AENA, S.A. AND SUBSIDIARIES

Consolidated Financial Statements and Consolidated Directors' Report for the year ended 31 December 2014.

Contents

(Thousands of euros unless otherwise indicated)

Consolidated balance sheets at 31 December 2014 and 2013

	Note	2014	2013
ASSETS			
Non-current assets			
Property, plant and equipment	6	15,557,830	15,230,817
Intangible assets	7	641,577	108,738
Investment properties	8	131,386	150,646
Investments in associates	9	77,652	100,816
Other receivables	13	55,252	148,825
Deferred tax assets	21	102,129	76,213
Available-for-sale financial assets	11	4,823	4,908
Other financial assets	10	43,565	1,822
		16,614,214	**15,822,785**
Current assets			
Inventories	14	9,139	4,621
Trade and other receivables	13	503,277	605,555
Cash and cash equivalents	15	290,305	12,377
		802,721	**622,553**
Total assets		**17,416,935**	**16,445,338**
EQUITY AND LIABILITIES			
Equity attributable to parent company shareholders			
Ordinary capital	16	1,500,000	1,500,000
Share premium	16	1,100,868	1,100,868
Retained earnings/(losses)	17	930,230	450,533
Accumulated exchange differences	18.b	(5,120)	(5,871)
Other reserves	18.b	(9,737)	(6,403)
Minority interests	18.a	62,063	-
		3,578,304	**3,039,127**
Liabilities			
Non-current liabilities			
Borrowings	20	9,872,565	10,374,038
Derivative financial instruments	12	5,817	4,323
Deferred tax liabilities	21	127,406	196
Employee benefits	22	40,776	6,618
Provisions for other liabilities and charges	23	1,124,588	252,167
Grants	24	606,187	621,411
Other long-term non-current liabilities	19	204,839	236,156
		11,982,178	**11,494,909**
Current liabilities			
Trade and other payables	19	389,189	446,574
Borrowings	20	1,151,096	1,099,823
Derivative financial instruments	12	5,172	4,983
Grants	24	43,973	47,940
Provisions for other liabilities and charges	23	267,023	311,982
		1,856,453	**1,911,302**
Total liabilities		**13,838,631**	**13,406,211**
Total equity and liabilities		**17,416,935**	**16,445,338**

Notes 1 to 35 are an integral part of these consolidated financial statements.

(Thousands of euros unless otherwise indicated)

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

	Note	2014	2013
Continuing operations			
Ordinary revenue	5	3,076,044	2,876,762
Other operating income	28	8,133	7,168
Work carried out for the Company's own assets		4,301	5,639
Raw materials and consumables		(180,401)	(196,135)
Staff costs	27	(348,511)	(334,338)
Other operating expenses	29	(761,029)	(796,365)
Fixed asset depreciation	6,7,8	(814,850)	(817,732)
Release of non-financial fixed asset grants and other		46,730	40,205
Excess provisions		29,794	1,871
Impairment and profit/(loss) on fixed assets disposals	6,7,8	(9,927)	(56,062)
Other net profits / (losses)	26	1,527	10,775
Operating profit/loss		**1,051,811**	**741,788**
Financial income	30	4,218	57,464
Financial expenses	30	(405,892)	(241,088)
Other net financial income/(expenses)	30	10,587	(65,421)
Net financial expenses		**(391,087)**	**(249,045)**
Share in profits obtained by associates	9	11,716	4,718
Pre-tax profit/loss		**672,440**	**497,461**
Income tax	31	(196,743)	99,194
Profit/loss for the consolidation period		**475,697**	**596,655**
Profit/loss for year attributable to minority interests		**(2,921)**	-
Profit/loss for the year attributable to the parent company shareholder		**478,618**	**596,655**
Earnings per share (euros per share)	32		
Basic earnings per share based on profit for year		3.19	3.98
Diluted earnings per share based on profit for year		3.19	3.98

Notes 1 to 35 are an integral part of these consolidated financial statements.

(Thousands of euros unless otherwise indicated)

Consolidated statements of comprehensive income for the years ended 31 December 2014 and 2013

	Note	2014	2013
Profit for the year		**475,697**	**596,655**
Items that may be subsequently reclassified to profit or loss:			
- Cash flow hedges		(2,716)	10,679
- Share in other comprehensive income of associates		668	(668)
- Foreign currency exchange differences		2,058	(4,857)
- Actuarial gains and losses		(5,265)	-
		(5,255)	**5,154**
Other comprehensive income for the period, net of taxes	18	**(5,255)**	**5,154**
Consolidated comprehensive income for the period		**470,442**	**601,809**
Comprehensive income for the period attributable to the parent company shareholder		**476,035**	**601,809**
Minority interests		**(5,593)**	**-**

The items shown in this statement of comprehensive income are presented net of taxes. Income tax for each of the components of other comprehensive income is broken down in Note 31.

