a limited company, without changing its legal personality, for the same duration and its renaming to *Nmás1 Dinamia Portfolio, S.A.* The deed of transformation was entered in the Companies Register on 20 October 2015.

On 11 November 2015, the Company (as seller) and several funds managed or advised by Access Capital Partners, S.A. (as buyers) formalised a private sale-purchase agreement for *Nmás1 Dinamia Portfolio, S.A.* shares. Completion of this sale-purchase was subject to fulfilment of the following conditions precedent:

- Approval of the transaction by the Company's shareholders at a General Meeting for the purposes of Article 160 f) of the Corporate Enterprises Act.
- Completion of all the necessary arrangements to ensure all the assets and liabilities of *Nmás1 Dinamia Portfolio, S.A.* not included in the sale-purchase agreement are excluded from this company. The investments not included in the scope of the transaction, which originally made up part of the Company's portfolio and were subsequently transferred to *Nmás1 Dinamia Portfolio II, S.L.* were as follows: High Tech Hotels & Resorts, S.A.; Grupo Gestión Integral Novolux Internacional, S.L.; Tryo Communication Technologies, S.L.; Electra Partners Club 2007, LP; Alcad, S.L.; and the rights and obligations of *Nmás1 Dinamia Portfolio, S.A.* arising from the sales of Tamsi Spain, S.L. and of United Wineries Holding, S.A. (the latter considered immaterial).
- The transformation of *Nmás1 Dinamia Portfolio, S.A.* into a private equity company.

*Nmás1 Dinamia Portfolio II, S.L.* was incorporated on 13 November 2015 by way of a non-monetary contribution from *Nmás1 Dinamia Portfolio, S.A.* of those stakes and shares not included in the aforementioned agreement, totalling €7,254 thousand, and a monetary contribution of €287 thousand. The company's capital is divided into 100,000 stakes of €1 par value each and with a share premium of €74.4076 per stake. Subsequently, on the 18 November 2015 the Company resolved to distribute a share premium of *Nmás1 Dinamia Portfolio, S.A.* amounting to €10,436 thousand, as follows:

- A cash pay-out of €1,347 thousand.
- A pay-out in kind equivalent to €7,541 thousand comprising 100,000 stakes in *Nmás1 Dinamia Portfolio II, S.L.* *Nmás1 Dinamia Portfolio, S.A.* was sole partner of this company at 18 November 2015.
- A pay-out in kind equivalent to €1,549 thousand comprising the receivables deriving from the sale-purchase agreements described above and recognised for this amount under "Non-financial assets" on the assets side of the consolidated balance sheet at 31 December 2015 (see Note 9.4).

On 18 November 2015, the Company also resolved to transform *Nmás1 Dinamia Portfolio, S.A.* into a private equity firm regulated by Act 22/2014 of 12 November, adopting any necessary additional decisions including, the amendment of its bylaws. The deed of transformation was entered in the Companies Register on 4 December 2015 and *Nmás1 Dinamia Portfolio, S.A.* was recorded as a private equity company as entry 234 in the CNMV's register on 23 December 2015.



At a General Meeting on 17 December 2015, the Company's shareholders approved the disposal of 70.625% of the capital of Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A.

Lastly, having fulfilled all the aforesaid conditions precedent, the parties agreed to execute the deed of compliance with the conditions precedent and complete the sale-purchase of the Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A. shares. The Company therefore sold and transferred 3,576,432 shares in Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A. to the buyer for a total price of €57,215 thousand. The following method of payment was also agreed:

- Instalment of €40,000 thousand on executing the transaction.
- Instalment of €10,715 thousand payable to the Company by Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A. on behalf of the buyer through the distributions the latter makes to the buyer as shareholder of Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A., at the very latest 12 months after the transaction date. If on the date 12 months after the transaction date the buyer (or entity subrogating its position) has not paid the seller all of the second instalment through the aforementioned distributions, the buyer will settle the outstanding balance of the second instalment in cash on the first working day after 31 December 2016. This amount is recognised under "Non-financial assets" on the assets side of the consolidated balance sheet at 31 December 2015 (see Note 9.4).
- Instalment of €6,500 thousand payable to the Company by Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A. on behalf of the buyer through the distributions the latter makes to the buyer as shareholder of Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A., at the very latest 24 months after the transaction date. If on the date 24 months after the transaction date the buyer (or entity subrogating its position) has not paid the seller all of the third instalment through the aforementioned distributions, the buyer will settle the outstanding balance of the third instalment in cash. This amount is recognised under "Non-financial assets" on the assets side of the consolidated balance sheet at 31 December 2015 (see Note 9.4).

As a result of this sale, the Company's stake in Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A. decreased from 100% to 29.375%.

At the same time as the transaction was executed, a contract took effect through which Nmás1 Capital Privado, S.G.E.I.C., S.A. (solely owned by the N+1 Group) became the management company of Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A. Nmás1 Capital Privado, S.G.E.I.C., S.A. also manages the N+1 Private Equity Fund II fund, which in turn, holds significant investments in the companies included in the investee portfolio.

Further to this transaction, on 23 December 2015 the Company (as seller) and another financial investor (as buyer) formalised a private agreement for the sale-purchase of Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A. shares. The Company sold and transferred 1,107,745 shares to the buyer, representing 21.875% of capital for €17,721 thousand. The following method of payment was also agreed:

- Instalment of €12,389 thousand on executing the transaction.
- Instalment of €3,319 thousand payable to the Company by Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A. on behalf of the buyer through the distributions the latter makes to the buyer as shareholder of Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A., at the very latest 12 months after the transaction date. If on the 31 December 2016 the buyer has not paid the seller all of the second instalment through the aforementioned distributions, the buyer will settle the outstanding balance of the second instalment in cash on the first working day after 31 December 2016. This amount is recognised under "Non-financial assets" on the assets side of the consolidated balance sheet at 31 December 2015 (see Note 9.4).
- Instalment of €2,013 thousand payable to the Company by Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A. on behalf of the buyer through the distributions the latter makes to the buyer as

shareholder of Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A., at the very latest 24 months after the transaction date. If on the 31 December 2017 the buyer has not paid the seller all of the third instalment through the aforementioned distributions, the buyer will settle the outstanding balance of the third instalment in cash. This amount is recognised under "Non-financial assets" on the assets side of the consolidated balance sheet at 31 December 2015 (see Note 9.4).

As a result of this sale, the Company's stake in Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A. once again changed from 29.375% to 7.5%.

Pursuant to the aforementioned disposals of the stakes held by the Group in Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A., the Group initially lost control and then significant influence over the latter. The aforesaid investment was therefore reclassified as an available-for-sale asset under "Non-current financial assets" on the assets side of the consolidated balance sheet at 31 December 2015 for €6,023 thousand (see Note 9.1). As a result of the above disposals, the Group recognised income of €553 thousand under "Impairment losses and gains (losses) on disposal of financial instruments" in the consolidated income statement for 2015. This result is not material for the Group as the transaction price is similar to that considered when determining the fair values used to recognise the Takeover. The financial impact of the deferred payments is also immaterial vis-à-vis the accompanying consolidated financial statements.

### **3. Accounting policies and measurement bases**

The following accounting principles, policies and measurement bases were applied in the preparation of the Company's 2015 consolidated financial statements:

#### ***a) Definitions and classification of financial instruments***

##### *i. Definitions*

A "financial instrument" is a contract that gives rise to a financial asset at one entity and a financial liability or equity instrument at another entity simultaneously.

An "equity/capital instrument" is any agreement that evidences a residual interest in the assets of the issuing entity after deducting all of its liabilities.

A "financial derivative" is a financial instrument, the value of which changes in response to a change in an observable market variable (such as an interest rate, exchange rate, financial instrument price or market index), whose initial investment is very small compared to other financial instruments with a similar response to changes in market factors, and which is generally settled at a future date.

##### *ii. Classification of financial assets for measurement and presentation purposes*

Financial assets are initially presented in the consolidated balance sheet as "current" or "non-current" (see Note 3 k)), and subsequently based on their nature. Financial assets are therefore classified according to their nature into the following categories for the purposes of measurement and assignment to line items:

- Cash and cash equivalents: this line item in the consolidated balance sheet includes the balance of the Group's current accounts with financial institutions needed to carry out its activity, and any reverse repurchase agreements and deposit accounts at credit institutions held by the Group and maturing within three months.

- Loans and receivables: this category comprises all receivables and loans which, although not arising from trade, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market. This category includes the line items: “Non-current financial assets – Loans/Other financial assets” (see Note 9), “Other current financial assets”, and “Trade and other receivables” on the assets side of the consolidated balance sheet.
- Available-for-sale financial assets: this category includes debt instruments that are not classified as “Held-to-maturity investments”, “Financial assets held for trading” or “Other financial assets at fair value through profit or loss”, and equity instruments issued by entities other than subsidiaries, associates or jointly-controlled entities, provided that such instruments have not been classified as “Financial assets held for trading” or “Other financial assets at fair value through profit or loss”. This category includes the line item “Non-current financial assets – Available-for-sale financial assets” (see Note 9) on the assets side of the consolidated balance sheet.
- Other financial assets at fair value through profit or loss: this category includes any financial assets acquired for the purpose of generating a profit in the short term from fluctuations in their prices (trading portfolio), financial derivatives not accounted for as hedging instruments, and the investees over which the Group has a significant influence through an “investment entity”. (see Note 2.13.3). This category includes the line item “Non-current financial assets – Other financial assets at fair value through profit or loss” (see Note 9).
- Investments accounted for using the equity method: this heading in the consolidated balance sheet includes equity/capital instruments in jointly-controlled entities and associates (see Note 2.13), except those classified as “Other financial assets at fair value through profit or loss”.

### *iii. Classification of financial liabilities for measurement and presentation purposes*

Financial liabilities are initially presented in the consolidated balance sheet as “current” or “non-current” (see Note 3 k)), and subsequently based on their nature. The Group’s financial liabilities include debts and payables by the Group that have arisen from the purchase of goods or services in the normal course of business and those which, while not having commercial substance, cannot be classed as derivative financial instruments. The Group’s financial liabilities are recognised under “Non-current financial liabilities” and “Trade and other payables” on the liabilities side of the consolidated balance sheet. All are classified for measurement purposes as “Debts and payables”.

## **b) Measurement and recognition of gains (losses) on financial assets and liabilities**

Financial assets and liabilities are initially recognised at fair value which, in the absence of evidence to the contrary, is deemed to be the transaction price. This amount is then adjusted by the transaction costs that are directly attributable to the acquisition of the financial asset or issuance of the financial liability, except for financial instruments recognised, where applicable, at fair value through profit or loss. Financial assets and liabilities are subsequently measured at each year-end as follows:

### *i. Measurement of financial assets*

Financial assets classified for measurement purposes as “Loans and receivables” are initially measured at fair value (which, unless evidence exists to the contrary, is equal to the transaction price), including any directly attributable transaction costs. Subsequently, these assets are measured at amortised cost using the effective interest rate method. “Amortised cost” is understood to be the acquisition cost of a financial asset or liability plus or minus, as appropriate, the principal repayments and the accumulated amortisation taken to the consolidated income statement for the difference between the initial cost and the maturity amount. In the case of financial assets, amortised cost furthermore includes any reductions for impairment or uncollectability.

However, balances expected to be collected within one year from the reporting date are measured at their nominal value, insofar as the effect of not discounting them is not significant.

The “effective interest rate” is the discount rate that exactly matches the carrying amount of a financial instrument to all its estimated cash flows of all kinds over its remaining life. For fixed-rate financial instruments, the effective interest rate coincides with the contractual rate of interest at the time of acquisition, adjusted as necessary for any commissions or fees which by their nature are assignable to a rate of interest. In the case of floating-rate financial instruments, the effective interest rate coincides, where applicable, with the rate of return prevailing in all connections until the first revision of the benchmark interest rate.

Financial assets classified for measurement purposes as “Available-for-sale financial assets” or “Other financial assets at fair value through profit or loss” are initially measured at fair value, including in the case of available-for-sale financial assets any directly attributable transaction costs. Subsequently, changes in the fair value of available-for-sale financial assets are recognised in equity (under “Items that can be subsequently reclassified to profit and loss for the period – Available-for-sale financial assets”), net of the corresponding tax effect, which is recognised as a deferred tax asset or liability until the asset is disposed of or is determined to be (permanently) impaired, at which time the cumulative gain or loss is reclassified to consolidated profit or loss. As the name suggests, any changes in the fair value of other financial assets at fair value through profit and loss are recognised with a charge or credit to profit and loss.

The fair value of a financial instrument on a given date is the amount at which the asset could be exchanged between knowledgeable, willing parties in an arms’ length transaction on that date. Fair value is determined without deducting transaction costs incurred on disposal. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it on an organised, transparent and deep market (“quoted price” or “market price”) (see Note 27).

If there is no market price for a given financial instrument, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments and, in the absence thereof, of valuation techniques sufficiently used by the international financial community, taking into account the specific features of the instrument to be measured and, particularly, the various types of risk associated with it. Nevertheless, the limitations of the valuation models that have been developed and the possible inaccuracies in the assumptions required by these models may give rise to the fair value thus estimated of a financial instrument differing somewhat from the price at which the instrument could be bought or sold on the valuation date.

Equity investments in other companies and financial derivatives that have equity instruments as their underlying whose fair value cannot be objectively determined are carried at cost, adjusted for any impairment losses.

Disclosures on the fair value of financial instruments, their classification and the measurement bases used are provided in Note 27.

The amounts at which the financial assets are recognised represent, in all material respects, the Group’s maximum exposure to credit risk at each reporting date.

## *ii. Measurement of financial liabilities*

Financial liabilities classified for measurement purposes as “Debts and payables” are initially measured at fair value (which, unless evidence exists to the contrary, is equal to the transaction price), including any directly attributable transaction costs. These financial liabilities are then measured at amortised cost, while any accrued interest is recognised under “Finance costs” in the consolidated income statement. However, balances expected to be paid within one year from the reporting date are measured at their nominal value, insofar as the effect of not discounting them is not significant.

### *iii. Recognition of fair value changes*

As a general rule, changes in the fair value of financial assets and liabilities are recognised with a balancing entry in the consolidated income statement. A distinction is made between the changes resulting from the accrual of interest or dividends (which are recognised under "Finance income" or "Finance costs", as appropriate); those arising from the impairment of asset quality and those arising for other reasons, which are recognised for their net amount under "Impairment losses and gains (losses) on disposal of financial instruments" in the consolidated income statement.

However, changes in the fair value (gains or losses) of other financial assets at fair value through profit and loss are recognised for their net amount under "Changes in fair value of financial instruments" in the consolidated income statement. Exchange differences are recognised under "Exchange differences" in the consolidated income statement.

Changes in the fair value of available-for-sale financial assets are temporarily recognised, net of the corresponding tax effect, in consolidated equity under "Items that can be subsequently reclassified to profit and loss for the period – Available-for-sale financial assets", except for those deriving from exchange differences relating to monetary financial assets, which are recognised under "Exchange differences" in the consolidated income statement. Items charged or credited to "Items that can be subsequently reclassified to profit and loss for the period – Available-for-sale financial assets" continue to form part of the Group's consolidated equity until the asset that gave rise to them or their impairment is derecognised, at which time they are cancelled against "Impairment and gains (losses) on disposal of financial instruments" or "Exchange differences" in the consolidated income statement.

Lastly, details of the profit (loss) of companies accounted for using the equity method are provided in Note 2.13.

### **c) Derecognition of financial assets and liabilities**

The accounting treatment of transfers of financial assets depends on the extent to which the risks and rewards associated with the transferred assets are transferred to third parties:

1. If substantially all the risks and rewards of the assets transferred are transferred to third parties – unconditional sales, sales under an agreement to repurchase them at their fair value at the date of repurchase, sales of financial assets with a purchased call option or written put option that is deeply out of the money, and other similar cases – the transferred financial asset is derecognised and any rights or obligations retained or created in the transfer are recognised simultaneously.
2. If the Group retains substantially all the risks and rewards associated with the transferred financial asset – sale of financial assets under an agreement to repurchase them at a fixed price or at the sale price plus interest, a securities lending agreement in which the borrower undertakes to return the same or similar assets, and other similar cases – the transferred financial asset is not derecognised and continues to be measured by the same criteria as those used before the transfer. However, the following items are recognised:
  - a. An associated financial liability, for an amount equal to the consideration received and subsequently measured at amortised cost.
  - b. The income from the transferred financial asset not derecognised and any expense incurred on the new financial liability – recognised directly in profit and loss.

3. If the Group neither transfers nor retains substantially all the risks and rewards associated with the transferred financial asset – sale of financial assets with a purchased call option or written put option that is not deeply in or out of the money and other similar cases – the following distinction is made:
  - a. If the transferor does not retain control of the transferred financial asset, the asset is derecognised and any rights or obligations retained or created in the transfer are recognised.
  - b. If the transferor retains control of the transferred financial asset, it continues to recognise it for an amount equal to its exposure to changes in value and recognises a financial liability associated with the transferred financial asset. The net carrying amount of the transferred asset and the associated liability is the amortised cost of the rights and obligations retained, if the transferred asset is measured at amortised cost, or the fair value of the rights and obligations retained, if the transferred asset is measured at fair value.

Accordingly, financial assets are only derecognised when the cash flows they generate have been extinguished or when substantially all the inherent risks and rewards have been transferred to third parties. Similarly, financial liabilities are only derecognised from the balance sheet when the obligations that gave rise to them have been settled or when they have been acquired, whether with a view to cancellation or resale.

When a financial asset is fully derecognised from the balance sheet, an amount is recognised in the consolidated income statement equal to the difference in value between its carrying amount and the sum of a) the consideration received, including any new assets obtained less any liability assumed and b) any cumulative gain or loss recognised directly as items that can be subsequently reclassified to profit and loss for the period in the equity attributable to the financial asset transferred.

#### **d) Offsetting**

Asset and liability balances are offset and therefore, reported in the consolidated balance sheet at their net amount, when, and only when, they arise from transactions for which a contractual or legal right of set-off exists and there is an intention to settle them on a net basis, or to realise the asset and settle the liability simultaneously, and that one of the parties involved is a financial institution.

#### **e) Impairment of financial assets**

##### *i. Definition*

A financial asset is considered to be impaired – and therefore its carrying amount is adjusted to reflect the effect of impairment – when there is objective evidence that events have occurred which:

- In the case of debt instruments (loans and debt securities), give rise to an adverse impact on the future cash flows that were estimated at the transaction date.
- In the case of equity instruments, mean that their carrying amount may not be fully recovered.

As a general rule, the carrying amount of impaired financial instruments is adjusted with a charge to the consolidated income statement for the period in which the impairment becomes evident, and the reversal, if any, of previously recognised impairment losses is recognised in the consolidated income statement for the period in which the impairment ceases to exist or is reduced. When the recovery of any recognised amount is considered unlikely due to impairment, the amount is written off, without prejudice to any actions that the Group may initiate to seek collection until its contractual rights are extinguished due to expiry of the statute-of-limitations period, forgiveness or any other cause.

*ii. Financial assets at amortised cost*

The amount of an impairment loss incurred on a debt instrument carried at amortised cost is equal to the negative difference between its carrying amount and the present value of its estimated future cash flows, and is presented as a reduction of the balance of the asset adjusted.

The process of assessing these assets for potential impairment losses is performed individually for all financial assets measured at amortised cost. The impairment losses recognised at any given time are therefore the sum of the losses on specific transactions.

Losses due to impairment are recognised under "Impairment losses and gains (losses) on disposal of financial instruments" in the consolidated income statement.

*iii. Available-for-sale financial assets*

The impairment loss on these financial instruments is the positive difference between the acquisition cost of the instruments (net of any principal repayment in the case of debt instruments) and their fair value less any impairment loss previously recognised in the consolidated income statement.

When there is objective evidence that the losses arising on measurement of these assets are due to impairment, they are removed from the consolidated equity item "Items that can be subsequently reclassified to profit and loss for the period – Available-for-sale financial assets" and are recognised, for their cumulative amount at the date of measurement under "Impairment losses and gains (losses) on disposal of financial instruments" in the consolidated income statement. If, in a subsequent period, the impairment loss is partially or fully reversed, the amount of the reversal is recognised in the consolidated income statement in the period in which the reversal occurs (under "Items that can be subsequently reclassified to profit and loss for the period – Available-for-sale financial assets" in the consolidated balance sheet in the case of equity instruments).

*iv. Equity instruments carried at cost*

Impairment losses on equity instruments are calculated as the positive difference between the carrying amount and the recoverable amount, where the latter is the higher of fair value less costs to sell and the present value of the future cash flows from the investment. Unless there is better evidence of the recoverable amount, impairment is based on the equity of the investee (consolidated where applicable) adjusted for unrealised gains at the date of measurement.

Impairment losses are recognised in the consolidated income statement for the period in which they arise, as a direct reduction of the cost of the instrument. These losses can only be reversed subsequently if the related assets are sold.

Impairment losses on "Investments accounted for using the equity method" are estimated and recognised by the Group pursuant to the criteria described in Note 2.13.

**f) Recognition of income and expenses**

The paragraphs below summarise the most significant criteria applied by the Group in recognising income and expense:

*i. Interest income and expenses and similar items*

Interest income and expenses and similar items are generally recognised on an accrual basis using the effective interest method under "Finance income" and "Finance costs", respectively, in the consolidated income statement. Dividends received from other companies not included in the Group's scope of consolidation are recognised as income under "Finance income" in the consolidated income statement when the Group's right to receive them arises. Interest and dividends accrued prior to the acquisition date are not recognised in the consolidated income statement, and the corresponding asset is cancelled when these items are collected.

*ii. Income from provision of services*

Income from provision of services (processing and execution of orders, preparation of investment reports and financial analysis, management and administration of CISs and private equity firms, and the provision of business advisory services etc. – see Note 23), all basically comprising commissions and similar fees, are recognised in the consolidated income statement using different criteria depending on their nature. The main fees and commissions are as follows:

- Those arising as a result of transactions and services that extend over a prolonged period of time, which are recognised over the life of the transaction or service.

This type of income from provision of services includes that from the management and administration of CISs, the management and administration of private equity firms, discretionary portfolio management, and the provision of business advisory services. It is recognised under "Revenue" in the consolidated income statement.

Within this category of income from provision of services, part the income from the management and administration of CISs is variable since the amount receivable depends on the performance of the managed investment. In these cases, the Group reviews and, if necessary, adjusts the revenue recognised for this commission when reversal is possible subsequent to initial recognition if the investment underperforms.

- Those relating to services provided in a single act, which are recognised when the single act is carried out.

This type of income from provision of services includes securities brokerage fees, which are recognised under "Revenue" in the consolidated income statement. The same line item includes income from provision of advisory services that depends on the success of the corresponding transaction, and income deriving from gains generated by the private equity firms and funds managed by the Group.

This type of income from provision of services also includes income from preparing investment reports and financial analysis.

*iii. Non-finance income and costs and other operating income*

Income and expenses are recognised on an accrual basis, i.e., when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.



**g) Property and equipment**

This line item comprises the cost of furniture, facilities, computer hardware and other property and equipment owned by the Group, all classified as “Property and equipment for own use” given its intended purpose.

Property and equipment is initially measured at acquisition cost or production cost, and subsequently reduced by any accumulated depreciation or impairment losses.

Depreciation is calculated by applying the straight-line method to the acquisition cost of the assets less their residual value.

The depreciation charge for the year is recognised under “Depreciation and amortisation” in the consolidated income statement and is basically calculated using the following depreciation rates (based on the average years of estimated useful life of the various assets):

	Annual depreciation rate
Facilities	10%
Computer hardware	25%
Furniture	10%
Other property and equipment	10%

At each balance sheet date, the Group assesses whether there are any internal or external indications that the carrying amount of an item of property or equipment exceeds its recoverable amount, in which case the asset is written down to the recoverable amount and the future depreciation charges are adjusted in proportion to the written-down carrying amount and the new remaining useful life, should it need to be reestimated.

Similarly, if there is an indication of a recovery in the value of an impaired item of property or equipment, the Group recognises the recovery of the impairment loss recognised in prior periods and adjusts the future depreciation charges accordingly. Under no circumstances may the recovery of an impairment loss on an asset increase its carrying amount above the amount at which it would have been stated if no impairment losses had been recognised in prior years.

The Group recognises any impairment losses on these assets with a charge to “Impairment losses and gains (losses) on disposal of non-current assets” in the consolidated income statement.

The estimated useful lives of the items of property and equipment for own use are reviewed at least at the end of the reporting period with a view to detecting significant changes therein. If changes are detected, the useful lives of the assets are adjusted by correcting the depreciation charge to be recognised in the consolidated income statement in future years on the basis of the new useful lives.

Upkeep and maintenance expenses relating to property and equipment for own use are recognised as an expense in the period in which they are incurred. Conversely, costs incurred that increase capacity or efficiency or extend the useful life of the assets are capitalised as part of the cost of the related assets.

## ***h) Intangible assets***

### *Other intangible assets*

These assets are identifiable (i.e. separable from other assets) non-monetary assets without physical substance which arise from contractual or other legal rights or which are developed internally by the Group. They are only recognised when their cost can be estimated reliably and when it is considered probable that they will generate future economic benefits.

Intangible assets are recognised initially at acquisition or production cost and subsequently measured at cost less any accumulated amortisation and impairment losses.

All the Group's assets included under "Other intangible assets" have a finite useful life and comprise software acquired for valuable consideration. The estimated useful lives of the items of these intangible assets are reviewed at least at the end of the reporting period with a view to detecting significant changes therein. If changes are detected, the useful lives of the assets are adjusted by correcting the amortisation charge to be recognised in the consolidated income statement in future years on the basis of the new useful lives.

These intangible assets are amortised over their finite useful life using methods similar to those used to depreciate property and equipment. The average annual amortisation rate for software is 33.33%.

Charges for the amortisation of these assets are recognised under "Depreciation and amortisation" in the consolidated income statement.

The Group recognises any impairment losses on these assets with a charge to "Impairment losses and gains (losses) on disposal of non-current assets" in the consolidated income statement. The criteria used to recognise the impairment losses on these assets and, where applicable, the recovery of impairment losses recognised in prior years are similar to those used for property and equipment (see Note 2 g)).

### *Goodwill*

Goodwill represents advance payments made by the acquirer for future economic benefits arising from the assets that are not individually and separately identifiable and recognisable. It is calculated as the difference between the fair value of the assets acquired and liabilities assumed and the cost of the business combination, both at the acquisition date.

Goodwill is assigned to one or more cash-generating units that are expected to benefit from synergies deriving from the business combination.

Goodwill arising upon the acquisition of companies with a functional currency other than the euro is measured in the functional currency of the acquiree, and is translated to euros at the exchange rate prevailing on the consolidated balance sheet date.

Goodwill is never amortised but is periodically tested for impairment, and written down if there is any evidence thereof.

Impairment of a cash-generating unit to which goodwill has been assigned is determined by comparing the unit's carrying amount – adjusted by any goodwill attributable to non-controlling interests if non-controlling interests are not measured at fair value – and its recoverable amount.

A cash-generating unit's recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is calculated as the discounted value of projected future cash flows estimated by the unit's management based on the latest available budgets for forthcoming years. The main assumptions used in the calculation are: a sustainable growth rate to extrapolate cash flows in perpetuity and a discount rate for discounting the cash flows (see Note 6). Any impairment losses are recognised under "Impairment losses and gains (losses) on disposal of non-current assets" in the consolidated income statement. Impairment losses on goodwill are not reversed in subsequent periods.

#### ***i) Accounting for operating leases***

In operating leases, the ownership of the leased asset and substantially all the risks and rewards of ownership are retained by the lessor.

When the Group acts as lessee, lease expenses, including any incentives granted by the lessor, are charged to "Other operating expenses" in the consolidated income statement on a straight-line basis (Note 25).

Any collection or payment that might be made when arranging an operating lease will be treated as a prepaid lease collection or payment, which will be allocated to profit or loss over the lease term in accordance with the time pattern in which the benefits of the leased asset are provided or received.

#### ***j) Tax assets and liabilities***

"Deferred tax assets", "Deferred tax liabilities" and "Trade and other receivables – Current tax assets" and "Trade and other payables – Current tax liabilities" in the consolidated balance sheet include the amount of all corporate income tax assets and liabilities, which are classified where applicable as: "current" (balances receivable or payable for tax within the next 12 months) and "deferred" (balances receivable or payable for tax in future years including, as the case may be, those arising from tax loss carryforwards or unused tax credit or deductions).

#### ***k) Current and non-current assets and liabilities***

Current assets are those that the Group intends to sell, consume or realise during the normal operating cycle, and those that are expected to mature, be disposed of or realised within twelve months of the reporting period; or are cash or cash equivalents. All other assets are classified as non-current.

Current liabilities comprise any obligations related with the normal operating cycle that the Group intends to settle during said cycle, and those that are expected to mature or expire within twelve months of the reporting period. They include salaries payable. All other liabilities are classified as non-current.

#### ***l) Other non-current assets and liabilities***

"Other current assets" and "Other non-current assets" in the consolidated balance sheet comprise the balance of assets not recognised under other line items, and include advances and loans to personnel and other assets.

"Other current liabilities" and "Other non-current liabilities" in the consolidated balance sheet comprise the balance of payables not included in other categories.

These balances include all prepayments and accrued income and accrued expenses and deferred income, with the exception of accrued interest which is recognised in the line items including the financial instruments

giving rise to the corresponding interest balances. They are also classified as “current” and “non-current” as per the criteria described in point k) of this note.

#### **m) Own equity instruments**

An equity instrument represents a residual interest in the assets of the Company after deducting all of its liabilities. Own equity instruments are only those that meet the following conditions:

- The instrument includes no contractual obligation for the issuer that requires it: (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.
- If the instrument will or may be settled in the issuer's own equity instruments, it is: (i) a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or (ii) a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Gains or losses on trading in own equity instruments, including issuance and cancellation of these instruments, are recognised directly against equity. Any costs incurred in transactions involving own equity instruments are charged against equity after deducting any related tax incentives.

The changes in value of own equity instruments are not recognised in the financial statements. The considerations received or delivered in exchange for these instruments are directly included in or deducted from consolidated equity.

Own equity instruments also include any options over the Company's shares acquired by it and recognised as a charge to consolidated equity under “Other equity instruments” in the consolidated balance sheet. These instruments are measured at acquisition cost, which is equal to the premium paid for them. The carrying amount of these instruments was not material to the accompanying financial statements.

#### **n) Assets under management**

Assets managed by the Group that are owned by third parties are not recognised in the consolidated balance sheet. Income from such activity is recognised under “Revenue” in the consolidated income statement (see Note 23).

#### **o) Personnel expenses**

##### *Pension plan and other post-employment commitments*

The Group had no material pension plan commitments with its staff at the 2015 and 2014 reporting closes.

##### *Termination benefits*

Under current Spanish legislation, the Group is required to pay termination benefits to employees whose employment is terminated when certain conditions are met. Compensation paid to employees laid off in 2015 and 2014 is recognised under “Personnel expenses” in the consolidated income statement (see Note 24). The Company's directors considered that at 31 December 2015, there were no reasons for booking an additional provision for such commitments at said dates.

**p) Income tax**

Income tax expenses or income tax rebates include both current and deferred tax expense or income, and are recognised under "Income tax" on the consolidated income statement.

A temporary difference exists when there is a difference between the carrying amount of an asset or liability and its tax base. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. A taxable temporary difference is one that will generate a future obligation for the Group to make a payment to the related tax authorities. A deductible temporary difference is one that will generate a right for the Group to a rebate or a reduction in the tax charge in the future.

Tax credits and deductions and tax loss carryforwards are amounts that, after performance of the activity or obtainment of the profit or loss giving entitlement to them, are not used for tax purposes in the related tax return until the conditions for doing so established in the tax regulations are met, and the Group considers it probable that they will be used in future periods.

Current tax assets and liabilities are the taxes that are expected to be recoverable from or payable to the related tax authorities within 12 months from the date they are recognised. Deferred tax assets and liabilities are amounts of income tax expected to be recoverable or payable, respectively, in future periods.

Deferred tax liabilities are recognised for all significant taxable temporary differences. Deferred tax assets arising from deductible temporary differences and from tax credits and rebates and tax loss carryforwards are only recognised when it is deemed probable that the Group will generate future taxable profits against which these assets may be utilised.

Deferred tax assets and liabilities are not recognised in connection with the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit (loss) nor taxable profit (tax loss).

The deferred tax assets and liabilities recognised are reassessed each year in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

Under prevailing legislation, losses from a given year can be used to offset taxable income during the following 18 years in certain circumstances.

Article 7 of Act 16/2012 of 27 December, adopting various tax measures aimed at consolidating public finances and boosting economic activity, establishes that depreciation and amortisation of property and equipment, intangible assets and investment property for the tax periods beginning in 2013 and 2014 for those entities that, in those years, did not meet the requirements established in sections 1, 2 or 3 of Article 108 of the Consolidated Spanish Corporate Tax Act (approved by Royal Decree-Law 4/2004 of 5 March) will be deducted from the tax base up to 70% of that which would have been tax deductible if this percentage had not been applied, pursuant to sections 1 and 4 of Article 11 of this act. Any depreciation or amortisation charges that are not tax deductible pursuant to this article will be deducted on a straight-line basis over 10 years or, optionally, over the useful life of the asset as from the first tax period beginning in 2015. Moreover, Additional Transitional Provision 37 of Corporate Tax Act 27/2014 of 27 November, establishes that taxpayers subject to the tax rate stipulated in section 1 of Article 29 of said act and to whom the limit on tax-deductible depreciation and amortisation charge set forth in Article 7 of Act 16/2012 of 27 December, applies will be entitled to deduct from the tax liability 5% of the amounts in the tax base (2% in the tax periods beginning in 2015) deriving from depreciation and amortisation charges not deducted in the tax periods commencing in 2013 and 2014.

Lastly, the Spanish Corporate Tax Act 27/2014 of 27 November, introduces, *inter alia*, a reduction in the corporate tax rate over two years, which stood at 30% until 31 December 2014. This rate is set at 28% and 25% for the years starting on 1 January 2015 and 1 January 2016, respectively. At year-end 2014, the Company's directors therefore adjusted deferred tax assets according to the estimated date on which they would be offset. Meanwhile, at year-end 2015, the directors adjusted any deferred tax assets generated during said reporting period and the estimate made at year-end 2014 (see Note 18).

As a result of the takeover described in Note 1, at its meeting on the 22 July 2015 the Company's Board of Directors resolved that the Company would file consolidated tax returns with the N+1 Group of which it is parent (see Note 18), and comprising both the companies in which it holds an indirect stake (Nmás1 Corporate Finance, S.A.U., Nmás1 REIM Spain, S.L.U., Nmás1 Capital Privado Servicios, S.L.U., Partilonia Administración, S.L.U., Mideslonia Administración, S.L.U., Paulonia Servicios de Gestión, S.L.U., Flenox, S.L.U., Mercapital Private Equity, S.G.E.I.C., S.A.U., Nmás1 Capital Privado, S.G.E.I.C., S.A.U. and N Más Uno Advisor, S.A.U.); and those in which it holds a direct stake (Nmás1 Equity and Credit Management, S.A.U., Nmás1 REIM, S.L.U., Nmás1 Asset Management, S.G.I.I.C., S.A.U., Nmás1 Debt Solutions, S.L., Nmás1 International Corporate Advisory, S.L., Nmás1 Infraestructure, S.L.U. (formerly Nmás1 Energía, S.L.U.) and Nmás1 Investment Managers, S.L.U. (formerly Nmás1 Mercapital, S.L.U.)). Before the Merger, N Más Uno IBG, S.A. filed consolidated tax returns with the Pre-merger N+1 Group.

Further, as a result of the aforementioned merger, at its meeting on 22 July 2015 the Company's Board of Directors agreed to file VAT returns under the special regime for the new tax group of which it is parent (see Note 18), and comprising both the companies in which it holds an indirect stake (N Más Uno Advisor, S.A.U., Nmás1 Corporate Finance, S.A.U., Nmás1 Corporate Portfolio Advisors, S.L., Nmás1 Capital Privado, S.G.E.I.C., S.A.U., Nmás1 Capital Privado Servicios, S.L.U., Paulonia Servicios de Gestión, S.L.U., Partilonia Administración, S.L.U., Mideslonia Administración, S.L.U., Nmás1 REIM Spain, S.L.U., Mercapital Private Equity, S.G.E.I.C., S.A.U. and Flenox, S.L.U.); and those in which it holds a direct stake (Nmás1 Asset Management, S.G.I.I.C., S.A.U., Nmás1 Equity and Credit Management, S.A.U., Nmás1 International Corporate Advisory, S.L., Nmás1 Debt Solutions, S.L., Nmás1 Equities, Sociedad de Valores, S.A., Nmás1 Infraestructure, S.L.U. (formerly Nmás1 Energía, S.L.U.), Nmás1 Investment Managers, S.L.U. (formerly Nmás1 Mercapital, S.L.U.) and Nmás1 REIM, S.L.U.). Before the Merger, N Más Uno IBG, S.A. filed VAT returns under this special regime with the Pre-merger N+1 Group as parent.

The Company filed individual tax returns prior to the Merger described in Note 1 because it did not pertain to a group.

#### **q) Consolidated statement of cash flows**

The following terms are used in the consolidated statement of cash flows:

- Cash flows: inflows and outflows of cash and cash equivalents, which are considered current, highly liquid investments that have little risk of changing in value.
- Operating activities: the principal revenue-producing activities of the Group, and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of non-current assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of the equity and borrowings of the Group provided these are not operating activities.

In preparing the consolidated statements of cash flows, "Cash and cash equivalents" were considered to be short-term, highly liquid investments that are subject to an insignificant risk of changes in value. The Group therefore classifies the balances of current accounts and any time deposits or those concerning reverse repurchase agreements under "Cash and cash equivalents" on the assets side of the consolidated balance sheet (see Note 13). Cash deriving from the Company when the Merger took place amounting to €35,818 thousand was therefore recognised under "Cash flows from (used in) investing activities – Other cash received from (paid on) investing activities" in the aforementioned consolidated statement of cash flows (see Note 1).

***r) Consolidated statement of recognised income and expense***

The consolidated statement of recognised income and expense presents the income and expenses generated by the Group as a result of its business activity in the year. A distinction is made between income and expenses recognised in the consolidated income statement, on one hand, and, on the other, income and expenses recognised directly in consolidated equity pursuant to prevailing laws and regulations.

Accordingly, this statement presents:

- a) The consolidated profit or loss for the year.
- b) Net income and expense recognised temporarily in consolidated equity as valuation adjustments (and therefore subsequently taken to profit and loss for the period).
- c) Net income and expense recognised definitively in consolidated equity (and therefore not subsequently taken to profit and loss for the period).
- d) The income tax incurred in respect of the items indicated in b) and c) above.
- e) Total recognised income and expense, calculated as the sum of all of the above (total comprehensive income for the year).

Changes in income and expense recognised in consolidated equity as available-for-sale financial assets, exchange differences or share in other comprehensive income from investments in joint ventures and associates, as well as other income and expenses are broken down into:

- a) Valuation gains (losses): includes the amount of income, net of expenses incurred in the year, recognised directly in consolidated equity.
- b) Amounts transferred to income statement: includes the amount of the revaluation gains and losses previously recognised in equity, albeit in the same year, which are recognised in the consolidated income statement.
- c) Other reclassifications: includes, where applicable, the amount of the transfers made in the year between line items in accordance with current regulations.

The amounts of these items are presented gross and the related tax effect is recognised under "Income tax", except for amounts relating to entities accounted for using the equity method which are presented net of the tax effect.

#### **s) Consolidated statement of total changes in equity**

The consolidated statement of total changes in equity presents all the changes in consolidated equity, including any arising from changes in accounting policies and from the correction of errors. This statement accordingly presents a reconciliation between the carrying amount of each component of consolidated equity at the beginning and the end of the period, grouping changes into the following headings according to their nature:

- a) Adjustments for changes in accounting criteria and restatements to correct errors: include the changes in consolidated equity arising as a result of the retrospective adjustments and restatements of the balances in the consolidated financial statements due to changes in accounting policies or to the correction of errors.
- b) Total recognised income and expense: includes, in aggregate form, the total of the aforementioned items recognised in the consolidated statement of recognised income and expense.
- c) Transactions with shareholders and owners: includes any items recognised in relation to capital increases and decreases, dividend pay-outs, transactions with treasury shares and own equity instruments, and other transactions with shareholders and owners.
- d) Other changes in equity: includes the remaining items recognised in consolidated equity, including allocations of profit, equity-instrument-based payments, transfers between consolidated equity items, and any other increases or decreases in consolidated equity.

#### **t) Foreign currency transactions**

The Group's functional currency and presentation currency in its consolidated financial statements is the euro. Therefore, transactions in currencies other than the euro are deemed to be foreign currency transactions and are recognised by applying the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translating foreign currency balances into the functional currency are generally recognised at their net value in the consolidated income statement under "Exchange differences". As an exception to this rule, exchange differences affecting the value of financial instruments measured at fair value through profit or loss are recognised in the consolidated income statement together with all other changes that may affect the fair value of the instrument, and exchange differences affecting exchange differences arising on non-monetary items measured at fair value through equity under "Items that can be subsequently reclassified to profit and loss for the period – Translation differences" in the consolidated balances sheet.

At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates then prevailing. Any resulting gains or losses, where applicable, are recognised directly in the consolidated income statement in the year in which they arise.

The exchange rates used by the Company in translating the foreign currency balances to euros for the purpose of preparing the financial statements, taking into account the criteria mentioned above, were the official rates published by the European Central Bank.

In 2015, the Group held cash in foreign currencies (i.e. currencies other than the functional currency of each company at individual level) that generated an exchange gain in said year of €159 thousand (€21 thousand exchange loss in 2014). This amount is recognised under "Exchange differences" in the consolidated income statement.



A breakdown of the equivalent value in thousands of euros of the main asset balances in the consolidated balance sheet at 31 December 2015 and 2014 (no material liability balances in the consolidated balance sheet) held by the Group in foreign currencies (basically Pounds sterling), according to the nature of the items therein, are as follows:

	Equivalent value in thousands of euros		
	31/12/2015	31/12/2014	01/01/2014
Investments accounted for using the equity method (Note 8)	10,872	11,832	7,976
Non-current financial assets (Note 9)	9,035	-	-
Trade and other receivables – Trade receivables (Note 10)	566	680	841
Cash and cash equivalents – Current accounts (Note 13)	11,802	135	741
	<b>32,275</b>	<b>12,647</b>	<b>9,558</b>

#### *Translation of financial statements denominated in foreign currencies*

The financial statements of subsidiaries with a functional currency other than the presentation currency (the euro) were translated to euros as follows:

- The assets and liabilities in their balance sheets were translated at the exchange rates prevailing at the end of the reporting period.
- Equity items were translated at historical exchange rates.
- Income statement items and the corresponding reserves were translated at the cumulative average exchange rates for the period in which they arose.
- Any resulting exchange differences were recognised as a separate component of equity under “Items that can be subsequently reclassified to profit and loss for the period – Translation differences” or “Non-controlling interests”.

When control, joint control or a significant influence over a company with a functional currency other than the euro is lost, the translation differences recognised as a component of equity relating to that company are recognised in profit or loss at the same time as the gain or loss on the disposal is recognised. If the investee with a functional currency other than the euro is a jointly-controlled entity or associate and it is partially disposed of, without giving rise to a change in its classification as an investee or the jointly-controlled entity becomes an associate, only the proportional part of the translation differences is recognised in profit or loss. If an ownership interest in a subsidiary with these characteristics is disposed of without losing control over said company, this proportional part of the cumulative translation difference is attributed to the share of non-controlling interests.

#### ***u) Related-party transactions***

Related-party transactions are those carried out with Group companies and entities or individuals meeting the requirements set forth in IAS 24.

The Group carries out all transactions with related parties at arm's length.

**v) Provisions and contingencies**

In preparing the consolidated financial statements, the Company's directors distinguish between:

- a) Provisions: balances payable for an amount that is estimated to cover present obligations, arising from past events, whose nature is clearly specified but of uncertain timing or amount, the settlement of which is expected to result in an outflow of resources embodying economic benefits. These obligations may arise as a result of:
- A legal or contractual obligation.
  - A tacit or implicit obligation deriving from the creation by the Group of a valid expectation on the part of third parties with regard to its discharge of certain responsibilities. These expectations are created when the Group publicly accepts certain responsibilities or by means of an established pattern of past behaviour or published policies.
  - The virtually certain trend in regulation in certain aspects, specifically draft legislation which the Group will certainly be bound by.

Over the ordinary course of its operations, the Group is subject to the supervision of competent regulatory bodies. The Company's directors do not expect any matters to arise as a result of the actions of these bodies that would have a significant impact on the accompanying consolidated financial statements.

Provisions are quantified using the best information available regarding the consequences of the obligating event and are re-estimated at each reporting date, taking into account the financial effect if significant. The same provisions are applied to meet the specific obligations for which they were initially recognised and are reversed, totally or partially, whenever said obligations disappear. They are recognised under "Non-current provisions" and "Current provisions" in the consolidated balance sheet according to their nature.

- b) Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group. They include present obligations whose settlement is not likely to generate an outflow of cash resources embodying economic benefits or whose amount cannot be quantified in a sufficiently reliable manner.
- c) Contingent assets: possible assets that arise from past events and whose existence is conditional on, and will be confirmed only by, the occurrence or non-occurrence of events beyond the control of the Group. Contingent assets are not recognised in either the consolidated balance sheet or the consolidated income statement, but their existence is disclosed in the accompanying notes wherever it is deemed probable that they will give rise to an inflow of resources embodying economic benefits.