Notes 1 to 35 are an integral part of these consolidated financial statements.

(Thousands of euros unless otherwise indicated)

Consolidated statements of changes in equity for the years ended 31 December 2014 and 2013

		Attributable to the parent company's shareholders									
	Note	Share capital (Note 16)	Share premium (Note 16)	Retained earnings (Note 17)	Hedging reserves (Note 18.b)	Actuarial gains and losses (Note 18.b)	Accumulated exchange differences (Note 18.b)	Share in other comprehensive income of associates (Note 18.b)	Total	Minority interests (Note 18.a)	Total equity
Balance at 1 January 2013		**1,500,000**	**1,100,868**	**(146,101)**	**(16,414)**	**-**	**(1,014)**	**-**	**2,437,339**	**-**	**2,437,339**
Profit for the year	17	-	-	596,655	-	-	-	-	596,655	-	596,655
Share in other comprehensive income of associates	9	-	-	-	-	-	-	(668)	(668)	-	(668)
Other comprehensive income for the year	18	-	-		10,679	-	(4,857)	-	5,822	-	5,822
Total comprehensive income for the year		**-**	**-**	**596,655**	**10,679**	**-**	**(4,857)**	**(668)**	**601,809**	**-**	**601,809**
Other movements	17	-	-	(21)	-	-	-	-	(21)	-	(21)
Total contributions by and distributions to shareholders recognised directly under equity		**-**	**-**	**(21)**	**-**	**-**	**-**	**-**	**(21)**	**-**	**(21)**
Balance at 31 December 2013		**1,500,000**	**1,100,868**	**450,533**	**(5,735)**	**-**	**(5,871)**	**(668)**	**3,039,127**	**-**	**3,039,127**
Profit for the year	17	-	-	478,618	-	-	-	-	478,618	(2,921)	475,697
Share in other comprehensive income of associates	9	-	-	-	-	-	-	(668)	(668)	-	(668)
Other comprehensive income for the year	18	-	-		(1,318)	(2,684)	751	1,336	(1,915)	(2,672)	(4,587)
Total comprehensive income for the year		**-**	**-**	**478,618**	**(1,318)**	**(2,684)**	**751**	**668**	**476,035**	**(5,593)**	**470,442**
Distribution of dividends		-	-	-	-	-	-	-	-	(6,544)	(6,544)
Business combinations (Note 2.2)		-	-	-	-	-	-	-	-	74,200	74,200
Other movements	17	-	-	1,079	-	-	-	-	1,079	-	1,079
Total contributions by and distributions to shareholders recognised directly under equity		**-**	**-**	**1,079**	**-**	**-**	**-**	**-**	**1,079**	**67,656**	**68,735**
Balance at 31 December 2014		**1,500,000**	**1,100,868**	**930,230**	**(7,053)**	**(2,684)**	**(5,120)**	**-**	**3,516,241**	**62,063**	**3,578,304**

Notes 1 to 35 are an integral part of these consolidated financial statements.

Consolidated statements of cash flow for the years ended 31 December 2014 and 2013

	Note	2014	2013
Pre-tax profit/loss		**672,440**	**497,461**
Adjustments to profit/loss:		**1,166,595**	**1,117,779**
- Depreciation and amortisation	6,7,8	814,850	817,732
- (Profit)/loss on fixed assets disposal		9,927	56,062
- Losses/(gains) in the fair value of financial instruments	30	(7,494)	12,279
- Attribution of grants	24	(46,730)	(40,205)
- Trade receivable impairment adjustments		(8,117)	5,724
- Change in provisions	23	8,075	33,364
- Impairment of financial assets held for sale	11	85	52,861
- Financial income	30	(4,218)	(57,464)
- Financial expenses	30	402,715	241,369
- Other income and expenses		9,218	775
- Share in losses /(gains) in associates	9	(11,716)	(4,718)
Changes in working capital:		**(47,140)**	**(34,438)**
- Inventories	14	(1,999)	(443)
- Debtors and other receivables	13	51,266	22,885
- Other current assets		(24,559)	(17,640)
- Creditors and other payables	19	(42,841)	(302,133)
- Other current liabilities		(27,095)	-
- Other non-current assets and liabilities		(1,912)	262,893
Other cash flow from operating activities		**(445,666)**	**(383,890)**
Interest paid		(258,780)	(271,404)
Interest received		2,914	192
Taxes paid		(189,375)	(112,228)
Other collections (payments)		(425)	(450)
Net cash generated from operating activities		**1,346,229**	**1,196,912**

Consolidated statements of cash flow for the years ended 31 December 2014 and 2013