On 7 February 2014, the CNMV exercised its powers to supervise and inspect the activities of CIS management companies bestowed upon it in Articles 69 and 70 of Act 32/2003 of 4 November, on CISs, initiating an inspection of Nmás1 Asset Management, S.G.I.I.C., S.A.U. and the CIS management company managed by it. The purpose of this inspection was to verify compliance with obligatory rules and to examine financial statement items for the period from 1 January to 31 December 2013. Furthermore, on 3 March 2014, the CNMV exercised its powers to supervise and inspect the activities of investment service companies bestowed upon it in Article 84 of the Securities Market Act, initiating an inspection of Nmás1 Equities, Sociedad de Valores, S.A. The purpose of this

inspection was to review its organisational structure and examine financial statement items for the period from 1 January to 31 December 2013 in order to assess its equity and results in said period. The directors of both companies sent the CNMV a report providing an explanation for the events detected during this supervisory visit. These inspections were completed in 2014 with no impact on the equity of the inspected companies or undertakings managed by Nmás1 Asset Management, S.G.I.I.C., S.A.U.

At the end of 2015, no lawsuits or claims had been filed against the Company or Group companies arising from their normal business.

#### **w) Business combinations**

The acquisition by the parent of control over a subsidiary constitutes a business combination and is accounted for using the acquisition method. In subsequent consolidations, the elimination of the investment in, or net assets of, these subsidiaries is carried out, as a general rule, on the basis of the amounts resulting from the use of the acquisition method on the date control was obtained. Thus, the acquisition date is determined and the cost of the business combination calculated, recognising the identifiable assets acquired and liabilities assumed at their fair value on said date.

The cost of the business combination is the sum of:

- The acquisition-date fair values of any assets transferred, liabilities incurred or assumed and equity instruments issued, and
- The fair value of any contingent consideration that depends on future events or on compliance with certain pre-established conditions.

The cost of the business combination does not include expenses relating to the issue of equity instruments offered or financial liabilities delivered in exchange for the items acquired.

Lawyers' fees and fees for other professional services related to the combination, in addition to expenses generated internally in this connection, are also excluded from the cost of the combination. These amounts are taken directly to consolidated profit and loss.

In a business combination achieved in stages, goodwill or negative goodwill on any previously held equity interest prior to the acquisition date (the date on which it gains control) is the difference between:

- The cost of the business combination plus the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and
- The value of the identifiable assets acquired less the liabilities undertaken, determined in the manner described above.

The acquirer will also recognise an asset in the consolidated balance sheet under "Intangible assets – Goodwill" if on the acquisition date there is a positive difference between:

- i) The sum of the price paid plus the amount of all non-controlling interests, plus the fair value of any previously held equity interest in the acquiree; and
- ii) The fair value of the assets acquired and liabilities assumed.

In the exceptional case that the difference arising in the business combination is negative, it is recognised as income in the consolidated income statement (see Note 1).

Any gain or loss arising from measurement at fair value at the date control of the investee is obtained is recognised in the consolidated income statement. If the equity interest had been measured previously at fair value, any changes in fair value not recognised in profit or loss for the year are transferred to the consolidated income statement. The cost of the business combination is presumed to be the best estimate of acquisition-date fair value of any previously held equity interest.

If the measurement procedures of a business combination necessary to apply the acquisition method explained above are incomplete by the end of the reporting period, the acquirer will report the provisional amounts. The acquirer may adjust the provisional amounts recognised during the period necessary to obtain the required information. This period will not exceed one year. The effects of the adjustments made in this period are accounted for retrospectively, also adjusting the comparative information retrospectively if necessary.

Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss, unless the consideration was classified as equity, in which case, subsequent changes in its fair value are not recognised.

#### ***x) Segment reporting***

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses and whose operating results are regularly reviewed by the Group's most senior operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment reporting as per applicable standards (IFRS 8) for the main business units, geographies and main customers is provided in Note 26.

### **4. Distribution of the Company's profit**

#### ***a) Distribution of the Company's profit***

At the General Meeting on 29 April 2015, shareholders approved the proposed distribution of the Company's profit for the year ended 31 December 2014.

The distribution of the Company's net profit for 2015 that the Board of Directors will propose for approval by shareholders at the General Meeting (along with the distribution of 2014 profit approved at the General Meeting of N+1 IBG) is as follows:

	Thousands of euros	
	2015	2014
<b>Basis of distribution:</b>		
Net profit for the year	61,756	7,141
<b>Distribution:</b>		
Legal reserve	20,145	-
Interim dividends –		
Approved prior to year-end	2,855	5,987
Approved subsequent year-end	-	1,147
Other reserves	38,756	7
	<b>61,756</b>	<b>7,141</b>

At its meeting on 22 January 2015, N+1 IBG's Board of Directors resolved to distribute an interim dividend of €2,855 thousand against 2015 profit, which was paid in 2015.

The provisional financial statement prepared by the Company's Board of Directors pursuant to legal requirements (Article 277 of the Spanish Corporate Enterprises Act) demonstrating the existence of sufficient funds to distribute said interim dividend were as follows:

	Thousands of euros
	22 January 2015
Net profit at dividend distribution date	2,896
Interim dividend paid out	-
Available net profit	2,896
<b>Amount of profit proposed for distribution</b>	<b>2,855</b>
Available cash before pay-out (including repo)	4,961
Gross amount of interim dividend	2,855
<b>Remaining cash</b>	<b>2,106</b>

On 20 June 2015 and prior to the date of the Merger, the Company's Board of Directors agreed to distribute an interim dividend of €5,160 thousand with a charge to 2015 profit, which was paid in 2015.

The provisional financial statement prepared by the Company's Board of Directors pursuant to legal requirements (Article 277 of the Spanish Corporate Enterprises Act) demonstrating the existence of sufficient funds to distribute said interim dividend were as follows:

	Thousands of euros
	20 June 2015
Net profit at dividend distribution date	25,146
Interim dividend paid out	-
Available net profit	25,146
<b>Amount of profit proposed for distribution</b>	<b>5,160</b>
Available cash before pay-out (including repo)	48,317
Gross amount of interim dividend	5,160
<b>Remaining cash</b>	<b>43,157</b>

**b) Earnings per share**

*i. Basic earnings per share*

The Group's basic earnings per share is calculated by dividing its net profit for a specific period by the weighted average number of shares outstanding during said period, excluding the average number of treasury shares held in the period.

Accordingly:	Thousands of euros	
	2015	2014
Net profit for the year attributable to the parent	65,686	14,140
Weighted average number of shares outstanding	27,321,403.34	21,205,556.33
Conversion of convertible debt	-	-
Adjusted number of shares	27,321,403.34	21,205,556.33
<b>Basic earnings per share (euros)</b>	<b>2.40</b>	<b>0.67</b>

As a result of the restructuring of equity in 2014, the weighted average number of shares outstanding was calculated taking into account N+1 IBG's shares at the merger date multiplied by the exchange calculation (Note 1).

*ii. Diluted earnings per share*

The Group's diluted earnings per share is calculated by dividing net profit for the period attributable to ordinary shareholders, adjusted for the effects of dilutive potential ordinary shares and the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares of the Company.

The diluted earnings per share would therefore be:

	Thousands of euros	
	2015	2014
Net profit for the year attributable to the parent	65,686	14,140
Adjusted number of shares	27,321,403.34	21,205,556.33
<b>Basic earnings per share (euros)</b>	<b>2.40</b>	<b>0.67</b>

As a result of the restructuring of equity in 2014, the adjusted number of shares was calculated taking into account N+1 IBG's shares at the merger date multiplied by the exchange calculation (Note 1).

## **5. Remuneration and other benefits to the Company's Board of Directors and Key Management Personnel**

### ***5.1 Remuneration of the Board of Directors***

As per the Company's Bylaws, board members will be remunerated as follows for performing their duties as such:

- A fixed annual fee; and
- *Per diems* for attending meetings of the Board of Directors and the Board committees on which they serve.

On approval by shareholders at the General Meeting, board remuneration can consist of the delivery of shares or share options. At the General Meeting, shareholders will, where applicable, set the maximum number of shares that can be assigned each year, the price or system for calculating the strike price of the options, or the value of the shares that may be used as a reference, and the duration of the plan. This method of remuneration has not been used to date.

Each board member's remuneration for serving on the Board will be determined by the Board of Directors taking into account his/her duties and responsibilities, positions held on board committees and other relevant objective factors.

An individual breakdown of the remuneration of the Company's board members, showing fixed pay and *per diems* for attending the meetings of the Board and board committees in 2015 and 2014 is as follows:

Board member	Type of director	Euros			
		2015		2014 (1)	
		Fixed remuneration	<i>Per diem</i>	Fixed remuneration	<i>Per diem</i>
Mr. Santiago Eguidazu Mayor (2)	Executive	27,000	7,500	-	-
Mr. Santiago Bergareche Busquet	External	27,000	61,014	-	66,892
Mr. Alfred Merton Vinton	External	18,000	33,527	-	40,135
Mr. José Javier Carretero Manzano	Independent	18,000	61,804	-	57,973
Mr. Luis Carlos Croissier Batista (4)	Independent	22,500	12,750	-	-
Mr. Rafael Jiménez López	Proprietary	18,000	51,730	-	54,629
Mr. Jorge Mataix Entero (2)	Proprietary	18,000	10,500	-	-
Mr. José Antonio Abad Zorrilla (2)	Proprietary	18,000	9,750	-	-
Mr. Emilio Carvajal y Ballester (3)	Proprietary	-	31,216	-	44,595
Mr. Joaquín García-Quirós Rodríguez (3)	Proprietary	-	2,230	-	40,135
Mr. Fernando D'Ornellas Silva (3)	Independent	-	49,054	-	57,973
Mr. Nicolás Villén Jiménez (3)	Independent	-	49,054	-	55,744
Ms. María Luisa Garaña Corces (5)	Independent	-	-	-	-
Subtotal		166,500	380,129	-	418,076
Total		<b>546,629</b>		<b>418,076</b>	

- (1) Remuneration of the Company's board members for 2014. These figures are not included in the comparative financial statements presented in these notes to the consolidated financial statements because they are the 2014 figures for N+1 IBG due to the reverse merger takeover (see Notes 1 and 2).
- (2) At the 29 April 2015 General Meeting, the Company's shareholders approved a reshuffle of the Company's Board of Directors as a result of the Merger described in Note 1. It was resolved that Mr. Santiago Eguidazu Mayor, Mr. Jorge Mataix Entero and Mr. José Antonio Abad Zorrilla would be appointed as from the date on which the Merger took effect.
- (3) Mr. Joaquín García-Quirós Rodríguez, Mr. Emilio Carvajal y Ballester, Mr. Nicolás Villén Jiménez and Mr. Fernando D'Ornellas Silva stood down as board members on 26 February 2015, 18 June 2015, 29 June 2015 and 22 July 2015, respectively.
- (4) Mr. Luis Carlos Croissier Batista was appointed by co-option as one of the Company's board members on 22 July 2015. His position as a member of the Board of Directors was also ratified by shareholders at the 17 December 2015 General Meeting.
- (5) The appointment of Ms. María Luisa Garaña Corces as a member of the Company's Board of Directors was approved by shareholders at the 17 December 2015 General Meeting.

At year-end 2015, Nmás1 Dinamia, S.A.'s Board comprised nine members: eight men and one woman (2014: eight members, all men).

Remuneration for the third and fourth quarters of €245 thousand is recognised at 31 December 2015 under "Other operating expenses" in the consolidated income statement (see Note 25). This line item also includes €5 thousand of remuneration paid to one of N Más Uno IBG's board members accrued in the first quarter of the year. Remuneration of the Company's board members accrued during the first two quarters of 2015 is recognised in the pre-merger income statement of Dinamia Capital Privado, Sociedad de Capital Riesgo, S.A.

At 31 December 2015, €118 thousand of remuneration was payable and recognised under "Trade and other payables – Other payables" on the liabilities side of the consolidated balance sheet (see Note 17).



Remuneration of the individuals serving on N Más Uno IBG, S.A. board of directors accrued in 2014 totalled €253 thousand; recognised under “Other operating expenses” in the consolidated income statement (see Note 25). No amounts were payable for this concept at 31 December 2014.

In 2015, €132 thousand was effectively paid for this concept (€253 thousand in 2014). Remuneration of €302 thousand for the first two quarters of the year recognised in the pre-merger income statement of Dinamia Capital Privado, Sociedad de Capital Riesgo, S.A. was paid prior to the Merger.

At 31 December 2015 and 2014, no loans or advances had been granted to the Company’s serving and former board members, and no guarantee obligations or pension or life insurance commitments had been assumed on their behalf. The Company’s serving and former board members had also not received any remuneration for this concept originating in other Group companies.

#### **Board members’ ownership interests in the Company**

Pursuant to Act 26/2003 of 17 July, amending Securities Market Act 24/1988 of 28 July, and the Corporate Enterprises Act, the Company is required to disclose any ownership interests in the Company held by the board members of N más 1 Dinamia, S.A. (formerly Dinamia Capital Privado, Sociedad de Capital Riesgo, S.A.).

A breakdown of the ownership interests in the Company of members of the Board of Directors at 31 December 2015 and 2014 is as follows:

	31/12/2015 (2)				31/12/2014 (3)			
	Total shares	Percentage ownership interest	Direct	Indirect	Total shares	Percentage ownership interest	Direct	Indirect
Mr. Santiago Eguidazu Mayor	6,712,380	19.94	660,209	6,052,171	-	-	-	-
Mr. Santiago Bergareche Busquet	9,251	0.03	4,522	4,729	9,251	0.06	4,522	4,729
Mr. Alfred Merton Vinton	-	-	-	-	-	-	-	-
Mr. José Javier Carretero Manzano	1,000	0.00	1,000	-	1,000	0.00	1,000	-
Mr. Luis Carlos Croissier Batista	-	-	-	-	-	-	-	-
Mr. Rafael Jiménez López	510	0.00	510	-	508	0.00	508	-
Mr. Jorge Mataix Entero	2,754,780	8.18	440,038	2,314,742	-	-	-	-
Mr. José Antonio Abad Zorrilla	2,754,780	8.18	440,038	2,314,742	-	-	-	-
Ms. María Luisa Garaña Corces	-	-	-	-	-	-	-	-
Former board member (1)	-	-	-	-	1,110	0.00	1,110	-
<b>Total</b>	<b>12,232,701</b>	<b>36.33</b>	<b>1,546,317</b>	<b>10,686,384</b>	<b>11,869</b>	<b>0.06</b>	<b>7,140</b>	<b>4,729</b>

- (1) The 2014 figures in the former board member category in the table above refers to Mr. Joaquín García-Quirós Rodríguez, Mr. Fernando D'Ornellas Silva and Mr. Nicolás Villén Jiménez.
- (2) At 31 December 2015, the Company's capital was represented by 33,670,184 shares.
- (3) At 31 December 2015, the Company's capital was represented by 16,279,200 shares.

On 26 March 2015, N+1 IBG shareholders signed the so-called "Shareholders' agreement on the company resulting from the merger of Dinamia Capital Privado, Sociedad de Capital Riesgo, S.A. and N Más Uno IBG, S.A. – Lock-up commitments" under which the Company's shareholders from N+1 IBG assume certain lock-up commitments concerning the non-transfer of company shares obtained by way of exchange in the Merger for a certain period of time established for each type of shareholder. As a Professional Shareholder, shares belonging to Mr. Santiago Eguidazu Mayor are subject to lock-up for four years. As Senior External Shareholders, the shares of Mr. Jose Antonio Abad Zorrilla and Mr. Jorge Mataix Entero are subject to an eighteen-month lock-up. These periods commenced on the date the deed recording the Merger was entered in the Companies Register.

## **5.2. Remuneration of Key Management Personnel and members of the Board of Directors as directors of the Group**

At 31 December 2015, the Group had five senior managers (not including the executive director). Based on this figure, total remuneration to key management personnel in 2015 was €2,813 thousand; recognised under "Personnel expenses – Wages, salaries and similar expenses" in the consolidated income statement (€1,683 thousand at 31 December 2014) (see Note 25). At 31 December 2015, €2,037 thousand was payable for this concept and recognised under "Trade and other payables – Other payables" on the liabilities side of the

consolidated balance sheet (31 December 2014: €1,083 thousand) (see Note 17). An amount of €1,858 thousand was effectively paid in this connection in 2015.

The Board chairman, Mr. Santiago Eguidazu Mayor, accrued €300 thousand fixed remuneration and a €1,206 thousand bonus in 2015 for serving as executive director, which was approved by the Board of Directors on the recommendation of the Appointments and Remuneration Committee (2014: €300 thousand fixed, and €1,050 thousand bonus). At 31 December 2015, €1,281 thousand was payable for this concept and recognised under "Trade and other payables – Other payables" on the liabilities side of the consolidated balance sheet (31 December 2014: €1,050 thousand) (see Note 17). An amount of €1,275 thousand was effectively paid in this connection in 2015. At the date of preparation of the accompanying consolidated financial statements, €1,052 had been paid.

This bonus has two components: i) a quantitative component (requiring the approval of the Company's audit committee) equivalent to 2.85% of the Company's pre-tax profit, excluding the result of operations or accounting adjustments not realised in cash or cash equivalents, which the Company's Audit Committee is required to verify; and ii) a qualitative component calculated according to criteria, indicators and/or parameters determined annually by the Appointments and Remuneration Committee.

At 31 December 2015 and 2014, no loans or advances had been granted to the Company's serving and former key management personnel, and no guarantee obligations or pension or life insurance commitments had been assumed on their behalf.

Pursuant to the 30 November 2015 and 26 January 2016 agreements reached by the Company with a member of the key management personnel, this individual will receive compensation of €500 thousand if the Company terminates his employment contract without due cause before 22 September 2016.

#### **Information regarding directors' conflicts of interest**

At year-end 2015, none of the Company's directors had reported to the Board of Directors any situation of direct or indirect conflicts between the interests of the Company and their own or those of related parties.

## **6. Intangible assets**

### ***a) Goodwill***

At 31 December 2015 and 2014 and at 1 January 2014, "Intangible assets – Goodwill" on the assets side of the consolidated balance sheet included goodwill generated from the acquisition of shares conferring control of the following companies:

	Year control taken	Thousands of euros		
		31/12/2015	31/12/2014	01/01/2014
Nmás1 Equities, Sociedad de Valores, S.A. (*)	2010	2,999	2,999	2,999
N+1 Deutschland GmbH	2013	416	416	416
Nmás1 Investment Managers, S.L.U. (formerly Nmás1 Mercapital, S.L.U.)	2013	47	47	47
Nplus1 Credit Solutions LLP	2013	-	-	70
Nmás1 Corporate Portfolio Advisors, S.L.	2014	31	31	-
N+1 France Corporate Finance, S.A.S.	2015	141	-	-
		<b>3,634</b>	<b>3,493</b>	<b>3,532</b>

(\*) Nmás1 Equities, Sociedad de Valores, S.A. merged with Nmás1 Research, S.L. The latter was a cash-generating unit along with what was its solely-owned subsidiary Nmás1 Equities, Sociedad de Valores, S.A. (see Note 1) until the two companies merged (see Note 2).

The method used by the Group's specialist department to measure the value in use associated with the business performed by Nmás1 Equities, Sociedad de Valores, S.A. at 31 December 2015 (see Notes 1 & 2.13) was to discount future cash flows from this business over a five-year projection period (until 2020). Key variables on which the financial projections were based are those relating to the estimate of the future income and expenses associated with said company and the amount of own equity needed to perform its activity. The present value of future cash flows to be distributed used to determine value in use was calculated using as the discount rate the yield on risk-free assets plus a specific risk premium commensurate with the business analysed. As per this method, the discount rate was between 10.20% and 10.70%. The residual value was estimated as the present value of perpetual income as from the last year of the projection (based on the average normalised net operating profit for the projection period) and considering a nominal annual growth rate of 0%. The growth rate of residual value was also analysed for sensitivity, which was determined at between -1% and +1%, with no impairment losses being detected in any scenario.

The changes in 2015 and 2014 in the balance of "Intangible assets – Goodwill" on the assets side of the consolidated balance sheet were as follows:

	Thousands of euros	
	2015	2014
Balance at the beginning of the period	3,493	3,532
Additions	141	31
Impairment charges (*)	-	(70)
<b>Balances at the end of the period</b>	<b>3,634</b>	<b>3,493</b>

(\*) In 2014, the goodwill associated with Nmás1 Credit Solutions LLP was written off because this company was being liquidated and it was expected that the amount associated with this goodwill would not be recovered. This amount was recognised under "Impairment losses and gains (losses) on disposals of non-current assets".

At year-end 2015 and 2014, the directors of the Company and N+1 IBG, respectively, did not deem it necessary to recognise any additional write-downs associated with impairment of this goodwill.

#### **b) Other intangible assets**

The entire balance of this line item on the asset side of the consolidated balance sheet comprises software acquired by the Group. The changes in 2015 and 2014 in "Other intangible assets" were as follows:

	Thousands of euros	
	2015	2014
<b>Cost:</b>		
Balance at the beginning of the period	609	555
Additions	51	54
Other changes (*)	(43)	-
Balances at the end of the period	<b>617</b>	<b>609</b>
<b>Accumulated amortisation:</b>		
Balance at the beginning of the period	(544)	(459)
Allowances	(35)	(85)
Other changes (*)	19	-
Balances at the end of the period	<b>(560)</b>	<b>(544)</b>
<b>Intangible assets, net</b>	<b>57</b>	<b>65</b>

(\*) Change stemming from the sale of Nmás1 Eolia, S.G.E.I.C., S.A.U. (see Note 2.13).

Fully amortised intangible assets in use amounted to €525 thousand, €449 thousand and €330 thousand at 31 December 2015 and 2014 and 1 January 2014, respectively.

At 31 December 2015 and 2014 and 1 January 2014, there were no intangible assets acquired or transferred under a finance lease.

## **7. Property and equipment**

The changes in "Property and equipment" on the assets side of the consolidated balance sheet in 2015 and 2014, entirely comprising property and equipment for own use, were as follows:

	Thousands of euros				
	Fixtures	Computer hardware	Furniture	Other items of property and equipment	Total
<b>Cost:</b>					
Balances at 1 January 2014	<b>1,660</b>	<b>775</b>	<b>330</b>	<b>210</b>	<b>2,975</b>
Additions	67	143	31	11	252
Disposals	-	-	-	-	-
Other changes (*)	(92)	(58)	(87)	(82)	(319)
<b>Balances at 31 December 2014</b>	<b>1,635</b>	<b>860</b>	<b>274</b>	<b>139</b>	<b>2,908</b>
Additions	237	178	42	8	465
Disposals	-	-	-	-	-
Other changes (**)	(4)	(140)	(18)	-	(162)
<b>Balances at 31 December 2015</b>	<b>1,868</b>	<b>898</b>	<b>298</b>	<b>147</b>	<b>3,211</b>
<b>Accumulated depreciation:</b>					
Balances at 1 January 2014	<b>(296)</b>	<b>(575)</b>	<b>(133)</b>	<b>(69)</b>	<b>(1,073)</b>
Allowances	(167)	(134)	(23)	(22)	(346)
Disposals	-	-	-	-	-
Other changes (*)	45	56	33	18	152
<b>Balances at 31 December 2014</b>	<b>(418)</b>	<b>(653)</b>	<b>(123)</b>	<b>(73)</b>	<b>(1,267)</b>
Allowances	(178)	(113)	(24)	(16)	(331)
Disposals	-	-	-	-	-
Other changes (**)	3	- 4	11	-	151
<b>Balances at 31 December 2015</b>	<b>(593)</b>	<b>(629)</b>	<b>(136)</b>	<b>(89)</b>	<b>(1,447)</b>
<b>Property and equipment, net:</b>					
<b>Balances at 1 January 2014</b>	<b>1,364</b>	<b>200</b>	<b>197</b>	<b>141</b>	<b>1,902</b>
<b>Balances at 31 December 2014</b>	<b>1,217</b>	<b>207</b>	<b>151</b>	<b>66</b>	<b>1,641</b>
<b>Balances at 31 December 2015</b>	<b>1,275</b>	<b>269</b>	<b>162</b>	<b>58</b>	<b>1,764</b>

(\*) Change primarily due to the liquidation of N+1 Mercapital do Brasil Gestora de Valores Mobiliarios e Consultora, Ltda and N+1 Mercapital Colombia, SAS (see Note 2.13). As a result of the liquidation of the aforesaid companies, the Group recognised a loss of €71 thousand under "Impairment losses and gains (losses) on disposal of non-current assets" in the consolidated income statement for 2014.

(\*\*) Change stemming from the sale of N+1 Eolia, S.G.E.I.C., S.A.U. (see Note 2.13).

Fully depreciated property and equipment in use amounted to €544 thousand at 31 December 2015, €571 thousand at 31 December 2014, and €451 thousand at 1 January 2014.

At 31 December 2015 and 2014 and 1 January 2014, there was no property and equipment acquired or transferred under a finance lease.

## 8. Investments accounted for using the equity method

This line item comprises the equity/capital instruments issued by N+1 Group and Pre-merger N+1 Group investees, which are associated and jointly-controlled entities accounted for using the equity method.

### a) Breakdown

Details of this line item on the assets side of the consolidated balance sheet at 31 December 2015 and 2014 and 1 January 2014 by investee, contractual currency and whether or not investees' securities are listed or non-listed are as follows:

	Thousands of euros		
	31/12/2015	31/12/2014	01/01/2014
<b>By investee:</b>			
Nmás1 Syz Valores, Agencia de Valores, S.A.	370	486	398
Nmás1 Syz Gestión, S.G.I.I.C., S.A.	228	262	276
Nplus1 Singer Ltd	8,247	8,343	7,976
Plusalpina Real Estate Advisors GmbH	368	332	-
Alpina Real Estate GP I, S.A.	-	16	-
Alpina Real Estate GP II, S.A.	93	59	-
Alpina Real Estate GP, S.A.	358	145	-
N+1 Swiss Capital AG, Zürich	2,625	2,949	-
Daruma Companies	-	540	-
Phoenix Recovery Management, S.L.	114	-	-
	<b>12,403</b>	<b>13,132</b>	<b>8,650</b>
<b>By currency:</b>			
Euro	1,531	1,300	674
Pound sterling	8,247	8,343	7,976
Swiss franc	2,625	2,949	-
Turkish lira	-	540	-
	<b>12,403</b>	<b>13,132</b>	<b>8,650</b>
<b>Listing status:</b>			
Non-listed	12,403	13,132	8,650
	<b>12,403</b>	<b>13,132</b>	<b>8,650</b>

Material disclosures on associates belonging to the N+1 Group and Pre-merger N+1 Group in 2015 and 2014, respectively, are included in Note 2.13.

In 2015, the investments in Nplus1 Daruma Finansal Danışmanlık Hizmetleri A.Ş. and Nplus1 Daruma Gayrimenkul Kurumsal Finansman Danışmanlık Hizmetleri A.Ş. were written down by €470 thousand and €35 thousand, respectively, recognised under "Impairment losses and gains (losses) on disposal of financial instruments" in the consolidated income statement for 2015.

Since all the companies included in the previous table generated net profits in 2015, the Group recognised these in the consolidated income statement. These profits totalled €2,042 thousand in 2015 (2014: €2,803 thousand), recognised under "Share of profit (loss) of companies accounted for using the equity method". in the consolidated income statement (see Note 22).

The amount attributable to Nplus1 Singer Ltd includes the consolidated figures of the sub-group comprising Nplus1 Singer Ltd, Nplus1 Singer Advisory LLP and Nplus1 Singer Capital Markets Ltd. This amount includes €709 thousand of implicit goodwill generated from the Group's acquisition of Nplus1 Singer Ltd shares in 2012 (see Note 2.13).

The figure for N+1 Swiss Capital AG, Zürich includes €2,345 thousand of implicit goodwill generated from the Group's acquisition of N+1 Swiss Capital AG, Zürich shares in 2014.

The functional currency of the equity-accounted companies Nplus1 Singer Ltd and N+1 Swiss Capital AG, Zürich is the Pound sterling and Swiss franc, respectively. The functional currency of the equity-accounted companies Nplus1 Daruma Finansal Danışmanlık Hizmetleri A.Ş. and Nplus1 Daruma Gayrimenkul Kurumsal Finansman Danışmanlık Hizmetleri A.Ş. is the Turkish lira.

The effect of translating values in the functional currencies of the foreign companies to the Company's functional currency is recognised under "Items that can subsequently be reclassified to profit and loss for the period – Translation differences". The breakdown of this line item by company at 31 December 2015 and 2014 and 1 January 2014 is as follows:

	Currency	Thousands of euros		
		31/12/2015	31/12/2014	01/01/2014
Nplus1 Singer Ltd (1)	Pound sterling	711	446	(37)
N+1 Swiss Capital AG, Zürich (1)	Swiss franc	20	6	-
Nplus1 Daruma Finansal Danışmanlık Hizmetleri A.Ş. (1)	Turkish lira	-	12	-
Nplus1 Daruma Gayrimenkul Kurumsal Finansman Danışmanlık Hizmetleri A.Ş. (1)	Turkish lira	-	18	.
Nplus1 Credit Solutions LLP	Pound sterling	-	19	(4)
N+1 REIM UK LLP	Pound sterling	130	53	1
N+1 Mercapital México SA de CV (3)	Mexican peso	-	(3)	(5)
N+1 Mercapital Colombia, SAS (2)	Colombian peso	-	53	10
N+1 Mercapital do Brasil Gestora de Valores Mobiliarios e Consultora, Ltda (2)	Brazilian real	-	(27)	47
		<b>861</b>	<b>577</b>	<b>12</b>

(1) Equity-accounted companies (see Note 2.13)

(2) Companies liquidated in 2014.

(3) Companies liquidated in 2015.

## 9. Non-current financial assets

The breakdown of this line item at 31 December 2015 and 2014 and 1 January 2014 is as follows:

	Thousands of euros				
	Available-for-sale financial assets	Other financial assets at fair value through profit or loss	Loans	Other financial assets	Total
<b>Balances at 1 January 2014</b>	<b>4,598</b>	<b>-</b>	<b>320</b>	<b>237</b>	<b>5,155</b>
Additions (*)	831	-	60	60	951
Disposals (*)	(274)	-	(142)	-	(416)
<b>Balances at 31 December 2014</b>	<b>5,155</b>	<b>-</b>	<b>238</b>	<b>297</b>	<b>5,690</b>
Additions due to merger	15,058	58,355	46,815	1,430	121,658
Additions (*)	5,462	-	117	22,547	28,126
Transfers to current assets	-	-	(60)	-	(60)
Disposals (*)	(3,740)	(57,516)	(46,197)	(74)	(107,527)
<b>Balances at 31 December 2015</b>	<b>21,935</b>	<b>839</b>	<b>913</b>	<b>24,200</b>	<b>47,887</b>

(\*) Includes valuation adjustments, where applicable, to available-for-sale financial assets.

### 9.1. Available-for-sale financial assets

#### a) Breakdown

Details of this line item on the assets side of the consolidated balance sheet at 31 December 2015 and 2014 and 1 January 2014, by classification, listing status, currency and nature, are as follows:



	Thousands of euros		
	31/12/2015	31/12/2014	01/01/2014
<b>Classification:</b>			
Available-for-sale financial assets	21,935	5,155	4,598
	<b>21,935</b>	<b>5,155</b>	<b>4,598</b>
<b>By listing status:</b>			
Listed	-	-	-
Non-listed	21,935	5,155	4,598
	<b>21,935</b>	<b>5,155</b>	<b>4,598</b>
<b>Currency:</b>			
Euro	12,900	5,155	4,598
Other currencies	9,035	-	-
	<b>21,935</b>	<b>5,155</b>	<b>4,598</b>
<b>Type:</b>			
Shares of Spanish companies	2	2	1
Shares of foreign companies	3	33	46
Units in CISs	1,254	1,386	1,219
Units in private equity firms	20,676	3,734	3,332
	<b>21,935</b>	<b>5,155</b>	<b>4,598</b>

Details of “Non-current financial assets – Available-for-sale financial assets” at 31 December 2015 and 2014 and 1 January 2014 are as follows:

	Thousands of euros		
	31/12/2015	31/12/2014	01/01/2014
<b>Available-for-sale financial assets:</b>			
Eolia Renovables de Inversiones, S.C.R., S.A. (1)	-	496	433
EQMC Europe Development Capital Fund, Plc. (2)	78	255	295
QMC Development Capital Fund, Plc (2)	-	-	191
QMC II IBERIAN Capital Fund II, FIL (2)	1,176	1,131	733
Alteralia S.C.A., SICAR (2)	2,742	31	-
Nmás1 Dinamia Portfolio, S.C.R., S.A. (3)	6,023	-	-
Nmás1 Private Equity Fund, III, F.C.R. (4)	165	-	-
Nmás1 Private Equity Fund II, F.C.R. (2)	2,711	3,237	2,899
Electra Partners Club 2007, LP (2)	9,035	-	-
Gestora del Fondo de Garantía de Inversiones, S.A.	2	2	1
Other equity instruments	3	3	46
	<b>21,935</b>	<b>5,155</b>	<b>4,598</b>

(1) Fair value calculated according to equity obtained from latest available audited annual financial statements (consolidated where applicable).

(2) Fair value calculated according to latest net asset value (NAV) published by each investee at the measurement date.

(3) Fair value calculated according to the last transaction, as described in Note 2.13, which does not differ significantly from the NAV at 31 December 2015.

(4) Fair value calculated according to the contribution made by the Company to establish the fund.

At 31 December 2015, the Group held ownership interests in the open-ended investment company, EQMC Europe Development Capital Fund, Plc, the fair value of which was €78 thousand at that date (31 December 2014: €255 thousand). In 2015, the Group received a performance fee of €3,674 thousand from EQMC Europe

Development Capital Fund, Plc. The amount receivable at 31 December 2015 is recognised in “Trade and other receivables – Trade receivables” on the assets side of the consolidated balance sheet for €3,188 thousand (see Notes 10 and 23). In 2014, the Group was paid a performance fee of €136 thousand by EQMC Europe Development Capital Fund, Plc (see Note 23), which was settled as per the fund’s regulations as an increase in the value of its units. The amount recognised in 2014 was settled in 2015, decreasing the cost of the investment in the investee. EQMC Europe Development Capital Fund, Plc is domiciled in the Republic of Ireland and its assets are managed by Nmás1 Asset Management, S.G.E.I.C., S.A.U.; an N+1 Group company (see Note 2.13).

At 31 December 2015, the Group also held shares in Alteralia SCA with a fair value of €2,742 thousand at that date (31 December 2014: €31 thousand). This company was incorporated in 2014.

At 31 December 2015, the Group held shares in the private equity firm Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A., incorporated as a result of the spin-off of the Company’s investees (see Note 2.13) for €6,023 thousand. Nmás1 Capital Privado, S.G.E.I.C., S.A.U. coordinates, manages and administrates this company.

On 17 June 2015, Nmás1 Capital Privado, S.G.E.I.C., S.A.U. established the private equity fund Nmás1 Private Equity Fund III, FCR with initial assets of €165 thousand, contributed entirely by the N+1 Group. This investment is held temporarily until the fund has been marketed, which is expected to be in 2016.

At 31 December 2015, the Group held stakes in the companies comprising the investment vehicle Private Equity Fund II, the fair value of which was €2,711 thousand at that date (€3,237 thousand at 31 December 2014). This entity is coordinated, managed and administrated by Nmás1 Capital Privado, S.G.E.I.C., S.A.U. (an N+1 Group company – see Note 2.13). The aforesaid stakes are held by the solely-owned company Baruch Inversiones, S.L.

As a result of the Merger described in Note 1, the Group held units in the fund Electra Partners Club 2007, LP at 31 December 2015. Since the Merger, the Company has received two pay-outs from the fund totalling £4,400 thousand (€5,998 thousand), which is equivalent to 36% of the amount contributed to the fund to date. Contributions of £39 thousand have also been made (€54 thousand). The investment period for new investments has ended. The Company has committed to investing £10,000 thousand in Electra Partners Club 2007, LP. At 31 December 2015, 99% of this commitment had been met. Nonetheless, after the pay-outs made, Electra Partners Club 2007, LP may request a contribution of £1,143 thousand (€1,558 thousand). At 31 December 2015, the fair value of this fund was €9,035 thousand.

Dividends generated from these investments in 2015 and 2014 were not material to the accompanying consolidated financial statements.

#### ***b) Acquisitions and disposals***

As a result of the contract described in Note 2.13, on 27 May 2015 Nmás1 Energía, S.L.U. sold and transferred shares in Nmás1 Eolia, S.G.E.I.C., S.A.U. to Eolia Renovables de Inversiones, S.C.R., S.A., which acquired them by delivering 550,088 Eolia Renovables de Inversiones, S.C.R., S.A. shares to Nmás1 Energía, S.L.U. On 29 December 2015, the Company sold all the shares it held in Eolia Renovables de Inversiones, S.C.R., S.A. for €2,819 thousand, generating a gain of €134 thousand, recognised under “Revenue” in the consolidated income statement for the year ended 31 December 2015.

In 2014, the Group acquired shares in Alteralia SCA for €31 thousand. On 25 May 2015, N+1 IBG signed a contract with Alteralia Management, S.à.r.l. to subscribe special-class shares in Alteralia S.C.A., SICAR at a cost of €225 thousand. The Company also signed an agreement with Alteralia Management, S.à.r.l. on 14 May 2015 to subscribe Class C shares in Alteralia S.C.A., SICAR at a cost of €5,000 thousand. On 29 May 2015 and 2 July 2015, N+1 IBG also signed two further contracts to subscribe Class C shares at a cost of €750 thousand and €4,000 thousand, respectively. At 10 July 2015, 8 October 2015 and 27 November 2015, the Company paid out a

total of €2,742 thousand. It therefore still had payment obligations of €163 thousand for special-class shares and €7,069 thousand for Class C shares at 31 December 2015. In 2015, the Group was refunded €31 thousand for its initial contribution to the incorporation of Alteralia SCA.

In 2014, 100% of the position in QMC Development Capital Fund, Plc was redeemed for €191 thousand, generating a gain of €10 thousand recognised under "Impairment losses and gains (losses) on disposal of financial instruments" in the 2014 consolidated income statement.

In 2014, the Group acquired units in QMC II Iberian Capital Fund, Plc for €275 thousand, which represented 27.5% of the investment commitment in said fund.

Further, on 29 January 2014, 9 April 2014 and 10 April 2014, the Group also subscribed a total of 445,602 units in Nmás1 Private Equity Fund II for €474 thousand. Redemptions of €1,139 thousand were also made in 2014, recognised as a reduction in the cost of the investment in the investee. Redemptions of €1,785 thousand were made in 2015, also recognised as a reduction in the cost of the investment in the investee.

### c) Valuation adjustments

Adjustments due to changes in the fair value of available-for-sale financial assets are recognised, net of the corresponding tax effect, in consolidated equity under "Items that can be subsequently reclassified to profit and loss for the period – Available-for-sale financial assets". At 31 December 2015 and 2014 and 1 January 2014, details of "Items that can be subsequently reclassified to profit and loss for the period – Available-for-sale financial assets" in the consolidated balance sheet are as follows:

	Thousands of euros					
	31/12/2015		31/12/2014		01/01/2014	
	Valuation	Valuation adjustments	Valuation	Valuation adjustments	Valuation	Valuation adjustments
Eolia Renovables de Inversiones, S.C.R., S.A.	-	-	496	-	433	-
EQMC Europe Development Capital Fund, Plc	78	(13)	255	18	295	-
QMC Development Capital Fund, Plc	-	-	-	-	191	8
QMC II Iberian Capital Fund, F.I.L.	1,176	50	1,131	16	733	93
Alteralia S.C.A., SICAR	2,742	(1)	31	-	-	-
Nmás1 Dinamia Portfolio, S.C.R., S.A.	6,023	-	-	-	-	-
Nmás1 Private Equity Fund, III, F.C.R.	165	-	-	-	-	-
Nmás1 Private Equity Fund II, F.C.R.	2,711	718	3,237	278	2,899	(68)
Electra Partners Club 2007, LP	9,035	1,813	-	-	-	-
Gestora del Fondo de Garantía de Inversiones, S.A.	2	-	2	-	1	-
Other equity instruments	3	-	3	-	46	-
	<b>21,935</b>	<b>2,567</b>	<b>5,155</b>	<b>312</b>	<b>4,598</b>	<b>33</b>

The changes in "Items that can be subsequently reclassified to profit and loss for the period – Available-for-sale financial assets" in 2015 and 2014 are as follows:

	Thousands of euros	
	2015	2014
Balance at the beginning of the period	312	33
Amounts transferred to the consolidated income statement	-	(11)
Gross valuation adjustment	3,174	519
Tax effect (Note 18)	(919)	(219)
Impact of change in tax rate	-	(10)
<b>Balances at the end of the period</b>	<b>2,567</b>	<b>312</b>

## 9.2. Other financial assets at fair value through profit or loss

The breakdown of "Other financial assets at fair value through profit or loss" at 31 December 2015 and 2014, and 1 January 2014 is as follows:

	31/12/2015		31/12/2014		01/01/2014	
	Percentage ownership interest	Thousands of euros	Percentage ownership interest	Thousands of euros	Percentage ownership interest	Thousands of euros
		Fair value		Fair value		Fair value
<b>Other financial assets at fair value through profit or loss:</b>						
Grupo Gestión Integral Novolux Internacional, S.L.	48.54%	514	-	-	-	-
Tryo Communication Technologies, S.L.	24.57%	325	-	-	-	-
High Tech Hotels & Resorts, S.A.	26%	-	-	-	-	-
Alcad, S.L.	37.68%	-	-	-	-	-
		<b>839</b>		<b>-</b>		<b>-</b>

An agreement was reached on 21 October 2015 to sell United Wineries Holding, S.A. (an investment that was fully impaired prior to the Merger) for €2,000 thousand. This amount was recognised under "Impairment losses and gains (losses) on disposal of financial instruments" in the 2015 consolidated income statement.

In 2015, the only amount recognised in the consolidated income statement for changes in the fair value of these financial assets was for the change in value of Tamsi, S.L. between the merger date and the last measurement by the Company prior to selling its stake (see Note 9.4). This change totalled €335 thousand and was recognised under "Changes in fair value of financial instruments" in the 2015 consolidated income statement.

### 9.3. Loans

A summary of loans granted by the Group at 31 December 2015 and 2014 and 1 January 2014 is as follows:

	Thousands of euros									
	Loan	Amount drawn down			Amount written down			Net amount		
		31/12/2015	31/12/2014	01/01/2014	31/12/2015	31/12/2014	01/01/2014	31/12/2015	31/12/2014	01/01/2014
Nueva Capital Privado Inversiones, S.L. (1)	320	178	178	320	-	-	-	178	178	320
Segur Ibérica, S.A. (2)	618	618	-	-	-	-	-	618	-	-
Quattrocento (3)	147	117	-	-	-	-	-	117	-	-
Grupo Gestión Integral Novolux (4)	-	13,987	-	-	(13,987)	-	-	-	-	-
Loans to employees	-	-	60	-	-	-	-	-	60	-
	1,085	14,900	238	320	(13,987)	-	-	913	238	320

(1) Interest on these (participating) loans to Nueva Capital Privado Inversiones, S.L. equals 25% of gross profit or loss obtained, which will be settled when the corresponding investment complex is finished. No payment was made in this connection in 2015 or 2014.

(2) Interest on this loan accrues at a rate equivalent to Euribor plus a spread of 2%.

(3) Interest on this loan accrues at a fixed rate of 1% per annum.

(4) Interest on this loan accrues at a fixed rate equivalent to 10% of the principal of the participating loan, provided that pre-tax profit and interest on the participating loan for each year is positive and profit for the year is positive. Interest is also accrued at a variable rate linked to the consolidated profit for the year by Novolux in each annual payment period.

“Non-current financial assets – Loans” on the assets side of the consolidated balance sheet at 31 December 2015 and 2014 and 1 January 2014 included €178 thousand at the first two dates and €320 thousand at 1 January 2014 corresponding to a loan granted to Nueva Capital Privado Inversiones, S.L. (limited partner of Nmás1 Private Equity Fund US No.1, L.P.), Nmás1 Private Equity Fund US No.2, L.P. and Nmás1 Private Equity Fund US No.3, L.P. The loan will remain in force until the date on which the aforementioned investment complex is completed and settled.

“Non-current financial assets – Loans” on the assets side of the consolidated balance sheet at 31 December 2015 deriving from the Merger described in Note 1 also included €618 thousand corresponding to a loan granted by the Company to Segur Ibérica, S.A. on 7 September 2011 (principal of €559 thousand and interest accrued to that date of €59 thousand). Interest of €3 thousand was accrued during 2015; recognised under “Finance income” in the consolidated income statement for the year ended 31 December 2015. This loan falls due on 31 December 2018.

On 19 January 2015, the Group granted a loan of €147 thousand to Quattrocento. Quattrocento will be required to repay the loan in three instalments: €30 thousand before 23 January 2015; €58 thousand before 31 December 2016; and €59 thousand before 31 December 2017. Interest generated on this loan is not material. The entire loan is classified as a non-current asset, although its impact is immaterial to the accompanying consolidated financial statements.

In order to carry out its principal corporate purpose – taking temporary stakes in the capital of non-financial and non-real estate companies – prior to the Merger described in Note 1, the Company could grant participating loans. In this regard, it signed a loan with Grupo Gestión Integral Novolux on 22 September 2005. As a result of this group’s financial position, the entire loan was fully written off at 31 December 2015 (it had already been fully written off at the date of the Merger and therefore, had no impact on the Group’s result). Unless the existing loan is cancelled or its maturity date brought forward, this will mature on 27 December 2016, although it is expected to be rolled over in the long term.

As a consequence of the Merger described in Note 1, "Non-current financial assets – Loans" on the assets side of the consolidated balance sheet also included receivables deriving from participating loans granted on 5 September 2008 and 24 February 2012 by the Company to MBA Incorporado, S.L. On 4 November 2015, as sole shareholder of Nmás1 Dinamia Portfolio, S.A. at the time, the Company agreed to contribute these receivables to this company. Between the date of the Merger described in Note 1 and the sale of 92.5% of Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A. (see Note 2.13), interest was accrued on these participating loans of €2,118 thousand, recognised under "Finance income" in the 2015 consolidated income statement. In 2015 and prior to the aforementioned sale, this loan was written down by €2,118 thousand. This amount is recognised under "Impairment losses and gains (losses) on disposal of financial instruments" in the consolidated income statement for the year ended 31 December 2015. Interest is accrued on the loan at a compound fixed rate of 12% per annum and a compound variable rate of 3% per annum. It will only be charged if the MBA Group's consolidated EBITDA for the financial year immediately preceding the interest period in question is 40% higher than the MBA Group's EBITDA for the financial year immediately preceding said year.

#### 9.4. Other financial assets

The breakdown of "Other financial assets" at 31 December 2015 and 2014, and 1 January 2014 is as follows:

	Thousands of euros		
	31/12/2015	31/12/2014	01/01/2014
Guarantees	223	297	237
Tamsi, S.L.	1,239	-	-
Colegios Laude II, S.L.	191	-	-
Institutional investors	22,547	-	-
	<b>24,200</b>	<b>297</b>	<b>237</b>

"Guarantees" in the previous table comprises the security deposit given by the Company to secure the lease of the offices from which it conducts business, set at €142 thousand at 31 December 2015 and 2014 and 1 January 2014. At 31 December 2014 and 1 January 2014, it also included the security deposit given by Mercapital Private Equity, S.G.E.I.C., S.A.U. to secure the lease of the offices from which it operates, set at €78 thousand. This lease agreement was cancelled in January 2015.

On 16 October 2015, the sale of the 25% stake held by Nmás1 Dinamia Portfolio, S.A. in Tamsi Spain, S.L. was also formalised and completed for €12,679 thousand. The Company was the holder of said investment until the date of the carve-out described in Note 1. This transaction involved the sale of the investment and full repayment of the participating loans granted by the Company to Tamsi Spain, S.L. totalling €9,321 thousand, which were recognised under "Non-current financial assets – Loans" on the assets side of the Group's consolidated balance sheet. The net amount obtained from the divestment, which has already been settled, was €20,500 thousand. It is planned that this amount will be increased by €1,549 thousand (see Note 2.13), which will be recovered if Tamsi Spain, S.L., in turn, recovers the balance of an account in Banco de Madrid, S.A.U. In this connection, the Company considers that it is reasonably doubtful that this additional amount will be collected in full, and it therefore recognised an allowance of €310 thousand under "Impairment losses and gains (losses) on disposal of financial instruments" in the 2015 consolidated income statement, whereby the amount finally recognised in the balance of the "Tamsi Spain, S.L." account was €1,239 thousand. Between the date of the Merger described in Note 1 and the sale of the stake in Tamsi Spain, S.L., interest was accrued on these participating loans of €304 thousand, recognised under "Finance income" in the consolidated income statement for the year ended 31 December 2015. Interest is accrued on the loan at a compound fixed rate of 12% per annum and a compound variable rate of 3% per annum. It will only be charged if the borrower's consolidated EBITDA for the financial year immediately preceding the interest period in question is 40% higher than the borrower's EBITDA for the financial year immediately preceding said year.

“Institutional investors” includes amounts of €14,034 thousand and €8,513 thousand for the second and third instalments receivable for the sale of 92.50% of Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A. described in Note 2.13, which will be settled before the first and second anniversaries of the transaction date.

Lastly, the figure of €191 thousand for “Colegios Laude II, S.L.” in the above table refers to the balances assigned to an escrow account maturing in 2018 and resulting from the sale of one of the Company’s investees, Colegios Laude II, S.L., prior to the Merger (see Note 10).

## 10. Trade and other receivables

### 10.1. Trade receivables

#### a) Breakdown

At 31 December 2015 and 2014 and 1 January 2014, “Trade and other receivables – Trade receivables” on the assets side of the consolidated balance sheet was as follows:

	Thousands of euros		
	31/12/2015	31/12/2014	01/01/2014
Fees and commissions	5,585	2,341	2,311
Business and advisory services	13,558	17,261	7,739
Impaired assets	2,551	2,398	2,748
Valuation adjustments – Impairment losses	(2,551)	(2,398)	(2,748)
Other debtors	1,329	767	-
	<b>20,472</b>	<b>20,369</b>	<b>10,050</b>

At 31 December 2015 and 2014 and 1 January 2014, “Fees and commissions” in the above table comprises the receivable associated with commission accrued by the Group in the years ended on these dates (see Note 23), broken down as follows:

	Thousands of euros		
	31/12/2015	31/12/2014	01/01/2014
Eolia Gregal de Inversiones, S.C.R., S.A.	-	52	-
Eolia Renovables de Inversiones, S.C.R., S.A.	-	298	-
Dinamia Capital Privado, S.C.R., S.A.	-	461	866
Nmás1 Private Equity Fund II	-	-	32
EQMC Europe Development Capital Fund, Plc	3,833	565	475
QMC Development Capital Fund, Plc	-	-	78
QMC II Iberian Capital Fund, FIL	401	479	217
EQMC, F.I.L.	1,345	486	643
Alteralia Debt Fund, FIL	6	-	-
	<b>5,585</b>	<b>2,341</b>	<b>2,311</b>

At 31 December 2015, the fees and commissions of €3,188 thousand charged to EQMC Europe Development Capital Fund, Plc shown in the above table comprise the performance fee receivable associated with holding the Class B units in EQMC Europe Development Capital Fund, Plc as specified in the fund’s prospectus (see Notes 9 and 23). This balance had been settled at the date of preparation of the accompanying consolidated financial statements.

“Business and advisory services” also includes the fees and commissions receivable primarily for business and advisory services rendered, totalling €13,558 thousand at 31 December 2015 (31 December 2014: €17,261 thousand, and 1 January 2014: €7,739 thousand). At 31 December 2014, this amount included a performance fee of €4,659 thousand pursuant to the mandate signed with a financial institution and ended prior to the 2014 year-end. The corresponding invoice was pending collection by the subsidiary Nmás1 Corporate Finance, S.A.U. at said date and was collected during the second quarter of 2015.

At 31 December 2015, “Other debtors” in the above table included the outstanding additional payment of €1,059 thousand agreed for the sale of one of the Company’s investees, Colegios Laude II, S.L., prior to the Merger. This payment was settled prior to preparing the accompanying consolidated financial statements. An amount of €191 thousand is also receivable in connection with this sale. It relates to the balances assigned to an escrow account maturing in 2018 and is recognised under “Non-current financial assets” (see Note 9.4).

Lastly, “Other debtors” in the above table also includes discretionary portfolio management fees receivable amounting to €243 thousand at 31 December 2015 and €42 thousand at 31 December 2014 (no amount at 1 January 2014) (see Note 23).

All the balances included in this line item are payable on demand.

#### **b) Impairment losses**

The changes during 2015 and 2014 in impairment losses associated with financial assets recognised under “Trade and other receivables – Trade receivables” on the assets side of the consolidated balance sheet were as follows:

	Thousands of euros	
	2015	2014
Balance at the beginning of the period	2,398	2,748
Impairment losses with a charge to profit and loss (*)	297	330
Reversal of impairment losses credited to income (*)	(144)	(817)
Other	-	- 4
<b>Balances at the end of the period</b>	<b>2,551</b>	<b>2,398</b>

(\*) Amounts recognised under “Impairment losses and gains (losses) on disposal of financial instruments” in the consolidated income statement.

#### **Impaired assets**

At 31 December 2015 and 2014 and 1 January 2014, financial assets classified as loans and deemed to be fully impaired due to the associated credit risk totalled €2,551 thousand, €2,398 thousand and €2,748 thousand, respectively.

#### **10.2. Other receivables**

At 31 December 2015 and 2014 and 1 January 2014, “Trade and other receivables – Other receivables” on the assets side of the consolidated balance sheet comprised receivables from public entities, excluding income tax rebates, totalling €167 thousand, €37 thousand and €68 thousand, respectively (see Note 18).

At 31 December 2014 and 1 January 2014, “Trade and other receivables – Other receivables” on the assets side of the consolidated balance sheet also included debts that the Company’s shareholders had with the Group of



€106 thousand and €5,953 thousand, respectively (see Note 21). The balance at 1 January 2014 included the €5,847 thousand dividend pay-out with a charge to voluntary reserves approved by the N+1 Board of Directors in its meetings on 18 January 2013, and 18 December 2013 for €3,846 thousand and €2,001 thousand, respectively, which were fully paid and comprised a debit balance with shareholders until said pay-outs were approved at the General Meetings. At the 13 March 2014 General Meeting, N+1's shareholders ratified the dividend agreements without amendments, and therefore the aforementioned debit balance was settled with the corresponding adjustment with a charge to reserves (see Note 14).

On 18 November 2015, as sole shareholder of Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A. at that time, the Company agreed to distribute a share premium for various concepts, which included cash of €1,347 thousand (see Note 2.13). At 18 November 2015, this amount was receivable and recognised under "Trade and other receivables – Other receivables" on the assets side of the consolidated balance sheet. This balance had been settled at the date of preparation of the accompanying consolidated financial statements.

#### **11. Other current financial assets**

The balance of this line item on the assets side of the consolidated balance sheet primarily comprises the deposit accounts opened by the Group in 2015. Details of these accounts are shown below:

	Thousands of euros		Expiry date	Annual interest rate
	Nominal value	Carrying amount		
Banco Santander, S.A.	1,250	1,250	14/12/2016	0.13%
Banco Santander, S.A.	1,250	1,250	14/12/2016	0.13%
Banco Santander, S.A.	1,250	1,250	14/12/2016	0.13%
	<b>3,750</b>	<b>3,750</b>		
Accrued interest pending collection	-	-		
	-	-		

These deposit accounts were opened on 14 December 2015 and therefore, no interest was recognised thereon in 2015.

No deposit accounts were held with credit institutions at 31 December 2014 or 1 January 2014.

At 31 December 2015 and 2014, "Other current financial assets" also includes loans granted to employees totalling €60 thousand. These loans did not generate income for the Group.

At 1 January 2014, the Group had a fixed-income portfolio comprising investments in foreign listed entities totalling €251 thousand, which was redeemed in 2014. Interest generated on the debt securities during 2014 was recognised under "Finance income" in the consolidated income statement.

#### **12. Other current assets and liabilities**

"Other current assets" on the assets side of the consolidated balance sheet at 31 December 2015 and 2014 and 1 January 2014 included loans and advances granted to employees by the Group totalling €329 thousand, €696 thousand and €159 thousand, respectively. These loans did not generate income for the Group. At 31 December

2015, this line item also included prepaid expenses of €436 thousand (31 December 2014; €563 thousand, 1 January 2014: €399 thousand).

At 31 December 2015, "Other current liabilities" included accrued income of €674 thousand (31 December 2014; €135 thousand, 1 January 2014: €292 thousand). At 31 December 2014 and 1 January 2014, "Other current liabilities" also included the €35 thousand performance fee associated with the divestments made in 2009 by Dinamia Capital Privado, S.C.R., S.A. in Ydilo Advanced Voice Solutions, S.A.

### **13. Cash and cash equivalents**

#### **a) Breakdown**

Details of "Cash and cash equivalents" at 31 December 2015 and 2014 and 1 January 2014 are as follows:

	Thousands of euros		
	31/12/2015	31/12/2014	01/01/2014
<b>Cash –</b>			
Current accounts	108,235	23,677	14,149
Cash	75	68	74
	<b>108,310</b>	<b>23,745</b>	<b>14,223</b>
<b>Other cash equivalents –</b>			
Deposit accounts at credit institutions	5,035	-	-
Reverse repurchase agreements	-	1,690	-
	<b>5,035</b>	<b>1,690</b>	<b>-</b>
	<b>113,345</b>	<b>25,435</b>	<b>14,223</b>

Income generated from current accounts in 2015 and 2014 was not material for the Group.

Details of the current accounts held by the Group at 31 December 2015 and 2014 and 1 January 2014 are as follows:

	Thousands of euros		
	31/12/2015	31/12/2014	01/01/2014
<b>Current accounts in euros:</b>			
Bankinter, S.A.	22,301	18,310	9,911
Banca March, S.A.	876	588	239
Banco Sabadell, S.A.	5,031	116	119
RBC Investor Services Bank S.A.	-	-	89
Banco Bilbao Vizcaya Argentaria, S.A.	37	36	285
Banco Santander, S.A.	61,716	864	661
Barclays Bank	-	1	3
Deutsche Bank, A.G.	99	45	88
Grupo Bancario Credito Emiliano	1,083	165	455
Banca Albertini Syz & Co.	3	4	253
Kutxabank, S.A.	87	73	-
Catalunya Banc, S.A.	90	87	-
Banco Mare Nostrum, S.A.	93	143	-
Crédit Lyonnais	82	117	-
Commerzbank, A.G.	2,686	2,993	1305
BNP Paribas Securities Services, Sucursal en España.	2,139	-	-
ING Bank, N.V.	67	-	-
EFG Bank (Luxembourg) S.A.	43	-	-
	<b>96,433</b>	<b>23,542</b>	<b>13,408</b>
<b>Current accounts in currencies other than the euro:</b>			
Itaú Unibanco, S.A.	-	5	84
Banco Santander, S.A.	-	3	-
Banco Bilbao Vizcaya Argentaria, S.A.	-	16	-
Barclays Bank	71	-	657
Bankinter, S.A.	11,731	111	-
	<b>11,802</b>	<b>135</b>	<b>741</b>
	<b>108,235</b>	<b>23,677</b>	<b>14,149</b>

Pursuant to Article 42 bis 4b) of Royal Decree 1065/2007, the N+1 Group individually identifies in its auxiliary accounting records the current accounts held outside Spain by the Company or its foreign and Spanish subsidiaries.

At 31 December 2015, as a result of the Merger described in Note 1, "Cash and cash equivalents – Other cash equivalents" on the assets side of the consolidated balance sheet also included the following deposit accounts at credit institutions opened on 3 April 2013:

	Thousands of euros		Expiry date	Annual interest rate
	Nominal value	Carrying amount		
Banco Santander, S.A.	1,000	1,000	03/04/2016	2.30%
Banco Santander, S.A.	1,000	1,000	03/04/2016	2.30%
Banco Santander, S.A.	1,000	1,000	03/04/2016	2.30%
Banco Santander, S.A.	1,000	1,000	03/04/2016	2.30%
Banco Santander, S.A.	1,000	1,000	03/04/2016	2.30%
	<b>5,000</b>	<b>5,000</b>		
Accrued interest pending collection	-	35		
	<b>5,000</b>	<b>5,035</b>		

(\*) Interest generated on these deposit accounts is variable, totalling 2.30% from the date of the Merger to maturity.

These deposit accounts were classified as current because they matured in approximately three months and because no penalty would be charged on the principal for early closure.

Interest accrued on the deposit accounts at credit institutions from the date of the Merger was €58 thousand, recognised under "Financial income" in the 2015 consolidated income statement.

At 31 December 2014, the Group was also party to the following reverse repurchase agreements:

Underlying	Thousands of euros	Expiry date	Interest rate	Counterparty
	Amount			
Public debt	1,690	05/01/2015	0.05%	Bankinter, S.A.
	<b>1,690</b>			

Interest accrued from reverse repurchase agreements in 2014 amounted to €1 thousand, recognised under "Financial income" in the consolidated income statement. The average yield on reverse repurchase agreements during 2014 was 0.01%.

#### **b) Acquisitions and disposals**

The changes in reverse repurchase agreements in 2015 and 2014 are shown below:

	Thousands of euros	
	2015	2014
Balance at the beginning of the period	<b>1,690</b>	-
Subscriptions	-	20,734
Maturities	(1,690)	(19,044)
<b>Balances at the end of the period</b>	<b>-</b>	<b>1,690</b>

No significant impairment losses on these assets were identified in either 2015 or 2014.

#### **14. Equity**

The changes in 2015 and 2014 in this line item in the consolidated balance sheets were as follows:

	Thousands of euros												
	Reserves						Reserves in companies accounted for using the equity method	Less: Treasury shares and own equity investments	Profit (loss) for the year attributable to the parent	Interim dividend	Other equity instruments	Total	Dividends
	Capital	Share premium	Legal and statutory reserve	Other reserves	Reserves at consolidated companies								
Balances at 1 January 2014	2,406	24,139	57	4,339	(2,172)	(1,424)	(346)	8,338	-	(32)	35,305	-	
Equity issues	10	3,990	-	-	-	-	-	-	-	-	4,000	-	
Stock options	-	-	-	-	-	-	-	-	-	-	-	-	
Distribution of profit for 2013 (*)	-	-	-	2,595	(396)	292	-	(8,338)	-	-	(5,847)	5,847	
Other changes	(13)	-	13	(1,941)	(331)	125	-	-	-	-	(2,147)	-	
Purchase of treasury shares	-	-	-	(343)	-	-	306	-	-	-	(37)	-	
Profit for 2014	-	-	-	-	-	-	-	14,140	-	-	14,140	-	
Decreases in equity resulting from business combinations	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends	-	-	-	-	-	-	-	-	(5,987)	-	(5,987)	-	
Capital restructuring (**)	68	-	-	(68)	-	-	-	-	-	-	-	-	
Balances at 31 December 2014	2,471	28,129	70	4,582	(2,899)	(1,007)	(40)	14,140	(5,987)	(32)	39,427	-	
Compensation transferred from Takeover (Note 1)	-	-	-	-	-	-	-	-	-	-	-	-	
Equity issues	52,173	82,955	-	-	-	-	-	-	-	-	135,128	-	
Other adjustments	46,367	13,802	-	(102,967)	-	-	40	-	-	-	(42,758)	-	
Distribution of profit for 2014 (*)	-	-	-	3,234	3,703	69	-	(14,140)	5,987	-	(1,147)	1,147	
Purchase/sale of treasury shares	-	-	-	-	-	-	(460)	-	-	-	(460)	-	
Profit for 2015	-	-	-	-	-	-	-	65,686	-	-	65,686	-	
Decreases in equity resulting from business combinations	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends (Note 1)	-	(19,394)	-	-	-	-	-	-	(2,855)	-	(22,249)	-	
Transaction with shareholders or owners	-	-	-	1,934	-	-	-	-	-	-	1,966	-	
Other changes	-	-	-	1,839	(1,387)	(378)	-	-	-	32	74	-	
Balances at 31 December 2015	101,011	105,492	70	(91,378)	(583)	(1,316)	(460)	65,686	(2,855)	-	175,667	-	

(\*) Includes the dividend paid out against reserves in 2013 (see Note 10).

(\*\*) N+1 IBG's legal capital at 31 December 2014 was redefined as the transaction involved a reverse merger takeover (see Notes 1 and 2.7)

## Capital

On 29 April 2014, N+1 IBG's shareholders voted to increase capital by €10 thousand by issuing 102,881 special-class registered shares of €0.10 par value each. The new shares were issued with a share premium of approximately €38.77987 per share.

At 31 December 2014, capital was represented by 2,718,070 Class A shares, 1,114 Class E shares and 102,881 special-class shares of €0.1, €2 and €0.1 par value each, respectively. These classes were the classes of N+1 IBG shares in circulation at that date. These shares were adjusted by the exchange calculation described in Note 1, leaving capital at that date at €2,471 thousand.

On 29 April 2015 and for the purposes of the planned Merger (see Note 1), Dinamia's shareholders voted to increase the Company's capital by €52,173 thousand by issuing and putting into circulation 17,390,984 new ordinary shares of €3 par value each. The new shares were issued with a share premium of €4.77 per share.

Following this transaction, the Company's capital amounted to €101,010,552, represented by 33,670,184 shares of €3 par value each.

All shares are of the same class and carry the same economic and political rights. These shares are listed on the electronic trading platforms of the Madrid and Barcelona stock exchanges.

Details of the Company's shareholders with stakes of 3% or higher at 31 December 2015 are as follows (as per the register of significant holdings kept by the CNMV):

Shareholders	2015			
	No. of shares held directly	% direct ownership	No. of shares held indirectly	% indirect ownership
Ánpora Patrimonio, S.L.	6,955,097	20.66%	-	-
Mr. Ricardo Portabella Peralta	-	-	6,955,097	20.66%
Certimab Control, S.L.	5,678,411	16.86%	-	-
Mr. Santiago Eguidazu Mayor	660,209	1.96%	6,052,171	17.98%
AV Málaga Capital, S.L.	2,065,518	6.13%	-	-
Mr. Jose Antonio Abad	440,038	1.31%	2,314,742	6.87%
Dirervalor, S.A.	2,065,518	6.13%	-	-
Mr. Jorge Mataix Entero	440,038	1.31%	2,314,742	6.87%
Electra Private Equity Partners 1995	1,699,891	5.05%	-	-
Electra Partners LLP	-	-	1,699,891	5.05%
Other partners	13,603,590	40.41%	-	-
Treasury shares	61,874	0.18%	-	-
	<b>33,670,184</b>	<b>100.00%</b>	<b>19,336,643</b>	<b>57.43%</b>

Details of N+1 IBG shareholders with stakes of 3% or higher at 31 December 2014 are as follows:

Shareholders	2014			
	No. of shares directly held	% direct ownership	No. of shares indirectly held	% indirect ownership
Certimab Control, S.L.	750,517	26.40%	-	-
Santiago Eguidazu Mayor	-	-	750,517	26.40%
Tasmania Gestión, S.L.	420,000	14.77%	-	-
AV Málaga Capital, S.L.	409,000	14.39%	-	-
Jose Antonio Abad	-	-	409,000	14.39%
Dirervvalor, S.A.	306,750	10.79%	-	-
Jorge Mataix Entero	-	-	306,750	10.79%
Ánpora Patrimonio, S.L.	256,081	9.01%	-	-
Ricardo Portabella Peralta	-	-	256,081	9.01%
Guillermo Arbolí Rodríguez	95,565	3.36%	-	-
Other partners	584,131	21.27%	-	-
Treasury shares	21	0.01%	-	-
	<b>2,822,065</b>	<b>100%</b>	<b>1,722,348</b>	<b>60.59%</b>

As explained in Note 5, N+1 IBG shareholders signed a shareholders' agreement under which they assumed certain lock-up commitments. This agreement took effect on the date the Merger was entered in the Companies Register and will be automatically cancelled four years later.

### Share premium

The Spanish Corporate Enterprises Act expressly permits the use of the share premium to increase capital and establishes no specific restrictions as to its use.

On 22 July 2015, the Company's Board of Directors resolved to distribute a dividend with a charge to the share premium reserve up to €19,394 thousand, which was approved by shareholders of the Company and N+1 IBG at the 29 April 2015 general meetings. The pay-out was performed the day after the new shares in the Company issued for the purposes of the share conversion in connection with the Merger were admitted to trading (see Note 1).

### Reserves

The breakdown, by type, of this line item in the consolidated balance sheets at 31 December 2015 and 2014 and 1 January 2014 is as follows:

	Thousands of euros		
	31/12/2015	31/12/2014	01/01/2014
Legal reserve	57	57	57
Statutory reserve	13	13	-
Other reserves	(91,378)	4,582	4,339
Reserves in consolidated companies	(583)	(2,899)	(2,172)
Reserves in companies accounted for using the equity method	(1,316)	(1,007)	(1,424)
	<b>(93,207)</b>	<b>746</b>	<b>800</b>



#### *Legal and statutory reserve*

Pursuant to the revised text of the Spanish Corporate Enterprises Act, companies posting a profit in a financial year must transfer 10% of profit to the legal reserve until the balance of this reserve reaches at least 20% of the share capital, except when losses from previous years reduced the Company's equity to less than its share capital. In the latter case, profit shall be allocated to offset such losses until equity equals share capital, and will transfer 10% of the remaining profit to the corresponding legal reserve.

The legal reserve may be used to increase capital, provided that the remaining reserve balance does not fall below 10% of the increased share capital. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

#### **Other reserves**

"Other reserves" includes freely distributable reserves. Reserves are negative as a result of the Takeover described in Note 1 and the need to redefine share N+1 IBG's capital as explained in Note 2.7.

#### *Reserves in consolidated Group companies and jointly-controlled entities*

The breakdown, by company, of this line item in the consolidated balance sheets at 31 December 2015 and 2014 and 1 January 2014 is as follows:

	Thousands of euros		
	31/12/2015	31/12/2014	01/01/2014
Nmás1 International Corporate Advisory (*)	44	(526)	97
Nmás1 Equity and Credit Management, S.A.U.	(253)	(286)	(230)
Nmás1 Investment Managers, S.L.U. (formerly Nmás1 Mercapital, S.L.U.) (*)	1,087	(408)	(125)
Nmás1 Infrastructure, S.L.U. (formerly Nmás1 Energía, S.L.U.) (*)	376	(11)	26
N+1 REIM UK LLP	(360)	(37)	(407)
Nmás1 Equities, Sociedad de Valores, S.A.	(1,665)	(1,676)	(1,868)
Nmás1 Asset Management, S.G.I.I.C., S.A.U. (*)	500	-	-
Baruch Inversiones, S.L.	45	45	46
Nmás1 Debt Solutions, S.L.	-	-	-
Nplus1 Credit Solutions LLP	(27)	-	-
Nmás1 Reim, S.L.U.	(330)	-	-
Plusalpina Real Estate Advisors GmbH (**)	-	-	218
Alpina Real Estate GP, S.A. (**)	-	-	30
Alpina Real Estate GP I, S.A. (**)	-	-	32
Alpina Real Estate GP II, S.A. (**)	-	-	20
Alpina Real Estate GP III, S.A. (**) (***)	-	-	(11)
	<b>(583)</b>	<b>(2,899)</b>	<b>(2,172)</b>

(\*) Corresponds to the reserves contributed to the N+1 Group by each of the consolidated sub-groups therein (see Note 2.13).

(\*\*) Companies accounted for using the equity method at 31 December 2015 and 31 December 2014 (see Note 2.13).

(\*\*\*) Company liquidated in 2014, generating a loss of €15 thousand, recognised under "Impairment losses and gains (losses) on disposal of financial instruments" in the consolidated income statement for 2014 (see Note 2.13).

#### *Reserves in companies accounted for using the equity method*

The breakdown, by company, of this line item in the consolidated balance sheets at 31 December 2015 and 2014 and 1 January 2014 is as follows:

	Thousands of euros		
	31/12/2015	31/12/2014	01/01/2014
Nmás1 Syz Valores, Agencia de Valores, S.A.	(1,409)	(1,317)	(1,264)
Nmás1 Syz Gestión, S.G.I.I.C., S.A.	(374)	(431)	(285)
Nplus1 Singer Ltd	400	335	125
Plusalpina Real Estate Advisors GmbH (*) (**)	(31)	315	-
Alpina Real Estate GP, S.A. (**)	124	1	-
Alpina Real Estate GP I, S.A. (**)	20	43	-
Alpina Real Estate GP II, S.A. (**)	37	47	-
N+1 Swiss Capital AG, Zürich	(55)	-	-
Nplus1 Daruma Finansal Danışmanlık Hizmetleri A.Ş.	41	-	-
Nplus1 Daruma Gayrimenkul Kurumsal Finansman Danışmanlık Hizmetleri A.Ş.	(69)	-	-
	<b>(1,196)</b>	<b>(1,007)</b>	<b>(1,424)</b>

(\*) Corresponds to the reserves contributed to the N+1 Group by each of the consolidated sub-groups therein (see Note 2.13).

(\*\*) Proportionately consolidated companies at 1 January 2014 (see Note 2.13).

### **Treasury shares and own equity instruments**

On 29 April 2014, N+1 IBG sold treasury shares equivalent to 22,433 Class A shares for €3 thousand, with a charge to reserves of €343 thousand. At that date, the Parties also resolved to establish an in rem right over the Affected Shares, reserved in the Company's favour, through which the Buyers (hereinafter, "Bare Owners") solely acquire bare ownership of the Affected Shares. The in rem right will remain in force from the date the sale-purchase agreement was signed until the date of the N+1 IBG General Meeting when the distribution of profit posted in the financial statements closed at 31 December 2017 is approved. After this term, the in rem right will be rendered null and void and the Bare Owners will take full control over the Affected Shares. Moreover, on 22 May 2014, N+1 IBG acquired 7 and 14 Class E treasury shares for €15 thousand and €25 thousand, respectively, whereby N+1 IBG held 21 Class E treasury shares amounting to €40 thousand. The percentage of treasury shares held by N+1 IBG therefore remained below the legal limit, while it had an in rem right over 22,433 Class A shares.

On 18 February 2015, N+1 IBG also acquired 10 and 20 Class E treasury shares for €35 thousand and €22 thousand, respectively, with the percentage of treasury shares held remaining within the legal limit.

On 26 March 2015 and 16 June 2015, N+1 IBG also exercised all available purchase options and acquired 28,453 Class A and 61 Class E shares for €32 thousand. Further, on 29 June 2015 a share swap agreement was signed under which N+1 IBG ceded and transferred 6,290 Class A shares in exchange for 370 Class E shares. On the same date, N+1 IBG sold 431 Class E shares and 158 Class A shares. At the same time as the sale of shares, the Parties agreed to establish an in rem right over the Affected Shares, reserved in N+1 IBG's favour, through which the Buyers (hereinafter, "Bare Owners") solely acquire bare ownership of the Affected Shares. The in rem right was established for a period between 29 June 2015 and 15 July 2019. After this term, the in rem right will be rendered null and void and the Bare Owners will take full control over the Affected Shares. The Company will receive payment for the sale of the Affected Shares from the Buyers between 16 July and 15 August 2019. These contracts were subject to the condition precedent concerning execution of the merger deed before 31 December 2015 (see Note 1).

On 7 July 2015, N+1 IBG sold 22,005 Class A shares to Ánpora Patrimonio, S.L. for €856 thousand. An amount of €725 thousand from this sale was recognised under "Reserves". At the date of formulating the Joint Merger Plan, N+1 IBG owned 51 Class E treasury shares, which had been redeemed.

In connection with the business combination described in Note 1, Dinamia delivered a total of 21,504,158 shares, 52,818 of which were held by the Company at 31 December 2014.

Subsequent to the Merger, 61,874 shares were purchased on the stock market, representing the Company's treasury share portfolio at 31 December 2015.

### **Other equity instruments**

On 26 March 2015 and 16 June 2015, N+1 IBG executed all the purchase options it availed of at 31 December 2014.

## **15. Non-controlling interests**

The balance of this line item in the consolidated balance sheet comprises the value of the ownership interests of minority shareholders and partners in the subsidiaries. The balance under "Profit (loss) attributable to non-controlling interests" in the consolidated income statement represents the share of subsidiaries' profit or loss to which these minority shareholders and partners are entitled.

“Non-controlling interests” in the consolidated balance sheet at 31 December 2015 related to the ownership interests in the following companies:

	Thousands of euros						
	Capital	Reserves	Valuation adjustments	Translation differences	Profit (loss) for the year	Interim dividends	Total
N+1 s.r.l. (formerly N+1 Syz s.r.l.)	15	63	-	-	60	-	138
Nmás1 Equities, Sociedad de Valores, S.A.	1,000	324	-	-	734	-	2,058
N+1 Deutschland GmbH	10	675	-	-	205	-	890
Nmás1 Corporate Portfolio Advisors, S.L.U.	3	31	-	-	864	(360)	538
Baruch Inversiones, S.L.	148	56	824	-	(9)	-	1,019
Nmás1 REIM France	13	(109)	-	-	(149)	-	(245)
N+1 France Corporate Finance. S.A.S.	374	197	-	-	(88)	-	483
Nmás1 Debt Solutions, S.L.	1	-	-	-	(65)	-	(64)
	<b>1,564</b>	<b>1,237</b>	<b>824</b>	<b>-</b>	<b>1,552</b>	<b>(360)</b>	<b>4,817</b>

“Non-controlling interests” in the consolidated balance sheet at 31 December 2014 related to the ownership interests in the following companies:

	Thousands of euros						
	Capital	Reserves	Valuation adjustments	Translation differences	Profit (loss) for the year (**)	Interim dividends	Total
N+1 Syz, S.R.L.	35	146	-	-	29	-	210
Nmás1 Equities, Sociedad de Valores, S.A.	1,000	225	-	-	971	(873)	1,323
N+1 Deutschland GmbH	10	644	-	-	628	-	1,282
Nmás1 Corporate Portfolio Advisors, S.L.U.	3	31	-	-	507	-	541
Nmás1 International Corporate Advisory, S.L. (*)	7	1,166	-	37	725	-	1,934
Baruch Inversiones, S.L.	450	277	320	-	(1)	-	1,046
Wessel Duval Nmás1 Energía SpA	3	-	-	-	(3)	-	-
Nmás1 REIM France	13	-	-	-	(96)	-	(84)
	<b>1,521</b>	<b>2,489</b>	<b>320</b>	<b>37</b>	<b>2,760</b>	<b>(873)</b>	<b>6,253</b>

(\*) Includes the effect of consolidating its investees (see Note 2.13).

(\*\*) Includes the entire result for the year, including that existing prior to the Group taking control. As a result of the Company's acquisition of the remaining 48.57% of Nmás1 Mercapital, S.L.'s capital and the remaining stake in N+1 REIM UK LLP (see Note 2.13), “Non-controlling interests” in the consolidated balance sheet did not include the amounts attributable to minority shareholders in 2014, which were recognised in “Profit (loss) attributable to non-controlling interests” in the consolidated income statement. These amounts comprised a profit of €1,686 thousand attributable to Nmás1 Mercapital, S.L. minority shareholders and a loss of €116 thousand attributable to those of N+1 REIM UK LLP.

“Non-controlling interests” in the consolidated balance sheet at 1 January 2014 related to the ownership interests in the following companies:

	Thousands of euros						
	Capital	Reserves	Valuation adjustments	Translation differences	Profit (loss) for the year	Interim dividends	Total
Trinova Real Estate Llp.	617	(474)	-	(1)	222	-	364
Nmás1 Syz, S.R.L.	35	144	-	-	63	-	242
Nmás1 Research, S.L.	3	1,127	-	-	671	(585)	1,216
Nmás1 Mercapital, S.L.	167	235	-	(25)	2,092	(1,943)	526
N+1 Deutschland GmbH	10	880	-	-	(239)	-	651
Baruch Inversiones, S.L.	724	244	(76)	-	(1)	-	891
Nplus1 Credit Solutions, LLP	78	-	-	2	-	-	80
	<b>1,634</b>	<b>2,156</b>	<b>(76)</b>	<b>(24)</b>	<b>2,808</b>	<b>(2,528)</b>	<b>3,970</b>

The changes in 2015 and 2014 in the balance of “Non-controlling” in the consolidated balance sheet were as follows:

	Thousands of euros
Balance at 1 January 2014	<b>3,970</b>
Profit (loss) for 2014 attributable to non-controlling interests	4,330
Other changes in equity attributable to non-controlling interests	357
Others (*)	(2,404)
<b>Balance at 31 December 2014</b>	<b>6,253</b>
Profit (loss) for 2015 attributable to non-controlling interests	1,552
Other changes in equity attributable to non-controlling interests	467
Others (*)	(3,455)
<b>Balance at 31 December 2015</b>	<b>4,817</b>

(\*) Basically includes the effect of operations in 2015 and 2014 that modify the Group and the effect of valuation adjustments, translation differences and dividend pay-outs. The most significant effect in 2015 was not applying the non-controlling interests of Nmás1 International Corporate Advisory, S.L. (see Note 2.13). The most significant adjustment in 2014 was the disappearance of the non-controlling interests of Nmás1 Mercapital, S.L.U. after the remaining 48.57% stake in this company was acquired by the Company at the end of December 2014 (see Note 2.13).

## **16. Non-current provisions**

At 31 December 2014, the Company recognised a provision to cover the performance fee paid to its Management Company (Nmás1 Capital Privado, S.G.E.I.C., S.A.U.) for managing the Company's investees. This fee was calculated by multiplying the net gain generated by the Company from the sale of each investee by a remuneration rate of 20%. Nmás1 Capital Privado, S.G.E.I.C., S.A.U. passed on part of this performance fee to its employees by way of a bonus, which would be provisioned for and settled provided the conditions stipulated in the management contract between the Company and Nmás1 Capital Privado, S.G.E.I.C., S.A.U. are fulfilled. As a result of the Merger described in Note 1 and the Company losing its status as a private equity firm, this contract was cancelled and the provision was not considered in the business combination. The part corresponding to the bonus payable by Nmás1 Capital Privado, S.G.E.I.C., S.A.U. to its employees for managing the Company's portfolio was however, kept on the books. “Non-current provisions” on the liabilities side of the consolidated balance sheet therefore includes the €1,289 thousand provision set aside for this bonus. At 31 December 2015, it also included €162 thousand provisioned by certain foreign companies for various concepts.

## **17. Trade and other payables**

### **17.1. Suppliers**

At 31 December 2015 and 2014, "Trade and other payables – Suppliers" included the balances payable by the Group to various suppliers in connection with its normal operations (see Note 25).

### **17.2. Other payables**

"Trade and other payables – Other payables" on the liabilities side of the consolidated balance sheet at 31 December 2015 and 2014 and 1 January 2014 were as follows:

	Thousands of euros		
	31/12/2015	31/12/2014	01/01/2014
Wages and salaries payable (Notes 5 and 24)	15,503	13,099	5,972
Tax payables (Note 18)	5,017	4,023	2,553
Other debts	637	1,795	-
	<b>21,157</b>	<b>18,917</b>	<b>8,525</b>

The balance of the line item "Wages and salaries payable" above includes remuneration payable to members of the Company's Board and Executive Committee totalling €1,399 thousand at 31 December 2015 (31 December 2014: €1,050 thousand, 1 January 2014: no balance) (see Note 5).

At 31 December 2015, "Wages and salaries payable" also included remuneration payable to the Group's key management personnel of €2,037 thousand (31 December 2014: €1,083 thousand).

At 31 December 2015 and 2014, the balance of "Other debts" shown in the breakdown above included the balance payable to former partners of Nmás1 Mercapital, S.L.U. for the Company's acquisition of the non-controlling interest in the capital thereof for €530 thousand and €1,795 thousand, respectively (see Note 2.13).

## **18. Tax matters**

The Company files consolidated tax returns for the tax group of which it is the parent (see Note 3 p)). Profits generated by Nmás1 Private Equity International Limited are taxed in the year they are distributed as dividends to the Group's parent. They are not taxed at source. Companies in the tax group are taxed at the rates applicable to them (see section iv).

### *i. Current tax receivables and payables*

At 31 December 2015 and 2014 and 1 January 2014, "Trade and other receivables – Other receivables" on the assets side of the consolidated balance sheet included the following balances with public authorities (see Note 10):

	Thousands of euros		
	31/12/2015	31/12/2014	01/01/2014
VAT recoverable	167	37	-
Other receivables from public authorities	-	-	68
	<b>167</b>	<b>37</b>	<b>68</b>

At 31 December 2015 and 2014 and 1 January 2014, "Trade and other payables – Other payables" on the liabilities side of the consolidated balance sheet included the following balances with public authorities (see Note 17):

	Thousands of euros		
	31/12/2015	31/12/2014	01/01/2014
VAT payable	1,370	2,447	728
Tax withholdings payable	3,077	1,129	1,696
Social security payable	570	447	129
	<b>5,017</b>	<b>4,023</b>	<b>2,553</b>

*ii. Reconciliation of accounting profit and taxable income*

The reconciliation of accounting profit to taxable income vis-à-vis corporate tax (tax group) in 2015 and 2014 is as follows:

	Thousands of euros	
	2015	2014
Profit for the period before tax	71,404	24,294
Permanent differences:		
Decreases	(68,737)	(20,448)
Increases	7,210	7,331
Temporary differences:		
Decreases	(19)	-
Increases	37	89
<b>Taxable income</b>	<b>9,895</b>	<b>11,266</b>

"Permanent differences – Decreases" for 2015 and 2014 breaks down as follows:

	Thousands of euros	
	2015	2014
Profit before tax of companies outside the tax group	8,209	17,947
Tax exemption of dividends from foreign companies	3,864	2,105
Reversal of impairment of financial assets	-	377
Gains from business combinations	53,561	-
Gains from sales	2,967	-
Other	136	19
<b>Permanent differences</b>	<b>68,737</b>	<b>20,448</b>

"Permanent differences – Increases" for 2015 and 2014 breaks down as follows:

	Thousands of euros	
	2015	2014
Dividends from entities outside the tax group	5,982	5,228
Non-deductible expenses	1,228	46
Impairment of financial assets	-	2,057
<b>Permanent differences</b>	<b>7,210</b>	<b>7,331</b>

“Temporary differences” for 2015 and 2014 breaks down as follows:

	Thousands of euros	
	2015	2014
Accelerated depreciation	37	43
Non-tax deductible depreciation	(19)	46
<b>Temporary differences</b>	<b>18</b>	<b>89</b>

The provision for corporate tax of the companies inside the tax group (see Note 3 p)), net of withholdings and payments on account, has a balance receivable of €5,862 thousand, recognised under “Trade and other receivables – Current tax assets” on the assets side of the consolidated balance sheet at 31 December 2015.

The provision for corporate tax of the companies outside the tax group, net of withholdings and payments on account, also has a balance receivable in the case of N+1 Deutschland GmbH of €1,240 thousand, and a balance payable for the rest of the companies of €1,113 thousand. These balances are recognised under “Trade and other receivables – Current tax assets” on the assets side of the consolidated balance sheet at 31 December 2015 and under “Trade and other payables – Current tax liabilities” on the liabilities side of the consolidated balance sheet at 31 December 2015, respectively.

The provision for corporate tax in 2014 of all Group companies, net of withholdings and payments on account, totalling €3,295 thousand is included under “Trade and other payables – Current tax liabilities” on the liabilities side of the consolidated balance sheet at 31 December 2014.

### iii. Tax recognised in equity

Details of tax recognised directly in equity as a result of the valuation adjustments to the Group’s investments at 31 December 2015 and 2014 are as follows (see Note 9):

	Thousands of euros			
	Deferred tax assets		Deferred tax liabilities	
	2015	2014	2015	2014
Balance at the beginning of the period	-	62	210	44
Increases	-	-	930	209
Decreases	-	(62)	(10)	(43)
<b>Balances at the end of the period</b>	<b>-</b>	<b>-</b>	<b>1,130</b>	<b>210</b>



*iv. Reconciliation between accounting profit and corporate tax expense*

The reconciliation of consolidated accounting profit and corporate tax expense for 2015 and 2014 is as follows:

	Thousands of euros	
	2015	2014
Accounting profit before tax	71,404	24,294
Tax payable (*)	19,993	7,288
Impact of permanent differences	(17,228)	(3,935)
Impact of change in tax rate (see Note 3 p))	-	(81)
Deductions		
Due to double taxation	(593)	(604)
Other tax relief	(2)	(3)
Increases in corporate tax for the year	(11)	(104)
<b>Total corporate tax expense recognised in the income statement</b>	<b>2,159</b>	<b>2,561</b>

(\*) Amount calculated at 28% of accounting profit before tax in 2015 (30% in 2014) (see Note 3 p)).

The corporate tax expense of companies outside the tax group and not accounted for using the equity method at 31 December 2015 was as follows:

	Thousands of euros			
	2015		2014	
	Profit (loss) before tax	Corporate tax expense	Profit (loss) before tax	Corporate tax expense
QMC Directorship, S.L.U.	126	35	137	41
Nplus1 Credit Solutions, LLP	-	-	(26)	-
Nmás1 REIM France	(598)	-	(385)	-
N+1 REIM UK LLP	(68)	-	(291)	-
Baruch Inversiones, S.L.	(16)	-	(2)	-
Nmás1 Equities, Sociedad de Valores, S.A. (2)	1,883	413	1,943	-
Nmás1 Investment Managers, S.L.U. (formerly Nmás1 Mercapital, S.L.U.). (1)	-	-	9,157	1,956
Nmás1 Corporate Portfolio Advisors, S.L.	4,002	1,120	2,415	725
Nmás1 Syz SRL	452	199	165	81
N+1 Deutschland, GmbH	752	240	2,030	460
N+1 France Corporate Finance SAS	(350)	-	-	-
N+1 Corporate Finance, B.V.	(104)	-	-	-
Nmás1 Dinamia Portfolio II, S.L.	(2)	-	-	-
<b>Total</b>	<b>6,077</b>	<b>2,007</b>	<b>15,143</b>	<b>3,263</b>

(1) Corresponds to the pre-tax profit of the consolidated sub-group. Already included in the tax group in 2015.

(2) In 2014, Nmás1 Equities, Sociedad de Valores, S.A. proceeded to offset 100% of tax loss carryforwards.

The corporate tax expense for 2015 and 2014 of the tax group, which totalled €2,159 thousand and €2,561 thousand respectively, was recognised under "Income tax" in the consolidated income statement. In 2015 and 2014, "Income tax" in the consolidated income statement also included €2,007 thousand and €3,263 thousand, respectively, of corporate tax borne by the non-Group companies not included in the tax group.

v. *Breakdown of corporate tax expense*

Details of the corporate tax expense of the tax group for 2015 and 2014 are as follows:

	Thousands of euros	
	2015	2014
<b>Current tax:</b>		
On income from continuing operations (*)	2,176	2,773
On income from discontinued operations		-
<b>Deferred tax:</b>		
On income from continuing operations	(17)	(212)
On income from discontinued operations	-	-
<b>Total corporate tax expense</b>	<b>2,159</b>	<b>2,561</b>

vi. *Recognised deferred tax assets and liabilities*

Details of these line items in the consolidated balance sheet at the 2015 and 2014 year-ends and at 1 January 2014 were as follows:

	Thousands of euros					
	Deferred tax assets			Deferred tax liabilities		
	31/12/2015	31/12/2014	01/01/2014	31/12/2015	31/12/2014	01/01/2014
<b>Temporary differences:</b>						
Depreciation of property and equipment	46	49	32	47	68	83
Valuation adjustments	-	-	62	1,130	210	44
Losses in investees	-	-	-	391	391	650
<b>Total deferred tax assets</b>	<b>46</b>	<b>49</b>	<b>94</b>	<b>1,568</b>	<b>669</b>	<b>777</b>

(\*) Adjustments arising from the fluctuation in the Pound sterling exchange rate associated with the valuation of Electra Partners Club 2007, LP (see Note 9).