	Note	2014	2013
Cash flow from investment activities			
Acquisitions of property, plant and equipment		(298,713)	(468,363)
Acquisitions of intangible assets		(17,376)	(23,847)
Acquisitions of investment properties		(48)	(95)
Investments in group companies and associates		(80,518)	(67,766)
Payments for the acquisition of other financial assets		-	(39)
Business combinations (Note 2.2)		33,492	-
Proceeds from loans to group companies and associates		71,403	-
Payments received for other financial assets		149	-
Dividends		10,747	9,891
Net cash used in investment activities		**(280,864)**	**(550,219)**
Cash flow from financing activities			
Income from the issue of ordinary shares		-	-
Income from external financing (ERDF grants)		78,950	16,143
Income from bank borrowings		8,226	-
Income from Group financing		150,000	294,800
Other collections		3,629	-
Repayment of bank borrowings		(3,220)	(3,308)
Repayment of Group financing		(999,558)	(949,770)
Dividends paid		(6,476)	-
Other payments		(19,608)	(391)
Net cash generated from/(used in) financing activities		**(788,057)**	**(642,526)**
Effect of changes in exchange rates		**620**	**-**
Net (decrease)/increase in cash and cash equivalents		277,928	4,167
Cash and cash equivalents at the beginning of the year		**12,377**	**8,210**
Cash and cash equivalents at the end of the fiscal year		**290,305**	**12,377**

Notes 1 to 35 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements as of 2014

1 General information

Aena, S.A. ("the Company", or "Aena") is the Parent Company of a group of companies (the "Group") consisting of eight subsidiaries and five associates at the end of 2014, since the takeover outlined in Note 2.2 "Consolidation and changes in the scope". Aena, S.A. was incorporated as an independent legal entity by virtue of Royal Decree Law 13/2010 (3 December) which authorised the Council of Ministers to incorporate the Company. The authorisation for effective incorporation took place on 25 February 2011 by resolution adopted by the Council of Ministers on that date authorising the incorporate of the State-owned corporation Aena Aeropuertos, S.A. as provided in Article 166 of Law 33/2003 (3 November) on Public Institution Assets (LPIA).

On 5 July 2014, in virtue of Article 18 of Royal Decree Law 8/2014, the name of Aena Aeropuertos, S.A. was changed to Aena, S.A. and the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" was renamed ENAIRE ("Parent Company"). The integrity of the airport network insofar as its survival ensures the mobility of citizens and economic, social and territorial cohesion in terms of accessibility, adequacy, suitability, sustainability and continuity, was also established in the aforementioned Royal Decree. The latter sets out the framework to which the basic airport services are subject and the characteristics and conditions that the said network must boast in order to guarantee the objectives of general interest. Thus, the closure or sale of all or part of any facilities or airport infrastructure necessary to maintain the provision of airport services is prohibited, unless authorised by the Council of Ministers or the Ministry of Public Works, and which authorisation can only be granted provided it does not affect the objectives of general interest that must guarantee the said network or compromise its sustainability; the absence of such authorisation will render the foregoing as a guarantee for the entire maintenance of the state airport network null and void. Airport charges and their key elements, basic airport services and the framework to determine minimum standards of quality, capacity and conditions for the provision of the services and investments required for compliance, as well as the conditions for recovering the costs of providing these basic airport services have been defined.

Before the incorporation of the Company, the economic activity in terms of the management and operation of the airport services, subsidiaries and associates that are included in the scope of consolidation of Aena formed part of the Public Business Entity "Aeropuertos Españoles y Navegación Aérea", its single shareholder and controlling entity. The Public Business Entity "Aeropuertos Españoles y Navegación Aérea" was created by virtue of Article 82 of Law 4/1990 (29 June), General State Budget for 1990. It was effectively incorporated on 19 June 1991, once its Statute entered into force, as approved by Royal Decree 905/1991 (14 June).

The Company was incorporated to the issue of 61 fully subscribed and paid shares with a par value of €1,000 by the Public Business Entity "Aeropuertos Españoles y Navegación Aérea". The Public Business Entity "Aeropuertos Españoles y Navegación Aérea" will maintain, in any event, a majority of the share capital in Aena Aeropuertos, S.A. in the terms established by Article 7.1.2 of Royal Decree Law 13/2010 (3 December), and may sell the rest in accordance with Law 33/2003 (3 November) on Public Institution Equity.

The incorporation of the Company was entered into the trade register based on the resolution adopted by the Board of Directors on 23 May 2011, which approved the contribution of the activity to the company and its measurement, which took place on 31 May 2011. The non-monetary contribution and the measurement took place using the carrying value of the line of business at 31 May 2011 as a reference, in accordance with the accounting standards in force and, specifically, the Spanish General Chart of Accounts approved by Royal Decree 1514/2007 (16 November), partially amended by Royal Decree 1159/2010 (17 September), as provided for in the Resolution of 25 February 2011.