Deferred tax assets were recognised in the consolidated balance sheet by the Group since its directors consider that, based on the best estimates of the Group's future results, including certain tax planning measures, it is likely that these assets will be recovered.

vii. *Tax loss carryforwards*

Pursuant to the tax returns submitted, the Company has the following tax loss carryforwards pending offset against possible future taxable income, which were generated prior to starting to file consolidated corporate tax returns and before the Merger.

Year generated	Thousands of euros (*)
2002	6,442
2005	1,301
2006	4,836
2007	10,701
2008	4,733
2009	14,752
2010	13,734
2011	5,685
2012	15,701
2014	11,665
2015	597
	<b>90,147</b>

(\*) Tax loss carryforwards pending offset of the Company and N+1 Reim France.

Spanish Corporate Tax Act 27/2014 of 27 November, abolishes the temporary restriction on applying tax loss carryforwards, establishing a quantitative limit of 70% of taxable income prior to offset and accepting, in all cases, an amount of €1 million. Nonetheless, General State Budget Act 17/2012 of 26 December, determines for 2015 that, with effect from the tax periods starting in 2016, the offset limit will be 60% (and not 70% as generally established in the aforesaid Act 27/2014).

The Company's directors estimate that the required conditions to capitalise tax credits do not currently prevail, as they do not consider it likely that the Company will avail at an individual level of future taxable income enabling these tax credits to be applied. Tax loss carryforwards were also not applied in 2015.

There were no tax loss carryforwards pending offset at 31 December 2015.

#### *viii. Years open for review and tax audits*

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute of limitations in Spain has expired. At the 2015 reporting close, the Group had open to inspection the main applicable taxes in Spain for 2011 and thereafter. The Company's directors consider that the tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment afforded to certain transactions, such liabilities as might arise would not have a material effect on the accompanying consolidated financial statements.

#### *ix Takeover*

The Merger described in Note 1 is subject to the special regime for mergers, spin-offs, asset contributions and security exchanges regulated in Chapter VII of Corporate Income Tax Act 27/2014 of 27 November. According to this law, the assets and rights included in the equity received through the aforesaid Merger are measured, for tax purposes, at the same values recognised by the transferor prior to the transaction. Under said special regime, the Merger is exempt from property conveyance tax and stamp duty on corporate transactions and is VAT exempt.

The following points should be made with regard to prevailing corporate tax law:

- No depreciable assets have been included in the accounting records of the Company (acquirer for accounting purposes).
- The balance sheet closed by the transferor (acquiree for accounting purposes) used as the basis for the Merger is presented in Note 1.
- There are no tax benefits that were enjoyed by the transferor, which entail the acquirer (the Company) assuming the duty to fulfil certain requirements.

## **19. Risk management**

The Group is exposed to credit risk, interest rate risk, market risk, operational risk and liquidity risk. Measures have therefore been put in place to manage the financial risks to which it is exposed. The main financial risks to which the Group is directly exposed are as follows:

### *Credit risk*

Credit risks results from the possibility of incurring a loss due to the Group's customers or counterparties failing to settle their financial obligations with the Group in part or in full. At 31 December 2015 and 2014 and 1 January 2014, the Group's exposure to credit risk, by type of debtor, is shown below (not including assets classified as "available-for-sale financial assets" and "other assets at fair value through profit and loss"):

	Thousands of euros		
	31/12/2015	31/12/2014	01/01/2014
Non-current financial assets (see Note 9)	25,113	535	557
Trade and other receivables – Trade receivables (see Note 10)	20,472	20,369	10,050
Other current financial assets (see Note 11)	60	60	-
	<b>45,645</b>	<b>20,964</b>	<b>10,607</b>

At 31 December 2015, the Group had a significant concentration of credit risk relating to deferred payments amounting to €22,547 thousand for the sale of 92.5% of Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A. (see Note 9.4) and totalling €1,239 thousand for the sale of the stake the Company held in Tamsi, S.L. (see Note 9.4). Nmás1 Dinamia regularly monitors counterparties' creditworthiness. The Company's directors estimate that there is currently no significant credit risk concerning its receivables due from the various counterparties.

The counterparties of the sight deposits and reverse repurchase agreements held by N+1 Group companies are also entities with long-term credit ratings of between "A" and "BB-" according to Standard & Poor's.

The Group also carries out an individual analysis of investments accounted for using the equity method, recognising any impairment as necessary (see Note 8). Available-for-sale financial assets are tested for impairment on an individual basis (see Note 9).

### *Liquidity risk*

In order to ensure ongoing liquidity and the ability to service all the payment commitments arising from its business operations, the Group holds the cash and cash equivalent balances shown in the consolidated balance sheet, availing of ample working capital. The Group has no borrowings. As an investment services company, the Group company Nmás1 Equities, Sociedad de Valores, S.A. must comply with a liquidity ratio ensuring it has low-risk, highly liquid assets equivalent to 10% of its total eligible liabilities. At 31 December 2015, this company had fulfilled this requirement.

Liquidity risk management involves regularly analysing cash inflows and outflows, estimating how much cash and cash equivalents will be available in the future under different scenarios. At 31 December 2015, cash and cash equivalents totalled €113,345 thousand (see Note 13). It was not necessary to draw down on any lines of credit during the year to cover running costs.

The Group has a classic service company business model: high margin and stable and reasonably predictable overheads. On a daily basis, the Group also monitors its cash and cash equivalents and estimated cash receipts and cash payments due in the near term.

The Group's most significant cash outflows not associated with running costs comprise dividend pay-outs to its shareholders, for which the directors prepare an accounting statement evidencing the existence of sufficient liquidity to cover any pay-outs and a provisional cash and cash equivalents breakdown for the following months that also demonstrates the Group is capable of covering any estimated cash outflows, as per prevailing legislation.

#### *Market risk*

This risk stems from changes in risk factors concerning interest rates, exchange rates, equities and the volatility thereof, as well as the solvency and liquidity risk to which the various products used by the Group are exposed. Interest rate risk primarily affects the value of fixed-income instruments, especially those with a longer term to maturity. In 2015, the Group held no significant positions in fixed-income instruments with a maturity of over a month, whereby interest rate risk is limited. Most of the investments in equity or capital instruments are in private equity firms and CISs managed by Group companies. These investments are subject to market risk. The time horizon for investing in this type of instrument is long term and the liquidity thereof is specified in the corresponding prospectuses. Vis-à-vis contingent risks related with market risk, the Group has committed to investing up to €40,500 thousand in the fund Private Equity Fund III managed by the Group company Nmas1 Capital Privado, SGEIC, S.A., 85% of which will primarily be paid in the first five years (up to 2021). This investment will pose a material risk to the Group and its position will be continuously monitored by the Audit and Risk Control Committee and the Board of Directors.

The Group will prudently manage market risk posed by investing cash and cash equivalents, and will not invest in financial instruments that entail market risk.

With regard to exchange rate risk resulting from adverse fluctuations in the exchange rates between the currencies to which the Group is exposed, in 2015 the Group received £1,675 thousand (€2,321 thousand) in dividends from its investment in N+1 Singer, which represented 3.55% of total revenue. This investment is exposed to exchange rate risk and equity risk. An adverse change in the EUR-GBP exchange rate of 10%, assuming income from the investment in N+1 Singer remains stable in 2016, would therefore amount to a loss of approximately €232 thousand, unless currency purchases or hedges are arranged.

Details of the positions held by the Group in foreign currencies at 31 December 2015 and 2014 and their euro equivalents are disclosed in Note 3 t).

Subject to FINRA approval, the investment in Downer&Company, LLC and dividend income received therefrom are exposed to equity and exchange rate risks. The Group regularly analyses the volatility of the equities and currency markets. In 2015, the Group did not arrange any hedges of market risk involving the procurement of equity or foreign exchange derivative financial instruments. Nevertheless, the Control and Risks Committee regularly monitors the Group's risks and may propose the use of hedges.

Given the nature of the N+1 Group companies' business, the Group's exposure to market risk depends on the performance of the companies in which the vehicles in which the Group has a stake invest, most of which are managed by the Group and primarily comprise non-listed companies (see Note 9.1).

The Group's management considers that managing the risks assumed when conducting its activities enables it to quickly detect any issues and therefore, rapidly react and take any steps needed to resolve them.

Internal control procedures and the structure for managing assumed risks were established according to the Group's activities, the nature of its customers and the volume of such activities. The Group's governing bodies therefore consider risks are adequately managed. The Board of Directors does, however, continuously monitor the management of the risks to which the Group is exposed when carrying out its different activities.

## **20. Capital management**

The Group's strategy for managing capital involves maintaining higher levels of capital than are required under existing regulations (see Note 2.9). The Group therefore regularly assesses its risk management and control and governance structure to ensure it is fit for purpose regarding fulfilment of said capital targets at the same time as allowing business objectives to be reached. The Group also quantifies its overall capital requirements on a regular basis, using overarching and forward-looking internal models considering various stress scenarios affecting the most relevant model variables. Future action plans are then drawn up based on the outcomes of the analysis to further enhance the adequate management of capital.

The Group boasted high levels of eligible capital surpluses at 31 December 2015. The main capital requirements are determined by credit risk and operational risk. The standardised approach is used to calculate the capital requirements to cover credit risk, while the basic approach is employed for the capital requirements to cover operational risk, which is correlated with changes in average net income over the last three years.

The Group continuously analyses its global risk profile and capital adequacy using a risk map; identifying and registering new risk situations and monitoring exposure using risk indicators and the possible loss events due to process failures, possible legal action, etc. The potential impact on capital and the solvency ratio is assessed. The materiality thereof is classified based on the potential impact on the financial statements.

## **21. Related parties**

Details of transactions with related parties at 31 December 2015 and 2014 and 1 January 2014 are as follows (excluding investments accounted for using the equity method (see Note 8) and investments in the vehicles managed by the Group (see Note 9)):

**a) Transactions with Group companies and shareholders**

	Thousands of euros					
	Jointly-controlled entities and associates			Company shareholders		
	31/12/2015	31/12/2014	01/01/2014	31/12/2015	31/12/2014	01/01/2014
<b>ASSETS:</b>						
Non-current financial assets (Note 9)	-	-	-	-	60	-
Trade and other receivables						
Trade receivables (Note 10)	1,409	1,377	1,262	-	106	6,379
Other receivables (Note 10)	96	-	-	-	-	-
Other current financial assets	-	-	-	60	60	-
Other current assets (Note 12)	-	-	112	-	199	-
	<b>1,505</b>	<b>1,377</b>	<b>1,374</b>	<b>60</b>	<b>425</b>	<b>6,379</b>
<b>LIABILITIES:</b>						
Trade and other payables – Suppliers (Note 17)	80	457	129	-	-	-
	<b>80</b>	<b>457</b>	<b>129</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Thousands of euros			
	Jointly-controlled entities and associates		Company shareholders	
	2015	2014	2015	2014
<b>PROFIT AND LOSS:</b>				
<b>Income</b>				
Revenue (Note 23)	1,367	1,654	-	-
Finance income	-	1	-	-

**b) Transactions with members of the Board of Directors and key management personnel**

Information on the remuneration accrued by the boards of directors of the Company and its subsidiaries and the Group's key management personnel, along with any loans and advances awarded directly to the Group's Board and key management personnel is disclosed in Note 5.

**22. Revenue and expenses**

The contributions to the Group's profit or loss for 2015 and 2014 by each company included in the scope of consolidation were as follows:

	Thousands of euros	
	Profit (loss)	
	2015	2014
Nmás1 Dinamia, S.A. (formerly Dinamia Capital Privado, Sociedad de Capital Riesgo, S.A.)	51,844	(2,236)
Fully-consolidated companies	11,800	13,773
Companies accounted for using the equity method (*)	2,042	2,603
	<b>65,686</b>	<b>14,140</b>

(\*) In 2014, does not include amounts attributable to non-controlling interests of equity-accounted companies of the Nmás1 International Corporate Advisory, S.L. sub-group, totalling €200 thousand at 31 December 2014. The cumulative amount of €2,803 thousand is recognised under "Share of profit (loss) of companies accounted for using the equity method" in the 2014 consolidated income statement (see Note 8).

Details of the profit and loss of each of these companies are as follows:



	Thousands of euros	
	Profit (loss)	
	2015	2014
<b>Fully consolidated companies:</b>		
Nmás1 Equity and Credit Management, S.A.U.	7	1,658
Nplus1 Credit Solutions, LLP	-	(27)
Nmás1 Investment Managers, S.L.U. (formerly Nmás1 Mercapital, S.L.U.)	(24)	(66)
Nmás1 Capital Privado, S.G.E.I.C., S.A.U.	1,258	1,828
Nmás1 Capital Privado Servicios, S.L.U.	(98)	325
N Más Uno Advisor, S.A.U.	(98)	66
Nmás1 Private Equity International Limited	-	111
Mercapital Private Equity, S.G.E.I.C., S.A.U.	1,442	1,006
Paulonia Servicios de Gestión, S.L.U.	-	(1)
Partilonia Administración, S.L.U.	-	(1)
Mideslonia Administración, S.L.U.	-	(1)
Flenox, S.L.U.	(1)	(1)
EQMC GP LLC	-	-
Alteralia Management S.à.r.l.	-	-
N+1 Mercapital do Brasil Gestora de Valores Mobiliarios e Consultora, Ltda (**)	-	(136)
N+1 Mercapital México, S.A. de CV (***)	-	(34)
N+1 Mercapital Colombia SAS (**)	-	(54)
Nmás1 Infraestructure, S.L.U. (formerly Nmás1 Energía, S.L.U.)	2,113	(32)
Nmás1 Eolia, S.G.E.I.C., S.A.U. (****)	-	482
Wessel Duval Nmás1 Energía SpA (****)	-	(8)
Nmás1 International Corporate Advisory, S.L.	(640)	608
Nmás1 Corporate Finance, S.A.U.	4,433	4,583
Nmás1 Corporate Portfolio Advisors, S.L.	2,017	1,095
N+1 Deutschland GmbH	307	872
N+1 s.r.l. (formerly N+1 Syz s.r.l.)	195	49
N+1 Corporate Finance B.V.	(104)	-
N+1 France Corporate Finance, S.A.S.	(263)	-
N+1 U.S. Corporation LLC	-	-
N+1 REIM UK, LLP,	(67)	(175)
Nmás1 Equities, Sociedad de Valores, S.A.	735	973
Nmás1 Asset Management, S.G.I.I.C., S.A.U.	960	851
QMC Directorship, S.L.U.	92	96
Nmás1 Debt Solutions, S.L.	(196)	-
Nmás1 REIM, S.L.U.	-	(1)
Nmás1 REIM Spain, S.L.U.	190	(3)
Nmás1 REIM France	(448)	(289)
Baruch Inversiones, S.L.	(8)	(1)
Nmás1 Dinamia Portfolio II, S.L.U.	(2)	-
	<b>11,800</b>	<b>13,773</b>

(\*) Entities merged in 2014.

(\*\*) Entities liquidated in 2014.

(\*\*\*) Entities sold in 2014.

(\*\*\*\*) Entities sold in 2015.

	Thousands of euros	
	Profit (loss)	
	2015	2014
<b>Companies accounted for using the equity method (Note 8):</b>		
Alpina Real Estate GP, S.A.	217	127
Alpina Real Estate GP I, S.A.	(28)	(21)
Alpina Real Estate GP II, S.A.	39	(4)
Plusalpina Real Estate Advisors GmbH	457	46
Plusalpina Real Estate Management GmbH (**)	-	30
Nmás1 Syz Valores Agencia de Valores, S.A.	(144)	2
Nmás1 Syz Gestión, S.G.I.I.C., S.A.	(43)	(37)
Nplus1 Singer Ltd (*)	1,422	2,028
N+1 Swiss Capital AG, Zürich	110	400
Nplus1 Daruma Finansal Danışmanlık Hizmetleri A.Ş.	-	89
Nplus1 Daruma Gayrimenkul Kurumsal Finansman Danışmanlık Hizmetleri A.Ş.	-	(57)
Phoenix Recovery Management, S.L.	12	-
	<b>2,042</b>	<b>2,603</b>

(\*) Figures for Nplus1 Singer sub-group.

(\*\*) Entities sold in 2015.

The contribution to profit and loss of each company included in the previous table was obtained from each of their separate results (see Note 2.13), after the adjustments to present their figures on a uniform basis and on consolidation, the most significant of which was the elimination of dividends paid out among Group companies.

## 23. Revenue

Revenue comprises the income from services provided during the year and accrued fees and commissions, except those that form an integral part of the effective interest rate on financial instruments. It also includes the income transferred to third parties for joint execution in 2015 and 2014.

Details of fees and commissions received and income transferred to third parties for joint execution in 2015 and 2014 were as follows:

	Thousands of euros	
	2015	2014
Income from provision of services	67,458	66,808
Transfers to third parties for joint execution	(2,165)	(1,741)
	<b>65,293</b>	<b>65,067</b>

### 23.1 Income from provision of services

The breakdown of "Income from provision of services" shown in the above table for 2015 and 2014 was as follows:

	Thousands of euros	
	2015	2014
Processing and execution of orders to buy and sell securities	5,086	5,212
Preparation of investment reports and financial analysis	2,110	1,806
Management and administration of CISs	8,841	3,961
Discretionary portfolio management	165	115
Administration and management of private equity firms	10,626	16,261
Provision of business and advisory services	38,215	39,453
Other income	2,415	-
	<b>67,458</b>	<b>66,808</b>

**a) Processing and execution of orders to buy and sell securities**

The line item "Processing and execution of orders to buy and sell securities" shown above comprises the fees and commissions received by the Group in 2015 and 2014 for brokering equity trades on Spanish and international markets.

**b) Preparation of investment reports and financial analysis**

The line item "Preparation of investment reports and financial analysis" shown above comprises the fees and commissions received by the Group in 2015 and 2014 for the provision of services basically involving financial analysis of companies and other advisory services prior to order execution.

**c) Management and administration of CISs**

The line item "Management and administration of CISs" shown above comprises the fees and commissions received by the Group in 2015 and 2014 for managing and administrating closed-ended CISs and open-ended CISs.

Details of this line item for 2015 and 2014 are as follows:

	Thousands of euros	
	2015	2014
QMC Development Capital Fund plc (liquidated)	-	45
EQMC Europe Development Capital Fund, Plc.	5,357	1,772
EQMC, FIL	1,679	752
QMC II Iberian Capital Fund, FIL	1,796	1,392
Alteralia Debt Fund, FIL	9	-
	<b>8,841</b>	<b>3,961</b>

In 2015 and 2014, Nmás1 Asset Management, S.G.I.I.C., S.A.U. was responsible for managing and administrating the vehicles listed above.

It also received a performance fee for managing EQMC, Fondo de Inversión Libre, equivalent to 15% of the annual gain in net asset value, provided that said gain exceeds the annual gain in the average Eonia interest rate over the last 24 months, plus a spread of 3 percentage points. This fee totalled €1,219 thousand in 2015 (2014: €399 thousand).

QMC II Iberian Capital Fund, Fondo de Inversión Libre has also set a performance fee which Nmás1 Asset Management, S.G.I.I.C., S.A.U. will take to income when the conditions for its accrual are fulfilled, as stipulated in the fund's prospectus, which is entered in the corresponding CNMV register and publicly available.

In 2015, the Group received a performance fee of €3,674 thousand associated with holding Class B equity stakes in EQMC Europe Development Capital Fund, Plc, as stipulated in the fund's prospectus and held by Nmás1 Asset Management, Sociedad Gestora de Instituciones de Inversión Colectiva, S.A.U. until the sale thereof to the Company in 2014 (see Notes 9 and 10).

#### **d) Administration and management of private equity firms**

Details of this line item for 2015 and 2014 are as follows:

Fee income from:	Thousands of euros	
	2015	2014
Dinamia Capital Privado, Sociedad de Capital Riesgo, S.A. (*)	4,147	4,419
Eolia Gregal de Inversiones, Sociedad de Capital Riesgo, S.A.	-	626
Eolia Renovables de Inversiones, Sociedad de Capital Riesgo, S.A.	-	1,374
Nmás1 Private Equity Fund I	151	300
Nmás1 Private Equity Fund II	2,861	4,013
Mercapital Spanish Buy-Out III España, Fondo de Capital Riesgo	2,147	3,424
Mercapital Spanish Buy-Out III Delaware, Fondo de Capital Riesgo	1,234	1,968
Mercapital Spanish Buy-Out III Banca March, Fondo de Capital Riesgo	86	137
	<b>10,626</b>	<b>16,261</b>

(\*) Includes the fees and commissions received for Nmás1 Capital Privado, S.G.E.I.C., S.A.U.'s management of the Company until the date of the Merger (see Note 2.13).

Nmás1 Capital Privado, S.G.E.I.C., S.A.U. (see Note 2.13), coordinated, managed and administrated Dinamia Capital Privado, Sociedad de Capital Riesgo, S.A. in 2014 and until the date of the Merger (see Note 1). Its remuneration comprises two components:

1. A fixed annual management fee calculated as a percentage of the value of the "valued asset" of Dinamia Capital Privado, Sociedad de Capital Riesgo, S.A. (net of the investment held by Dinamia Capital Privado, Sociedad de Capital Riesgo, S.A. in Fondo Electra Partners Club 2007 and the fees received by the Company for attending the board meetings of the vehicles in which it invests). The Company determined the "valued asset" by preparing a quarterly valuation using international generally accepted criteria, which is then reviewed every six months by an independent expert. The amount accrued for this concept in 2015 totalled €1,457 thousand (2014: €2,448 thousand).
2. A performance fee calculated as a fixed percentage of the gain Dinamia Capital Privado, Sociedad de Capital Riesgo, S.A. obtained from the transfer of the investments acquired by this company in the same financial year (Annual Portfolio) and the returns on these investments, less the fixed annual management fee, provided that the gain obtained is higher than the Minimum Return. The latter is equivalent to the result of applying an annual internal rate of return (IRR) to the Annual Portfolio. The IRR is taken as the average return on Spanish three-year treasury bonds in the previous December at the start of each calendar year. The amount accrued for this concept in 2015 totalled €2,690 thousand (2014: €1,971 thousand).

As from the date of the Merger described in Note 1, effective for accounting purposes on 9 July 2015, Dinamia Capital Privado, S.C.R., S.A. lost its status as a private equity firm, and amended its bylaws. As a result of the Merger, the aforementioned contract with Nmás1 Capital Privado, S.G.E.I.C., S.A.U. was cancelled.

A management contract was approved and signed on 23 December 2015 under which Nmás1 Capital Privado, S.G.E.I.C., S.A.U. will perform the coordination, management, and administration functions of Nmás1 Dinamia Portfolio, S.C.R., S.A., with effect in 2016. No fee was therefore accrued in 2015. This contract establishes that Dinamia Capital Privado, S.C.R., S.A. will effectively be succeeded by Nmás1 Dinamia Portfolio, S.C.R., S.A., with the latter becoming party to the investment agreement entered into on 30 May 2008 by Nmás1 Capital Privado, S.G.E.I.C., S.A. and "N+1 Private Equity Fund II". This administration and management agreement sets forth the following remuneration structure:

1. An initial fee in the first quarter of 2016 calculated as a percentage of the acquisition cost of €80,300 thousand.
2. As from the end of said period, a fixed annual management fee calculated as a percentage of the value of the "valued asset" of the investees of Nmás1 Dinamia Portfolio, Sociedad de Capital Riesgo, S.A. (net of a corresponding discount determined based on the related payment to be made to the Company's shareholders, ACP Fund and Akina Fund, in connection with the shares acquired by them). The Company determines the "valued asset" by preparing a quarterly valuation using international generally accepted criteria, which is then reviewed every six months by an independent expert.
3. A performance fee based on the results obtained by Nmás1 Dinamia Portfolio, S.C.R., S.A. (taken as the income generated from the portfolio, less operating expenses, applicable taxes and the management fee stipulated in the management agreement), which will begin to accrue from the moment a minimum level of profit and returns are generated by the aforesaid company and distributed to its shareholders, as per the management agreement.

On 30 May 2008, the Group and, specifically, Nmás1 Capital Privado, S.G.E.I.C., S.A.U. (see Note 2.13) signed an administration and management contract with Nmás1 Private Equity Fund II Families, Sociedad de Capital Riesgo, S.A., Nmás1 Private Equity Fund II ERISA, Fondo de Capital Riesgo and Nmás1 Private Equity Fund II Non-ERISA, Fondo de Capital Riesgo – jointly referred to as "N+1 Private Equity Fund II" from hereon. This administration and management agreement sets forth the following remuneration structure:

1. Between the initial closing date (24 December 2007) and the end of the investment period, a fixed annual management fee equivalent to a percentage of N+1 Private Equity Fund II's Total Committed Capital. The investment period of N+1 Private Equity Fund II ended on 21 April 2013.
2. After the investment period, a fixed annual fee calculated as a percentage of the Acquisition Cost of N+1 Private Equity Fund II's investments that have not been transferred, provisioned for or redeemed. Acquisition cost is taken as the sum of the considerations paid by N+1 Private Equity Fund II when investing and any costs associated with said investment incurred by N+1 Private Equity Fund II and/or Nmás1 Capital Privado, Sociedad Gestora de Entidades de Capital Riesgo, S.A.U. The amount accrued for this concept in 2015 totalled €2,861 thousand (2014: €4,013 thousand).
3. An initial fee of €1,500 thousand by way of compensation for the cost assumed and expenses incurred in relation to incorporating and establishing N+1 Private Equity Fund II. This fee was accrued and settled in full during 2008.

Furthermore, on 17 June 2015 the Group and, specifically, Nmás1 Capital Privado, S.G.E.I.C., S.A.U., set up a venture capital fund called Nmás1 Private Equity Fund III, Fondo de Capital Riesgo, the fund assets of which comprise contributions by the unit holders thereof. Initial fund assets totalled €165 thousand and the initial investment commitment was €1,650 thousand. The compensation Nmás1 Capital Privado, S.G.E.I.C., S.A.U. will receive for providing management and representation services will be as follows (no income received in 2015):

1. Between the initial closing date and 12 months after the initial closing date, an annual management fee equivalent to a specific percentage of the investment commitments subscribed by the holders of Class A units.
2. Between the initial closing date and the end of the investment period, an annual management fee equivalent to a specific percentage of the investment commitments subscribed by the holders of Class A units.
3. Between the end of the investment period and the fund settlement date, an annual management fee equivalent to a specific percentage of the proportional part of the Acquisition Cost of the investments still in the fund's portfolio, corresponding to the Investment Commitments subscribed by the holders of Class A units.

The management fee will be calculated and accrued quarterly and paid quarterly in advance.

On 31 May 2006, Nmás1 Eolia, S.G.E.I.C., S.A.U. (see Note 2.13) signed a management and administration agreement with Eolia Gregal de Inversiones, Sociedad de Capital Riesgo, S.A., which was amended on 29 June 2012. As per the amendment to the management agreement, Nmás1 Eolia, S.G.E.I.C., S.A.U. acquired the right to receive the following remuneration as from 1 July 2012:

- A fixed fee of €1,800 thousand (gross) per annum (subject to any applicable withholdings) for the period from 1 July 2012 to 30 June 2013, subject to revision annually. As no agreement was reached before 1 July of the following year, the fee for 2014 remained unchanged; the same occurred in 2013. The fixed annual fee was paid in 12 monthly instalments in arrears, although the December 2013 instalment was settled before month end. An amount of €1,174 thousand was accrued in this connection in 2014.
- A variable fee to be determined annually at the discretion of Eolia Renovables de Inversiones, S.C.R., S.A.'s board of directors and which cannot exceed 20% of the fixed fee for the prior annual period. Where applicable, the annual variable fee would be fixed by Eolia Renovables de Inversiones, S.C.R., S.A.'s board of directors during the three months following 30 June each year as from 2013 (inclusive), and paid in a single instalment 60 calendar days after being determined by Eolia Renovables de Inversiones, S.C.R., S.A.'s board of directors. In 2014, Eolia Renovables de Inversiones, S.C.R., S.A.'s board of directors approved a variable fee of €200 thousand.
- The amounts corresponding to the same periods received by Nmás1 Eolia, S.G.E.I.C., S.A.U. for any concept relating to the management agreement between Nmás1 Eolia, S.G.E.I.C., S.A.U. and Eolia Gregal de Inversiones, S.C.R., S.A. de Régimen Común (solely-owned subsidiary of Eolia Renovables de Inversiones, S.C.R., S.A. (see previous description)) were deducted from the total remuneration payable to Nmás1 Eolia, S.G.E.I.C., S.A.U.. In any event, the total remuneration payable to Nmás1 Eolia, S.G.E.I.C., S.A.U. could not exceed the total remuneration calculated as per the criteria in the preceding paragraphs.

Moreover, in connection with the contract signed in 4 February 2015 for the sale and transfer of Nmás1 Eolia, S.G.E.I.C., S.A.U. shares to Eolia Renovables de Inversiones, S.C.R. (see Note 2.13), no amounts were accrued in 2015 for the management fees described above.

The Group and, in particular, Mercapital Private Equity, S.G.E.I.C., S.A.U., coordinate, manage and administrate Mercapital Spanish Buy-Out Fund III España, Fondo de Capital Riesgo, de Mercapital Spanish Buy-Out Fund III Delaware, Fondo de Capital Riesgo and Mercapital Spanish Buy-Out Fund III Banca March, Fondo de Capital Riesgo. In return for providing its services, it receives a management fee which, other than in the exceptional circumstances stipulated in the Management Regulations, was calculated as follows:

- Over the Investment Period (ended 24 October 2012), Mercapital Private Equity, S.G.E.I.C., S.A.U. received the amount equivalent to the Applicable Percentage (as defined below) of the Funds' Total Committed Capital, less any amounts paid out previously to unit holders by way of partial reimbursement or distribution of results.
- Subsequent to the Investment Period, Mercapital Private Equity, S.G.E.I.C., S.A.U. will receive an amount equivalent to the Applicable Percentage of: (i) the sum of the acquisition cost of the investments made by the Funds, less the cost of the investments sold; (ii) less the net decline in value of the portfolios, where applicable; (iii) plus the Total Committed Capital of the funds pending disbursement or, where applicable, amounts set aside (or cash available in the Funds) to invest in companies already in the Funds' portfolios (follow-on investments), provided there is an existing commitment of some kind to do so or new investments that have been formally committed but not yet executed. All of the above is calculated at the start of the period over which the management fee is accrued.

The management fee is calculated and accrued on a six-month basis and paid every six months in advance. The half-yearly periods run from 1 January to 1 July of each year, except the first half-year which started on the end date of the Placement Period or Final Closing Date and will end on the immediately following 31 December or 30 June, and the last half-year, which will end on the Funds' settlement date (while any management fee paid must be adjusted, if required). The Group therefore had no fees due at 31 December 2015 and 2014.

The management fee for any year is reduced by an amount equivalent to the total amounts that Mercapital Private Equity, S.G.E.I.C., S.A.U. received during the prior year by way of fees for attending board meetings, providing advisory and consultancy services to investees, and commission from transactions and/or syndication of the Funds' investments.

In the case of Mercapital Spanish Buy-Out Fund III España, Fondo de Capital Riesgo and Mercapital Spanish Buy-Out Fund III Delaware, Fondo de Capital Riesgo, the Applicable Percentage will be two (2) percent per annum. As set forth in Article 13 of the Regulations, if the Management Company acts as the manager of Successor Funds, the Applicable Percentage would be reduced from two (2) percent to one point five (1.5) percent with effect from the moment the Management Company starts receiving a management fee from any Subsequent Fund or from the end of the Investment Period, whichever comes first. In the case of Mercapital Spanish Buy-Out Fund III Banca March, Fondo de Capital Riesgo, the Applicable Percentage rises by zero point five (0.5) percent in the above circumstances.

Income obtained by way of fees for the management and administration of CISs totalled €3,467 thousand in 2015 (2014: €5,529 thousand).

#### ***e) Provision of business and advisory services***

The balance of "Provision of business and advisory services" shown in the previous table includes the fees and commissions received by the Group in 2015 and 2014 for providing advisory services. The amount receivable at the 2015 and 2014 year-ends is recognised in "Trade and other receivables – Trade receivables" on the assets side of the consolidated balance sheet (see Note 10).

#### ***f) Other income***

"Other income" in the previous table presents the income obtained by the Group of €2,281 thousand under the agreement to swap Nmás1 Eolia, S.G.E.I.C., S.A.U. shares for Eolia Renovables de Inversiones, S.C.R., S.A. shares (see Note 2.13).

#### **g) Assets under management**

A breakdown of assets under management by the Group at 31 December 2015 and 2014 and 1 January 2014 is as follows:

	Thousands of euros		
	31/12/2015	31/12/2014	01/01/2014
Portfolios managed –			
Hedge funds	318,811	289,503	246,351
Private equity firms	317,001	746,322	863,060
Offshore investment vehicles	19,774	99,749	109,952
Discretionary portfolio management	12,859	11,664	-
	<b>668,445</b>	<b>1,147,238</b>	<b>1,219,363</b>

Moreover, at 31 December 2015 *Nmás1 Syz Gestión, S.G.I.I.C., S.A.* (a Group associate – see Note 2.12) managed assets worth €388,086 thousand, €110,030 thousand and €278,056 thousand of which corresponds to open-ended investment companies and discretionary portfolios managed, respectively (31 December 2014: €337,770 thousand, €102,202 thousand and €235,568 thousand of which corresponds to open-ended investment companies and discretionary portfolios managed, respectively; and 1 January 2014: €335,653 thousand, €81,151 thousand and €254,502 thousand of which corresponds to open-ended investment companies and discretionary portfolios managed, respectively).

##### *g.1) Hedge funds*

At 31 December 2015, the Group managed the assets of an Irish open-ended investment company, EQMC Europe Development Capital Fund, Plc (one Irish open-ended investment company at 31 December 2014 and two Irish open-ended investment companies at 1 January 2014), which is not authorised under Council Directive 85/611 of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS). At 31 December 2015, the Group also managed three hedge funds: EQMC, Fondo de Inversión Libre, Fondo de Inversión Libre, QMC II Iberian Capital Fund, Fondo de Inversión Libre and Alteralia Debt Fund, FIL – (two hedge funds at 31 December 2014 and at 1 January 2014). The total assets of these vehicles stood at €318,811 thousand (€289,503 thousand at 31 December 2014 and €246,351 thousand at 1 January 2014).

##### *g.2) Private equity firms*

At 31 December 2015, the Group also managed one private equity firm and six private equity funds with total assets at 31 December 2015 of €317,001 thousand (four private equity firms and five private equity funds at 31 December 2014 and 1 January 2014 with total assets of €746,322 thousand and €863,060 thousand, respectively).

##### *g.3) Offshore investment vehicles*

At 31 December 2015 and 2014 and 1 January 2014, the Group managed the following offshore investment vehicles:



	Thousands of euros		
	31/12/2015	31/12/2014	01/01/2014
Nmás1 Private Equity Fund I (*)	-	5,428	7,252
Alpina Real Estate Fund SCA SICAV-FIS (**)	3,440	27,641	31,455
Alpina Real Estate Fund II (Lux) (**)	7,512	25,506	25,966
Alpina Real Estate Company SCA (**)	3,783	30,860	34,706
Alpina Real Estate Company II SCA (**)	5,039	10,314	10,569
Alpina Real Estate Company III SCA (**) (***)	-	-	4
	<b>19,774</b>	<b>99,749</b>	<b>109,952</b>

(\*) Investment vehicle managed by Nmás1 Private Equity International Limited.

(\*\*) Investment vehicles managed by Alpina Real Estate GP I, S.A.; Alpina Real Estate GP II, S.A. and Alpina Real Estate GP, S.A. (see Note 2.13).

(\*\*\*) Investment vehicle liquidated in 2014.

## 23.2. Transfers to third parties for joint execution

The line item "Transfers to third parties for joint execution" included under "Revenue" in the consolidated income statement included an amount of €2,165 thousand in 2015 (2014: €1,741 thousand) of income transferred to third parties in connection with the joint execution of various financial advisory transactions over the year:

	Thousands of euros	
	2015	2014
Administration fee (1)	127	-
Marketing fee (2)	175	126
Brokerage fee (3)	312	-
Fees and commissions assigned to other entities and representatives	1,428	1,442
Other fees and commissions (5)	123	173
	<b>2,165</b>	<b>1,741</b>

(1) Comprises fees for administrating the hedge funds managed by Nmás1 Asset Management, S.G.I.I.C., S.A.U. and assigned to a number of administrators in 2015 and 2014.

(2) Includes the commission paid for marketing the units of QMC II Iberian Capital Fund, Fondo de Inversión Libre and of EQMC, Fondo de Inversión Libre, managed by Nmás1 Asset Management, S.G.I.I.C., S.A.U., which is performed by Nmás1 Syz Valores, Agencia de Valores, S.A.

(3) Includes the fees and commissions paid by Nmás1 Equities, Sociedad de Valores, S.A., to market members for direct access to the market and fees for execution of trades and settlement rights of stock exchanges and other financial markets.

(4) Includes the fees and commissions primarily transferred by way of remuneration to several collaborators for presenting new customers and bringing in new orders.

(5) Comprises the board meeting attendance fees passed on by QMC Directorships, S.L.U., as representative of QMC II Iberian Capital Fund, Fondo de Inversión Libre y QMC II Iberian, S.L. both managed by Nmás1 Asset Management, S.G.I.I.C., S.A.U.

## **24. Personnel expenses**

### ***a) Breakdown***

Details of "Personnel expenses" in the consolidated income statement for 2015 and 2014 were as follows:

	Thousands of euros	
	2015	2014
Wages and salaries	30,311	26,867
Social security costs	2,439	2,027
Severance payments (Note 3-o)	473	511
Other personnel expenses	746	602
	<b>33,969</b>	<b>30,007</b>

### ***b) Number of employees***

The Group's headcount (for the Company and subsidiaries) in 2015 and 2014, and by professional category and gender at said reporting closes, was as follows:

	2015				2014			
	Male	Female	Total	Average headcount	Male	Female	Total	Average headcount
General management	20	1	21	20	25	1	26	26
University graduates	126	28	154	152	103	29	132	123
Clerical staff	2	24	26	25	2	21	23	23
	<b>148</b>	<b>53</b>	<b>201</b>	<b>197</b>	<b>130</b>	<b>51</b>	<b>181</b>	<b>172</b>

Personnel expenses payable at year-end 2015 – primarily bonuses – totalled €15,503 thousand (€13,099 thousand – primarily bonuses – at 31 December 2014) are included under "Trade and other payables – Other payables" on the liabilities side of the consolidated balance sheet (see Note 17). At the date of preparing these financial statements, €9,394 thousand of all amounts payable in connection with personnel expenses had been settled.

In 2015 and 2014, the Group employed no individuals with disabilities equal to or over 33% impairment.

## **25. Other operating expenses**

### ***a) Breakdown***

Details of "Other operating expenses" on the consolidated income statements for 2015 and 2014 are as follows:

	Thousands of euros	
	2015	2014
Buildings and facilities rental	1,680	1,780
Communications	638	592
Advertising and publicity	558	464
Utilities	593	453
Repairs and maintenance	47	130
Independent professional services	5,639	1,366
Board remuneration (Note 5)	1,756	1,603
Levies and other taxes	248	210
Other expenses	5,938	6,929
	<b>17,097</b>	<b>13,527</b>

The increase in "Independent professional services" in the previous table basically related to the costs assumed by the now defunct N Más Uno IBG, S.A. in relation to its takeover by the Company (see Note 1).

In 2015, "Communications" in the table above included an expense of €375 thousand incurred by the Group to use the information sources and services of Bloomberg, Reuters and others through the subsidiary N más 1 Equities, Sociedad de Valores, S.A., (2014: €243 thousand) (see Note 2.13).

"Other expenses" primarily included travel expenses totalling €2,136 thousand in 2015 (2014: €1,393 thousand) and vehicle hire costs of €327 thousand (2014: €285 thousand).

The cost of leasing the office serving as the registered offices of the Company and most Group companies in 2015 and 2014 (see Note 1) is included under "Buildings and facilities rental" in the table above.

Details of the minimum lease payments the Company has agreed with the lessor, as per the aforesaid lease agreements, without factoring in any deflected community charges, future increases in the Consumer Price Index, or future contractual lease payment revisions or VAT, are as follows:

Operating leases Minimum lease payments	Thousands of euros	
	2015	2014
Within one year	713	713
1 to 5 years	2,440	3,153
Over 5 years	-	-
	<b>3,153</b>	<b>3,866</b>

Amounts payable by the Group to various suppliers in its normal operations are included under "Trade and other payables" on the liabilities side of the consolidated balance sheet (see Note 17).

#### **Information on the average payment period to suppliers. Additional provision three. "Disclosure requirement" of Act 15/2010 of 5 July**

Disclosures at 31 December 2015 required as per the second final provision of Act 31/2014 of 3 December, amending the Spanish Corporate Enterprises Act to improve corporate governance (which in turn, amends Act 15/2010 of 5 July, amending Act 3/2004 of 29 December establishing measures to combat defaults on commercial transactions) are as follows:

	Days
Average supplier payment period	42.57
Ratio of payments made	40.09
Ratio of payments pending	99.47

	Amount (Thousands of euros)
Total payments made	14,750
Total payments pending	641

The data in the table above in connection with payments to suppliers refer to trade payables to suppliers of goods and services. Accordingly, they include the "Trade and other payables – Suppliers" figures in the consolidated balance sheet.

According to Act 3/2004 of 29 December, establishing measures on combating late payment in commercial transactions, the statutory maximum payment period applicable to the Company in 2015 was 30 days.

Disclosures at 31 December 2014 required pursuant to Act 15/2010 of 5 July, amending Act 3/2004 of 29 December, establishing measures to combat defaults on commercial transactions are as follows:

	Payments made and pending payment	
	2014	
	Amount (thousands of euros)	% (*)
Within the legal limit	11,945	84%
6 4	2,214	16%
<b>TOTAL PAYMENTS DURING THE YEAR</b>	<b>14,159</b>	<b>100%</b>
Weighted average days past due	87	-
Deferrals at the reporting date		
exceeding the statutory maximum limit (thousands of euros)	12	0.08%

(\*) Percentage of the total.

#### **b) Other disclosures**

Fees for audit services provided to N+1 Group companies in Spain and abroad throughout 2015 totalled €223 thousand (2014: €143 thousand), which are included under "Independent professional services" in the breakdown above. Other non-audit services were also provided by their auditor in 2015 and 2014 amounting to €366 thousand and €153 thousand, respectively.

## **26. Segment reporting**

In line with IFRS 8, which establishes the obligation to apply and disclose segment reporting for those companies whose equity or debt securities are quoted on public markets, or for companies which are in the process of issuing securities for quotation on public securities market, the Group presented this information in three segments in the accompanying consolidated financial statements.

### ***a) Basis of segmentation***

The top tier of segment reporting for the Group is split into the following segments: financial advisory services, asset management/advice, and investment activity.

- *Financial advisory services (Investment Banking)*

This encompasses the provision of financial advisory services (corporate finance) and the provision of stock market brokerage and analysis services to institutional investors, most of whom are international.

- *Asset management/advice (Asset Management)*

This segment relates to the provision of different types of asset management and advice services to third-party institutional and high net worth investors. Management activity is carried out through specialised investment funds and investment portfolios.

- *"Other": investment activity*

This encompasses the investment activity performed since the Merger, which had no material impact on the 2015 consolidated income statement. It is planned that stakes in the non-financial and non-real estate companies formerly held by Dinamia will be divested, and a new phase started to ramp up investment activity and co-investment in products managed by the Group, which will strengthen the asset management and advice area. This segment also includes the centralised support services provided by Nmás1 Dinamia, S.A. (the Group's parent), the costs of which are deflected onto each of the Group companies on a proportional basis. Thus, the amount shown on the consolidated income statement connected with the Group's parent refers to the Company's own operating expenses. Lastly, in 2015 this segment included a gain of €53,561 thousand from the Takeover described in Note 1.

### ***b) Basis and methodology for segment reporting***

The Group's segment reporting forms the basis for internal management and oversight of the performance of the different business areas. The Board of Directors (along with the Group's governing bodies) is ultimately responsible for said information and for taking operating decisions concerning each of these business areas.

The Group's management segments its activity pursuant to the nature of the services provided and they correspond with the business units for which accounting and management information is available.

Segment information on these businesses is presented below.

**Consolidated income statement by segment:**

	Investment Banking		Asset Management		Other		Consolidation adjustments		Total for Group, 2015	Total for Group, 2014
	2015	2014	2015	2014	2015	2014	2015	2014		
Revenue	40,571	39,405	23,909	25,104	813	558	-	-	65,293	65,067
Ordinary income among segments	647	3,213	2,975	315	4,250	4,577	(7,872)	(8,105)	-	-
Other operating income	9	-	-	-	-	32	-	-	9	32
Personnel expenses	(18,760)	(16,570)	(10,289)	(10,325)	(4,920)	(3,112)	-	-	(33,969)	(30,007)
Other operating expenses	(8,894)	(11,512)	(6,668)	(5,657)	(9,407)	(4,463)	7,872	8,105	(17,097)	(13,527)
Depreciation and amortisation	(155)	(206)	(55)	(70)	(156)	(155)	-	-	(366)	(431)
Impairment losses and gains (losses) on disposal of non-current assets	-	(70)	2	(71)	-	-	-	-	2	(141)
Other income (expense)	-	-	-	-	53,561	-	-	-	53,561	-
<b>Operating profit (loss)</b>	<b>13,418</b>	<b>14,260</b>	<b>9,874</b>	<b>9,296</b>	<b>44,141</b>	<b>(2,563)</b>			<b>67,433</b>	<b>20,993</b>
Finance income	2	-	2	-	2,481	7	-	-	2,485	7
Finance costs	-	-	-	-	-	(14)	-	-	-	(14)
Changes in fair value of financial instruments	-	-	-	-	(335)	-	-	-	(335)	-
Exchange differences	166	(4)	(9)	-	2	(17)	-	-	159	(21)
Impairment losses and gains (losses) on disposal of financial instruments	(658)	487	2	-	276	39	-	-	(380)	526
<b>Net finance income (expense)</b>	<b>(490)</b>	<b>483</b>	<b>(5)</b>	<b>-</b>	<b>2,431</b>	<b>15</b>			<b>1,929</b>	<b>498</b>
Share of profit (loss) of companies accounted for using the equity method	1,531	2,659	511	178	-	(34)	-	-	2,042	2,803
<b>Profit (loss) before tax</b>	<b>14,459</b>	<b>17,402</b>	<b>10,380</b>	<b>9,474</b>	<b>46,565</b>	<b>(2,582)</b>			<b>71,404</b>	<b>24,294</b>
Income tax	(3,642)	(4,062)	(1,010)	(2,233)	486	471	-	-	(4,166)	(5,824)
<b>Consolidated profit (loss) for the period</b>	<b>10,817</b>	<b>13,340</b>	<b>9,370</b>	<b>7,241</b>	<b>47,051</b>	<b>(2,111)</b>			<b>67,238</b>	<b>18,470</b>

**Non-current assets by segment:**

	Investment Banking			Asset Management			Other			Total for Group, at 31/12/2015	Total for Group, at 31/12/2014	Total for Group, at 01/01/2014
	31/12/2015	31/12/2014	01/01/2014	31/12/2015	31/12/2014	01/01/2014	31/12/2015	31/12/2014	01/01/2014			
Balance sheet Assets:												
Intangible assets	3,587	3,446	3,415	47	47	117	-	-	-	3,634	3,493	3,532
Goodwill	12	22	63	3	28	8	42	15	25	57	65	96
Other intangible assets	666	531	607	184	135	312	914	975	983	1,764	1,641	1,902
Property and equipment												
Investments accounted for using the equity method	10,872	11,832	7,976	1,531	1,300	674	-	-	-	12,403	13,132	8,650

### c) Geographical segment reporting

For geographical segment reporting, segment revenues are grouped according to the geographical location of the assets. Segment assets are also grouped according to their geographical location.

The following table provides a summary of ordinary income from each of the Group's assets, broken down by geographical area, in 2015 and 2014:

	Thousands of euros					
	Revenue		Share of profit (loss) of companies accounted for using the equity method		Total	
	2015	2014	2015	2014	2015	2014
Domestic market	55,332	56,979	(175)	(35)	55,157	56,944
European Union-						
UK	399	1,004	1,422	2,192	1,821	3,196
Italy	2,918	1,030	-	-	2,918	1,030
Germany	4,534	6,002	457	76	4,991	6,078
France	2,110	5	-	-	2,110	5
OECD countries						
Luxembourg	-	-	228	102	228	102
Switzerland	-	-	110	433	110	433
Turkey	-	-	-	35	-	35
Other countries	-	47	-	-	-	47
	<b>65,293</b>	<b>65,067</b>	<b>2,042</b>	<b>2,803</b>	<b>67,335</b>	<b>67,870</b>

The following table provides a summary of non-current assets for each of the Group's assets, broken down by geographical area, at 31 December 2015 and 31 December 2014:

		Domestic market	European Union				OECD countries				
	Year	Spain	Germany	France	UK	Italy	Luxembourg	Switzerland	Turkey	ROW	Total
Balance sheet											
Assets:											
Intangible assets – Goodwill	31/12/2015	3,077	416	141	-	-	-	-	-	-	3,634
	31/12/2014	3,077	416	-	-	-	-	-	-	-	3,493
	01/01/2014	3,046	416	-	70	-	-	-	-	-	3,532
Intangible assets – Other intangible assets	31/12/2015	51	4	-	-	2	-	-	-	-	57
	31/12/2014	57	4	-	-	4	-	-	-	-	65
	01/01/2014	90	6	-	-	-	-	-	-	-	96
Property and equipment	31/12/2015	1,491	52	202	9	10	-	-	-	-	1,764
	31/12/2014	1,553	63	-	13	12	-	-	-	-	1,641
	01/01/2014	1,623	73	-	32	11	34	-	-	129	1,902
Investments accounted for using the equity method	31/12/2015	712	-	-	8,247	-	819	2,625	-	-	12,403
	31/12/2014	748	-	-	8,343	-	552	2,949	540	-	13,132
	01/01/2014	674	-	-	7,976	-	-	-	-	-	8,650



## **27. Fair value**

The fair values of the Group's financial instruments at 31 December 2015 and 2014 and 1 January 2014, by class of financial asset and liability, are broken down in the accompanying consolidated financial statements into the following levels:

- **LEVEL 1:** Financial instruments whose fair value is determined using as a direct input the quoted price of the financial instrument on an active market (as defined in the Group's internal policies) that is observable and can be obtained from independent sources. This level includes any listed debt securities, listed equity/capital instruments and certain derivatives.
- **LEVEL 2:** Financial instruments whose fair value is estimated by reference to quoted prices on organised markets for similar instruments or using other valuation techniques in which all the significant inputs are based on directly or indirectly observable market data.
- **LEVEL 3:** Instruments whose fair value is estimated using valuation techniques in which most of the inputs are not based on observable market data. Control units that are not connected to the market areas are responsible for selecting and validating the valuation models used.

The methods used to calculate the fair value of each class of financial assets and liabilities are as follows:

- Available-for-sale financial assets:
  - Listed equity/capital instruments: fair value determined using the quoted price on official markets (Level 1).
  - Non-listed equity/capital instruments: the following techniques are used to determine fair value:
    - Financial instruments at the recent transaction price: fair value determined as the price of the latest transactions performed near to year-end (see Note 2.13), without said fair value differing significantly from the net asset value (Level 2).
    - Private equity vehicles and similar: fair value determined as the net asset value obtained from the statements provided by the company managing said vehicles (Level 2).
    - Other financial instruments at cost: fair value determined as the carrying amount, since this fair value does not differ significantly from cost (Level 2).
- Other financial assets at fair value through profit or loss:
  - Non-quoted equity instruments:
    - Multiplier of comparable listed companies (EV/EBITDA, PER, Price/Carrying Amount, Price/Premiums), adjusted where necessary according to the company under valuation (Level 3).

The fair values at 31 December 2015 and 2014 and 1 January 2014 of the Group's financial instruments, as per the aforementioned classification, were as follows:

#### Financial assets – fair value at 31 December 2015

	Thousands of euros				
	Carrying amount	Fair value	Fair value hierarchy		
			Level 1	Level 2	Level 3
Non-current financial assets					
Available-for-sale financial assets (*)	21,935	21,935	-	21,935	-
Other financial assets at fair value through profit or loss (**)	839	839	-	-	839
	<b>22,774</b>	<b>22,774</b>	<b>-</b>	<b>21,935</b>	<b>839</b>

(\*) As these are available-for-sale financial assets, changes in fair value are recognised directly in equity (see Note 3 b)).

(\*\*) In 2015, the only amount recognised in the consolidated income statement for changes in the fair value of these financial assets was for the change in value of Tamsi, S.L. between the merger date and the last measurement by the Company prior to selling its stake in Tamsi, S.L. This change totalled €335 thousand and was recognised in the 2015 consolidated income statement.

#### Financial assets – fair value at 31 December 2014

	Thousands of euros				
	Carrying amount	Fair value	Fair value hierarchy		
			Level 1	Level 2	Level 3
Non-current financial assets					
Available-for-sale financial assets (*)	5,155	5,155	-	5,155	-
	<b>5,155</b>	<b>5,155</b>	<b>-</b>	<b>5,155</b>	<b>-</b>

(\*) As these are available-for-sale financial assets, changes in fair value are recognised directly in equity (see Note 3 b)).

#### Financial assets – fair value at 1 January 2014

	Thousands of euros				
	Carrying amount	Fair value	Fair value hierarchy		
			Level 1	Level 2	Level 3
Non-current financial assets					
Available-for-sale financial assets (*)	4,598	4,598	-	4,598	-
	<b>4,598</b>	<b>4,598</b>	<b>-</b>	<b>4,598</b>	<b>-</b>

(\*) As these are available-for-sale financial assets, changes in fair value are recognised directly in equity (see Note 3 b)).

There were no transfers between levels in 2015 and 2014, and no relevant changes in the techniques used to value the assets described above.

The fair value of other financial assets and liabilities is basically equal to their carrying amount, as it is understood that this fair value does not differ materially from the carrying amount of these items. The following points should be also made on the fair value of certain financial assets:

- Bank deposits: the Group estimated the fair value of these financial assets as their carrying amount, as it is considered that, given the nature of the counterparties, interest rates and terms thereof, this fair value does not differ materially from amortised cost.

- Loans and credits: the Group estimated the fair value of these financial assets as their carrying amount, as it is considered that, given the nature of the counterparties, interest rates and terms thereof, there are no material differences between the two.

## **28. Reconciliation of opening and closing balances for 2014**

Details of how the chief differences between the previous accounting policies (CNMV Circular 7/2008) and those prevailing at the reporting closes (International Financial Reporting Standards) affected the different line items in the Group's consolidated balance sheet at 1 January 2014 and 31 December 2014 and the 2014 consolidated income statement are as follows:

- Closing balances: those featuring in the Group's consolidated financial statements prepared as per the previous accounting principles and criteria (Circular 7/2008) and approved by the General Shareholders' Meeting of N Más Uno IBG, S.A.
- Reclassifications: changes attributable to the new method of preparing the financial statements.
- Adjustments: changes attributable to the measurement methods and accounting criteria modified by the new standards (International Financial Reporting Standards).
- Opening balances: balances resulting from the adjustment and reclassification of the closing balances.
- Ref: Reference to the note in which the nature of the most significant adjustments and reclassifications are explained.

All of the reconciliation items are for presentation; there are no items for material amounts that alter the consolidated equity or results at the reference dates.

**a) Consolidated balance sheet: Reconciliation at 1 January 2014 – Assets**

ASSETS	Thousands of euros				Ref.
	Closing balance	Effect of changes		Opening balance	
		Reclassification	Adjustment		
<b>Non-current assets</b>	<b>19,429</b>	-	-	<b>19,429</b>	(i)
Available-for-sale financial assets – Other equity/capital instruments	4,598	(4,598)	-	-	
Non-current financial assets	-	5,155	-	5,155	
Loans and receivables - Loans to individuals					
Loans to individuals	320	(320)	-	-	
Investments – Associates	8,650	(8,650)	-	-	
Investments accounted for using the equity method	-	8,650	-	8,650	
Tangible assets	1,902	(1,902)	-	-	
Property and equipment	-	1,902	-	1,902	
Intangible assets				-	
Goodwill	3,532	(3,532)	-	-	
Other intangible assets	96	(96)	-	-	
Intangible assets				-	
Goodwill	-	3,532	-	3,532	
Other intangible assets	-	96	-	96	
Tax assets – deferred	94	(94)	-	-	
Deferred tax assets	-	94	-	94	
Other assets	237	(237)	-	-	
<b>Current assets</b>	<b>31,103</b>	-	-	<b>31,103</b>	
Cash	74	(74)	-	-	
Other assets	626	(626)	-	-	
Available-for-sale financial assets – Debt securities	251	(251)	-	-	
Other current financial assets	-	251	-	251	
Loans and receivables					
Loans to financial intermediaries	18,907	(18,907)	-	-	
Loans to individuals	11,245	(11,245)	-	-	
Trade and other receivables –					
Trade receivables	-	10,050	-	10,050	
Other receivables	-	6,021	-	6,021	
Other current assets	-	558	-	558	
Cash and cash equivalents	-	14,223	-	14,223	
<b>Total assets</b>	<b>50,532</b>	-	-	<b>50,532</b>	(ii)

**b) Consolidated balance sheet: Reconciliation at 1 January 2014 – Liabilities and equity**

EQUITY AND LIABILITIES	Thousands of euros				Ref.
	Closing balance	Effect of changes		Opening balance	
		Reclassification	Adjustment		
<b>Equity</b>	<b>39,320</b>	-		<b>39,320</b>	
<i>Own funds</i>					
Capital	287	-	2,119	2,406	(iii)
Share premium	24,139	-	-	24,139	
Reserves	2,919	-	(2,119)	800	(iii)
Other capital instruments	(32)	32	-	-	
Other equity instruments	-	(32)	-	(32)	
Less: Treasury shares	(346)	346	-	-	
Less: Treasury shares and own equity investments	-	(346)	-	(346)	
Profit (loss) for the period	8,338	(8,338)	-	-	
Profit (loss) for the period attributed to the parent	-	8,338	-	8,338	
<i>Valuation adjustments –</i>					
Available-for-sale financial assets	33	(33)	-	-	
Exchange differences	12	(12)	-	-	
<i>Cumulative other comprehensive income –</i>					
Items that can be subsequently reclassified to profit and loss for the period –					
Available-for-sale financial assets	-	33	-	33	
Translation differences	-	12	-	12	
Non-controlling interests	3,970	-	-	3,970	
<b>Non-current liabilities</b>	<b>777</b>	-	-	<b>777</b>	
Tax liabilities – deferred	777	(777)	-	-	
Deferred tax liabilities	-	777	-	777	
<b>Current liabilities</b>	<b>10,435</b>	-		<b>10,435</b>	
Financial liabilities at amortised cost – Debts with financial intermediaries	1,135	(1,135)	-	-	
Tax liabilities – current	448	(448)	-	-	
Other liabilities	8,852	(8,852)	-	-	
Trade and other payables –					
Suppliers	-	1,135	-	1,135	
Other payables	-	8,525	-	8,525	
Current tax liabilities	-	448	-	448	
Other current liabilities	-	327	-	327	
<b>Total equity and liabilities</b>	<b>50,532</b>			<b>50,532</b>	

**c) Consolidated balance sheet: Reconciliation at 31 December 2014 – Assets**

ASSETS	Thousands of euros				Ref.
	Closing balance	Effect of changes		Opening balance	
		Reclassification	Adjustment		
<b>Non-current assets:</b>	<b>24,070</b>	-	-	<b>24,070</b>	(i)
Available-for-sale financial assets – Other equity/capital instruments	5,155	(5,155)	-	-	
Non-current financial assets	-	5,690	-	5,690	
Loans and receivables – Loans to individuals					
Loans to individuals	238	(238)	-	-	
Investments – Associates	13,132	(13,132)	-	-	
Investments accounted for using the equity method	-	13,132	-	13,132	
Tangible assets	1,641	(1,641)	-	-	
Property and equipment	-	1,641	-	1,641	
Intangible assets					
Goodwill	3,493	(3,493)	-	-	
Other intangible assets	65	(65)	-	-	
Intangible assets					
Goodwill	-	3,493	-	3,493	
Other intangible assets	-	65	-	65	
Tax assets – deferred	49	(49)	-	-	
Deferred tax assets	-	49	-	49	
Other assets	297	(297)	-	-	
<b>Current assets:</b>	<b>48,492</b>	-	-	<b>48,492</b>	
Cash	68	(68)	-	-	
Other assets	2,522	(2,522)	-	-	
Other current financial assets	-	60	-	60	
Loans and receivables					
Loans to financial intermediaries	38,151	(38,151)	-	-	
Loans to individuals	7,751	(7,751)	-	-	
Trade and other receivables –					
Trade receivables	-	20,369	-	20,369	
Other receivables	-	143	-	143	
Current tax assets	-	1,226	-	1,226	
Other current assets	-	1,259	-	1,259	
Cash and cash equivalents	-	25,435	-	25,435	
<b>Total assets</b>	<b>72,562</b>	-	-	<b>72,562</b>	(ii)

**d) Consolidated balance sheets: Reconciliation at 31 December 2014 – Liabilities and equity**

EQUITY AND LIABILITIES	Thousands of euros				Ref.
	Closing balance	Effect of changes		Opening balance	
		Reclassification	Adjustment		
<b>Equity</b>	<b>46,569</b>	-	-	<b>46,569</b>	
<i>Own funds</i>					
Capital	284	-	2,187	2,471	(iii)
Share premium	28,129	-	-	28,129	
Reserves	2,933	-	(2,187)	746	(iii)
Other capital instruments	(32)	32	-	-	
Other equity instruments	-	(32)	-	(32)	
Less: Treasury shares	(40)	40	-	-	
Less: Treasury shares and own equity investments		(40)	-	(40)	
Profit (loss) for the period	14,140	(14,140)	-	-	
Profit (loss) for the period attributable to the parent	-	14,140	-	14,140	
Less: Dividends and remuneration	(5,987)	5,987	-	-	
Less: Interim dividend	-	(5,987)	-	(5,987)	
<i>Valuation adjustments –</i>					
Available-for-sale financial assets	312	(312)	-	-	
Exchange differences	95	(95)	-	-	
Companies accounted for using the equity method	482	(482)	-	-	
<i>Cumulative other comprehensive income –</i>					
Items that can be subsequently reclassified to profit and loss for the period –					
Available-for-sale financial assets	-	312	-	312	
Translation differences	-	577	-	577	
Non-controlling interests	6,253	-	-	6,253	
<b>Non-current liabilities</b>	<b>669</b>			<b>669</b>	
Tax liabilities – deferred	669	(669)	-	-	
Deferred tax liabilities	-	669	-	669	
<b>Current liabilities</b>	<b>25,324</b>	-	-	<b>25,324</b>	
Financial liabilities at amortised cost					
Debts with financial intermediaries	1,196	(1,196)	-	-	
Debts with individuals	3,541	(3,541)	-	-	
Tax liabilities – current	3,295	(3,295)	-	-	
Other liabilities	17,292	(17,292)	-	-	
Trade and other payables –					
Suppliers	-	2,942	-	2,942	
Other payables	-	18,917	-	18,917	
Current tax liabilities	-	3,295	-	3,295	
Other current liabilities	-	170	-	170	
<b>Total equity and liabilities</b>	<b>72,562</b>	-	-	<b>72,562</b>	

**e) Consolidated income statement: Reconciliation for 2014**

	Thousands of euros				Ref.
	Closing balance	Effect of changes		Opening balance	
		Reclassification	Adjustment		
Interest and similar income	7	(7)	-	-	
Finance income	-	7	-	7	
Interest expense and similar charges	(14)	14	-	-	
Finance costs	-	(14)	-	(14)	
Share of profit (loss) of companies accounted for using the equity method	2,803	-	-	2,803	
Fee and commission income	66,808	(66,808)	-	-	
Fee and commission expense	(441)	441	-	-	
Revenue	-	65,067	-	65,067	
Gains (losses) on financial assets and liabilities (net) – Financial instruments not measured at fair value through profit or loss	10	(10)	-	-	
Exchange differences	(21)	-	-	(21)	
Other operating profit	32	(32)	-	-	
Other operating income	-	32	-	32	
Other operating expenses	(50)	50	-	-	
Personnel expenses	(30,007)	-	-	(30,007)	
General expenses	(14,777)	14,777	-	-	
Other operating expenses	-	(13,527)	-	(13,527)	
Depreciation and amortisation	(431)	431	-	-	
Depreciation and amortisation of fixed assets	-	(431)	-	(431)	
Impairment losses on financial assets					
Loans and receivables	487	(487)	-	-	
Other financial instruments not measured at fair value through profit or loss	29	(29)	-	-	
Impairment losses and gains (losses) on disposal of financial instruments	-	526	-	526	
Impairment losses on other assets					
Property and equipment	(71)	71	-	-	
Intangible assets	(70)	70	-	-	
Impairment losses and gains (losses) on disposal of non-current assets	-	(141)	-	(141)	
Income tax	(5,824)	-	-	(5,824)	
Profit (loss) for the period	18,470	-	-	18,470	



- (i) "Loans and receivables – Loans to financial intermediaries" included demand deposit accounts of €14,149 thousand and €23,677 thousand at 1 January 2014 and 31 December 2014, respectively. These amounts were reclassified to "Cash and cash equivalents". At 31 December 2014, "Loans and receivables – Loans to financial intermediaries" also included reverse repurchase agreements of €1,690 thousand; also reclassified to "Cash and cash equivalents".
- (ii) These line items also include amounts due in the short-term that were recognised under "Loans and receivables – Loans to financial intermediaries" and "Loans and receivables – Loans to individuals".
- (iii) Because the operation involved a reverse merger takeover, N+1 IBG's capital at 31 December 2014 and 1 January 2014 was redefined, considering N+1 IBG's capital at that date multiplied by the exchange calculation established in the merger agreement. Capital and reserves were therefore adjusted. The information at 31 December 2014 and 1 January 2014 does not therefore exactly match the figures included in the published financial statements for said year.

## **29. Events after the reporting period**

An agreement was signed on 28 January 2016 under which Nmás1 Reim, S.L. acquired 100 N+1 Reim France shares for €10 thousand, increasing its ownership interest from 75% to 95%. Another agreement was also signed on 2 March 2015 under which Nmás1 Reim, S.L. acquired 25 N+1 Reim France shares for €3 thousand, which meant it solely owned N+1 Reim France.

N+1 Greece Corporate Advisors, S.A. was incorporated on 6 February 2016. this Greek company's corporate purpose is to provide financial advisory services and its majority shareholder is Nmás1 International Corporate Advisory, S.L., holding 87.5% of its share capital having paid out €44 thousand.

An agreement was signed on 2 March 2016 under which Nmás1 Dinamia, S.A. sold and transferred a 50% stake in Plusalpina Real Estate Advisors GmbH to Conren Land AG for €360 thousand (see Note 8).

Nmás1 Capital Markets, Sociedad de Valores, S.A. Unipersonal was incorporated on 11 March 2016 with Nmás1 Dinamia, S.A. paying out €2,000 thousand and holding 100% of the capital thereof.

On 17 March 2016, the Company's Board of Directors agreed to propose to the next General meeting of Shareholders, to distribute a remuneration of the shareholders charged to the share premium totalling €0.50 euros (gross) per share with rights to receive, that if approved, it will be paid in May.

## **30. Explanation added for translation to English**

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 2-1). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

## Appendix

### **Information on the N+1 Group in fulfilment of Article 192 of the revised text of Spanish Securities Market Act 4/2015 of 23 October (“Annual Investment Services Companies Report”)**

This information was prepared pursuant to the provisions of Article 192 of the Spanish Securities Market Act, approved by Royal Decree-Law 4/2015 of 23 October.

#### ***a) Company name, nature and geographical location of business***

Nmás1 Dinamia, S.A. (hereinafter, the Company) was incorporated on 11 November 1997 as Dinamia Capital Privado, Sociedad de Capital Riesgo, S.A. The deed for the takeover of N Más Uno IBG, S.A. by the Company was entered in the Madrid Companies Register on 20 July 2015. This transaction (hereinafter, the Merger or Takeover) (further information hereon) resulted in N Más Uno IBG, S.A. ceasing to exist and the Company changing its name to the current one, also losing its status as a private equity firm.

Until it ceased to exist as a private equity firm, the Company's primary corporate object was essentially to take temporary equity interests in companies other than financial institutions or real estate companies that, at the time of investment, were not listed on any of the primary equity markets run by Bolsas de Valores, or on an equivalent regulated market of the European Union or other member nations of the Organisation for Economic Cooperation and Development.

In light of the Takeover of N Más Uno IBG, S.A. (hereinafter, N+1 IBG) by the Company, the Company's shareholders voted at the General Meeting to amend the wording of the Company's Bylaws. The Company's new corporate object therefore encompasses the following activities:

1. The rendering of financial advisory services;
2. The management of any property or assets, in accordance with any prevailing legal requirements;
3. The acquisition and holding of shares and equity instruments in other companies whose corporate object is, pursuant to any prevailing legal requirements, financial brokerage, management of any type of asset including investment funds or portfolios of any type, and provision of all types of investment service.
4. Acquisition, holding and disposal of shares or equity stakes in any type of company; granting participating loans or other forms of finance to any type of company; investment in any securities or financial instruments, assets, movable property or real estate, or rights, in accordance with any prevailing legal requirements, in order to generate a return on said shares or equity stakes in companies and investments.

The activities comprising the corporate purpose may be performed by the Company in whole or in part, or indirectly through ownership of shares or equity stakes in companies with an identical or similar corporate purpose.

The Company carries out its business in Spain from its offices at calle Padilla, 17 in Madrid.

Subsequent to the Takeover, the Company became the parent of a group (hereinafter, the Group or the N+1 Group) comprising various companies carrying out financial advisory and consultancy services to businesses and institutions in Spain and abroad. They also provide investment and associated services; advice on asset management; advice, administration and management for private equity firms, fund managers and collective

investment institutions – all activities conducted previously by the group of which N+1 IBG was parent (hereinafter, the Pre-merger N+1 Group) – and companies involved in acquiring direct stakes in companies – carried out before by the Company (see Note 2.13).

**b) Turnover**

This section provides information on turnover, by country, on a consolidated basis, for the Company, for the subsidiaries thereof, and for jointly-controlled entities and associated accounted for using the equity method. Turnover is taken as the figures for revenue presented in the Group's 2015 consolidated income statement and are as follows:

	Turnover (thousands of euros)
Domestic market	55,332
European Union-	
UK	399
Italy	2,918
Germany	4,534
France	2,110
	<b>65,293</b>

**c) Number of full-time employees**

Details of the full-time employees of the Company and its subsidiaries at 2015 year-end were as follows:

	Number of employees
Domestic market	153
European Union-	
Italy	11
Germany	19
France	18
	<b>201</b>

**d) Profit (loss) before tax**

This section shows the pre-tax profit (loss), on a consolidated basis, for the Company, for the subsidiaries thereof, and for jointly-controlled entities and associated accounted for using the equity method.

	Pre-tax profit (thousands of euros)
Domestic market	65,373
European Union-	
UK	1,354
Italy	255
Germany	969
France	(948)
Netherlands	(104)
OECD countries	
Luxembourg	230
Switzerland	109
	<b>67,238</b>

**e) Income tax**

This section shows the corporate tax expense, on a consolidated basis, for the Company and its subsidiaries.

	Income tax (thousands of euros)
Domestic market	(3,727)
European Union-	
Italy	(199)
Germany	(240)
	<b>(4,166)</b>

**f) Public grants and state aid received**

The N+1 Group received no public grants or state aid in 2015.

**g) Return on assets**

The return on the N+1 Group's assets at year-end 2015, calculated by dividing consolidated net profit for 2015 by total assets at 31 December 2015, was 30.83%.

*Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.*

## **Nmás1 Dinamia, S.A. (formerly Dinamia Capital Privado, S.A.) and companies comprising the N+1 Group**

### **Consolidated Directors' Report for the year ended 31 December 2015**

This directors' report was prepared pursuant to the "Guide for the preparation of management reports of listed companies" published by the CNMV in September 2013, and is broken down into the nine sections specified in said guide:

#### **1. Situation of the entity**

##### **1.1. Organisational structure**

Nmás1 Dinamia, S.A. (hereinafter, the Company or N+1) is the parent of the N+1 Group, which carries out its activities through three major lines of business: (i) financial advisory (corporate finance) and brokerage and analysis services, (ii) asset management and advisory services, and (iii) investment services.

Under prevailing securities market rules, the N+1 Group is classified as a consolidable group of investment service companies, whose parent is N+1.

As parent of the N+1 Group, the Company coordinates and manages the Group's activities, enabling it to apply an overarching management model and common business policy. N+1 also provides certain central services to its subsidiaries, ensuring they have the support and infrastructure needed to conduct their specific operations. In general, the Company provides the following central services to its subsidiaries: legal; accounting and administrative; human resources; logistics and IT systems; communications, strategy and corporate development; and risk control services.

The N+1 Group is basically governed by the following bodies:

- a) General Shareholders' Meeting;
- b) Board of Directors; and
- c) Board committees (Audit and Risk Control Committee and Appointments and Remuneration Committee).

The N+1 Group's Board of Directors is the most senior decision-making body and has the broadest powers to manage the Company, except for matters reserved to the General Meeting. Its *modus operandi* and conduct are regulated by the Regulations of the Board of Directors and internal N+1 Group rules, which are founded on the principles of transparency, efficiency and protecting shareholder interests. The N+1 Board of Directors oversees compliance across the Group of best good governance practices based on securities market rules, and is fully engaged in decisions concerning the assumption of risks by the N+1 Group.

During the decision-making process, the Board and the board committees draw on the support of various committees at group level and in each of the business areas and subsidiaries. These include: (i) the Risk and Control Committee comprising internal control managers in the N+1 Group; (ii) the Asset Management Committee consisting of representatives from the different business units in the asset management and advisory services area; and (iii) the Investment Management Committee made up of representatives from the different business units and international offices of the financial advisory (corporate finance), analysis and brokerage area.

On the recommendation of senior management, the Board of Directors is the body responsible for defining and approving the N+1 Group's internal policies, and defining and overseeing the risk map, as well as approving the N+1 Group's internal capital adequacy assessment processes.

The Board of Directors has nine members: one executive and eight external directors. The executive director serves as the Chairman of the Board of Directors. Three of the external directors are independent, three are proprietary, and two are certified as "other external directors", i.e. they are neither independent nor proprietary.

The N+1 Group's organisation and decision-making structure is built upon a raft of coherent policies designed to ensure robust and effective risk management and a culture of compliance within the N+1 Group.

## **1.2. *Modus operandi***

The Company – resulting from the takeover of N+1 Dinamia, S.A. – is the parent of a group of entities that provide financial advisory services and asset management and advisory services, and invest in companies and investment vehicles. The Company specialises in the middle market segment, and provides its services independently from any industrial or financial group.

The N+1 Group's segment reporting forms the basis for the internal management and oversight of the performance of the different business areas. The Board of Directors (along with the Group's governing bodies) is ultimately responsible for said information and for taking operating decisions related with each of these business areas.

Each of the segments in which the N+1 Group classifies its business activity is defined pursuant to the nature of the services provided and they correspond with the business units for which accounting and management information is available.

The top tier of segment reporting for the N+1 Group is split into the following segments: financial advisory services, asset management/advice, and investment activity.

- *Financial advisory services ("Investment banking")*

This encompasses the provision of financial advisory services (corporate finance) and the provision of stock market brokerage and analysis services to institutional investors, most of whom are international.

- *Asset management/advice ("Asset Management")*

This segment relates to the provision of different types of asset management and advice services to third-party institutional and high net worth investors. Management activity is carried out through specialised investment funds and investment portfolios.

- *"Others".*

This encompasses investment activity.

## 2. Business performance and results

### 2.1. Summary for 2015

#### Activity

The year 2015 was transformational for the N+1 Group. After the merger with Nmas1 Dinamia, S.A. and integration of CW Downer (the latter announced in November 2015 and subject to approval by the US stock market regulator, the Financial Regulatory Authority (FINRA) whereby this firm was not included in the scope of consolidation at 31 December 2015), the N+1 Group became a listed company with a global reach and local teams in 13 countries.

The investment banking arm acted as advisor in 115 transactions during 2015<sup>1</sup>: 59 M&As (56% of which were cross-border); 18 debt arrangements (with a volume of approximately €6,000 million); 27 capital market deals; and loan book transactions totalling €3,500 million.

The N+1 team in France has closed its first deals since starting up at the beginning of the year, and already has five partners and 20 members of staff.

In the asset management division, the N+1 Group manages €2,600 million across five management areas. Key milestones during the year include:

- At year-end 2015, N+1's European activist hedge fund (EQMC) generated an annual return of 36.6%, positioning it as the top global fund in its category (Event Driven) over the last five years<sup>2</sup>.
- The N+1 fund with €150 million of private debt, which reached its first close of €100 million last July, also invested 43% of its capacity in four transactions.
- Meanwhile, the real estate management team completed the sale of a combined real estate asset portfolio in Germany for €325 million.
- The private equity arm completed, *inter alia*, the divestments of Eysa and Teltronic (former subsidiary of the Tryo Group) for a total of €230 million (enterprise value) – combined IRR of 34.6%, and the position N+1 held in Bodegas Arco (generating a net gain for the Group of €1.9 million).

#### Results

The N+1 Group's performance in 2015 was shaped by the merger of the former companies Dinamia and N+1. As there was an existing relationship between the two companies prior to the merger (Dinamia was managed by the N+1 Group's private equity management company) and the merger was classified for accounting purposes as a reverse merger takeover, it had a material impact on the income statement for the year<sup>3</sup>.

Consequently, in order to clarify the financial information for 2015, specifically regarding the consolidated income statement, a double adjustment has been performed:

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<sup>1</sup> Transactions announced in 2015, including those closed by CW Downer, whose integration into N+1 was agreed in November 2015 and is solely pending FINRA's approval. N+1 Singer acted as advisor in the capital market transactions in the UK.

<sup>2</sup> The BarclayHedge rankings, which include approximately 100 funds in the Event Driven Index over five years, are used by specialist media, investors and fund managers as a benchmark for alternative investments worldwide.

<sup>3</sup> The N+1 and Dinamia merger, effective in July 2015, was classified as a reverse merger takeover and consequently, irrespective of the fact that N+1 IBG (parent of the pre-merger N+1 Group) was the company that ceased to exist from a legal perspective, the consolidated financial information presents the assets, liabilities and equity resulting from the Merger as if the acquirer was N+1 (acquirer for accounting purposes). For comparison purposes, therefore, the consolidated figures for 2014 presented in this directors' report are for the Group whose parent was N+1 IBG. Its equity was restructured taking into account that after the Merger, the resulting capital for legal purposes is that which corresponds to Dinamia.

- Non-recurring items related with the merger were also identified and stripped out of the Group's ordinary profit: fees for advisory services and for specific report preparation, or duplication during the transition of similar items in the two merged companies.
- Proforma adjustments were also incorporated to account for management fees and costs associated with the portfolio from Dinamia between the merger date and the date 92.5% of the so-called N+1 Dinamia Portfolio was sold to two institutional investors in December 2015. During the transition, the management and investment activity associated with this portfolio was performed in the same group and therefore mutually offset. In order to facilitate interpretation of the income statement by assigning to each business segment the profit that corresponded to it in reality (higher for management and lower for portfolio valuation), it was considered appropriate to perform this adjustment.

“Other income (expense) (consolidation differences)” – deriving from the merger for the difference between the price of Dinamia's outstanding shares and the cumulative value of Dinamia's assets and liabilities included in N+1's balance sheet at fair value – was also excluded from the Group's ordinary profit.

The result of this adjustment is the “adjusted 31/12/2015” income statement shown below, which will be used to explain the income, expenses and other profit and loss line items for the year:



**CONSOLIDATED INCOME STATEMENTS FOR 2014 AND 2015 (thousands of euros)**

	31/12/2015	Non-recurring merger expenses	Adjustment for commission on own portfolio	Adjusted 31/12/2015	31/12/2014	%
<b>Revenue</b>						
Investment banking	40,571			40,571	39,405	3.0%
Asset management	23,909		5,790	29,699	25,104	18.3%
Other	813			813	558	45.7%
<b>TOTAL revenue</b>	<b>65,293</b>		<b>5,790</b>	<b>71,083</b>	<b>65,067</b>	<b>9.2%</b>
Other operating income	9			9	32	(71.9%)
<b>Expenses</b>						
Personnel expenses	(33,969)	193	(1,882)	(35,658)	(30,007)	18.8%
Other operating expenses	(17,097)	2,086	500	(14,511)	(13,527)	7.3%
Depreciation and amortisation	(366)			(366)	(431)	(15.1%)
Impairment losses and gains (losses) on disposal of non-current assets	2			2	(141)	(101.4%)
<b>TOTAL expenses</b>	<b>(51,430)</b>	<b>2,279</b>	<b>(1,382)</b>	<b>(50,533)</b>	<b>(44,106)</b>	<b>14.6%</b>
Share of profit (loss) of companies accounted for using the equity method	2,042			2,042	2,803	(27.1%)
Profit (loss) attributable to non-controlling interests	(1,552)			(1,552)	(4,330)	(64.2%)
Taxes	(4,166)	(638)	(558)	(5,362)	(5,824)	(7.9%)
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE FEE BUSINESS</b>	<b>10,196</b>	<b>1,641</b>	<b>3,850</b>	<b>15,687</b>	<b>13,642</b>	<b>15.0%</b>
Realised finance income (expense)	2,419			2,419	498	385.7%
<b>ORDINARY NET PROFIT (LOSS)</b>	<b>12,615</b>	<b>1,641</b>	<b>3,850</b>	<b>18,106</b>	<b>14,140</b>	<b>28.0%</b>
Unrealised finance income (expense)	(490)			(490)		
Other income (expense) (consolidation differences)	53,561	(1,641)	(3,850)	53,561		
Reversal of adjustments				(5,491)		
<b>PROFIT (LOSS) ATTRIBUTABLE TO THE PARENT</b>	<b>65,686</b>	<b>-</b>	<b>-</b>	<b>65,686</b>	<b>14,140</b>	<b>364.5%</b>

### *Income and expenses*

Adjusted revenue was €71.1 million in 2015, up 9.2% on 2014.

The provision of financial advisory services, which includes business advisory services (corporate finance) and stock market brokerage and analysis services to institutional investors, generated 57% of net income. The remainder corresponded to asset management and advisory services.

Adjusted expenses rose to €50.5 million, up 14.6% versus 2014. The increase in personnel expenses – the most relevant line item – was due to: (i) hires during the year, especially for the new financial advisory business unit in France and to bolster the teams of advisers in Germany and Spain (the latter including the portfolio advisory services business); and (ii) an increase in bonuses paid to established business units off the back of the growth in revenues and profits.

### *Net profit*

N+1 posted an adjusted net profit of €18.1 million from its ordinary activity, representing a year-on-year increase of 28%.

This figure comprises a net profit from the provision of asset management and financial advisory services (taken as a whole, “the fee business”) of €15.7 million (+15%), and a net profit generated by the investment activity performed by Dinamia Capital Privado SCR, S.A. (“Dinamia”) prior to the merger of the two companies (“the Merger”) of €2.4 million. Two points should be underlined regarding the latter amount: (i) it relates to the investment activity “performed”, i.e. generated from divestments effectively completed and not from valuation adjustments, recognised during the year; and (ii) due to the special accounting treatment of the Merger, it corresponds to the investment activity carried out since the effective date of the Merger, i.e. since 9 July 2015. It does not include the profit generated by Dinamia prior to this date.

In addition to the ordinary net profit, the 2015 accounts included a high level of non-recurring net profit, including: €53.6 million in non-recurring profit from the Merger (mostly consolidation differences for the difference between the fair value of the assets contributed by Dinamia in the Merger and the value of this company's shares when the merger was effective); €5.5 million in adjustments (explained beforehand); and €0.5 million in investment portfolio impairment losses, i.e. unrealised losses. The Group's total net profit in 2015 was €65.7 million.

### **Assets and liabilities**

Equity attributable to the parent totalled €179.1 million at 31 December 2015. The Group had no borrowings.

Current assets stood at €147.2 million, €113.3 million of which was cash and cash equivalents.

Non-current assets also included receivables (loans to third parties and other financial assets) of €25.1 million, €22.5 million of which were deferred payments receivable from the partial sale of the investee portfolio, falling due at the end of 2016 and 2017.

The portfolio of investments in other companies, funds and vehicles managed by the Group's asset management companies had a value of €22.8 million.

## **2.2. Issues relating to the environment and employees**

### **2.2.1. The environment**

In view of the activities in which N+1 Group companies are engaged, they do not have any environmental liabilities, expenses, assets, provisions or contingencies that could have a material effect on their equity, financial position or results.

Therefore, no specific disclosures relating to environmental issues are included in the accompanying notes to the 2015 consolidated financial statements.

### **2.2.2. Employees**

Disclosures on N+1 Group companies' personnel are provided in Notes 5 and 24 to the consolidated financial statements for 2015.

## **3. Liquidity and capital resources**

The N+1 Group has a robust on-balance sheet liquidity position (€113 million at 31 December 2015). It also has no borrowings. This puts N+1 in a privileged position to invest in the Group's management products and expand the investment banking and asset management business.

Note 20 to the consolidated financial statements includes detailed information on capital management.

## **4. Main risks and uncertainties**

### *Reliance on the performance of the financial markets and sensitivity to changes in the macroeconomic situation*

The activities performed and services rendered by the Company and its subsidiaries are closely correlated with the performance of the financial markets. Adverse changes or circumstances in the financial markets could have a material negative impact on the Group's activities and results. Specifically, changes could negatively affect each of the Company's businesses in the following manner:

- Risk associated with financial advisory activity: The Company provides financial advisory services in corporate actions and capital restructuring operations, primarily to small and mid-cap companies, and financial advisory and stock brokering services to institutional investors.

This type of services can be significantly affected by the overall state of Spanish and international financial markets and the prevailing macroeconomic situation at home and abroad. Financial market headwinds or contractions would therefore provoke a decrease in the number of corporate actions performed by companies to which the Company provides financial advisory services, and a drop in the activity of customers requesting brokerage services. In other words, demand for the Company's services would decline, which could hit its revenues.

By way of example, M&A advisory services activity, which topped a record €220 billion in the mid-cap segment in 2007, slumped 61% in 2009 (worst year during the recent financial crisis), subsequently picking up to around €130 billion in the last five years. In the brokerage business, trading volume dropped 46% in 2009 versus 2007.

- Risk associated with asset management and advisory services: The Company provides management and advisory services in relation to various types of assets. Adverse circumstances in the financial

markets would drive down the value of the assets under the Company's management, and how much wealth of new investors the Company could bring under its management. An upturn in the financial markets is a key factor for marketing new investment vehicles and the size thereof. Financial market contraction or negative domestic or international macroeconomic circumstances would limit the Company's ability to bring new wealth under its management and promote new investment vehicles, which are one of its main sources of recurring income.

For example, funds handled by the European private equity industry hit an all-time high of €79,600 million in 2007, plummeting 76% by 2009 – the worst year of the recent financial crisis.

- Risk associated with investment activity: The risk associated with the Company's investment business has reduced significantly off the back of selling 92.5% of the portfolio of investments which the Company jointly held with the N+1 PEF II fund.

#### *Liquidity risk*

A tightening of liquidity significantly affects the Group's different activities in a variety of ways. With regard to its advisory activity, a tightening of liquidity would hinder execution of corporate actions in which the Group provides its services, and would lower the volume of transactions closed by the brokerage arm. Asset management/advisory activities would be hit by the risk of investment vehicles not being able to fulfil their payment commitments with investors or third parties, while the Group's own investment activities would be affected by the illiquidity of portfolio positions and difficulty in closing out positions and obtaining funds for new investments. A lack of liquidity would therefore negatively affect the Group's ability to generate recurring income from its operations. Nevertheless, the Group has liquidity risk mechanisms in place, primarily based on forecasting scenarios of stress and liquidity restrictions before they occur in order to adopt the measures needed to mitigate said risk.

#### *Credit risk*

The Group is exposed to credit risk when counterparties fail to fulfil their obligations. Credit risk affects the entire Group, albeit it differently from one activity to another.

In the case of the financial advisory business, credit risk is limited to the risk of customers failing to pay the fees agreed for the services provided by the Group. Any customer defaults on payment to the Group would result in a loss of expected income and would negatively affect its bottom line. In order to mitigate credit risk affecting the financial advisory arm, the Group has criteria for approving customers based on their level of solvency and track record. The Group also takes credit risk into account when drawing up its remuneration policy with regard to setting bonuses.

Credit risk affecting the asset management business is limited by the Group's ability to charge and collect management fees and commissions directly from the accounts of the managed vehicles held with their respective depositories or custodians. Credit risk is therefore restricted to the activity involving the provision of advice to vehicles.

Information on the N+1 Group's risk management strategy is provided in Note 19 to the consolidated financial statements.

### **5. Significant events after the reporting period**

No significant events occurred between the reporting date and the date of authorisation for issue of the accompanying consolidated financial statements, other than those disclosed in Note 29 to the consolidated financial statements.

## **6. Information on the outlook of the entity**

N+1 kicked off 2016 with a robust balance sheet (substantially reinforced by the sale of 92.5% of a portfolio comprising non-controlling interests in which Dinamia jointly invested with the +1 Private Equity Fund II fund; a portfolio valued at €80.7 million). This position will provide a platform for gradually fulfilling the Group's strategies: moving from a portfolio investment model towards a business model aimed at generating recurring income from financial advisory (investment banking) and asset management services.

The first step in this strategy is the announced takeover of CW Downer; a Boston-based investment bank operating in several European and Asian countries. This operation and the progress made by recently established branches, specifically in France, should contribute to growing the Group's financial advisory arm.

With regard to the asset management business, 2016 will see several vehicles that the Company's teams manage and act as advisors for will be divested, and funds raised in its two major asset classes: private equity (N+1 PEF III) and the activist hedge funds (specifically, the EQMC fund). A substantial change in the amount of management fees collected is therefore not expected; although there is greater uncertainty surrounding the performance fees, which are generated in the medium term and the timing of which is difficult to predict.

All of the above must, in any event, be considered in light of how the capital markets perform and, in general, the macroeconomic situation, which both have a clear impact on the Company's turnover.

This directors' report contains certain forward-looking information reflecting the plans, budgets and estimates of the entity's directors, which these individuals consider are based on reasonable assumptions. Nevertheless, readers of this report must take into account that any forward-looking information must not be treated as assurance of the entity's future performance, since the aforementioned plans, budgets and estimates are subject to numerous risks and uncertainties that mean the entity's future performance may not be as initially expected. These risks and uncertainties are described throughout the directors' report, primarily, although not exclusively, in the section on the risks and uncertainties to which the entity is exposed.

## **7. R&D and innovation activities**

The Group and its subsidiaries did not conduct any research and development during the year.

## **8. Acquisition and disposal of treasury shares**

N+1's treasury share policy is approved by the Company's Board of Directors under the general powers granted to it by shareholders at the 11 June 2014 General Meeting to carry out treasury share acquisitions or transfers.