The Resolution adopted by the Council of Ministers on 3 June 2011 subsequently approved the Company's share capital increase in order to support the Company's activity, and in accordance with Article 9 of Royal Decree Law 13/2010 (3 December), through which the single shareholder made a non-monetary contribution of all of the assets, rights, debts and obligations associated with the airport and commercial activities and other state services associated with the airport management, including the air traffic services at the airport.

The Company's Single Shareholder, the Public Business Entity "Aeropuertos Españoles y Navegación Aérea", adopted the following single shareholder resolutions on 6 June 2011:

a) Reduce the par value of the Company's THOUSAND EURO (€1,000) shares by dividing the SIXTY ONE outstanding shares into SIX THOUSAND ONE HUNDRED new shares, consisting of ONE HUNDRED new shares for each old share, without changing the amount of the Company's share capital. As a result, the Company's share capital is SIXTY ONE THOUSAND EUROS represented by SIX THOUSAND ONE HUNDRED shares with a par value of TEN EUROS each, and all shares are of the same class and bear the same financial and voting rights.

b) Increase the Company's share capital from €61,000 to €1,500,000,000 (ONE POINT FIVE BILLION EUROS) and, therefore, the share capital increase amounts to €1,499,939,000.

c) Issue of 149,993,900 common shares with a par value of €10 each, all with the same rights and obligations as those already in existence. These new shares were issued with a total share premium of €1,100,868,000 (ONE BILLION ONE HUNDRED MILLION EIGHT HUNDRED AND SIXTY EIGHT THOUSAND EUROS), and therefore the total amount to be paid in as capital and share premium is €2,600,807,000 (TWO BILLION SIX HUNDRED MILLION EIGHT HUNDRED AND SEVEN THOUSAND EUROS).

d) In accordance with Article 9 of Royal Decree Law 13/2010 and the Resolutions dated 25 February and 3 June 2011, the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" fully subscribed and paid the total par value of the shares and the share premium through the contribution of the above-mentioned activity.

e) The Public Business Entity "Aeropuertos Españoles y Navegación Aérea" contributes to the Company all of the activities as an operating unit in the state in which they are found (ownership, usage rights, situation, charges, etc.) under the terms of Royal Decree Law 13/2010. The Public Business Entity "Aeropuertos Españoles y Navegación Aérea" in accordance with Article 66 of the Corporate Enterprises Act approved by Royal Decree Law 1/2010 (2 July) is only liable, with respect to the contribution, if the defect or encumbrance affects all or an essential part of the Activity. For these purposes, an essential part shall be understood as that which affects 20% or more of the total value of the Activity contribution or when it affects an individual airport such that the airport activity cannot be carried out, notwithstanding jurisdictional control over the applicable legal system.

In addition to the above, any difference that could arise, during the period between the date of contribution and the date of transfer to private investors of part of the Company's capital, between the estimated value of the contributed assets and liabilities on which the Company's necessary share capital increase and the value of the assets and liabilities actually contributed will be adjusted, in the same amount, as an increase or decrease in the loan granted by the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" to the Company, without the adjustment affecting the share capital increase in any event.

f) All of the personnel of the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" that are necessary to render the airport service activities will be transferred and integrated into the Company under the same collective agreements and conditions currently in force, respecting length of service and any other rights vested when the Company starts to perform its duties.

g) The Split and the measurement of the contributed activity will be approved by the Board of Directors of the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" dated 23 May 2011 in accordance with the report prepared that stated that the transferred activity is valued at €2,600,807,000. This measurement took place using the carrying value of the contributed line of business as a reference in accordance with current accounting standards and, specifically, the Spanish General Chart of Accounts, and complied with the requirements of Article 114 of the LPIA.

h) In accordance with Articles 70 and 300.1 of the Corporate Enterprises Act, the members of the Company's Board of Directors have endorsed the report that has been examined by the Single Shareholder.

i) The Company will start to carry out the activity on an effective basis on the date determined by the Order of the Ministry of Public Works under the Second Transitory Provision of Royal Decree Law 13/2010.

j) The contribution of the Activity is subject to the application of the special system established by Title VII, Chapter VIII of Royal Decree Law 4/2004 (5 March), which approves the Revised Text of the Corporate Income Tax Act, in accordance with the third additional provision 2 of Royal Decree Law 13/2010.