In this regard, shareholders voted at said General Meeting to authorise the Company's Board of Directors to buy back treasury shares pursuant to the limits and requirements laid down in law and the following conditions:

- a) Methods: By way of sale-purchase, swap, donation, foreclosure or in lieu of payment and, in general, any other method of acquiring for valuable consideration outstanding, fully paid-up shares permitted by law.
- b) Maximum number of shares to be acquired: Up to the legal threshold of 10% of share capital or the maximum permitted by law.
- c) Floor and ceiling prices: The floor and ceiling prices shall not be lower than the share's par value or more than 5% of the market price of the shares at the time of acquisition, respectively.
- d) Duration of the authorisation: Five years from the date of the shareholder resolution.

Pursuant to the Treasury Share Policy approved by the Board of Directors according to aforesaid authorisation, shares acquired in this manner: (i) shall not confer political rights, not even voting rights, while the corresponding economic rights shall be allocated to the other shares on a pro-rata basis, as per Article 148 of the Spanish Corporate Enterprises Act; and (ii) may be disposed of or redeemed, and delivered directly to the Company's employees or directors, or as a result of the exercising of options over shares held by these individuals, and the implementation of plans encouraging investment in the Company's capital, such as dividend reinvestment plans, loyalty bonuses and other similar instruments.

The Company's Internal Code of Conduct also regulates certain obligations that the Company must fulfil when implementing its treasury share policy. Article 14.2 of the Internal Code of Conduct specifies in this regard that the Company shall always act within the powers granted to it by shareholders at the General Meeting, and any operations shall, in any event, be limited to:

- a) Executing specific buy-back plans or programmes;
- b) Delivering treasury shares during future corporate actions; and
- c) Performing operations for any other legitimate purposes in accordance with prevailing legislation, such as contributing to market liquidity and the regularity of N+1 share trading.

In any event, the Company's treasury share policy shall, under no circumstances, be applied with a view to affecting the free formation of prices and shall always be in the interests of the Company and its shareholders.

Information on the Company's treasury shares is provided in detail in Note 14 to the accompanying consolidated financial statements.

## **9. Other salient information**

### **9.1. Stock market information**

The merger between N+1 and Dinamia in July, which was preceded by a significant dividend pay-out to shareholders, was a turning point in 2015. The reference date used to assess share performance is therefore 29 July, when the new shares were admitted to trading and the Company integrated the assets and business transferred from the group of which N Más Uno IBG was parent (the Pre-merger N+1 Group). Between then and 31 December 2015, shares rose 10.3%, while the IBEX 35 and IBEX Small Cap indexes slumped 15.4% and 13.8%, respectively. Since 29 July, trading volume topped 1.4 million shares.

### **9.2. Average supplier payment period**

Details of the average supplier payment period are disclosed in Note 25 a) to the accompanying consolidated financial statements.

## **10. Annual Corporate Governance Report**

<b>ANNUAL CORPORATE GOVERNANCE REPORT ON THE PUBLIC TRADED COMPANIES</b>
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<b>ISSUER IDENTIFICATION</b>
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<b>REFERENCE YEAR END DATE</b>	31/12/2015
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<b>TAX ID No.</b>	A81862724
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<b>REGISTERED NAME</b>
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NMAS1 DINAMIA, S.A.
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<b>REGISTERED ADDRESS</b>
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PADILLA, 17 (MADRID)
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## ANNUAL CORPORATE GOVERNANCE REPORT ON THE PUBLIC TRADED COMPANIES

### A OWNERSHIP STRUCTURE

A.1 Complete the following table on the company's share capital:

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
20/07/2015	101,010,552.00	33,670,184	33,670,184

Indicate whether different types of shares exist with different associated rights:

Yes ☐

No ☒

A.2 List the direct and indirect holders of significant ownership interests in your company at year-end, excluding directors:

Name or corporate name of shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
MR. RICARDO PORTABELLA PERALTA	0	6,955,097	20.66%
ELECTRA PARTNERS, LLP	0	1,699,891	5.05%

Name or corporate name of indirect shareholder	Through: Name or corporate name of direct shareholder	Number of voting rights
MR. RICARDO PORTABELLA PERALTA	ANPORA PATRIMONIO S.L.	6,955,097
ELECTRA PARTNERS, LLP	ELECTRA PRIVATE EQUITY PARTNERS 1995	1,699,891



**Indicate the most significant movements in the shareholder structure during the year:**

Name or corporate name of shareholder	Transaction date	Description of transaction
BANCO MADRID GESTIÓN DE ACTIVOS, SGIIC, S.A.	10/06/2015	Reduced to 3% of share capital
BARWON INVESTMENT PARTNERS, PTY LTD	03/07/2015	Reduced to 1% of share capital (only tax havens)
CROWN LISTED ALTERNATIVES PLC - LGT CROWN LISTED PRIVATE EQUITY	06/07/2015	Reduced to 3% of share capital
SODECAR S.L.	20/07/2015	Reduced to 3% of share capital
ANPORA PATRIMONIO S.L.	20/07/2015	Reduced to 25% of share capital
ELECTRA PARTNERS, LLP	20/07/2015	Reduced to 10% of share capital
MR. SANTIAGO EGUIDAZU MAYOR	20/07/2015	Reduced to 15% of share capital
MR. JOSÉ ANTONIO ABAD ZORRILLA	20/07/2015	Reduced to 5% of share capital
MR. JORGE MATAIX ENTERO	20/07/2015	Reduced to 5% of share capital

**A.3 Complete the following tables on company directors holding voting rights through company shares:**

Name or corporate name of director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
MR. SANTIAGO BERGARECHE BUSQUET	4,522	4,729	0.03%
MR. RAFAEL JIMÉNEZ LÓPEZ	510	0	0.00%
MR. JOSÉ JAVIER CARRETERO MANZANO	1,000	0	0.00%
MR. SANTIAGO EGUIDAZU MAYOR	660,209	6,052,171	19.94%
MR. JORGE MATAIX ENTERO	440,038	2,314,742	8.18%
MR. JOSÉ ANTONIO ABAD ZORRILLA	440,038	2,314,742	8.18%

Name or corporate name of indirect shareholder	Through: Name or corporate name of direct shareholder	Number of voting rights
MR. SANTIAGO BERGARECHE BUSQUET	KARENZA INVERSIONES SICAV, S.A.	4,729
MR. SANTIAGO EGUIDAZU MAYOR	CERTIMAB CONTROL, S.L.	5,678,411
MR. SANTIAGO EGUIDAZU MAYOR	TASMANIA INMUEBLES, S.L.	216,781
MR. SANTIAGO EGUIDAZU MAYOR	ENÉSIMA INVERSIONES, S.L.	156,979
MR. JORGE MATAIX ENTERO	DIRERVALOR, S.A.	2,314,742
MR. JOSÉ ANTONIO ABAD ZORRILLA	AV MÁLAGA CAPITAL, S.L.	2,314,742

% total voting rights held by the board of directors	36.33%
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Complete the following tables on share options held by directors:

**A.4** Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as these are known by the company, unless they are insignificant or arise from ordinary trading or exchange activities:

**A.5** Indicate, as applicable, any commercial, contractual or corporate relationships between owners of significant shareholdings, and the company and/or its group, unless they are insignificant or arise from ordinary trading or exchange activities:

**A.6** Indicate whether the company has been notified of any shareholders' agreements pursuant to articles 530 and 531 of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital* or LSC). Provide a brief description and list the shareholders bound by the agreement, as applicable:

Yes ☒

No ☐

Parties to shareholders' agreement
MR. GONZALO LÓPEZ PORTILLO
MR. GONZALO DE RIVERA GARCÍA DE LEÁNIZ
MS. MARÍA JESÚS GARCÍA POZO
MR. CARLOS RODRÍGUEZ-VIÑA NIETO
MR. JULIÁN CEPEDA HERREROS
MR. ROBERTO LEÓN GARCÍA
MR. GUILLERMO ARBOLÍ RODRÍGUEZ
MR. JAVIER ARANA AGUINAGA
MR. FRANCISCO ALBELLÁ AMIGO
MR. FRANCISCO IGNACIO DE CACERES CABRERO
MR. FEDERICO PASTOR ARNAUDA
MR. BRUNO DELGADO DE LUQUE
MR. LUIS ALTAREJOS JIMÉNEZ
MR. JAIME PORRAS LÓPEZ
MR. LUIS IGLESIAS ROVIRA
MR. OSCAR GARCÍA CABEZA
MR. PABLO ROSAL MUNTADAS-PRIM
MR. JORGE MATAIX ENTERO

<b>Parties to shareholders' agreement</b>
MR. MARIANO MORENO HERNÁNDEZ
MR. MIGUEL HERNÁNDEZ MAESTRO
MS. PATRICIA PASCUAL RAMSAY
MR. FRANCISCO DE JUAN URIARTE
MR. SANTIAGO EGUIDAZU MAYOR
MR. JOSÉ ANTONIO ABAD ZORRILLA
MR. DAVID SANTOS MARTINEZ
MR. JACOBO LLANZA FIGUEROA
DIRERVALOR, S.A.
CERTIMAB CONTROL, S.L.
AV MÁLAGA CAPITAL, S.L.
MR. LORENZO ASTOLFI

**Percentage of capital affected:** 51.46%

**Brief description of the agreement:**

On 26 March 2015, the shareholders of N más Uno IBG, S.A. (currently merged with Nmás1 Dinamia, S.A.) signed the so-called "Non-compete Commitments and Pacts in the Event of the Withdrawal of Professional Shareholders", recorded as a public deed on the same date before the Madrid notary, Mr. Manuel Richi Alberti, and filed under entry 907 of his register. This agreement was signed so that the shareholders of Nmás1 Dinamia, S.A. from N más Uno IBG, S.A. which, after the aforesaid merger, were to continue their professional relationship with Nmás1 Dinamia, S.A. or the group thereof, would assume certain non-compete commitments. Based on these commitments, certain obligations were established whereby they would sell their shares in the Company in the event that, over a certain period, they severed their employment or business relationship with Nmás1 Dinamia, S.A. or with its Group companies.

<b>Parties to shareholders' agreement</b>
MR. LORENZO MARTÍNEZ MÁRQUEZ
MR. GONZALO LÓPEZ PORTILLO
MS. ANA MARÍA VIZCAÍNO OCHOA
MR. JOSE LUIS DEL RÍO GALÁN
MR. GONZALO DE RIVERA GARCÍA DE LEÁNIZ
MS. MARÍA JESÚS GARCÍA POZO
ANPORA PATRIMONIO S.L.
MR. CARLOS RODRÍGUEZ-VIÑA NIETO
MR. JULIÁN CEPEDA HERREROS
MR. ROBERTO LEÓN GARCÍA
MR. GUILLERMO ARBOLÍ RODRÍGUEZ

<b>Parties to shareholders' agreement</b>
MR. JAVIER ARANA AGUINAGA
MR. FRANCISCO ALBELLÁ AMIGO
MR. FRANCISCO IGNACIO DE CACERES CABRERO
MR. FEDERICO PASTOR ARNAUDA
MR. BRUNO DELGADO DE LUQUE
MR. LUIS ALTAREJOS JIMÉNEZ
MR. JAIME PORRAS LÓPEZ
MR. LUIS IGLESIAS ROVIRA
MR. FERMÍN MATESANZ POSTIGO
MR. OSCAR GARCÍA CABEZA
MR. PABLO ROSAL MUNTADAS-PRIM
MR. CARLOS HERNÁNDEZ BUENO
MR. JORGE MATAIX ENTERO
MR. MARIANO MORENO HERNÁNDEZ
MR. MIGUEL HERNÁNDEZ MAESTRO
MS. PATRICIA PASCUAL RAMSAY
MR. FRANCISCO DE JUAN URIARTE
MR. SANTIAGO EGUIDAZU MAYOR
MR. JOSÉ ANTONIO ABAD ZORRILLA
MR. DAVID SANTOS MARTINEZ
MR. JACOBO LLANZA FIGUEROA
MR. CRISTÓBAL RODRÍGUEZ AGUIRRE
DIRERVALOR, S.A.
CERTIMAB CONTROL, S.L.
AV MÁLAGA CAPITAL, S.L.
MR. LORENZO ASTOLFI

**Percentage of capital affected:** 74.69%

**Brief description of the agreement:**

On 26 March 2015, the shareholders of N más Uno IBG, S.A. (currently merged with Nmás1 Dinamia, S.A.) signed the so-called "Share Lock-up Commitments", recorded as a public deed on the same date before the Madrid notary, Mr. Manuel Richi Alberti, and filed under entry 906 of his register. This agreement was signed so that Nmás1 Dinamia, S.A. shareholders from N más Uno IBG, S.A. would assume certain lock-up commitments regarding Nmás1 Dinamia, S.A. shares obtained through the exchange as part of the merger.

<b>Parties to shareholders' agreement</b>
MR. JOSE LUIS DEL RÍO GALÁN
MR. JULIÁN CEPEDA HERREROS
MR. ROBERTO LEÓN GARCÍA
MR. GUILLERMO ARBOLÍ RODRÍGUEZ
MR. FRANCISCO ALBELLA AMIGO
MR. FRANCISCO IGNACIO DE CACERES CABRERO
MR. FEDERICO PASTOR ARNAUDA
MR. LUIS ALTAREJOS JIMÉNEZ
MR. JAIME PORRAS LÓPEZ
MR. LUIS IGLESIAS ROVIRA
MR. FERMÍN MATESANZ POSTIGO
MR. OSCAR GARCÍA CABEZA
MR. MIGUEL HERNÁNDEZ MAESTRO
MS. PATRICIA PASCUAL RAMSAY
MR. SANTIAGO EGUIDAZU MAYOR
MR. JACOBO LLANZA FIGUEROA
MR. CRISTÓBAL RODRÍGUEZ AGUIRRE
DIRERVALOR, S.A.
AV MÁLAGA CAPITAL, S.L.
TASMANIA INMUEBLES, S.L.
ENÉSIMA INVERSIONES, S.L.

**Percentage of capital affected:** 3.58%

**Brief description of the agreement:**

On 6 July 2015, a certain number of N más Uno IBG, S.A. shareholders signed a novation agreement to replace the purchase option agreement concerning shares in this company initially signed in 2009. The novation was signed in relation to the merger, which was in progress at that time, between N más Uno IBG, S.A. and Nmás1 Dinamia, S.A. As the acquirer is a listed company, among other matters, the initial pact was adapted to take into account the new publicly traded status of the shares subject to this contract.

**Indicate whether the company is aware of the existence of any concerted actions among its shareholders. Give a brief description as applicable:**

Yes ☐

No ☒

**Expressly indicate any amendments to or termination of such agreements or concerted actions during the year:**

The Company is not aware of any concerted action within the Company.

**A.7 Indicate whether any individuals or bodies corporate currently exercise control or could exercise control over the company in accordance with article 4 of the Spanish Securities Market Act (*Ley del Mercado de Valores*). If so, identify:**

Yes ☐ No ☒

**A.8 Complete the following tables on the company's treasury shares:**

At year end:

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
61,874	0	0.18%

(\*)Through:

**Give details of any significant changes during the year, pursuant to Royal Decree 1362/2007:**

No significant changes during the year.

**A.9 Give details of the applicable conditions and time periods governing any resolutions of the general shareholders' meeting to issue, buy back and/or transfer treasury shares.**

At the 11 June 2014 General Meeting, shareholders authorised the Company's Board of Directors to buy back treasury shares of Dinamia Capital Privado, S.C.R. S.A. (currently *Nmás1 Dinamia, S.A.*) pursuant to the limits and requirements laid down in law and the following conditions:

1. Methods: By way of sale-purchase, swap, donation, foreclosure or in lieu of payment and, in general, any other method of acquiring for valuable consideration outstanding, fully paid-up shares permitted by law.

2. Maximum number of shares to be acquired: Up to the legal threshold of ten percent (10%) of share capital or the maximum permitted by law.

3. Floor and ceiling prices: The floor and ceiling prices shall not be lower than the share's par value or more than 5% of the market price of the shares at the time of acquisition, respectively.

4. Duration of the authorisation: Five years from the date of the shareholder resolution.

Shares acquired in this manner shall not confer political rights, not even voting rights, while the corresponding economic rights shall be allocated to the other shares on a proportional basis, as per Article 148 of the Spanish Limited Liability Companies Act (*Ley de Sociedades de Capital*). The authorisation granted also expressly permits buying back treasury shares to dispose of or redeem them, and deliver them directly to the Company's employees or directors, or as a result of the exercising of options over shares held by these individuals, and the implementation of plans encouraging investment in Dinamia's capital, such as dividend reinvestment plans, loyalty bonuses and other similar instruments.

This authorisation replaced and rendered null and void, with regard to the unused amount, the Sixth Resolution adopted by the Company's shareholders at the 2 June 2010 Annual General Meeting, which granted the Company's Board of Directors powers to buy back treasury shares.

At the 7 June 2012 General Meeting, shareholders also authorised the Board of Directors to increase share capital by up to half the existing share capital at the agreement date for a period of five years.

**A.9 bis. Estimated free float:**

	%
Estimated floating capital	19.07

**A.10 Give details of any restriction on the transfer of securities or voting rights. Indicate, in particular, the existence of any restrictions on the takeover of the company by means of share purchases on the market.**

Yes ☒

No ☐

Description of restrictions
<p>Shareholders party to the "Share Lock-up Commitments" signed on 26 March 2015 and recorded as a public deed on the same date before the Madrid notary, Mr. Manuel Richi Alberti, and filed under entry 906 of his register, agreed before the other shareholders and before N más Uno IBG, S.A. (currently merged with Nmás1 Dinamia, S.A.) not to offer, pledge, sell or transfer or dispose of in any other way, directly or indirectly, in whole or in part, their shares (including, but not limited to, granting call options, guaranteeing or subscribing put options, subscribing swap contracts, or any other type of contract involving the direct or indirect transfer of all or some of the economic rights inherent to the shares, and any other equivalent transaction) to third parties during the periods and in the proportions set forth below.</p> <p>Said share lock-up commitment assumed by each professional shareholder (understood as those employed in the N+1 Group) will affect all shares acquired through the exchange as part of the Merger for a period of four (4) years as from 20 July 2015, in the following proportions:</p> <ul style="list-style-type: none"> <li>(i) 100% of the shares over the first two (2) years;</li> <li>(ii) 75% of these shares between the second and third anniversaries; and</li> <li>(iii) 50% of these shares between the third and fourth anniversaries.</li> </ul> <p>The share lock-up commitment assumed by so-called external senior shareholders (understood to mean Jorge Mataix Entero and José Antonio Abad and their respective holding companies) will affect all shares acquired by them through the exchange as part of the Merger for a period of eighteen (18) months as from 20 July 2015.</p> <p>The lock-up commitment described above would be automatically rendered null and void in the following circumstances:</p> <ul style="list-style-type: none"> <li>- Vis-à-vis all shareholders and all the shares they hold: <ul style="list-style-type: none"> <li>(i) If 12 months after 20 July 2015, Nmás1 Dinamia, S.A.'s share capital had increased by over 50% of the share capital resulting from the merger of Nmás1 Dinamia, S.A. and N más Uno IBG, S.A. due to one or several corporate actions; and</li> <li>(ii) In the event of a takeover bid for Nmás1 Dinamia, S.A. and for the purposes of participating in said bid.</li> </ul> </li> <li>- With regard to Dirervolor, S.A. or AV Málaga, S.L. and all the shares they hold, if during the eighteen (18) months after 20 July 2015 their respective shareholdings fall below 5% of Nmás1 Dinamia, S.A.'s share capital solely as a result of one or several corporate actions.</li> <li>- Vis-à-vis all shareholders and all the shares they hold, in the event of death or permanent incapacity to work.</li> </ul>

**A.11 Indicate whether the general shareholders' meeting has agreed to take neutralisation measures to prevent a public takeover bid by virtue of the provisions of Act 6/2007.**

Yes ☐

No ☒

If applicable, explain the measures adopted and the terms under which these restrictions may be lifted:

- A.12 Indicate whether the company has issued securities not traded in a regulated market of the European Union.

Yes ☐

No ☒

If so, identify the various classes of shares and, for each class of shares, the rights and obligations they confer.

**B GENERAL SHAREHOLDERS' MEETING**

- B.1 Indicate the quorum required for constitution of the general shareholders' meeting established in the company's Bylaws. Describe how it differs from the system of minimum quorums established in the LSC.

Yes ☐

No ☒

- B.2 Indicate and, as applicable, describe any differences between the company's system of adopting corporate resolutions and the framework established in the LSC:

Yes ☐

No ☒

Describe how they differ from the rules established under the LSC.

- B.3 Indicate the rules governing amendments to the company's Bylaws. In particular, indicate the majorities required to amend the Bylaws and, if applicable, the rules for protecting shareholders' rights when changing the Bylaws.

Only the General Meeting can authorise any amendments to the Company's By-laws, in accordance with the Law, Article 13 of the Company's By-laws and Article 19 of the Regulations of the General Meeting. In this regard, Article 19.1 of the Regulations of the General Meeting establishes that an absolute majority would be required to approve any amendments to the By-laws if over 50% of the shares are present or represented at the Meeting. However, at least two thirds of the shares present or represented at the Meeting must vote in favour when at the second call, the meeting is attended by shareholders representing less than 50% of the issued capital with the right to vote.



**B.4 Indicate the attendance figures for the general shareholders' meetings held during the year:**

	Attendance data				
Date of general meeting	% attending in person	% by proxy	% remote voting		Total
			Electronic means	Other <sup>(3)</sup>	
11/06/2015	9.28%	57.16%	0.00%	0.00%	66.44%
29/04/2015	1.63%	69.35%	0.00%	6.81%	77.79%
17/12/2015	35.86%	45.01%	0.00%	0.00%	80.87%

**B.5 Indicate whether the Bylaws impose any minimum requirement on the number of shares required to attend the general shareholders' meetings:**

Yes ☐ No ☒

**B.7 Indicate the address and mode of accessing corporate governance content on your company's website as well as other information on general meetings which must be made available to shareholders on the website.**

The Company's website address is [www.nplusone.com](http://www.nplusone.com), which includes information for shareholders and investors and the documents required by Law. Click on the option in the upper part of the page entitled "Shareholders and investors" and then on the "Corporate Governance" option to access information about corporate governance. The information about corporate governance and General Meetings is also available on the website of the CNMV ([www.cnmv.es](http://www.cnmv.es)).

**C COMPANY MANAGEMENT STRUCTURE**

**C.1 Board of directors**

**C.1.1 List the maximum and minimum number of directors included in the Bylaws:**

Maximum number of directors	12
Minimum number of directors	5

**C.1.2 Complete the following table with board members' details:**

Name or corporate name of director	Representative	Category of director	Position on the board	Date of first appointment	Date of last appointment	Election procedure
MR. SANTIAGO BERGARECHE BUSQUET		Other external	VICE CHAIRMAN	11/12/2002	13/06/2013	Vote in general shareholders' meeting
MR. RAFAEL JIMÉNEZ LÓPEZ		Proprietary	MEMBER	22/03/2011	11/06/2014	Vote in general shareholders' meeting
MR. JOSÉ JAVIER CARRETERO MANZANO		Independent	MEMBER	20/03/2012	07/06/2012	Vote in general shareholders' meeting
MR. ALFRED MERTON VINTON		Other external	MEMBER	17/12/2003	11/06/2014	Vote in general shareholders' meeting
MR. JOSÉ ANTONIO ABAD ZORRILLA		Proprietary	MEMBER	29/04/2015	29/04/2015	Vote in general shareholders' meeting
MR. JORGE MATAIX ENTERO		Proprietary	MEMBER	29/04/2015	29/04/2015	Vote in general shareholders' meeting
MR. LUIS CARLOS CROISSIER BATISTA		Independent	MEMBER	22/07/2015	17/12/2015	Vote in general shareholders' meeting <sup>5</sup>
MR. SANTIAGO EGUIDAZU MAYOR		Executive	CHAIRMAN	29/04/2015	29/04/2015	Vote in general shareholders' meeting
MS. MARÍA LUISA GARAÑA CORCES		Independent	MEMBER	29/04/2015	29/04/2015	Vote in general shareholders' meeting

<b>Total number of directors</b>	9
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**Indicate any board members who left during the period:**

Name or corporate name of director	Status of the director at the time	Leaving date
MR. EMILIO CARVAJAL BALLESTER	Proprietary	18/06/2015
MR. FERNANDO D'ORNELLAS SILVA	Independent	22/07/2015
MR. NICOLÁS VILLÉN JIMÉNEZ	Independent	29/06/2015
MR. JOAQUÍN GARCÍA-QUIRÓS RODRÍGUEZ	Proprietary	26/02/2015

**C.1.3 Complete the following tables on board members and their respective categories:**

**EXECUTIVE DIRECTORS**

Name or corporate name of director	Position held in the company
MR. SANTIAGO EGUIDAZU MAYOR	Executive chairman

Total number of executive directors	1
% of the board	11.11%

**EXTERNAL PROPRIETARY DIRECTORS**

Name or corporate name of director	Name or corporate name of significant shareholder represented or proposing appointment <sup>1</sup>
MR. RAFAEL JIMÉNEZ LÓPEZ	ANPORA PATRIMONIO, S.L.
MR. JORGE MATAIX ENTERO	DIRERVALOR, S.A.
MR. JOSÉ ANTONIO ABAD ZORRILLA	AV MÁLAGA CAPITAL, S.L.

Total number of proprietary directors	3
% of the board	33.33%

**INDEPENDENT EXTERNAL DIRECTORS**

**Name or corporate name of director:**

MR. JOSÉ JAVIER CARRETERO MANZANO

**Profile:**

José Javier Carretero is a qualified industrial engineer from Pontificia de Comillas (ICAI) University and holds a Master's degree in economics and business management from the IESE business school. He has spent his career in the industrial sector and has been CEO of Ferrolí España, S.A. and Cointra Godesia, S.A., among other positions, both part of the Italian multinational group Ferrolí, which operates in the environmental comfort sector (heating, air conditioning and solar power). He was also a director of ICEX and director general of the Spanish Chamber of Commerce until June 2015. He currently holds a directorship at High Tech Hotels & Resorts, S.L., among other positions.

**Name or corporate name of director:**

MR. LUIS CARLOS CROISSIER BATISTA

**Profile:**

Luis Carlos Croissier Batista holds a degree in Economics from the Complutense University of Madrid and a postgraduate qualification from the University of Paris - Sorbonne. Mr Croissier has been a lecturer in economics at the Complutense University of Madrid. Likewise, he is part of the General Technical Corps of the State Civil Service, where he has held, among others, the positions of Deputy General Chief of the Budget Office of the Ministry of Industry and Energy and Undersecretary at the Ministry of Industry and Energy. He has also held positions as Chairman of the National Institute of Industry, Minister of Industry and Energy and Chairman of the National Securities Market Commission (CNMV). Since 1996, Mr Croissier has worked as an international consultant at Eurofocus Consultores, S.L.

Mr Croissier is an independent director at Adolfo Dominguez S.A. and Repsol YPF, S.A. and has also been an independent director at companies that include Jazztel plc, Grupo Copo de Inversión, S.A., Testa Inmuebles en Renta, S.A., Begar, S.A. and Marie Claire, S.A., etc.

**Name or corporate name of director:**

MS. MARÍA LUISA GARAÑA CORCES

**Profile:**

María Garaña holds a Bachelor's Degree in Business Administration and Law from the University of San Pablo (CEU), studying in Madrid and London. She received the highest grade in her university degree, and also has an International Trade Diploma from the University of California at Berkeley. Moreover, Ms. Garaña holds a Master's Degree in Business Administration (MBA) from Harvard Business School (Boston).

María Luisa Garaña has performed various advisory and consultancy functions in renowned firms such as Citibank in Madrid, Andersen Consulting in Madrid and Istanbul, and Merrill Lynch International in London. She has also been CEO at Microsoft Mexico, Microsoft South Cone (Argentina, Chile, Uruguay, Paraguay and Colombia) and Microsoft Ibérica in Madrid, providing her with an in-depth knowledge of the technology sector.

She is currently Vice President of Business Solutions for Microsoft EMEA, sharing her time between Madrid and London, and is a member of the management of the European Institute of Innovation and Technology (EIT), and is a member of the management of the listed credit institution Liberbank España (a member of its board) and Euler-Hermes (Allianz Group).

<b>Total number of independent directors</b>	3
<b>% of the board</b>	33.33%

List any independent directors who receive from the company or group any amount or payment other than standard director remuneration or who maintain or have maintained during the period in question a business relationship with the company or any group company, either in their own name or as a significant shareholder, director or senior manager of an entity which maintains or has maintained the said relationship.

No.

**If applicable, include a statement from the board detailing the reasons why the said director may carry on their duties as an independent director.**

#### **OTHER EXTERNAL DIRECTORS**

Identify all other external directors and explain why these cannot be considered proprietary or independent directors and detail their relationships with the company, its executives or shareholders.

**Name or corporate name of director:**

MR. ALFRED MERTON VINTON

**Company, executive or shareholder with whom the relationship is maintained:**

ELECTRA PRIVATE EQUITY PARTNERS 1995

**Reasons:**

Mr. Vinton was proprietary director of Dinamia (currently Nmas1 Dinamia, S.A.) in the past, representing Electra Private Equity Partners 1995; a significant shareholder of the Company, which Mr. Vinton no longer represents on the Company's Board of Directors. Mr. Vinton has relations with the Electra Group.

Fred Vinton has forged his professional career at JP Morgan, holding, among other positions, the post of Deputy Chairman and CEO of the branch of JP Morgan in London; in the company NM Rothschild & Sons, Ltd. as Managing Director, and at the Bemberg Group as CEO. He has also been Chairman of Electra Partners LLC. Currently, Mr Vinton is also director of Nmas 1 Private Equity International Limited, a fund management company, and in particular the Nmas 1 Private Equity fund. He also sits on the boards of GP Investments Limited and other fund management companies.

**Name or corporate name of director:**

MR. SANTIAGO BERGARECHE BUSQUET

**Company, executive or shareholder with whom the relationship is maintained:**

OTHERS

**Reasons:**

Mr. Bergareche has been reclassified as other external director pursuant to Article 529 k 4.i) of the Spanish Limited Liability Companies Act, which prohibits anyone from being classified as an independent director when they have served as a director for more than 12 years.

At the date of this report, Santiago Bergareche is Chairman of the Board and Delegate Committee of Vocento, S.A. (the Correo Prensa Española Group), Deputy Chairman of the Ferrovial Group, and board member of Maxam. Mr. Bergareche has been General Manager of BBVA, Chairman of Metrovacesa, Chairman of Agroman, CEO of Ferrovial and Chairman of CEPSA.

<b>Total number of other external directors</b>	2
<b>% of the board</b>	22.22%

**C.1.4 Complete the following table on the number of female directors over the past four years and their category:**

	Number of female directors				% of total directors of each type			
	2015	2014	2013	2012	2015	2014	2013	2012
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Proprietary	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Independent	1	0	0	0	11.11%	0.00%	0.00%	0.00%
Other external	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total:	1	0	0	0	11.11%	0.00%	0.00%	0.00%

**C.1.5 Explain the measures, if applicable, which have been adopted to ensure that there is a sufficient number of female directors on the board to guarantee an even balance between men and women.**

Explanation of measures
All of the Company's directors have been appointed taking into account their recognised authority, abilities and experience in accordance with internal regulations, without considering their gender. Nevertheless, the Board of Directors and the Appointments and Remuneration Committee (within their respective areas of responsibility), have tried try to include women that fulfil the indicated professional criteria, among potential candidates.

**C.1.6 Explain the measures taken, if applicable, by the appointments committee to ensure that the selection processes are not subject to implicit bias that would make it difficult to select female directors, and whether the company makes a conscious effort to search for female candidates who have the required profile:**

Explanation of the measures
The Appointments and Remuneration Committee evaluates the authority, abilities and experience of candidates to be elected as members of the Board of Directors so that selection processes do not suffer from any implicit bias.
In this regard, following the recommendations of the Appointments and Remuneration Committee, the Board of Directors approved a board selection policy which includes, <i>inter alia</i> , the following principles to be followed when appointing board members:

- Focus on making sure the knowledge, experience and gender of members of the Board of Directors is both varied and diverse.
- Ensure selection procedures do not have any implicit bias, and do not discriminate because of race, gender or any other reason.
- Encourage the presence of women on the Board, proactively searching for candidates with the right professional profile.

**When, despite the measures taken, there are few or no female directors, explain the reasons:**

Explanation of the reasons
As a result of adhering to the aforesaid principles (even before they were formally approved by the Board of Directors as part of the board selection process), the Company began to select candidates for board vacancies, which included several women. As a result of this process, the only female from among those considered to take up posts, who fulfilled all the necessary requirements was Ms. María Luisa Garaña Corces. Consequently, as recommended by the Appointments and Remuneration Committee and the Board of Directors, shareholders appointed her as an independent director of the Company at the Extraordinary General Meeting held on 17 December 2015.

**C.1.6 bis. Explain the conclusions of the appointments committee on the verification of compliance with the director selection policy. In particular, explain how this policy pursues the goal of having at least 30% of total board places occupied by female directors before the year 2020.**

Although, as specified above, the board selection process was approved by the Board of Directors on 17 December 2015, the underlying principles were adhered to by the Appointments and Remuneration Committee throughout the entire year. These principles are as follows:

1. Focus on making sure the knowledge, experience and gender of members of the Board of Directors is both varied and diverse.
2. Ensure selection procedures do not have any implicit bias, and do not discriminate because of race, gender or any other reason.
3. Encourage the presence of women on the Board, proactively searching for candidates with the right professional profile.
4. Achieve a balanced board composition with a large majority of non-executive directors, the minimum number of executive directors, and an adequate share of proprietary and independent directors who represent the Company's shareholder structure.
5. Guarantee transparency when appointing proprietary directors, specifying the reasons for their appointment or re-election.
6. Maintain precise dimensions to ensure the board is appropriately representative, and is effective and participative.

Within their powers, the Board of Directors and the Appointments and Remuneration Committee have also strived to ensure that proposed candidates for appointment or re-election to the Board have been honourable, right for the job, and with renowned authority, abilities and experience.

It must also be noted that as the group that the Company is parent of is a consolidable group of investment service companies for the purposes of Royal Decree-Law 4/2015 of 23 October, approving the revised text of the Spanish Securities Market Act (*Ley del Mercado de Valores*), all appointments of directors since the N+1 Group acquired said status, have been subject to CNMV non-opposition rulings.

**C.1.7 Explain how shareholders with significant holdings are represented on the board.**

Four shareholders with significant shareholdings are represented on the Board of Directors:

- Mr. Ricardo Portabella Peralta, whose indirect shareholding in the Company confers 20.657% of voting rights, and who is represented on the Board of Directors by the proprietary director, Mr. Rafael Jiménez López.

- Mr. Santiago Eguidazu Mayor, the Company's Chairman and CEO, whose direct and indirect shareholding in the Company confers 19.936% of voting rights, and who is represented on the Board of Directors by himself as executive director.

- Mr. José Antonio Abad Zorrilla, whose direct and indirect shareholding in the Company confers 8.18% of voting rights, and who is represented on the Board of Directors by himself as proprietary director.

- Mr. Jorge Mataix Entero, whose direct and indirect shareholding in the Company confers 8.18% of voting rights, and who is represented on the Board of Directors by himself as proprietary director.

**C.1.8 Explain, when applicable, the reasons why proprietary directors have been appointed upon the request of shareholders who hold less than 3% of the share capital:**

Provide details of any rejections of formal requests for board representation from shareholders whose equity interest is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors. If so, explain why these requests have not been entertained:

Yes ☐

No ☒

**C.1.9 Indicate whether any director has resigned from office before their term of office has expired, whether that director has given the board their reasons and through which channel. If made in writing, list below the reasons given by that director:**

**Name of director:**

MR. EMILIO CARVAJAL BALLESTER

**Reasons for resignation:**

Mr. Emilio de Carvajal y Ballester submitted a letter addressed to the Company's Board Chairman dated 18 June 2015 giving notice of his resignation as a member of the Company's Board of Directors, with effect from that date. Mr. Carvajal did not expressly give any reasons for standing down, although the other directors were made aware that his decision was prompted by the sale by Sodecar, S.L. (a company that Mr. Carvajal represented on the Company's Board of Directors) of its entire shareholding in the Company.



**Name of director:**

MR. NICOLÁS VILLÉN JIMÉNEZ

**Reasons for resignation:**

At the 29 June 2015 meeting, the Company's Board accepted Mr. Nicolás Villén Jiménez's resignation as a member of the Board. As specified in his letter, Mr. Villén's resignation from office, which the Board accepted, was prompted by the need to fulfil his professional obligations which required his undivided attention at that time.

**Name of director:**

MR. FERNANDO D'ORNELLAS SILVA

**Reasons for resignation:**

Mr. Fernando D'Ornellas Silva submitted a letter giving notice of his resignation as a member of the Board of Directors on 22 July 2015. As specified in his letter, Mr. D'Ornellas' resignation from office, which the Board accepted, was prompted by the need to fulfil his professional obligations which meant he could not continue to occupy said office in the Company at that time.

**Name of director:**

MR. JOAQUÍN GARCÍA-QUIRÓS RODRÍGUEZ

**Reasons for resignation:**

Mr. Joaquín García-Quirós Rodríguez sent a letter giving notice of his resignation as a member of the Company's Board with effect from 26 February 2015. As specified in his letter, his resignation from office, which the Board accepted, was for strictly personal reasons that hindered his ability to fulfil his professional duties at the Company.

**C.1.10 Indicate what powers, if any, have been delegated to the chief executive officer(s):****Name or corporate name of director**

MR. SANTIAGO EGUIDAZU MAYOR

**Brief description**

As CEO, Santiago Eguidazu Mayor has been delegated all the powers of the Board of Directors that can be conferred pursuant to Law and the By-laws.

**C.1.11 List the directors, if any, who hold office as directors or executives in other companies belonging to the listed company's group:**

Name or corporate name of director	Corporate name of the group entity	Position	Does he/she have executive duties?
MR. SANTIAGO EGUIDAZU MAYOR	Nmás1 International Corporate Advisory, S.L.	Member of the Board of Directors	Yes

**C.1.12 List any company board members who likewise sit on the boards of directors of other non-group companies that are listed on official securities markets in Spain, insofar as these have been disclosed to the company:**

Name or corporate name of director	Name of listed company	Position
MR. SANTIAGO BERGARECHE BUSQUET	FERROVIAL, S.A.	Vice Chairman
MR. SANTIAGO BERGARECHE BUSQUET	VOCENTO, S.A.	Chairman
MS. MARÍA LUISA GARAÑA CORCES	Liberbank, S.A.	Member
MR. LUIS CARLOS CROISSIER BATISTA	Repsol, S.A.	Member
MR. LUIS CARLOS CROISSIER BATISTA	Adolfo Dominguez, S.A.	Member
MR. ALFRED MERTON VINTON	GP INVESTMENTS LTD	Member

**C.1.13 Indicate and, where appropriate, explain whether board regulations establish rules on the maximum number of company boards on which its directors may sit:**

Yes ☐

No ☒

**C.1.15 List the total remuneration paid to the board of directors in the year:**

Board remuneration (thousands of euros)	2,075
Amount of accumulated pension rights of current directors (thousands of euros)	0
Amount of accumulated pension rights of former directors (thousands of euros)	0

**C.1.16 List any members of senior management who are not executive directors and indicate total remuneration paid to them during the year:**

Position(s)	Name or corporate name
MR. JACOBO LLANZA FIGUEROA	Head of Asset Management and Advisory Services
MR. FRANCISCO ALBELLA AMIGO	General Secretary and Director of Legal Affairs
MS. PATRICIA PASCUAL RAMSAY	Director of Corporate Development
MR. FRANCISCO IGNACIO DE CÁCERES CABRERO	General Manager
MR. MARK PENSAERT	Head of Financial Advisory

Total remuneration received by senior management (thousands of euros)	2,813
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**C.1.17 List, if applicable, the identity of those directors who are likewise members of the boards of directors of companies that own significant holdings and/or group companies:**

Name or corporate name of director	Name or corporate name of significant shareholder	Position
MR. RAFAEL JIMÉNEZ LÓPEZ	ANPORA PATRIMONIO, S.L.	MEMBER

List, if appropriate, any relevant relationships, other than those included under the previous heading, that link members of the board of directors with significant shareholders and/or their group companies:

**C.1.18 Indicate whether any changes have been made to the board regulations during the year:**

Yes ☒

No ☐

Description of changes
<p>The Board Regulations were changed twice in 2015:</p> <ul style="list-style-type: none"> <li>• First, they were amended pursuant to a board resolution at the 25 March 2015 meeting to bring them into line with the latest reform of the Spanish Limited Liability Companies Law pursuant to Act 31/2014 of 3 December.</li> <li>• Second, they were altered in accordance with the resolution of the Board of Directors at its meeting on 22 July 2015.</li> </ul> <p>The amendments consisted of the following:</p> <ul style="list-style-type: none"> <li>- Adapting the Board Regulations to changes deriving from the takeover of N más Uno IBG, S.A. (as acquiree) by Dinamia Capital Privado, S.C.R., S.A. (as acquirer), approved by the shareholders of these companies at their respective general meetings on 29 April 2015 and entered in the Madrid Companies Register on 20 July 2015 (hereinafter, "the Merger").</li> <li>- Revising and strengthening the Company's corporate governance system, taking into consideration good governance recommendations recognised in Spain and, especially, the recommendations set forth in the Code of Good Governance approved by the CNMV on 18 February 2015.</li> <li>- Updating and perfecting the wording of the Board Regulations to complete and clarify the regulation of certain matters, and incorporate a number of technical enhancements.</li> </ul>

**C.1.19 Indicate the procedures for appointing, re-electing, evaluating and removing directors. List the competent bodies, procedures and criteria used for each of these procedures.**

Directors will be designated by the General Meeting or by the Board of Directors in accordance with the provisions set out in the Spanish Limited Liability Companies Act. The Board of Directors – and the Appointments and Remuneration Committee – will ensure that candidates have renowned authority, abilities and experience.

Board members are selected according to, *inter alia*, principles that make sure the knowledge, experience and gender of members of the Board of Directors are both varied and diverse, and ensure selection procedures do not have any implicit bias, and do not discriminate because of race, gender or any other reason. Within their powers, the Board of Directors and the Appointments and Remuneration Committee will also strive to ensure that candidates proposed to the General Meeting for appointment or re-election to the Board are honourable, right for the job, and with renowned authority, abilities and experience.

The Board of Directors will specify the nature of each director to the General Meeting, which must appoint or ratify this person.

The Board of Directors cannot propose or designate persons to cover an independent external director's position if they fail to satisfy the binding criteria of independence.

Any directors can ask the Appointments and Remuneration Committee to consider whether the potential candidates to cover vacant directorships are, in the committee's opinion, right for the job.

Proposals to appoint or re-elect directors that the Board puts before the General Meeting must be based on a recommendation from the Appointments and Remuneration Committee when they involve independent directors and a report from the Appointments and Remuneration Committee in the case of other directors. The Board's proposal must be accompanied by a report prepared by the Board evaluating the proposed candidate's abilities, experience and merits, which will be attached to the minutes of the General Meeting or of the Board.

Directors will hold office for the period set out by the General Meeting, which cannot exceed four years, and they may be re-elected, once or more times, at the end of this term for periods of the same or shorter duration.

Directors designated through co-option will hold office pursuant to prevailing legislation.

End of term of office

Directors will stand down at the end of the term of office for which they were appointed and when the General Meeting so decides.

Directors must offer their resignation to the Board and, if considered appropriate, submit their formal resignation in the cases stipulated in Article 21, section 2 of the Board Regulations.

The Board of Directors may only propose the resignation of an independent director prior to the elapse of the statutory period whenever there is just cause, ratified by the Board and pursuant to a report from the Appointments and Remuneration Committee, as stipulated in Article 21, section 3 of the Board Regulations.

**C.1.20 Explain, if applicable, to what extent this evaluation has prompted significant changes in its internal organisation and the procedures applicable to its activities:**

Description of changes
<p>Following a report from the Appointments and Remuneration Committee, at its meeting on 24 February 2016 the Company's Board of Directors evaluated the quality and effectiveness of its own procedures in 2015. The particular and exception nature of 2015 should not be overlooked, given the Merger on 20 July, which led to substantial changes to the composition and duties of the Company's Board of Directors and its procedures.</p> <p>As a result of the Merger, and as highlighted in the Board's evaluation, there was a significant overhaul of the Board in 2015 and the Regulations governing its organisation and procedures were substantially amended. After the Merger, the Company also approved and amended numerous policies, manuals or plans, procedures and internal rules (all impacting the duties of the Board of Directors). These include:</p> <ul style="list-style-type: none"> <li>- Policies on board selection, communication with investors and attendance fees;</li> <li>- Internal Control over Financial Reporting System (ICFRS) manual and accounting policies and internal audit plan;</li> <li>- Internal audit procedures, relations with regulators, internal control structure and delegation of powers; and</li> <li>- Internal rules (including Board Regulations) and the Internal Rules of Conduct and General Code of Ethics and Conduct.</li> </ul>

**C.1.20. bis Describe the assessment process undertaken by the board of directors and the areas evaluated, with the aid of an external facilitator, with respect to the composition, duties and powers of its committees, the performance of the chairman of the board of directors and the**

**company's chief executive officer and the performance and contribution of individual directors.**

The process for evaluating the Board's organisation and performance in 2015 consisted in reviewing (based on a report from the Appointments and Remuneration Committee) its composition and duties, and the performance and composition of its committees, along with the performance of the Chairman and CEO and the other directors.

Notwithstanding the improvement points included in an action plan, the Board concluded that it performed satisfactorily in 2015. However, it is worth mentioning that the assessment of the Board's performance essentially focused on its activity after the Merger took effect. Given the short evaluation period and major changes in the Company since the Merger, it was concluded that the assessment be revised, and even repeated, 12 months after the Merger.

**C.1.20. ter. Explain, if applicable, the business relationship the advisor or any group company maintains with the company or any group company.**

None.

**C.1.21 Indicate the cases in which directors must resign.**

In accordance with Article 21, section 2 of the Board Regulations, a director will tender his or her resignation to the Board of Directors and formally resign from office, if the Board sees fit, in the following cases:

- a) When they are subject to any of the conditions of prohibition or incompatibility pursuant to applicable laws or the By-laws;
- b) When they receive a serious warning from the Board of Directors, following a report from the Appointments and Remuneration Committee, for infringing their duties as directors.
- c) When remaining on the Board could jeopardise or prejudice the interests or discredit or damage the reputation of the Company, or when the reasons for their appointment no longer exist.
- d) When the shareholder represented by a proprietary director sells all of their shareholding or the number of corresponding shares, when this shareholder reduces their stake to a level that requires a reduction in the number of directors.

**C.1.23 Are qualified majorities other than those prescribed by law required for any type of decision?**

Yes ☐

No ☒

If applicable, describe the differences.

**C.1.24 Indicate whether there are any specific requirements other than those relating to the directors, to be appointed chairman.**

Yes ☐

No ☒

**C.1.25 Indicate whether the chairman has the casting vote:**

Yes ☐

No ☒

**C.1.26** Indicate whether the Bylaws or the board regulations set any age limit for directors:

Yes ☐

No ☒

**C.1.27** Indicate whether the Bylaws or the board regulations set a limited term of office for independent directors:

Yes ☐

No ☒

**C.1.28** Indicate whether the Bylaws or board regulations stipulate specific rules on appointing a proxy to the board, the procedures thereof and, in particular, the maximum number of proxy appointments a director may hold. Also indicate whether there are any restrictions as to what categories may be appointed as a proxy other than those stipulated by law. If so, give brief detail.

In accordance with Article 18 of the Board Regulations, directors will make every effort to attend Board meetings, and that whenever directors cannot attend meetings, they will try to appoint another member of the Board to act as their proxy, including the opportune instructions and reporting this to the Board Chairman. Non-executive directors can only appoint other non-executive directors to represent them.

**C.1.29** Indicate the number of board meetings held during the year and how many times the board has met without the chairman's attendance. Attendance will also include proxies appointed with specific instructions.

Number of board meetings	17
Number of board meetings held without the chairman's attendance	0

If the chairman is an executive director, indicate the number of meetings held without the attendance or representation of any executive director and under the chairmanship of the lead director:

Number of meetings	0
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Indicate the number of meetings of the various board committees held during the year:

Risk Control and Audit Committee	8
Appointments and Remuneration Committee	7

**C. 1.30** Indicate the number of board meetings held during the year with all members in attendance. Attendance will also include proxies appointed with specific instructions:

Number of meetings with all members present	15
% of attendances of the total votes cast during the year	98.66%

**C.1.31** Indicate whether the consolidated and individual financial statements submitted for authorisation for issue by the board are certified previously:

Yes ☒

No ☐

**Identify, where applicable, the person(s) who certified the company's individual and consolidated financial statements prior for their authorisation for issue by the board:**

Name	Position
MR. FRANCISCO IGNACIO DE CÁCERES CABRERO	General Manager

**C.1.32 Explain the mechanisms, if any, established by the board of directors to prevent the individual and consolidated financial statements it prepares from being laid before the general shareholders' meeting with a qualified audit report.**

In accordance with Article 36, section 4 of the Board Regulations, the Board of Directors will draw up the Company's financial statements so that such financial statements do not give rise to a qualified opinion issued by the auditors. However, if the Board of Directors deems it appropriate to draw up financial statements such that a qualified opinion is issued by the auditors, the directors will publicly explain the content and scope of the discrepancy.

For the purpose of preventing individual and consolidated financial statements drawn up by the Board of Directors being submitted to the General Meeting with a qualified report from the auditors, and prior to drawing up the financial statements, Article 15, section 2 of the Board Regulations sets out that the Risk Control and Audit Committee shall, *inter alia*:

- Report to the General Meeting on issues raised by shareholders with respect to matters within its terms of reference.
- Submit to the Board of Directors, for subsequent submission to the General Meeting, proposals for selection, appointment, re-election and replacement of the external accounts auditors to verify the financial statements, and the terms of engagement. Also, obtain information from the auditors on the audit plan and execution thereof, as well as preserving their independence when carrying out their engagement.
- Review the financial statements and the periodic financial reporting of the Company, overseeing compliance with legal requirements and proper application of the generally accepted accounting principles.
- Establish the appropriate relations with the accounts auditors or audit firms to receive information on those issues that could jeopardise the independence of these parties, for due examination by the Committee, and whatsoever others related to the accounts auditing procedure, and any other communication set out under accounts auditing legislation and audit standards. In any event, every year the external auditors must provide a statement declaring that they are independent of the Company and related parties, directly or indirectly, as well as information on the additional services of any kind rendered to these entities and fees charged by the aforementioned auditors or firms or by related parties, pursuant to the provisions set out in accounts auditing legislation.
- Issue, every year and prior to issue of the audit report, a report that will give an opinion on the independence of the accounts auditors. This report must, under all circumstances, include an evaluation of any services rendered in addition to the aforesaid, individually and as a whole, with regard to rules on independence and with audit regulations.
- Supervise the process of preparing and the completeness of the obligatory financial reporting to be regularly supplied by the Board to the markets and to the supervisory bodies with regard to the Company and, where appropriate, the Group, reviewing compliance with regulatory requirements, the appropriate delimitation of the consolidation perimeter and proper application of generally accepted accounting principles. The Risk Control and Audit Committee will report to the Board, prior to adoption by the Board of the corresponding decisions concerning financial reporting which, as a listed company, the Company must periodically publish. The Committee must ensure that interim financial statements are drawn up with the same accounting criteria as the annual financial statements and, to this end, will consider whether or not an external auditor should perform a limited review.

- Supervise and be aware of the effectiveness of the Company's internal control, the internal audit, where appropriate, and the risk management systems, including tax-related risks, as well as discuss with the accounts auditors any significant weaknesses in the internal control system detected during the audit.
- Supervise compliance with the audit contract, ensuring that the opinion on the financial statements and the main contents of the audit report are drafted in a clear and accurate way, and also assess the results of each audit. In particular, the Committee will check that the audit fees are agreed prior to the auditors commencing their engagement for the period in question.
- Inform the Board of any resolutions or significant events at its meetings.
- Report to the Board, in advance of the adoption by it of decisions regarding the creation or acquisition of equity interests in special purpose entities or entities domiciled in countries or territories that are considered to be tax havens.
- Notify the Board in advance of any related-party transactions.
- Perform any other duties assigned to it by the Company's Board of Directors, especially any relating to the Group's risk management and control policy (paying particular attention to the activities of regulated Group companies), Law, the By-laws and the Board Regulations.

Sections 5, 6 and 7 of Article 15 of the Board Regulations also lay down the following additional rules designed, *inter alia*, to avoid the Board submitting individual and consolidated financial statements to the General Meeting with qualified audit reports.

- Members of the Company's management team or personnel will be obliged to attend the sessions of the Committee and to provide their support and access to information at their disposal whenever requested by the Committee. The Committee may also request the Company's accounts auditors attend its meetings.
- The Risk Control and Audit Committee may also call on the advice of external experts when it considers it necessary to properly fulfil its duties.
- As proposed by the Risk Control and Audit Committee or on its own initiative, the Board of Directors may establish – determining its composition and functions – a specific committee to support the Risk Control and Audit Committee perform its duties vis-à-vis the Group's risk management and control policies. This committee, which would be called the Risk Control Committee, may comprise board members, directors and employees of the Company or the Group.

**C.1.33 Is the secretary of the board also a director?**

Yes ☐

No ☒

If the secretary is not a director, complete the following table:

Name or corporate name of secretary	Representative
MS. MARTA RÍOS ESTRELLA	

**C.1.35 Indicate and explain, where applicable, the specific mechanisms implemented by the company to preserve the independence of the auditor, financial analysts, investment banks and rating agencies.**

Articles 15 and 36 of the Board Regulations set out that the Board's relations with external auditors will be channelled through the Risk Control and Audit Committee. This Committee will refrain from making proposals to the Board of Directors, and in turn the Board will refrain from proposing to the General Meeting the appointment of any audit firm are the accounts auditor of the Company if said firm is in any way affected by incompatibility pursuant to legislation governing accounts auditing.

Royal Decree-Law 1/2011 of 1 July, which approved the consolidated text of the Accounts Auditing Act (in force during 2015), sets out that every year the accounts auditors or audit firms must send written confirmation to the Company with regard to their independence concerning the audited



entity or related parties, directly or indirectly, as well as information on the additional services of any kind rendered to these entities by the aforementioned auditors or firms or by related parties, pursuant to the provisions set out in the Accounts Auditing Act.

In this regard, the concept of related party is defined under Articles 15, 16, 17 and 18 of the consolidated text of the Accounts Auditing Act.

Moreover, the Risk Control and Audit Committee will issue, every year and prior to issue of the audit report, a report giving an opinion on the independence of the accounts auditors or audit firms. This report must, under all circumstances, give information on the additional services of any kind rendered by the accounts auditors or audit firms, or by any related parties. Thus, in 2016, the Risk Control and Audit Committee has issued the corresponding report, prior to issuance of the accounts audit report for the year that ended in December 2015, which placed on record the independence of the Company's auditors.

The Board of Directors will also publicly report the overall fees paid to the audit firm, both for the audit services as well as any other services.

The Risk Control and Audit Committee is therefore in charge of relations with the external auditors of the Company, and receives information on issues that could jeopardise the independence of these auditors and any other parties involved in the auditing, as well as other communications under audit legislation and technical auditing standards (Article 22 bis of the By-laws and Article 15 of the Board Regulations).

Moreover, Article 35 of the Board Regulations regulates the Company's relations with the markets in general, which includes financial analysts and investment banks with whom the relationship of the Company is based on the principles of transparency and non-discrimination. As regards rating agencies, the Company is not subject to credit rating.

**C.1.36 Indicate whether the company has changed its external audit firm during the year. If so, identify the incoming audit firm and the outgoing auditor:**

Yes ☒ No ☐

Outgoing auditor	Incoming auditor
PricewaterhouseCoopers Auditores, S.L.	Deloitte, S.L.

**Explain any disagreements with the outgoing auditor and the reasons for the same:**

Yes ☐ No ☒

**C.1.37 Indicate whether the audit firm performs non-audit work for the company and/or its group. If so, state the amount of fees paid for such work and the percentage they represent of all fees invoiced to the company and/or its group:**

Yes ☒ No ☐

	Company	Group	Total
Amount of non-audit work (thousands of euros)	321	45	366
Amount of non-audit work as a % of the total amount billed by the audit firm	78.68%	24.86%	62.14%

**C.1.38 Indicate whether the audit report on the previous year's financial statements is qualified or includes reservations. Indicate the reasons given by the chairman of the audit committee to explain the content and scope of those reservations or qualifications.**

Yes ☐

No ☒

**C.1.39** Indicate the number of consecutive years during which the current audit firm has been auditing the financial statements of the company and/or its group. Likewise, indicate for how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audited:

	Company	Group
Number of consecutive years	1	1
Number of years audited by current audit firm/Number of years the company's financial statements have been audited (%)	36.84%	36.84%

**C.1.40** Indicate and give details of any procedures through which directors may receive external advice:

Yes ☒

No ☐

Procedures
Article 23 of the Board Regulation sets out that, for the purpose of being assisted in the performance of their duties, external directors may request the Company to hire legal, accounting, financial or other expert advisers. The commission must focus on specific problems of a certain size and complexity that occur in the performance of the job. The application to recruit outside experts must be notified to the Chairman of the Company and be approved by the Board of Directors, which may refuse to give authorisation if it considers: (a) that it is not required for the appropriate performance of the duties assigned to external directors; (b) that the cost of this is not reasonable in light of the importance of the problem and of the Company's assets and income; or (c) that the requested technical support can be adequately performed by the Company's own experts and technicians.

**C.1.41** Indicate whether there are procedures for directors to receive the information they need in sufficient time to prepare for meetings of the governing bodies:

Yes ☒

No ☐

Procedures
Title VII of the Board Regulations regulates the director's right to information. By virtue of Article 20, the director may request information on any issue of the Company for which the Board is responsible, and may examine its ledgers, records, documents and other documentation. The information right extends to the Company's Group companies, where applicable,
The request for information must be sent to the Chairman of the Board, who will forward it to the appropriate party at the Company. The Chairman will notify the director of the confidential nature of the information requested and received and of their duty to non-disclosure, in accordance with the provisions set out in the foregoing Regulations.
The Chairman may refuse to disclose information if he or she considers: (i) that it is not required for the appropriate performance of the duties assigned to the director, or (ii) that the cost of this is not reasonable in light of the importance of the problem and of the Company's assets and income.
As appropriate, new directors may request an induction that enables them to quickly acquire sufficient knowledge of the Company. By the same token, the Company may establish refresher programmes for

directors, whenever circumstances deem this appropriate.

**C.1.42 Indicate and, where appropriate, give details of whether the company has established rules obliging directors to inform the board of any circumstances that might harm the organisation's name or reputation, tendering their resignation as the case may be:**

Yes ☒

No ☐

**Details of rules**

Directors must offer their resignation to the Board and, if considered appropriate, submitting their formal resignation in the cases stipulated in Article 21.2 of the Board Regulations.

- When they are subject to any of the conditions of prohibition or incompatibility pursuant to applicable laws or the By-laws;

- When they receive a serious warning from the Board of Directors, following a report from the Appointments and Remuneration Committee, for infringing their duties as directors.

- When remaining on the Board could jeopardise or prejudice the interests or discredit or damage the reputation of the Company, or when the reasons for their appointment no longer exist.

- When the shareholder represented by a proprietary director sells all of their stake or the number of corresponding shares, when this shareholder reduces their stake to a level that requires a reduction in the number of proprietary directors.

**C.1.43 Indicate whether any director has notified the company that they have been indicted or tried for any of the offences stated in article 213 of the LSC:**

Yes ☐

No ☒

**Indicate whether the board of directors has examined this matter. If so, provide a justified explanation of the decision taken as to whether or not the director should continue to hold office or, if applicable, detail the actions taken or to be taken by the board.**

**C.1.44 List the significant agreements entered into by the company which come into force, are amended or terminate in the event of a change of control of the company due to a takeover bid, and their effects.**

The agreement between shareholders of the companies Nmás1 SYZ Valores, Agencia de Valores, S.A. ("N+1 SYZ") and Nmás1 SYZ Gestión SGIIC, S.A. ("N+1 SYZ Gestión") of 25 May 2010 determines that if there is a change of control of the Company, the remaining shareholders of N+1 SYZ and N+1 SYZ Gestión (other than the Company) will be granted the right to acquire all the shares in N+1 SYZ and in N+1 SYZ Gestión held by the Company (representing 23% of share capital).

The agreement between shareholders of N+1 Deutschland GmbH ("N+1 Alemania") of 31 January 2013 determines that if there is a change of control of the Company, Nmás1 International Corporate Advisory, S.L. – in which the Company has a 94.33% stake – ("N+1 ICA") which holds 60% of N+1 Alemania's capital, and the other shareholders holding the remaining 40% of N+1 Alemania's capital (the "Other Shareholders") will negotiate in good faith the terms and conditions of a potential exchange of the Other Shareholders' N+1 Alemania shares for N+1 ICA shares or, as the case may be, shares in the Company.

**C.1.45 Identify, in aggregate form and provide detailed information on, agreements between the company and its officers, executives and employees that provide indemnities for the event of resignation, unfair dismissal or termination as a result of a takeover bid or other.**

**Number of beneficiaries: 1**

**Type of beneficiary:**

Global Head of Financial Advisory

**Description of agreement:**

Pursuant to the 30 November 2015 and 26 January 2016 agreements reached by the Company with a member of the key management personnel, this individual will receive compensation of €500 thousand if the Company terminates his employment contract without due cause before 22 September 2016.

**Indicate whether these agreements must be reported to and/or authorised by the governing bodies of the company or its group:**

	Board of directors	General shareholders' meeting
Body authorising clauses	Yes	No

	Yes	No
Is the general shareholders' meeting informed of such clauses?		X

## **C.2 Board committees**

**C.2.1 Give details of all the board committees, their members and the proportion of executive, proprietary, independent and other external directors:**

The membership of board committees described in the tables of this section corresponds to the situation at year-end 2015.

### **Risk Control and Audit Committee**

Name	Position	Type
MR. JOSÉ JAVIER CARRETERO MANZANO	Chairman	Independent
MR. RAFAEL JIMÉNEZ LÓPEZ	Member	Proprietary
MR. JOSÉ ANTONIO ABAD ZORRILLA	Member	Proprietary
MR. LUIS CARLOS CROISSIER BATISTA	Member	Independent

<b>% of proprietary directors</b>	50.00%
<b>% of independent directors</b>	50.00%
<b>% of other external directors</b>	0.00%

**Explain the committee's duties, describe the procedure and organisational and operational rules and summarise the main actions taken during the year. Rules and Regulations of the Board of Directors:**

Pursuant to Article 15 of the Board Regulations, the Risk Control and Audit Committee has the following functions:

- Report to the General Meeting on issues raised by shareholders with respect to matters within its terms of reference.
- Submit to the Board proposals for selection, appointment, re-election and replacement of the external accounts auditors, and the terms and conditions of their engagement, and obtain information on the audit plan and execution thereof, as well as preserving their independence.
- Review the financial statements and the periodic financial reporting of the Company, overseeing compliance with legal requirements and generally accepted accounting principles.
- Establish relations with the accounts auditors to receive information on those issues that could jeopardise the independence of these parties and any other matters related with the accounts audit, as well as any other communications.
- Issue an annual report expressing an opinion on the accounts auditor's independence.
- Supervise the process of preparing and the integrity of the obligatory financial reporting to be regularly supplied by the Board to the markets and to the supervisory bodies with regard to the Company and, where appropriate, the group, reviewing compliance with regulatory requirements, the appropriate delimitation of the consolidation perimeter and proper application of generally accepted accounting principles.
- Supervise and be aware of the effectiveness of the Company's internal control, the internal audit, where appropriate, and the risk management systems, as well as discuss with the accounts auditors any significant weaknesses detected during the audit.
- Supervise compliance with the audit contract, ensuring that the opinion on the financial statements and the main contents of the audit report are drafted in a clear and accurate way, and also assess the results of each audit.
- Report to the Board on the creation or acquisition of equity interests in special purpose entities or entities domiciled in countries or territories that are considered to be tax havens, and related-party transactions.

Rules on organisation and performance of duties:

The Committee will normally meet every quarter. It will also meet whenever it is convened by its Chairperson, who must call the meeting whenever the Board or Board Chairman requests the issuance of a report or the take-up of proposals and, in any case, whenever this is appropriate for its proper performance. It will prepare an annual report on its performance, highlighting any key incidents that have arisen, with regard to the functions for which it is responsible. This report will be available to shareholders and investors through the Company's website. Minutes will also be taken at the Committee's meetings, and made available to all members of the Board. Members of the Company's management team or personnel will be obliged to attend the sessions of the Committee and to provide their collaboration and access to information at their disposal whenever requested by the Committee. The Committee may also request the Company's accounts auditors attend its meetings. The Risk Control and Audit Committee may also call on the advice of external experts when it considers it necessary to properly fulfil its duties.

Most important action in 2015:

- Review of quarterly, six-monthly and annual financial reporting, and the completeness thereof.
- Issuance of a favourable report prior to preparing for issue the financial statements.
- Supervision of the functioning of the internal control systems for preparing and presenting regulated financial information (ICFR system) on the Company to ensure its completeness,

compliance with legal requirements, and the correct application of generally accepted accounting principles.

- Supervision of compliance with the audit contract, ensuring that the opinion on the financial statements and the main contents of the audit report are drafted in a clear and accurate way. The Committee has verified that the work performed in 2014 by the previous accounts auditor (PricewaterhouseCoopers Auditores, S.L.) complied with independence rules set forth in the Accounts Auditing Act.

- The Company's new 2015 Internal Audit Plan prepared by Interafi, S.L. has been put before the Audit Committee. The reports for 2015, prepared by Interafi, S.L. pursuant to the aforementioned internal audit plans, will be put before the Committee during the first quarter of 2016.

- Review of fulfilment of corporate governance rules, with no material breaches detected.

- Examination of regulatory changes relating to corporate governance of listed companies, preparing a report proposing modifications to internal regulations to bring them into line with the changes stemming from the act introduced to enhance corporate governance.

- Measures in relation to the Merger, reviewing proposed merger agreements and analysing agreed-upon dividend pay-outs. It also analysed the unaudited proforma financial information included in the prospectus prepared by the Company, and admission to trading of the Company's shares on the Spanish electronic trading platform.

- Control of trading of the Company's treasury shares, remaining abreast of the balance of treasury stock and of transactions involving treasury shares every quarter.

**Identify the director of the audit committee who has been appointed chairman on the basis of knowledge and experience of accounting or auditing, or both and state the number of years they have been chairman.**

<b>Name of director</b>	MR. JOSÉ JAVIER CARRETERO MANZANO
<b>Number of years as chairman</b>	0

#### **Appointments and Remuneration Committee**

<b>Name</b>	<b>Position</b>	<b>Type</b>
MR. LUIS CARLOS CROISSIER BATISTA	Chairman	Independent
MR. JOSÉ JAVIER CARRETERO MANZANO	Member	Independent
MR. JORGE MATAIX ENTERO	Member	Proprietary
MR. ALFRED MERTON VINTON	Member	Other external

<b>% of proprietary directors</b>	25.00%
<b>% of independent directors</b>	50.00%
<b>% of other external directors</b>	25.00%

**Explain the committee's duties, describe the procedure and organisational and operational rules and summarise the main actions taken during the year.**

Duties:

- Evaluate the abilities, knowledge and experience needed by the Board of Directors (the "Board"). Define the functions and skills needed by candidates and assess the time and dedication required to perform their duties.

- Establish a target for the percentage of Board members of the least represented gender and prepare recommendations to achieve this.
- Present the Board with proposed candidates for independent director, as well as proposals for the re-election or removal thereof.
- Inform the Board of the proposed appointments of the remaining Board members, and proposals for their re-election or removal. It will also report on the appointment and removal of the Secretary or Vice-secretary and senior managers of the Company, and the basic terms and conditions of the contracts of the latter.
- Review and arrange succession of the Board Chairman and CEO of the Company.
- Propose to the Board the remuneration policy for members of the Board and general managers or anyone in senior management positions who reports directly to the Board, and the individual remuneration and other contractual terms thereof.
- Review and uphold transparency vis-à-vis the remuneration policy of Board members and senior managers, and inclusion thereof in the board remuneration policy report and annual corporate governance report. The Appointments and Remuneration Committee will also have certain duties concerning corporate governance and corporate social responsibility, which include:
  - Overseeing compliance with internal codes of conduct, corporate governance rules, and the strategy for shareholder and investor communications and relations.
  - Evaluating the corporate governance system and reviewing the corporate responsibility policy, as well as the corporate social responsibility strategy and practices.
  - Overseeing and evaluating the processes related with the various stakeholders, as well as matters concerning the Company's non-financial risks.
  - Coordinating the process for reporting non-financial information and information on diversity, pursuant to applicable regulations and benchmark international standards.

#### Operating rules

The Committee will normally meet every three months, and whenever a meeting is called by its Chairperson, which this individual must do if the Board Chairman so requests. The Committee will prepare an annual report on its performance, highlighting any key incidents that have arisen, and including any proposals to improve the governance rules of the Company. This report will be available to shareholders and investors through the Company's website. Minutes will also be taken at the Committee's meetings, and made available to all members of the Board. Members of the Company's management team and personnel will be obliged to collaborate and provide information whenever requested by the Committee.

The Committee may request advisory services from outsourced experts.

Most important action in 2015:

- It submitted to the Board a report in favour of appointing Mr. Santiago Eguidazu as CEO and Mr. José Antonio Abad and Mr. Jorge Mataix as proprietary directors. It also proposed to the Board the appointment by co-option as independent director of Mr. Luis Carlos Croissier Batista. Moreover, it submitted for approval to the Board and subsequent submission for approval by shareholders at a General Meeting, said proposal for ratifying and re-electing Mr. Luis Carlos Croissier as independent director. It also agreed his appointment as Committee Chairperson, and the appointment of Ms. María Luisa Garaña as an independent director of the Company.
- It agreed to recommend to the Board the appointment of Mr. Javier Carretero as Board Vice-Chairman, following Mr. Joaquín García-Quirós's resignation. It also recommended to the Board the appointment of Mr. Santiago Eguidazu and Mr. Santiago Bergareche as Chairman and Vice-Chairman, respectively, of the Company's Board of Directors, and the appointment of Mr. Santiago Eguidazu Mayor as CEO.
- It approved the report on the proposal deriving from the Company's board remuneration policy that N+1's Board presented for approval to the General Meeting and which shareholders signed off, and the system for paying out the CEO's top bonus.
- It recommended the Board formally approve the annual board remuneration report, for the purpose of putting it to a consultative vote at the General Meeting.
- It analysed the personal and professional circumstances of each Board member using information provided by each of them and in the public domain, to determine whether the status of each director was still applicable. Based on this analysis, the Committee resolved only to reclassify Mr. Santiago Bergareche as an "other external director".

- It reported on the appointment of the Company's senior managers after the Merger took effect, along with the basic terms and conditions of their contracts.
- It assessed fulfilment of N+1's internal codes of conduct and corporate governance rules in 2014, and recommended to the Board that it approve the new Internal Code of Conduct in the securities markets and the General Code of Ethics and Conduct, along with the amendment to the General Meeting Regulations.

**C.2.2 Complete the following table on the number of female directors on the various board committees over the past four years:**

	Number of female directors							
	2015		2014		2013		2012	
	Number	%	Number	%	Number	%	Number	%
<b>Executive committee</b>	0	0.00%	0	0.00%	0	0.00%	0	0.00%
<b>Delegate risk committee</b>	0	0.00%	0	0.00%	0	0.00%	0	0.00%

**C.2.5 Indicate, as appropriate, whether there are any regulations governing the board committees. If so, indicate where they can be consulted, and whether any amendments have been made during the year. Also, indicate whether an annual report on the activities of each committee has been prepared voluntarily.**

The organisation and performance rules of the Appointments and Remuneration Committee and the Risk Control and Audit Committee are set out in the Board Regulations and in the By-laws, which are available for consultation on the Company's website ([www.nplusone.com](http://www.nplusone.com)) and at the CNMV.

The Risk Control and Audit Committee prepares an annual report on its performance, highlighting any key incidents that have arisen, with regard to the functions for which it is responsible. Furthermore, the report will include proposals to improve the governance rules of the Company whenever the Risk Control and Audit Committee deems this appropriate. The Risk Control and Audit Committee report will be available to shareholders and investors through the Company's website.

The Appointments and Remuneration Committee prepares an annual report on its performance, highlighting any key incidents that have arisen, with regard to the functions for which it is responsible. Furthermore, the report will include proposals to improve the governance rules of the Company whenever the Appointments and Remuneration Committee deems this appropriate. The Appointments and Remuneration Committee report will be available to shareholders and investors through the Company's website.



## **D** RELATED-PARTY AND INTRAGROUP TRANSACTIONS

**D.1 Explain, if applicable, the procedures for approving related-party or intragroup transactions.**

<i>Procedures for approving related-party transactions</i>
Article 5 of the Board Regulations confers sole authority to the Board of Directors, which cannot be delegated, to approve on the recommendation of the Risk Control and Audit Committee (Article 15.2 of said regulations) any transactions that the Company or where applicable, its Group companies, carry out with Board members, in the terms of Articles 229 and 230 of the Spanish Limited Liability Companies Act, or with shareholders who individually or jointly hold a significant ownership interest, including shareholders represented on the Company's Board, or that of other companies, which form part of the same group or with parties related thereto, pursuant to Law. As issuer and in accordance with Ministry of Economy and Finance Order EHA 3050/2004 of 15 September, the Company is required to provide quantified information on related-party transactions in six-monthly financial reports.

**D.2 List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's significant shareholders:**

Name or corporate name of the significant shareholder	Name or corporate name of related party	Relationship	Type of transaction	Amount (thousands of euros)
ELECTRA PARTNERS, LLP	Nmás1 Dinamia, S.A.	Contractual	Dividends and other distributed profits	191
ELECTRA PARTNERS, LLP	Nmás1 Dinamia, S.A.	Contractual	Finance agreement: capital contributions in cash and in kind	119
ANPORA PATRIMONIO, S.L.	Nmás1 Dinamia, S.A.	Contractual	Other	856

**D.3 List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's managers or directors:**

**D.4 List any relevant transactions undertaken by the company with other companies in its group that are not eliminated in the process of drawing up the consolidated financial statements and whose subject matter and terms set them apart from the company's ordinary trading activities.**

**In any case, list any intragroup transactions carried out with entities in countries or territories considered to be tax havens:**

**D.5 Indicate the amount from related-party transactions.**

1,561 (thousands of euros)

**D.6 List the mechanisms established to detect, determine and resolve any possible conflicts of interest between the company and/or its group, and its directors, management or significant shareholders.**

Article 25, section 4, point g) of the Board Regulations requires directors to take the necessary steps to avoid their interests, on their own behalf or that of third parties, conflicting with the Company's corporate interests and their duties towards the Company.

Article 27 of the Board Regulations adds the following:

1. In particular, the duty of avoiding conflicts of interest laid down in point g) of Article 24 of the Board Regulations requires each member of the Board to abstain from:

- a) Performing transactions with the Company, except for ordinary transactions performed in standard conditions for customers and of scant importance, understood to be those whose information is not required to express fairly the Company's equity, financial position and results. In the event of transactions within the ordinary course of corporate business that represent standard or common practice, generic authorisation of transactions and of the conditions for execution by the Board will suffice.
- b) Using the Company's name or invoking his/her status as director to unduly influence the performance of private operations.
- c) Making use of Company assets, including confidential company information, for private purposes.
- d) Taking advantage of company business opportunities.
- e) Obtaining advantages or remuneration from third parties other than the Company associated with the discharge of their duties, except when such perks are mere courtesy.
- f) Performing activities, for their own account or for the account of others, which involve effective competition, be it current or potential, with the Company or which, in any other way, place them in an on-going conflict vis-à-vis the Company's interests.

2. Directors must notify the Board of Directors of any conflicts of interest.

3. The foregoing provisions will also be applicable in the event that the beneficiary of the prohibited acts or activities is a person related to the director, as per the subsequent article.

4. Irrespective of the provisions set forth in the preceding paragraphs, the Company may relax the provisions established in this article in specific cases, by authorising a director or related party to conduct a certain transaction with the Company, use certain corporate assets, seize a specific business opportunity, or secure an advantage or remuneration from a third party.

5. Whenever the subject of the authorisation is the relaxing of the prohibition on obtaining an advantage or remuneration from third parties, or when the exemption affects a transaction whose value is in excess of ten percent (10%) of the corporate assets, authorisation must necessarily be given by the General Meeting in a separate specific agreement. In all other cases, the authorisation may also be issued by the Board of Directors, provided the independence of the members granting said authorisation with regard to the exempted director is guaranteed. Moreover, it will be necessary in the latter case to ensure that the authorised operation will not harm the corporate assets or, where applicable, guarantee the conduct thereof under market conditions and the transparency of the process.

6. The non-compete obligation with the Company may only be exempted in the event that no damage to the Company can be foreseen, or that the Company can expect to be compensated through the benefits it is assumed will be obtained through the exemption.

The Company's Internal Rules of Conduct also establish that anyone subject to or temporarily subject to these rules ("Subjects" or "Temporary Subjects" as defined in these rules) will act in the event of a conflict of interests (conflict between the Company's interests and their own, including "Closely Related Parties" as defined in these rules) and persons or entities that the proprietary directors represent) in accordance with the following principles:

- a) Independence: They must perform their duties with loyalty, independently of any interests that may conflict with their own or third parties affecting them.
- b) Abstention: They must refrain from participating in or influencing decisions related with any conflict of interests
- c) Confidentiality: They must avoid being privy to any confidential information on the conflict of interests.

The Company's Internal Rules of Conduct stipulated that Subjects must sign and keep up to date a statement detailing any situations and relations that could give rise to conflicts of interest. In all instances, the statement will include performing, on their own account or that of a third party, similar or complementary activities to those of the Company and any organic or service relationship, and holding any direct or indirect stakes of over 3% in companies performing similar or complementary

activities to those of the Company. In this regard, relationships with blood relations that are more than fourth removed or with relatives in law of more than second-degree affinity will not, in principle, be treated as a potential conflict of interest.

Any actual or potential conflicts of interest that are detected must be reported as quickly as possible and, in any event, before any decisions that could be affected by the possible conflict of interests are taken.

**D.7 Is more than one group company listed in Spain?**

Yes ☐

No ☒

**Identify the listed subsidiaries in Spain:**

**Listed subsidiaries**

**Indicate whether they have provided detailed disclosure on the type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies:**

**Business dealings between the parent and listed subsidiary, as well as  
between the subsidiary and other group companies**

**Indicate the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other group companies.**

**Mechanisms**

## **E RISK CONTROL AND MANAGEMENT SYSTEMS**

### **E.1 Describe the risk management system in place at the company, including fiscal risks.**

The Company has a robust corporate governance structure and procedures, as well as a Control and Risk Committee that is fully independent of the business lines and reports directly to the Risk Control and Audit Committee. The Control and Risk Committee is headed up by the Compliance and Risks Officer. Its permanent members include the General Division (including the Technology Department and Human Resources area), General Secretary, Director of Legal Affairs, and two members of the Finance Department. Risk control shapes all the strategic and operational decisions taken by the parent and each of its subsidiaries.

The Group continuously analyses its global risk profile using a risk map; identifying and registering new risk situations and monitoring exposure using risk indicators and the possible loss events due to process failures, possible legal action, etc. The materiality thereof is classified based on the potential impact on the financial statements. The potential impact on reputational risk is also assessed. This information can be used to set a risk tolerance threshold and take decisions to mitigate and transfer risks.

The working methodology is as follows:

1. The Compliance and Risks Officer meets regularly with business area heads to identify the risks that could affect achieving each area's objectives.
2. Having identified each risk and conducted unification work across the areas with a view to aggregating and standardising risk control at Group level, possible metrics are identified to objectively monitor risk exposure.
3. In order to estimate impacts and the degree of cover, the areas' past experience of losses from risks is considered alongside a qualitative benchmark compared to other entities and market best practices.
4. Existing risk mitigation measures are evaluated to estimate the degree of cover.
5. Risk thresholds are set to classify risks as low, moderate or high.
6. Risk mitigation and coverage measures are drawn up and put before the Control and Risks Committee for approval.
7. The effectiveness of measures in place is assessed, and the risk metrics for each factor are monitored.
8. Flags are raised when the coverage of a risk factor is below the approval threshold determined in the Risk Policy.

### **E.2 Identify the bodies responsible for preparing and implementing the risk management system, including fiscal risks.**

The Board of Directors holds ultimate responsibility for the existence and maintenance of an appropriate risk management system, delegating responsibility for supervision of this to the Risk Control and Audit Committee, while the Regulatory Compliance and Risk Department is responsible for its introduction and review.

The Risk Control and Audit Committee's responsibilities include the following related with preparing and deploying the risk management system:

- a) Supervise the process of preparing and the completeness of the obligatory financial reporting to be regularly supplied by the Board to the markets and to the supervisory bodies with regard to the Company and, where appropriate, the Group, reviewing compliance with regulatory requirements, the appropriate delimitation of the consolidation perimeter and proper application of generally accepted accounting principles. The Risk Control and Audit Committee will report to the Board, prior to adoption by the Board of the corresponding decisions concerning financial reporting which, as a listed company, the Company must periodically publish. The Committee must ensure that interim financial statements are drawn up with the same accounting criteria as the annual financial statements and, to this end, will consider whether or not an external auditor should perform a limited review.

- b) Supervise and be aware of the effectiveness of the Company's internal control, the internal audit, where appropriate, and the risk management systems, including tax-related risks, as well as discuss with the accounts auditors any significant weaknesses in the internal control system detected during the audit.
- c) Inform the Board of any resolutions or significant events at its meetings.
- d) Notify the Board in advance of any related-party transactions.
- e) Perform any other duties assigned to it by the Company's Board of Directors, especially any relating to the Group's risk management and control policy (paying particular attention to the activities of regulated Group companies), Law, the By-laws and the Board Regulations.

The Control and Risks Committee, reporting to the Board's Risk Control and Audit Committee, is charged with:

- a) Proposing the Group's internal control and risk policy, setting out and evaluating the risks covered by the risk management system and providing evidence that the system is fit for purpose vis-à-vis each type of risk.
- b) Preparing and submitting for approval internal control procedures, and overseeing compliance therewith.
- c) Prepare regulatory compliance and risk reports and present them to the Control and Risks Committee and Risk Control and Audit Committee.
- d) Coordinate and manage regulatory compliance and/or risk control units that are or may be established at N+1 Group subsidiaries.
- e) Propose a risk map tailored to the Group's operations.
- f) Report on whether any of the different types of risk (operational, technological, financial, legal, etc.) have arisen during the year that affect the Group, providing details of the triggers and performance of the systems in place to mitigate the effects of said risks.
- g) Coordinate the regulatory compliance functions, ensuring applicable laws are properly adhered to.
- h) Foster a culture of regulatory compliance in the N+1 Group, with the Human Resources Department participating in running training programmes to provide the Group's personnel with the skills and experience needed to appropriately carry out their duties.

### **E.3 Indicate the main risks, including fiscal, which may prevent the entity from achieving its targets.**

In accordance with the risk identification procedure, the main categories of risks of most relevance and which, therefore, form part of the risk control system, are:

- Market risk: sensitivity to macroeconomic fluctuations. In this regard, the Group has a wide range of products and geographical markets, as well as a flexible cost structure that allows it to adapt rapidly to changing market circumstances. The asset management area also generates income from recurrent commission which covers a significant portion of fixed costs.
- Legal compliance and regulatory risk: The N+1 Group's activities are subject to diverse levels of regulation and oversight. Regulatory compliance is essential for the Group. With regard to the prevention of money laundering and the financing of terrorism, the Group avails of appropriate procedures and tools for accepting customers and continuously monitoring risk. Legislative developments and any potential impacts on the businesses are monitored. The internal audit function continuously ensures the regulatory requirements are met, and escalates any potential breaches to the Risk Control and Audit Committee.
- Operational risk: Failures in processes that could result in loss events. The IT systems infrastructure is outsourced to highly respectable suppliers. A customer service and investors relations department are in place. The Group also has a number of operating procedures in the different business areas that are internally audited on an on-going basis.
- Reputational risk: Possible conflicts with customers, incidents detected by regulators, or claims from suppliers could affect the Group's reputation. The Group has a code of ethics that includes the principles to which all staff and management must adhere to.
- Loss of human capital: The N+1 Group's main asset is the high level of skills of its professionals. A key element is to manage talent through the right policy on pay and career development plans.

- Exchange rate risk: An important part of the Group's turnover is in currencies other than the euro. Any devaluations of these currencies would hit the Group's bottom line.

**E.4 Identify if the entity has a risk tolerance level, including fiscal.**

The Company has a Risk Management System in place which comprises indicators of exposure to, probability of occurrence of, and the severity of any impact of such risk. These indicators are also classified according to the possible impact on profit (scores) and other qualitative factors such as the impact on reputation.

The Company's tolerance to risk is very low. In 2016 and after integrating the risk management and control management systems in place at the Company before the Merger and at N más Uno IBG, S.A. (acquiree), a new risk policy will be signed off establishing the consolidated tolerance levels for the Group.

In order to adapt to the strategy and to the conditions of the activities the N+1 Group performs and the countries in which it operates, these tolerance levels and scores must be approved at least every year by the Risk Control and Audit Committee, on the recommendation of the Regulatory Compliance and Risk Department.

It has been considered that these scores must take into account the potential financial impact (determined through the impact on value of investments and/or finance income), the potential impact on N+1's reputation or image, as well as the potential impact resulting from regulatory breaches. These scores are used to prepare a map of risks ordered by probability of occurrence and severity of their impact, which can be used by the Control and Risks Committee to make decisions to mitigate risk.

These scores also take into account the probability of each risk occurring, in accordance with the expectations of the risk materialising as well as the level of preparation and response capability of N+1, to which end the responses and performance checks for key risks are identified.

**E.5 Identify any risks, including fiscal, which have occurred during the year.**

In 2015, some of the risks inherent to the Company's activity arose, as a consequence of carrying out the operations themselves, the business and the current economic climate in Spain.

In particular, stakes in The Beauty Bell Chain, S.A. and Helena Debtco were divested for €1, due to the financial problems of these companies. Although this divestment had no economic impact in the year as full provisions had been recognised in prior years, it did damage N+1's reputation due to the publication in the press of several articles linking The Beauty Bell Chain, S.A.'s workforce restructuring plans with N+1.

Minor cyber-attacks were also reported in 2015, which had no impact on operations or finance income. Nonetheless, it was highlighted that IT protocols needed to be tightened to avoid these events. In this regard, IT infrastructure management was outsourced to British Telecom, which enabled additional security measures to be put in place.

Lastly, the risk control mechanisms implemented by the Company have worked properly, allowing the Company to minimise the impact of these risks on its financial statements.

**E.6 Explain the response and monitoring plans for the main risks the entity is exposed to, including fiscal.**

The Risk Control Committee monitors the Group's exposure to each risk, approving action plans that ensure such exposure is kept within the established tolerance thresholds.

This committee registers agreed-upon action and monitors the degree of completion thereof.

The Risk Control and Audit Committee also oversees the effectiveness of the Risk Management System.

## **F INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)**

**Describe the mechanisms which comprise the internal control over financial reporting (ICFR) risk control and management system at the company.**

### **F.1 The entity's control environment**

**Indicate the existence of at least the following components, describing their main characteristics:**

#### **F.1.1. The bodies and/or functions responsible for: (i) the existence and regular updating of a suitable, effective ICFR; (ii) its implementation; and (iii) its monitoring.**

The Internal Control over Financial Reporting System (hereinafter, "the ICFRS"), forms part of the N+1 Group's general internal control system, and was set up to provide reasonable assurance as to the reliability of the financial information provided to the markets.

The Group has an Accounting Policies Manual and ICFRS Manual approved by the Board of Directors, setting forth the administrative and technical procedures that help to enhance internal control, and thereby raise operating efficiency. All with a view to obtaining more reliable, timely and true financial information, and issue reports that are invaluable to taking the right decisions. An oversight protocol and training procedure are also in place vis-à-vis the ICFRS. The Regulatory Compliance and Risk Control Department is also responsible for the design, roll-out and performance of the ICFRS.

The Board of Directors Regulations (available on the Group's website) also set out a raft of policies concerning the ICFRS, which specify, among the Board's other competencies and responsibilities, reviewing and approving the financial information that is regularly published, and adopting the necessary measures to ensure that financial information is prepared as per the same principles, criteria and professional practices as those followed when preparing the financial statements, and that said information is equally as reliable. The Group's Board of Directors is ultimately responsible for financial information and the existence of an adequate internal control system for this information.

These regulations also stipulate the competencies and responsibilities of the Risk Control and Audit Committee, which include reviewing the Group's financial statements and regular financial reporting, ensuring legal requirements are fulfilled and generally accepted accounting principles applied properly. It is also responsible for overseeing the completeness of and process for preparing statutory financial information, checking compliance with regulatory requirements, appropriate demarcation of the scope of consolidation, and proper application of generally accepted accounting principles. The regulations also expressly refer to supervision of internal control and the risk management systems, and discussions with accounts auditors on any significant weaknesses in the internal control system identified during the audit of the Group's financial entities.

Specifically, Article 15.2 stipulates the following with regard to the Risk Control and Audit Committee's competencies and responsibilities:

- Supervise the process of preparing and the completeness of the obligatory financial reporting to be regularly supplied by the Board to the markets and to the supervisory bodies with regard to the Company and, where appropriate, the Group, reviewing compliance with regulatory requirements, the appropriate delimitation of the consolidation perimeter and proper application of generally accepted accounting principles. The Risk Control and Audit Committee will report to the Board, prior to adoption by the Board of the corresponding decisions concerning financial reporting which, as a listed company, the Company must periodically publish. The Committee must ensure that interim financial statements are drawn up with the same accounting criteria as the annual financial statements and, to this end, will consider whether or not an external auditor should perform a limited review.

- Supervise and be aware of the effectiveness of the Company's internal control, the internal audit, where appropriate, and the risk management systems, including tax-related risks, as well as discuss with the accounts auditors any significant weaknesses in the internal control system detected during the audit.

**F.1.2. The existence or otherwise of the following components, especially in connection with the financial reporting process:**

- **The departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) deploying procedures so this structure is communicated effectively throughout the entity.**

The Company avails of an Internal Control Organisation Procedure signed off by the Board of Directors on 24 February 2016. This specifies that the General Division will be responsible, when authorised by the Board, for designing and reviewing the organisational structure, and appropriate distribution of tasks and duties. They will carry out any necessary revisions and will check that all the Group's employees receive said procedure by email and other channels established for this purpose. The procedure also includes an organisational chart and the main responsibilities of the following areas: General Division, Finance Department, HR Department, IT Department, Administration Department, Accounting Department, Legal Affairs Department, Corporate Development, Regulatory Compliance and Risks Department, and Internal Audit.

The Board Regulations set forth the functions of the Board and of the duties delegated to the Risk Control and Audit Committee and the Appointments and Remuneration Committee.

The Group also has an Accounting Policies Manual, approved by the Board of Directors on 17 December 2015, setting out the procedures governing the sub-processes involved in preparing financial information and those in charge of each of them.

- **Code of conduct, approving body, dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.**

The Group has a General Code of Ethics and Conduct (hereinafter, "the Code of Ethics") and Internal Rules of Conduct concerning securities market matters (hereinafter, "the IRC").