The property, plant and equipment contributed relates to rights of any type that were held by the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" regarding the land, buildings and equipment at the airports managed or used by the activity. It also includes the use of rights relating to the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" regarding certain land located at airports, military airport and air bases. The contributed rights refer to the following airports, aerodromes and air bases:

a) Civil airports: La Coruña, Alicante, Almería, Asturias, Barcelona, Bilbao, Burgos, Córdoba, El Hierro, Fuerteventura, Girona, Granada, Huesca Pirineos, Ibiza, Jerez de la Frontera, La Gomera, La Palma, Logroño, Adolfo Suarez Madrid-Barajas, Melilla, Menorca, Palma de Mallorca-Son Bonet, Pamplona, Reus, Sabadell, San Sebastián, Santander, Seville, Tenerife Sur, Valencia, Vigo and Vitoria.

b) Civil part of jointly used airports with the Defence Ministry: Gran Canaria-Gando, Lanzarote, Tenerife Norte, Madrid-Cuatro Vientos, Málaga, Palma de Mallorca-Son Sant Joan, Santiago and Zaragoza.

c) Air bases and military airports open to civil use: Talavera La Real (Badajoz), Matacán (Salamanca), San Javier (Murcia), Villanubla (Valladolid), Los Llanos (Albacete), and León military airfield.

d) Heliports: Heliport in Ceuta and Algeciras.

The functional ownership of the Company falls to the Ministry of Development, together with the authority to propose the appointment of one-third of the members of the Board of Directors. Aena Aeropuertos, S.A., is the beneficiary of the expropriations associated with the infrastructures it manages.

In accordance with its statutes, the Company's corporate purpose is as follows:

- The organisation, management, co-ordination, exploitation, maintenance, administration and management of general interest, state-owned airports, heliports and associated services.

- The co-ordination, exploitation, maintenance, administration and management of the civil areas of air bases open to civil aviation traffic and joint-use airports.

- The design and development of projects, execution, management and control deriving from the investments in infrastructures and facilities relating to the preceding sections and in assets intended for the rendering of the airport air traffic services associated with those airport infrastructures.

- The evaluation of needs and, if appropriate, the proposal for planning new airport infrastructures and airport and acoustic rights of way associated with airports and services for which the Company is responsible for managing.

- The performance of organisational and security services at airport facilities that it manages, notwithstanding the authority assigned to the Ministry of the Interior in this respect.

- Training in areas relating to air traffic, including the training of aeronautical professionals that require licenses, certificates, authorisations or ratings and the promotion, reporting or development of aeronautical or airport activities.

In addition, the Company may carry out any other commercial activities that are directly or indirectly related to its corporate purpose, including the management of airport facilities located outside Spain and any associated and supplementary activity that allows yields to be obtained on investments.

The corporate purpose may be carried out by the Company directly or through the creation of mercantile companies and, specifically, the individualised management of airports may be carried out through subsidiaries or service concessions.

The registered address for Aena, S.A. is located in Madrid (Spain), at Arturo Soria St., 109.

Moreover, in the Council of Ministers' meeting of 11 July 2014, the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" was authorised to initiate proceedings for the sale of the share capital of Aena, S.A. and to dispose of up to 49% of its capital.

This process culminated in the initial public offering of Aena, S.A.. Shares in Aena, S.A. were admitted to trading on the four Spanish stock exchanges, and they have been listed on the Spanish continuous market since 11 February 2015 (see Note 35).

2 Summary of the main accounting policies

The main accounting policies adopted when preparing these consolidated financial statements are described below. These policies have been applied consistently to all years presented unless otherwise stated.

2.1 Basis of presentation

As is described in Note 1 above, Aena Aeropuertos, S.A. was incorporated as an independent legal entity and as a group during the year 2011 (23 May 2011 and 31 May 2011 respectively), in virtue of Royal Decree Law 13/2010, due to the effect of the non-monetary contribution of all of the assets and liabilities associated with the airport activity. Prior to the creation of Aena Aeropuertos, S.A., the economic activity in terms of the management and operation of the airport services carried out by the Company, its subsidiaries and associates formed part of the Public Business Entity “Aeropuertos Españoles y Navegación Aérea”.

In the preparation of the consolidated financial statements for the years ended 31 December 2014, 2013, 2012 and 2011 in accordance with the IFRS-EU, the Company, taking into account the framework for the reorganisation of the airport activity provided for by the above-mentioned Royal Decree Law 13/2010, recorded the non-monetary contribution as a corporate reorganisation in the context of its shareholder, the Public Business Entity “Aeropuertos Españoles y Navegación Aérea”. This posting responds to the analysis and consideration on the part of the Company Management of several factors, taking into account that this type of transaction is not regulated in the regulatory framework of IFRS, and specifically in the framework of the IFRS 3, Business Combinations, as a result of which the company developed an accounting policy for the said transaction to reflect the substance of the same and its underlying transactions. In this context, the Company considered that the combination of a new recently created entity (Aena Aeropuertos, S.A. incorporated on 23 May 2011) with a pre-existing reporting unit does not constitute a business combination, due to it not being the newly created entity nor the purchaser nor a business acquired by the pre-existing reporting unit.