The Code of Ethics sets out a raft of basic principles and practices for professional conduct that must be adhered to by all the staff and management of N+1 and N+1 Group companies. Notwithstanding this, some individuals are also subject to other rules of conduct that are specific to the activity or business in which they carry out their duties. These individuals are referred to as "Subjects" and are required to adhere to rules governing the following:

1. Equal opportunities and non-discrimination
2. Compliance with the Law and internal rules
3. Obligation to disclose administrative sanctions and criminal records
4. Non-compete and professional exclusiveness requirement
5. Conduct in the event of conflicts of interest: personal interests must not come before the interests of the Group or its customers
6. Control of information and confidentiality: general duty of secrecy; management of confidential documents
7. Responsible participation in forums, social networks, and political or trade association activities
8. Restricted access to insider information
9. Prohibition to trade with securities when party to related confidential or insider information
10. Commitment to report (where stipulated) any personal transactions
11. Appropriate use of devices, assets and other property of N+1
12. Prohibition to give or promise to give public servants any type of payment or gift



13. Prohibition to give or promise to give any type of payment or gift to individuals that, in breach of its obligations when procuring products or services or buying and selling assets, give the N+1 Group an advantage over its competitors
14. Protection of intellectual property
15. Separation of duties and Chinese walls

The Code of Ethics is available to all the Group's staff on the intranet, and they have all been informed of its existence, location, and their obligation to adhere to it. The Regulatory Compliance and Risks Department is responsible for ensuring all N+1 staff and executives are aware of the General Code. The Human Resources and Regulatory Compliance and Risks departments regularly report to the Control and Risks Committee on Subjects' following of and compliance with the rules. They are responsible for keeping an up-to-date register of Subjects, along with dates on which individuals join or leave the register.

The IRC is updated regularly by the Board of Directors. The Control and Risks Committee is an internal control body of the Company that operates under the auspices of the Board of Directors and reports to the Appointments and Remuneration Committee and the Risk Control and Audit Committee. With regard to the IRC, the Control and Risks Committee regularly reports to the Appointments and Remuneration Committee on its activities and any incidents of interest in relation to the rules and compliance therewith.

The main aspects covered by the IRC are as follows:

1. General duty of conduct
2. Insider information
3. Avoidance of market manipulation
4. Duties concerning analysis and negotiation of transactions that affect the markets
5. Authorisation and reporting of transactions
6. Blackout periods
7. Other duties related with trading
8. Conflicts of interest
9. Recording and confidentiality of actions
10. Reporting of material information
11. Rules on treasury share trading
12. Sanctions system

The IRC is available on N+1's website. It is also available to all the Group's staff on the intranet, and they have all been informed of its existence, location, and their obligation to adhere to it.

- **'Whistle-blowing' channel, for the reporting to the audit committee of any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and malpractice within the organisation, stating whether reports made through this channel are confidential.**

An important aspect of responsibility and transparency is to ensure all matters concerning potential breaches of laws, rules, regulations or internal policies and procedures, and good faith reporting are managed appropriately and resolved as applicable. The Group therefore has a mechanism through which any employees can securely and confidentially report any irregularities that they consider have arisen when carrying out the Group's activities.

The Group has a procedure for reporting infractions, which has been approved by the Board of Directors and applies to all N+1 staff and management.

The main features of this procedure are:

1. Guarantee that the identity of the reporting party and alleged offenders will be kept confidential.
2. Non-acceptance in any circumstances of anonymous reports.
3. The main aspects that could be reported are: breaches of the IRC or Code of Ethics, employment obligations, fraud, violation of duty of confidentiality, failure to adhere to financial reporting standards, breaches of anti-laundering policy, market abuse, abuse of authority and workplace bullying.
4. Reports can be submitted via the [whistleblowing@nplusone.com](mailto:whistleblowing@nplusone.com) mailbox.
5. The Group's Compliance and Risks Officer (hereinafter, "the CRO") is charged with receiving and managing any reports, informing the Risk Control and Audit Committee (hereinafter, the "RCAC") of

any reports and the results of investigations carried out, and recommending to the committee any measures that could be adopted.

6. The RCAC may, in any event, launch new investigations and will, based on a report from the CRO, propose measures to be taken in relation to the reports received.

7. Any complainants who are found to have submitted unfounded claims in bad faith may be subject to disciplinary proceedings.

This procedure is available to all staff on the N+1 intranet. All employees have also been notified of the procedure. The Group assumes responsibility for ensuring all new hires (staff and management) are made aware of the whistleblowing policy, and of informing all staff by email on a yearly basis.

**• Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating ICFR, which address, at least, accounting rules, auditing, internal control and risk management.**

The ICFRS Manual, signed off by the Board of Directors on 17 December 2015, includes the procedure for the provision of training on the ICFRS, and sets out the Group's commitment to ensuring staff involved in preparing and reviewing financial information have the right training, thereby fulfilling regulatory provisions.

The heads of Legal Affairs and Finance will regularly (at least annually) assess training requirements in order to fulfil commitments to provide appropriate training to staff involved in preparing and reviewing the Group's financial information.

These department heads will take into account, *inter alia*, the following when assessing training needs:

- Any relevant amendments to accounting legislation, internal control rules and/or reporting standards that affect the Group and its companies.
- Changes in the Group's structure that result in new legal obligations when preparing and reporting financial information relative to those applicable to the Group at the time.
- Introduction of new procedures in the Group to prepare and publish financial information.
- Roll-out of new software for preparing and publishing financial information and/or changes to the configuration of existing applications.
- Any other circumstances that the heads of these departments consider relevant to the analysis.
- The Group's strategic objectives.

Once training goals have been determined, the Group's Human Resources Department will prepare a training plan setting out, but not limited to, the following:

- Title of training to be provided.
- Group, participants and number of participants invited.
- Planned dates.
- Training hours.
- Method of training.
- Location of training.
- Trainer.
- Training cost.
- In-house or out-of-house course.

Each stage of every training plan will be subject to on-going improvements. Training provided over the course of each year will be evaluated for this purpose. All courses in the training plan will also be subject to feedback from participants in order to assess how relevant they are to their work, how the sessions were organised, and the quality and involvement of trainers.

## **F.2 Risk assessment in financial reporting**

### **Report at least:**

#### **F.2.1. The main characteristics of the risk identification process, including risks of error or fraud, stating whether:**

- **The process exists and is documented.**

The Group has an ICFRS Manual, signed off by the Board of Directors on 17 December 2015, which was drawn up following a methodological approach to identify and evaluate risks in the financial reporting process. This methodological approach is designed pursuant to relevance criteria approved by the Group's Board of Directors, and taking into consideration all the financial information that the Group reports and publishes. This document provides an inventory of key processes and sub-processes for generating financial information, and the main associated risks and controls put in place by the Group to mitigate said associated risks.

An officer is assigned to each process identified and included in the document, who works with the Regulatory Compliance and Risk Control Department to document the process, identify associated risks and existing controls, and define and roll out new controls where necessary, subsequent to obtaining approval from the Control and Risks Committee and under the Risk Control and Audit Committee's supervision. They also assume responsibility for introducing measures put forward by the Regulatory Compliance and Risks Department.

- **The process covers all financial reporting objectives, (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), is updated and with what frequency.**

The scope of the methodology used to identify risks and design controls related with the generation of financial information covers the most relevant processes and areas following relevance criteria based on materiality and other qualitative aspects. Specifically, the Group has built its risk identification and evaluation process on key principles such as: existence and occurrence; accuracy; rights and obligations; measurement; presentation and disclosure; and comparability.

The inventory of processes and risks provided in the ICFRS Manual and the updating thereof is the responsibility of the Group's Control and Risks Committee, who must review it at least once a year. The Group's Internal Audit team is responsible for overseeing and validating the effectiveness thereof, checking whether there have been any significant changes in the risks associated with financial reporting specified in the aforesaid document. The Risk Control and Audit Committee will be notified of any changes.

- **A specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles, holding companies, etc.**

The Group has a procedure in place for determining the scope of consolidation – described in point 4 of the Internal Accounting Policies Manual, approved by the Board of Directors on 17 December 2015.

The Group's financial information is consolidated every quarter for the purpose of monitoring management control and reporting to Management and the Company's other control bodies. The principles set forth in prevailing accounting standards are followed when determining the scope of consolidation. The main stages of the consolidation process are as follows:

1. For each consolidation process, the Finance Department requests an updated organisational chart for the Group from the Legal Affairs Department. Any changes in scope will be taken into consideration by the person in charge of consolidation with a view to removing a company from the scope in the case of divestments, or including them when they are acquired (using the appropriate method of consolidation as per prior accounting standards). Legal Affairs will also be asked to provide any documentation on the transaction in question. This documentation will be used to determine the resulting ownership interest, type of investee, accounting treatment thereof, etc.

2. Once the scope of consolidation has been defined for the period in question and the ownership interest in and method of consolidation of the new entity (in the case of acquisitions) determined, the individual reporting closes will be checked in conjunction with the officers in charge of the investees (both in Spain and abroad) that have closed their accounts and are ready to begin consolidation.

3. The officer in charge of consolidation does so using BM Cognos Controller software.

• **The process addresses other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they may affect the financial statements.**

The main risk categories of most relevance are: market risk, legal compliance and regulatory risk, operational risk, reputational risk, the risk of losing human capital, and exchange rate risk.

• **Which of the company's governing bodies is responsible for overseeing the process.**

In the last instance, the Board of Directors is ultimately responsible for assessing financial reporting risks through the Risk Control and Audit Committee, who is charged with overseeing the process with the help of the Group's Internal Audit area.

### **F.3 Control activities**

**Indicate the existence of at least the following components, and specify their main characteristics:**

#### **F.3.1. Procedures for reviewing and authorising the financial information and description of ICFR to be disclosed to the markets, stating who is responsible in each case and documentation and flow charts of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the separate review of critical judgements, estimates, evaluations and projections.**

The Board of Directors is responsible for approving the risk management and control policy, and overseeing the in-house training systems. It is therefore ultimately responsible for financial information and the existence of an internal control over financial reporting system that is fit for purpose.

The Group has an ICFRS Manual providing flowcharts of the main processes with a material impact on the generation of financial information, identifying the risks involved, and measures and controls to prevent, mitigate and minimise these risks. This ICFRS Manual defines the principal risks affecting each procedure, showing the following fields for each of these risks:

- Type of risk identified (including fraud risk).
- Impact in the event said risk arises.
- Likelihood of said risk occurring.
- Control activity.
- Type of control.
- Individual responsible for implementing the control.
- Evidence of the control.
- Frequency of the control.
- Materiality indicator.

The Group also avails of an Internal Accounting Policies Manual setting out all the sub-processes and describing the main risks and controls of each procedure and the individuals responsible for them.

The reporting close procedure is described in point 5 of the Internal Accounting Policies Manual, approved by the Board of Directors.

The N+1 Group's accounting system (SAP) is, on the whole, shared by subsidiaries. This ensures a tighter control over accounting records and the generation of financial information. The Company's Finance Department can access the accounting records of all the Group companies' using this system. Due to the nature of the N+1 Group, the reporting close is split into two sub-processes:

- Reporting close of Spanish companies
- Reporting close of foreign companies

There is a number of important processes concerning the generation of financial information that must be followed by each participating area. Controls over and supervision of these processes ensure the completeness and accuracy of the financial information included in the reporting closes of the companies and the financial statements of each and of the N+1 Group (e.g. legal action, measurement of investees, etc.).

The N+1 Group also has an accounting consolidation tool (see F.4.2.) used in support of the information generated on an individual basis in SAP.

The Board Regulations also determine that the Risk Control and Audit Committee will normally meet every three months to review the regular financial information that must be submitted to stock market authorities, and the information that the Board of Directors must approve and include in the annual public reporting documents. It will also meet whenever it is convened by its Chairperson, who must call the meeting whenever the Board or Board Chairman requests the issuance of a report or the take-up of proposals and, in any case, whenever this is appropriate for its proper performance.

**F.3.2. Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.**

The Group's IT systems used to prepare financial information either directly or indirectly ensure financial information is prepared and published properly at all times, using the SAP User Manual. Its content includes start instructions, access security, and instructions on all accounting processes. Likewise, as part of the process for identifying financial reporting risks, the Group has a SAP User Manual, an ICFRS Manual and a Business Continuity Plan.

The ICFRS Manual features flowcharts for the main processes with a material impact on the generation of financial information, including those related with the disaster recovery plan, continuity plan, logical security and technology exploitation. These charts present each process in detail and describe the risks and controls implemented, along with the individuals who are involved in the process.

The Group also avails of a Business Continuity Plan which aims to specify the internal processes that will be triggered in the event of an internal or external threat, to ensure the business can continue to function. The plan identifies various possible scenarios and the measures and controls to prevent and mitigate the effects thereof and minimise response times. This plan also refers to the existence of a business recovery team and the members thereof, which would be responsible for managing operations with a clearly defined functions and responsibilities in the event of a threat.

**F.3.3. Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.**

The Group regularly reviews which outsourced activities are relevant to the process of preparing financial information.

Specifically, a Procedure for the Outsourcing of Essential Functions exists, which was approved by the Board of Directors on 24 February 2016, and applies to all essential activities that N+1 outsources to third parties. These include those identified when developing material processes that affect the generation of financial information, within the framework of the Internal Control over Financial Reporting System.

The basic points set forth in the procedure include a series of minimum requirements and criteria that suppliers must fulfil, essential service-level indicators to be included in each contract, reasons for penalties or contract cancellation, and lines of reporting and supervision in the process of outsourcing essential functions.

The procedure also specifies that the department in charge of the function or service being outsourced will carry out the controls needed to verify the assessments, calculations and valuations outsourced to third parties, paying close attention to any outsourced activities that could have a material impact on the generation of financial information. Incidents detected will be immediately reported to the Control and Risks Committee and the service provider, and corrective measures taken to resolve them.

#### **F.4 Information and communication**

**Indicate the existence of at least the following components, and specify their main characteristics:**

##### **F.4.1. A specific function in charge of defining and maintaining accounting policies (accounting policies area or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operations, and a manual of accounting policies regularly updated and communicated to all the company's operating units.**

The Group has an Internal Accounting Policies Manual, the primary aim of which is to establish the administrative and technical procedures that contribute to better internal control.

As indicated in the manual, the Finance Department, acting with the authority of the General Manager, will be responsible for defining, updating and disseminating the Group's accounting policies in order to obtain the most suitable, timely and accurate financial information. It will also be responsible for resolving any doubts or conflicts deriving from the interpretation and applications of the accounting policies.

The Internal Accounting Policies Manual will be updated annually, or whenever any significant amendments to applicable legislation are introduced which require it to be updated. The Finance Department will email the manual as well as any significant changes thereto to affected staff. In both cases, employees will be required to provide formal written confirmation that they have read and understood the content thereof.

##### **F.4.2. Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.**

Practically the entire accounting information system of the N+1 Group companies is integrated in the same information system that is shared by all of them (SAP Business ByDesign). The parameters for the automated accounting are therefore the same across the Group. This parameterisation is defined and overseen from a technical and regulatory perspective by the Finance Department, which reports directly to the General Manager, thereby ensuring the Group's accounting policies and prevailing standards are adhered to. Since all the N+1 Group subsidiaries that are controlled (fully consolidated) use the same accounting information system, local charts of accounts can be used (pursuant to country-specific standards) and converted to a single chart of accounts in accordance with the N+1 Group's configurations. To a large extent, this N+1 Group chart of accounts formed using each of the local charts of accounts, includes the minimum disclosures needed to comply with the reporting requirements set forth by (local and foreign) authorities.

The consolidation process is automated using an application (IBM Cognos Controller) at the N+1 Group's parent, and brings together the month-end accounting information of all the N+1 Group companies. Once all the subsidiaries have completed the monthly close in the N+1 Group's

accounting system (where applicable), the data is automatically loaded which informs the accounting consolidation tool as per the chart of accounts configured by the N+1 Group. The financial statements of companies that do not use the N+1 Group's functional currency (euros) are translated in the consolidation system by inputting the relevant exchange rates. The financial statements of all consolidated companies are then automatically aggregated:

- Intragroup items are identified and reconciled automatically, enabling any differences that could arise to be analysed and eliminated correctly.
- Adjustments are made automatically to eliminate own funds-investments.
- The Finance Department is able to input any accounting or off-balance sheet information and make any adjustments that might not be included in the automatic upload (companies not included in SAP, manual book entries, etc.).

This consolidation process is highly automated and involves different controls/reconciliations to ensure the process is carried out correctly. Moreover, once the consolidation process is finalised in the application, several reports are generated based on different previously defined criteria (by segment, country, etc.). This consolidation software was configured in 2015 and was almost fully rolled out at the date of preparing the financial statements: 31 December 2015.

#### **F.5. Monitoring**

**Indicate the existence of at least the following components, describing their main characteristics:**

**F.5.1. The ICFR monitoring activities undertaken by the audit committee and an internal audit function whose competencies include supporting the audit committee in its role of monitoring the internal control system, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. State also whether the company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.**

The Internal Audit Procedure, approved by the Board of Directors on 24 February 2016, establishes that the Risk Control and Audit Committee will be responsible for overseeing the work performed by the Internal Audit Committee, which is currently outsourced to Interafi S.L. It must also supervise and be aware of the effectiveness of the Group's internal control, and the risk management systems, including those associated with tax-related risks.

Interafi S.L.'s functions, meanwhile, as authorised by the Board of Directors and the Risk Control and Audit Committee, include providing independent verification that the activities performed by the Group comply with its general policy and principles in place. Internal Audit's principal objective is therefore to verify the degree of compliance with and effectiveness of the written procedures that have been designed, and detect any regulatory breaches or sources of risk. Internal Audit must also notify the Risk Control and Audit Committee of progress with the Annual Plan, activities performed, reports, possible deviations, planned work, and any relevant matters. It will also prepare proposals for any pertinent corrective measures, directly informing the Board of Directors and Risk Control and Audit Committee of such action.

Internal Audit evaluated the Group's ICFRS in 2015. This task is now outsourced to Interafi S.L. and entails the following: "Review of the internal control over financial reporting procedures designed by the Group in 2015".

**F.5.2. A discussion procedure whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the company's senior management and its audit committee or board of directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.**

The Group's Internal Audit Procedure established a relationship framework defining the lines of communication between Internal Audit and the Risk Control and Audit Committee and Board of

Directors. Specifically, it is expressly stated that Internal Audit must notify the Risk Control and Audit Committee of progress with the Annual Plan, activities performed, reports, possible deviations, planned work, and any relevant matters. In turn, the Risk Control and Audit Committee must evaluate the results and responses of the management team, and serve as a conduit for communications between the Board of Directors and Internal Audit. If the function is outsourced, the Risk Control and Audit Committee will also prepare an annual report on the performance of the company charged with internal audit – currently Interafi S.L. – highlighting the main incidents arising, if any, with regard to its duties, and including improvement points in this report.

The Risk Control and Audit Committee will normally meet with the Board of Directors every three months to review the regular financial information that must be submitted to the authorities and the information that the Board of Directors must approve and include in the annual public reporting documents.

The Board Regulations also include a policy on reporting and relations with the Board (Title X), including the following points: Annual Corporate Governance Report, corporate website, shareholder relations, relations with markets and with accounts auditors. Lastly, one of the main duties of the Risk Control and Audit Committee is to oversee and remain abreast of the effectiveness of the Group's internal control, internal audit, and risk management systems, and discuss with the accounts auditors any significant weaknesses in the internal control system detected during their audit.

#### **F.6 Other relevant information**

N+1 IBG S.A. was taken over by Dinamia SCR, S.A. in July 2015, leading to the incorporation of a listed company responsible for the investment banking and asset management activity previously performed by N+1, along with Dinamia's direct equity investments in companies. The internal control model of the financial reporting system after the aforesaid takeover was therefore unified in 2015. This unification led to the design of new procedures that are being rolled out by the Group and are expected to be in place in 2016.

#### **F.7 External auditor's report**

**State whether:**

##### **F.7.1. The ICFR information supplied to the market has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.**

Pursuant to the recommendation on the auditor's report on information concerning the internal control system included in the Guide on Internal Control over Financial Reporting in Listed Companies, published on its website by the Spanish securities market regulator (*Comisión Nacional de Mercado de Valores*), the Group will present the content of information on the Internal Control over Financial Reporting System to the accounts auditor for review. The resulting report will be attached on issue as an appendix to the Annual Corporate Governance Report.

### **G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS**

**Indicate the degree of the company's compliance with the recommendations of the Good Governance Code of Listed Companies.**

**Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company's behaviour. General explanations are not acceptable.**

**1. The Bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.**



Compliant ☒

Explain ☐

**2. When a dominant and a subsidiary company are stock market listed, the two should provide detailed disclosure on:**

**a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies.**

**b) The mechanisms in place to resolve possible conflicts of interest.**

Compliant ☐

Partially compliant ☐

Explain ☐

Not applicable ☒

**3. During the annual general meeting the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:**

**a) Changes taking place since the previous annual general meeting.**

**b) The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead.**

Compliant ☐

Partially compliant ☐

Explain ☒

At the Company's 29 April 2015 General Meeting, shareholders approved, *inter alia*, the takeover of N más Uno IBG, S.A. by the Company. This takeover (hereinafter, "the Merger") involved a major transformation of the Company, which lost its status as a private equity firm and included as part of its corporate purpose the activities previously performed by the N+1 Group involving the provision of financial advisory services, analysis and stock market brokerage, and asset management and advisory services.

Since the Merger was subject to shareholder approval at the General Meeting and the result in the year of exercising the withdrawal right subsequent to the aforesaid General Meeting, it was not possible to verbally provide details of the most relevant aspects of corporate governance, as these depended entirely on whether or not the Merger took place. Nonetheless, the Prospectus on the admission to trading of the Company's shares as a result of the Merger (registered with the CNMV on 28 July 2015) includes exhaustive information on the Company's corporate governance after the merger. Without prejudice to the aforesaid, the Company's Board Chairman will take the opportunity at the Company's next Annual General Meeting to verbally inform shareholders of the most relevant aspects of the Company's corporate governance.

**4. The company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.**

**This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.**

Compliant ☒ Partially compliant ☐ Explain ☐

**5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.**

**When a board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.**

Compliant ☒ Partially compliant ☐ Explain ☐

**6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:**

**a) Report on auditor independence.**

**b) Reviews of the operation of the audit committee and the appointments and remuneration committee.**

**c) Audit committee report on third-party transactions.**

**d) Report on corporate social responsibility policy.**

Compliant ☐ Partially compliant ☒ Explain ☐

A report on auditor independence and a report on the performance of the operation of the Audit Committee for 2014 were prepared in 2015. The latter was published on the corporate website well ahead of the 2015 Annual General Meeting.

With regard to 2015, the Company has prepared all the reports referred to in this recommendation, except for the Corporate Social Responsibility Report. These reports will be published on the corporate websites well ahead of the 2016 Annual General Meeting.

**7. The company should broadcast its general meetings live on the corporate website.**

Compliant ☐ Explain ☒

To date the Company has not provided live broadcasts of General Meetings on its corporate website, firstly because of the normally high level of participation in person and by proxy at the Company's general meetings (e.g. 77.78% of share capital represented at the 29 April 2015 Annual General Meeting and 80.87% at the Extraordinary General Meeting on 17 December 2015). Also, the Company is small cap and its capital is concentrated among a limited number of shareholders.

**8. The audit committee should strive to ensure that the board of directors can present the company's accounts to the general meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the chairman of the**

audit committee and the auditors should give a clear account to shareholders of their scope and content.

Compliant ☒ Partially compliant ☐ Explain ☐

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Compliant ☒ Partially compliant ☐ Explain ☐

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

- a) Immediately circulate the supplementary items and new proposals.
- b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.
- c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.
- d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

11. In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

12. The board of directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Compliant ☒ Partially compliant ☐ Explain ☐

**13. The board of directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.**

Compliant ☒ Explain ☐

**14. The board of directors should approve a director selection policy that:**

- a) Is concrete and verifiable.
- b) Ensures that appointment or re-election proposals are based on a prior analysis of the board's needs.
- c) Favours a diversity of knowledge, experience and gender.

The results of the prior analysis of board needs should be written up in the appointments committee's explanatory report, to be published when the general meeting is convened that will ratify the appointment and re-election of each director.

The director selection policy should pursue the goal of having at least 30% of total board places occupied by women directors before the year 2020.

The appointments committee should run an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

Compliant ☐ Partially compliant ☒ Explain ☐

The Company adheres to the various principles in this recommendation, except for the point concerning the target of having at least 30% of board places occupied by women by 2020. As recommended by the Appointments and Remuneration Committee, the Company's Board of Directors has agreed not to include this principle in the board selection process for the time being. However, as per the provisions of the aforesaid policy, processes to select board members must expressly:

- Ensure selection procedures do not have any implicit bias, and do not discriminate because of race, gender or any other reason.

- Encourage the presence of women on the Board, proactively searching for candidates with the right professional profile.

**15. Proprietary and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.**

Compliant ☒ Partially compliant ☐ Explain ☐

**16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.**

**This criterion can be relaxed:**

- a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.**
- b) In companies with a plurality of shareholders represented on the board but not otherwise related.**

Compliant ☒ Explain ☐

**17. Independent directors should be at least half of all board members.**

**However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30 per cent of capital, independent directors should occupy, at least, a third of board places.**

Compliant ☒ Explain ☐

**18. Companies should disclose the following director particulars on their websites and keep them regularly updated:**

- a) Background and professional experience.**
- b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.**
- c) Statement of the director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.**
- d) Dates of their first appointment as a board member and subsequent re-elections.**
- e) Shares held in the company, and any options on the same.**

Compliant ☒ Partially compliant ☐ Explain ☐

**19. Following verification by the appointments committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3 per cent of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.**

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

**20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby**

losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

21. The board of directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where they find just cause, based on a proposal from the appointments committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Compliant ☒ Explain ☐

22. Companies should establish rules obliging directors to disclose any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the offences stated in company legislation, the board of directors should open an investigation and, in light of the particular circumstances, decide whether or not he or she should be called on to resign. The board should give a reasoned account of all such determinations in the annual corporate governance report.

Compliant ☒ Partially compliant ☐ Explain ☐

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, even if he or she is not a director.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

24. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board.

**Whether or not such resignation is disclosed as a material event, the motivating factors should be explained in the annual corporate governance report.**

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

**25. The appointments committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.**

**The board of director's regulations should lay down the maximum number of company boards on which directors can serve.**

Compliant ☐ Partially compliant ☒ Explain ☐

The Board of Directors Regulations stipulate that one of the duties of directors is to dedicate sufficient time and effort to effectively discharge their responsibilities. The Appointments and Remuneration Committee ensures that this obligation is fulfilled. Having debated the matter, the Board of Directors decided not to include a rule in the Board of Directors Regulations limiting the maximum number of company boards on which its directors can serve, having considered that, given the nature of the Company, it is only necessary to ensure directors discharge their duties properly, dedicating the appropriate amount of time.

**26. The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.**

Compliant ☒ Partially compliant ☐ Explain ☐

**27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.**

Compliant ☒ Partially compliant ☐ Explain ☐

**28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minute book if the person expressing them so requests.**

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

**29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.**

Compliant ☒ Partially compliant ☐ Explain ☐

**30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.**

Compliant ☒ Partially compliant ☐ Explain ☐

**31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.**

**For reasons of urgency, the chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.**

Compliant ☒ Partially compliant ☐ Explain ☐

**32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.**

Compliant ☒ Partially compliant ☐ Explain ☐

**33. The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's bylaws, should prepare and submit to the board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.**

Compliant ☒ Partially compliant ☐ Explain ☐

**34. When a lead independent director has been appointed, the bylaws or board of directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman or vice chairmen give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman's succession plan.**

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐



**35. The board secretary should strive to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.**

Compliant ☒

Explain ☐

**36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:**

- a) The quality and efficiency of the board's operation.
- b) The performance and membership of its committees.
- c) The diversity of board membership and competences.
- d) The performance of the chairman of the board of directors and the company's chief executive.
- e) The performance and contribution of individual directors, with particular attention to the chairmen of board committees.

The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report of the appointments committee.

Every three years, the board of directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the appointments committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Compliant ☐

Partially compliant ☒

Explain ☐

**37. When an executive committee exists, its membership mix by director class should resemble that of the board. The secretary of the board should also act as secretary to the executive committee.**

Compliant ☐

Partially compliant ☐

Explain ☐

Not applicable ☒

**38. The board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.**

Compliant ☐

Partially compliant ☐

Explain ☐

Not applicable ☒

**39. All members of the audit committee, particularly its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters. A majority of committee places should be held by independent directors.**

Complaint ☐ Partially compliant ☒ Explain ☐

Members of the Audit Committee, particularly its chairperson, are appointed with regard to their knowledge and experience in accounting, auditing and risk management matters. At 31 December 2015, this committee had four members, two of whom were independent directors and two proprietary directors, as stipulated in section C 2.1. At the date of this report, however, the majority of this committee were independent directors.

**40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.**

Compliant ☒ Partially compliant ☐ Not applicable ☐

**41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee, inform it directly of any incidents arising during its implementation and submit an activities report at the end of each year.**

Compliant ☐ Partially compliant ☐ Explain ☒ Not applicable ☐

Following the Risk Control and Audit Committee's recommendation, the Company's Board of Directors signed off a revision of the internal audit plan for 2015. This update was required because the Merger resulted in substantial changes in the Company activities, organisation and operations, and entailed:

- Submission to the Company's Risk Control and Audit Committee of the internal audit report for the first six months of 2015 for the management companies and investment service companies coming from the acquiree's group.
- Submission to the Company's Risk Control and Audit Committee of the internal audit plan being followed for the second six months of 2015 for the management companies and investment service companies coming from the acquiree's group.
- Presentation to the Board of Directors, following a report from the Risk Control and Audit Committee, of the internal audit plan for 2015 prepared by the entity assuming responsibility for internal audit referring to the main procedures of the Company and its Group companies other than the management companies and investment service companies. The plan specifies that the work would be carried out between December 2015 and February 2016, to ensure the corresponding reports were reported to the Board of Directors in March 2016.

**42. The audit committee should have the following functions over and above those legally assigned:**

1. With respect to internal control and reporting systems:

- a) Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.

- b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; approve its priorities and work programmes, ensuring that it focuses primarily on the main risks the company is exposed to; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
- c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.

2. With regard to the external auditor:

- a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.
- b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.
- c) Ensure that the company notifies any change of external auditor to the CNMV as a material event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
- d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.
- e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Compliant ☒ Partially compliant ☐ Explain ☐

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Compliant ☒ Explain ☐

44. The audit committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

45. Risk control and management policy should identify at least:

- a) The different types of financial and non-financial risk the company is exposed to

(including operational, technological, financial, legal, social, environmental, political and reputational risks), with the inclusion under financial or economic risks of contingent liabilities and other off- balance-sheet risks.

- b) The setting of the risk level that the company deems acceptable.
- c) Measures in place to mitigate the impact of risk events should they occur.
- d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Compliant ☐ Partially compliant ☒ Explain ☐

The Company avails of a risk management policy that was in force until the effective date of the Merger. Since this change in structure, the Company has been applying in each of the companies subject to regulation and supervision (the management companies and investment service companies) the risk management and control policies approved by the each of their governing bodies. It is, however, expected that the Company will also soon approve a risk management and control policy for the N+1 Group as a whole, in order to recast the different principles included in the various existing procedures.

**46. Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:**

- a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.
- b) Participate actively in the preparation of risk strategies and in key decisions about their management.
- c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the board of directors.

Compliant ☒ Partially compliant ☐ Explain ☐

**47. Appointees to the appointments and remuneration committee - or of the appointments committee and remuneration committee, if separately constituted - should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.**

Compliant ☐ Partially compliant ☒ Explain ☐

Members of the Appointments and Remuneration Committee are appointed on the basis that they have the right knowledge, skills and experience for the functions they are called on to discharge. However, this committee has four members: a proprietary director, external director and two independent directors, as mentioned in section C 2.1.

**48. Large cap companies should operate separately constituted appointments and remuneration committees.**

Compliant ☐ Explain ☐ Not applicable ☒

**49. The appointments committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors.**

**When there are vacancies on the board, any director may approach the appointments committee to propose candidates that it might consider suitable.**

Compliant ☒ Partially compliant ☐ Explain ☐

**50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:**

- a) Propose to the board the standard conditions for senior officer contracts.
- b) Monitor compliance with the remuneration policy set by the company.
- c) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior officers in the company.
- d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.
- e) Verify the information on director and senior officers' pay contained in corporate documents, including the annual directors' remuneration statement.

Compliant ☒ Partially compliant ☐ Explain ☐

**51. The remuneration committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior officers.**

Compliant ☒ Partially compliant ☐ Explain ☐

**52. The terms of reference of supervision and control committees should be set out in the board of director's regulations and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:**

- a) Committees should be formed exclusively by non-executive directors, with a majority of independents.

- b) They should be chaired by independent directors.
- c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.
- d) They may engage external advice, when they feel it necessary for the discharge of their functions.
- e) Meeting proceedings should be minuted and a copy made available to all board members.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one board committee or split between several, which could be the audit committee, the appointments committee, the corporate social responsibility committee, where one exists, or a dedicated committee established ad hoc by the board under its powers of self-organisation, with at the least the following functions:

- a) Monitor compliance with the company's internal codes of conduct and corporate governance rules.
- b) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.
- c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.
- d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.
- e) Monitor corporate social responsibility strategy and practices and assess compliance in their respect.
- f) Monitor and evaluate the company's interaction with its stakeholder groups.
- g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.
- h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Compliant ☒ Partially compliant ☐ Explain ☐

**54. The corporate social responsibility policy should state the principles or commitments the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:**

- a) The goals of its corporate social responsibility policy and the support instruments to be deployed.
- b) The corporate strategy with regard to sustainability, the environment and social issues.
- c) Concrete practices in matters relative to: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conducts.
- d) The methods or systems for monitoring the results of the practices referred to above, and identifying and managing related risks.
- e) The mechanisms for supervising non-financial risk, ethics and business conduct.
- f) Channels for stakeholder communication, participation and dialogue.
- g) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Compliant ☐ Partially compliant ☒ Explain ☐

Prior to the Merger, the Company had a Corporate Social Responsibility Policy in place. As a result of the Merger, a new Corporate Social Responsibility Policy has to be signed off that is more commensurate with the Company's current status as parent of a group, and because the Company's activities, organisation and operations have changed substantially due to the aforementioned structural modifications. At the same meeting the Annual Corporate Governance Report was signed off, the Board of Directors approved a new Corporate Social Responsibility Policy.

**55. The company should report on corporate social responsibility developments in its directors' report or in a separate document, using an internationally accepted methodology.**

Compliant ☒ Explain ☐

**56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.**

Compliant ☒ Explain ☐

**57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive directors.**

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. The above condition will not

apply to any shares that the director must dispose of to defray costs related to their acquisition.

Compliant ☒ Partially compliant ☐ Explain ☐

**58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.**

In particular, variable remuneration items should meet the following conditions:

- i. Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.
- ii. Promote the long-term sustainability of the Company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.
- iii. Be focused on achieving a balance between the delivery of short-, medium- and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Compliant ☐ Partially compliant ☒ Explain ☐ Not applicable ☐

The variable remuneration of the Executive Chairman – the only director whose remuneration package includes this type of pay – is subject to a number of qualitative targets (development of employee skills, sustainability of revenues, robust and effective risk management, maximisation of value for shareholders) which, by definition, aim to achieve not only short-term objectives but also medium- and long-term goals. It does not, however, include specific remuneration criteria that reward ongoing and specific achievement over more than a year.

**59. A major part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.**

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

**60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce their amount.**

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

**61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.**

Compliant ☐ Partially compliant ☐ Explain ☒ Not applicable ☐



Although it is envisaged that future variable remuneration will be linked with the awarding of shares, this has not been set up for the Executive Chairman at this time. It should nevertheless be noted that the Chairman and CEO (the Company's only executive director) is a significant shareholder of the Company, whereby their interests are aligned.

**62. Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.**

**The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.**

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

**63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the director's actual performance or based on data subsequently found to be misstated.**

Compliant ☐ Partially compliant ☐ Explain ☒ Not applicable ☐

The current contract with the Chairman and CEO (the Company's only executive director) does not regulate such matters.

**64. In addition, the Bank has adopted a policy on the application of malus clauses in the field of remuneration. Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.**

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

## **H OTHER INFORMATION OF INTEREST**

**1. If you consider that there is any material aspect or principle relating to the Corporate Governance practices followed by your company that has not been addressed in this report and which is necessary to provide a more comprehensive view of the corporate governance structure and practices at the company or group, explain briefly.**

**2. You may include in this section any other information, clarification or observation related to the above sections of this report.**

**Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different from that required by this report.**

**3. Also state whether the company voluntarily subscribes to other international, sectorial or other ethical principles or standard practices. If applicable, identify the code and date of adoption.**

## SECTION A.2

This section comprises the information drawn from the shareholder records dated 31 December 2015 provided to the Company by IBERCLEAR (given that the Company's shares are nominative) and the information that appears in the CNMV's official records of significant shareholdings.

Specifically, significant changes in the shareholdings of the Company during 2015, disclosed in this section, correspond to notifications filed in the CNMV's official records. In some cases, differences can be found between the information detailed in the CNMV's records and the information provided to the Company by the Madrid Stock Exchange and by IBERCLEAR. This is partly due to the fact that, on occasion, there is no obligation to report the acquisition or sale of shares to the CNMV as long as the thresholds set to this effect are not surpassed or lowered. The foregoing means that, on certain occasions, the information provided by the Stock Exchange (which is recorded in the Company's Ledger of nominative shares) is more up to date than that held by the CNMV and that the percentage or amount of shares held by significant shareholders differs in relation to the percentages or amounts disclosed in the official records on the CNMV's website.

## SECTION A.3

It should be noted that the percentage of voting rights held by the Board of Directors stipulated in the table included in this section (36.33%) represents the sum of percentages of voting rights held by the Board members that are listed in the table in section A.3.

However, regarding the percentage of voting rights held by the Board, the percentages of significant shareholders represented in the Board by proprietary directors must also be taken into consideration (even if the latter are not the ultimate direct holders of those voting rights).

The total share of voting rights held by the Board was 56.99% at 31 December 2015, taking into account and adding Anpora Patrimonio, S.L.'s stake, which represented 20.66% of the Company's share capital at 31 December 2015, the ultimate direct holder of which is Mr. Ricardo Portabella Peralta.

The indirect voting rights of Mr. Jorge Mataix and Mr. José Antonio Abad come from the stakes their holding companies, Dirervalor S.A. and AV Málaga Capital, S.L. respectively, hold in the Company's capital (2,065,518 shares each). Dirervalor S.A. and AV Málaga Capital, S.L. also hold a call option over 249,224 of the Company's shares that are held by the shareholders Tasmania Inmuebles, S.L. and Enésima Inversiones, S.L. Consequently, AV Málaga, S.L. and Dirervalor, S.A. hold the respective voting rights conferred by these shares.

## SECTION C.1.17

Mr. Alfred Merton Vinton previously represented Electra Private Equity Partners 1995 (a significant shareholder of the Company) on the Board of Directors of the Company, therefore serving as proprietary director.

Nonetheless, in June 2007 and after leaving Electra Private Equity Partners 1995, the General Shareholders' Meeting of the Company of 28 June 2007 approved, at the proposal of the Company's Board of Directors, the reclassification of Mr Vinton as another external director, who was re-elected as director in 2014.

Mr. Vinton's relation with Grupo Electra is currently limited to being a consultant and external advisor for Electra Partners LLP in relation to its investments in several companies in England, Spain and Latin America (including Dinamia); however, he has no decision-making power and is not a member of any of Electra Partners, LLP's committees or decision-making bodies.

## SECTION C.1.29

For clarification purposes, it is hereby stated that the Board of Directors met in person or via a conference call on 13 occasions in 2015, and passed resolutions in writing and outside a meeting on four occasions.

The Risk Control and Audit Committee and Appointments and Remuneration Committee also met in person or via a conference call on seven and six occasions, respectively, and passed resolutions in writing and outside a meeting on one occasion in both cases.

Every year, the Board approves a schedule of meetings of the Board and its committees for the year in order to facilitate and encourage directors' attendance.

#### SECTION C.1.36

At the 29 April 2015 General Meeting, shareholders approved the replacement of PWC by Deloitte as the Company's auditor, at the same time the Merger was authorised.

#### SECTION C.1.37

The amounts and percentages shown in this section also relate to the services provided by the auditors of Dinamia Capital Privado SCR, S.A. (now N más1 Dinamia, S.A.) and N más Uno IBG, S.A. (taken over by N más1 Dinamia, S.A.) and the latter's group companies (such as legal audit services and the review of financial information as part of the said merger process).

#### SECTION C.1.39

Deloitte (or its predecessor, Arthur Andersen) was the Company's auditor from 1997 to 2003 (both years included). Between 2004 and 2014 (both inclusive), PWC acted as the Company's auditor. Deloitte was also auditor of N más Uno IBG, S.A. (individual and consolidated) from 2001 to 2014. Subsequent to the Merger, the Company's shareholders voted to appoint Deloitte as the Company's auditor.

#### SECTION C.2.2

On 2 February 2016, the Board appointed María Luisa Garaña Corces as a member of the Risk Control and Audit Committee.

#### SECTION D.2

In 2015, the Company acquired a 11.76% interest in the private equity firm Electra Partners Club 2007 LP. The pay-outs and contributions referred to in section D.2 relate to this stake. In July 2015, the Company spun off this stake to N más1 Dinamia Portfolio, S.L. which then transferred it to N más1 Dinamia Portfolio II, S.L. (solely owned by the Company). Electra Partners Club 2007 LP is classified as a related party of the Company and is managed by Electra Partners LLP. In turn, the latter manages Electra Private Equity Partners 1995, a private equity firm holding a significant stake in the Company's capital.

The transaction with Anpora Patrimonio, S.L. refers to the sale of 22,005 treasury shares of N más Uno IBG, S.A. (taken over by N más1 Dinamia, S.A.) on 7 July 2015.

#### SECTION D.5

In order to enhance the transparency of this report, this section includes the related-party transactions between the Company and several of its investees (Nplus1 Singer Ltd, N+1 Swiss Capital Corporate Finance AG, N más1 SYZ Valores, Agencia de Valores, S.A., N más1 SYZ Gestión, SGIIC, S.A., Nplus1 Daruma Finansal Danismanlik Hizmetleri AS, Phoenix Recovery Management, S.L., Plusalpina Real Estate Advisors GmbH, N más1 Eolia SGEIC, S.A.).

For full information on these transactions, please refer to Note 21 ("Related parties") to the Company's consolidated financial statements.

This Annual Corporate Governance Report was adopted by the Company's Board of Directors at its meeting held on 17 March 2016.

List whether any directors voted against or abstained from voting on the approval of this report.

YES ☐

NO ☒

## AUDITOR'S REPORT ON THE INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF THE N+1 GROUP FOR 2015

To the Directors,

As requested by the Board of Directors of *Nmás1 Dinamia S.A.* (formerly *Dinamia Capital Privado, Sociedad de Capital Riesgo, S.A.*) and companies composing the N+1 Group ("the N+1 Group") and in accordance with our proposal-letter of 10 October 2015, we have applied certain procedures to the information relating to the ICFR system contained in the accompanying Annual Corporate Governance Report for 2015, which summarises the internal control procedures of the N+1 Group in relation to its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the accompanying information relating to the ICFR system.

It should be noted in this regard that, irrespective of the quality of the design and operating effectiveness of the internal control system adopted by the N+1 Group in relation to its annual financial reporting, the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the N+1 Group was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the N+1 Group's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the *Guidelines on the Auditor's Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Companies*, published by the Spanish National Securities Market Commission (CNMV) on its website, which establish the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the N+1 Group's annual financial reporting for 2015 described in the information relating to the ICFR system, contained in the accompanying Annual Corporate Governance Report of the N+1 Group. Therefore, had we applied procedures additional to those established in the aforementioned Guidelines or performed an audit or a review of the system of internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to in accordance with the audit regulations in force in Spain, we do not express an audit opinion in the terms provided for in that Law.

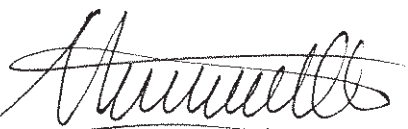
The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Entity in relation to the ICFR system -disclosure information included in the directors' report- and assessment of whether this information addresses all the information required in accordance with the minimum content described in section F, relating to the description of the ICFR system, of the model Annual Corporate Governance Report established in CNMV Circular no. 7/2015, of 22 December 2015.
2. Inquiries of personnel in charge of preparing the information detailed in point 1 above for the purpose of: (i) obtaining an understanding of the process that goes into drawing up the information; (ii) obtaining information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) obtaining information on whether the control procedures described are in place and functioning at N+1 Group.
3. Review of the explanatory documentation supporting the information detailed in point 1 above, including mainly the documentation furnished directly to the personnel in charge of preparing the information describing the ICFR system. In this respect, the aforementioned documentation includes reports prepared by the Internal Audit Department, senior executives or other internal or external experts providing support functions to the Audit Committee.
4. Comparison of the information detailed in point 1 above with the knowledge on the N+1 Group's ICFR system obtained through the procedures applied during the financial statement audit work.
5. Perusal of minutes of meetings of the Board of Directors, the Audit Committee and of other N+1 Group committees in order to assess the consistency between the ICFR issues addressed therein and the information detailed in point 1 above.
6. Obtainment of the representation letter in connection with the work performed, duly signed by those responsible for preparing and formulating the information detailed in point 1 above.

The procedures applied to the information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the information.

This report has been prepared exclusively in the context of the requirements of Article 540 of the Consolidated Spanish Limited Liability Companies Law, and of CNMV Circular no. 7/2015 of 22 December 2015, published by the Spanish National Securities Market Commission for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.



Antonio Ríos Cid  
18 March 2016