In the development of the accounting policy adopted by the Company for this transaction, it has been taken into account that the airport operations previously integrated into the Public Business Entity “Aeropuertos Españoles y Navegación Aérea”, which were reported in the financial information of the latter as a separate business segment, maintained their accounting records in a segregated manner and constitute an independent reporting unit, subject to an applicable specific regulatory framework, although integrated into ENAIRE and not into a separate legal entity, which enables the various assets to be reliably allocated to the new entity. This conclusion reflects the spirit of the Royal Decree Law 13/2010, the purpose of which was to provide the separate legal form, hitherto lacking, to the set of roles and responsibilities previously exercised by ENAIRE with regard to the management and operation of airport services of an historical nature, as has been indicated, in order that the said set of roles and responsibilities constitutes an independent economic unit capable of developing an independent business activity, in the course of business succession, configured as an operating unit and therefore a separate and determinable reporting unit from a historical financial information point of view, whose management has been carried out in the same manner before and after the non-monetary contribution, maintaining continuity in the key management positions of Aena Aeropuertos, S.A..

In this context, the Company also considered that taking into account the legal form of the transaction for the purposes of the presentation of its historical information would have substantially altered the presentation of the airport operations, which were carried out in the same manner before and after the non-monetary contribution, so that the presentation of the year 2011 as of the transaction date would not have reflected the fundamental economic reality of the business of Aena Aeropuertos, S. A. when the legal event described was conducted exclusively, as has been indicated, with the aim of providing separate legal form to a pre-existing reporting unit.

Therefore, considering that Aena Aeropuertos, S. A. was an existing single reporting unit before and after the non-monetary contribution, this was recorded as a corporate reorganisation in the context of the Public Business Entity “Aeropuertos Españoles y Navegación Aérea”. Consequently, the financial information for the year 2011 was presented for the full 12-month financial year, to its historical accounting values, considering the existence of Aena Aeropuertos, S. A. as a separate reporting unit, irrespective of its legal establishment in the course of the year 2011.

The Group’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union (IFRS-EU, hereinafter the “IFRS”) and the IFRIC interpretations in force at 31 December 2014, as well as the commercial legislation applicable to companies that prepare financial information in accordance with IFRS, and these are the first consolidated financial statements that are presented in accordance with those standards.

The figures set out in the documents making up the consolidated financial statements, the consolidated balance sheet, the consolidated income statement, the consolidated comprehensive income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the consolidated financial statements, are expressed in thousands of euros, unless otherwise indicated.

The consolidated financial statements have been prepared in accordance with the historic cost approach, modified by the restatement of derivative financial instruments at fair value.

The preparation of financial statements under IFRS requires the use of certain critical accounting estimates. Similarly, Management is required to exercise judgement in the application of the Group’s accounting policies. Note 4 discloses the areas that require a higher level of judgement or entail greater complexity, and the areas where assumptions and estimates are significant for the consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on 24 March 2015.

2.1.1 Changes in estimates

During the year 2014, the Company re-estimated the useful life of the fixed asset class "telescopic boarding gates" in accordance with the provisions of IAS 16, establishing the said useful life at 22 years, compared to the 12 years previously established by independent experts. This change in estimates was carried out on a prospective basis as of 1 January 2014 in accordance with the provisions of IAS 8.

The main justification for the change in the estimated useful life lies in the adjustment made by the Company to the useful life of this asset class by its internal technical department, whose calculations and reports concluded that it should be increased.

When considering and estimating the new useful life value, conventional criteria for these types of infrastructures and those with similar uses were applied, an average quality standard under extreme conditions, as well as the extensive experience with these types of infrastructures. Specifically, the various types existing within the airport network have been taken into account, as well as the fact that Aena Aeropuertos has a unit exclusively dedicated to their maintenance in each one of its airports, technically supported by several General Services units. Additionally, it has been assured that the new useful life is in line with that used, for this same asset class, by other comparable European airports.

If the change in estimates had not been carried out, this would have had an effect on the heading "Depreciation and amortisation" of a higher amortisation of approximately €5 million in the year 2014. If this change in estimates had been carried out in the year 2013, the "Depreciation and amortisation" heading would have been €5 million lower, approximately.

2.1.2 Standards, interpretations and amendments to published standards adopted by the Group

The Group has adopted the following standards for the first time during the financial year starting on 1 January 2014:

IFRS 10 "*Consolidated Financial Statements*", IFRS 10 introduced changes to the concept of control, which continues to define itself as the determining factor as to whether an entity should or should not be included in the consolidated financial statements. IFRS 10 replaces the guidelines on control and consolidation contained in IAS 27 "Consolidated and Separate Financial Statements" and supersedes SIC 12 "Consolidation − Special Purpose Entities" that is hereby repealed.

In order for there to be control, it is required that two elements come together: power over an entity and variable returns. Power is defined as the ability to direct the activities of the entity that significantly affect the performance of the same. The standard provides an extensive implementation guide for those cases in which it is difficult to determine whether there is control or not, for example, when an investor holds less than half of the voting rights in an entity. The concept of unity as regards the Company and its subsidiaries for the purposes of the consolidated financial statements, as well as the consolidation procedures have not incurred changes with regard to the above-mentioned IAS 27. This standard has had no material effect on the consolidated financial statements for the year 2014.

IFRS 11 "*Joint Arrangements*": IFRS 11 outlines the accounting treatment for joint arrangements, based on the rights and obligations arising from the arrangement and not on its legal form. There are just two types of joint arrangement: joint operations and joint ventures. Joint operations imply that a party has direct rights to the assets and obligations arising from the arrangement, so that it records its proportionate share in the assets, liabilities, income and expenditure of the entity in which it participates. For their part, joint ventures arise when a party has the right to the profits or net assets of the entity in which it participates and, therefore, uses the equity method to account for its interest in the entity. It is no longer permitted for interests in joint ventures to be accounted for in accordance with the proportionate consolidation method. This standard has had no material effect on the consolidated financial statements for the year 2014.

IFRS 12 "*Disclosure of Interests in Other Entities*": IFRS 12 contains the disclosure requirements for entities that report under the new IFRS 10 "*Consolidated Financial Statements*" and the new IFRS 11 "*Joint Arrangements*". In addition, it replaces the disclosure requirements previously included in the old IAS 28 "*Investments in Associates*" and IAS 31 "*Interests in Joint Ventures*". Under IFRS 12, information must be disclosed that enables users of financial statements to evaluate the nature, risks and financial effects associated with the interests of the entity in subsidiaries, associates, joint arrangements and unconsolidated structured entities. Among other requirements, information must be disclosed about:

- The significant assumptions and judgements made in determining the existence of control, joint control or significant influence;

- The composition of the group, including the interest that minority interests have in the group's activities and cash flows;
- The risks associated with consolidated structured entities, for example arrangements that may require the group to provide financial assistance to the entity;
- The posting of transactions with the minority interests in situations in which control is maintained and lost over the subsidiary;
- Interests in associates and joint arrangements (similar to the requirements of IAS 28 above);
- In terms of interests in unconsolidated structured entities, information about their nature, purpose, size, activities and funding, financial information on the entity (income, assets), information on the assets and liabilities recognised in the balance sheet that belong to these structured entities, the maximum losses that might arise from such an interest and the financial assistance provided to the entity or whether there is a current intention to provide such financial assistance.

This standard has had no material effect on the consolidated financial statements for the year 2014.

IAS 27 (Amendment) "*Separate Financial Statements*": The requirements previously established in IAS 27 with respect to the preparation of consolidated financial statements are included in the new IFRS 10 and therefore the former's scope of application is reduced to the accounting for investments in subsidiaries, joint ventures and associates in the individual financial statements under IFRS prepared by the investing company, which have not been changed with respect to the preceding legislation (i.e. recognition at cost of fair value according to the requirements of IFRS 9). This standard has had no material effect on the consolidated financial statements for the year 2014.

IAS 28 (Amendment) "*Investments in Associates and Joint Ventures*": IAS 28 has been updated to include references to joint ventures, which under IFRS 11 "*Joint Arrangements*" have to be recognised using the equity method. Simultaneously information regarding the following aspects has been added:

- Accounting treatment of instruments that provide potential voting rights.
- Measurement of shareholdings in associates and joint ventures in the hands of venture capital companies, mutual companies and other similar entities.
- Accounting treatment when the shareholding in an associate or joint venture is reduced by the equity method continues to be applicable.
- Accounting treatment of the contribution of a non-monetary asset to an associate or joint venture in exchange for receiving a share in the company's equity.

This standard has had no material effect on the consolidated financial statements for the year 2014.

IAS 32 (Amendment) "*Offsetting Financial Assets and Financial Liabilities*": In December 2011, the IASB issued an amendment to IAS 32 "*Offsetting Financial Assets and Financial Liabilities*", and an amendment to IFRS 7 "*Disclosures − Offsetting Financial Assets and Financial Liabilities*".

In the amendment to IAS 32 "*Financial Instruments: Presentation*", the Implementation Guidelines for the standard have been amended to clarify some of the requirements for offsetting financial assets with financial liabilities in the balance sheet. The amendment does not involve changes to the existing offsetting model in IAS 32, which continues to apply when, and only when, an entity currently has the legally enforceable right to offset the recognised amounts, and the intention to settle the net amount, or to realise the asset and settle the liability simultaneously. The amendment clarifies that the right to offset has to be available at the present time − i.e. it does not depend on a future event. In addition, the right has to be legally enforceable in the ordinary course of operations of the counterparties involved in the transaction, even in cases of non-compliance (default), insolvency and bankruptcy. The amendment to IAS 32 is mandatory for all financial years beginning on or after 1 January 2014 and applies retroactively.

Since the requirements for offsetting financial assets with financial liabilities remain different to the requirements under US GAAP, the IASB simultaneously published an amendment to IFRS 7 "*Financial Instruments: Disclosures*". The amendment to IFRS 7 requires the disclosure of quantitative information on both the recognised financial instruments that have been offset in the balance sheet, and the financial instruments subject to basic offsetting arrangements (master netting arrangements), regardless of whether they have been offset or not in the balance sheet. The amendment to IFRS 7 was mandatory for all financial years beginning on or after 1 January 2013 and applied retroactively.

This standard has had no material effect on the consolidated financial statements for the year 2014.

IAS 36 (Amendment) "*Recoverable Amount Disclosures for Non-Financial Assets*": The IASB has published an amendment of limited scope to IAS 36 "Impairment of Assets", in relation to the recoverable amount disclosures for impaired assets when the recoverable amount is based on fair value less costs of disposal. Through IFRS 13 "*Fair Value Measurement*", consequential amendments were made according to the disclosure requirements of IAS 36. One of these amendments was formulated more broadly than expected. The amendment corrects this situation and, in addition, requires that this additional information is presented on the basis of fair value measurements

when there has been an impairment or a reversal of impairment. Therefore, the IASB has amended IAS 36 as follows:

- It removes the requirement to disclose the recoverable amount when a cash-generating unit (CGU) contains goodwill or an intangible asset with indefinite useful life, but there has been no impairment loss;
- It requires the disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognised or reversed; and
- It requires the detailed disclosure of how fair value has been measured less costs of disposal when an impairment loss has been registered or reversed.

This standard has had no material effect on the consolidated financial statements for the year 2014.

IAS 39 (Amendment) "*Novation of Derivatives and Continuation of Hedge Accounting*": Under IAS 39, an entity is obliged to discontinue hedge accounting when a derivative that has been designated as a hedging instrument is novated to a central counterparty (CCP), since the original derivative ceases to exist. The new derivative with the CCP is recognised at the time of the novation.
The IASB has amended IAS 39 to introduce an exemption from restricted environment interruption of hedge accounting when the novation of a hedging instrument to a CCP meets certain requirements.

In particular, the amendments shall not result in the expiration or termination of the hedging instrument if:

- As a result of a specific law or regulation, the parties in the hedging instrument agree that a CCP, or an entity (or entities) acting as a counterparty in order to effect the clearing as a CCP, replaces the original counterparty; and
- Other changes, if applicable, to the hedging instrument are limited to those that are necessary to make such a replacement of the counterparty.

This standard has had no material effect on the consolidated financial statements for the year 2014.

2.1.3 Standards, interpretations and amendments to published standards that have not yet entered into force and have not been adopted early by the Group

At the date of these financial statements, the European Union has adopted new standards, amendments and interpretations to existing standards, that were expected to enter into force in the Group's accounting periods starting on 1 January 2014 or afterwards, but which the Group has not adopted early:

Area	Fundamental requirements	Effective date
IFRIC 21, "*Levies*".	IFRIC 21 "*Levies*" is an interpretation of IAS 37 "*Provisions, Contingent Liabilities and Contingent Assets*" that deals with the accounting treatment of the levies imposed by public administrations, other than income taxes and fines and penalties imposed for non-compliance with the legislation. The main question in this regard is when the entity should recognise a liability due to an obligation to pay a levy that is accounted for in accordance with IAS 37. IAS 37 establishes the conditions for the recognition of a liability, one of which is that the entity has a present obligation as a result of a past event. The interpretation clarifies that the obligating event that gives rise to a liability for the payment of a levy is the activity described in the relevant legislation that triggers the payment of the latter. For those entities whose accounting year coincides with the calendar year, the implementation of IFRIC 21 will be compulsory as of 1 January 2015. The impact of the entry into force of this standard occurs exclusively in the interim financial statements. Given that the estimated annual expenditure for the levies affected for 2015 amounts to €145 million which, with the previous legislation, would have accrued in a linear fashion over the course of the financial year but	The European Union has amended the entry into force of the original IFRIC 21 established by the IASB (1 January 2014) for financial years beginning on 17 June 2014.

	which, due to the implementation of IFRIC 21, will accrue in full on 1 January 2015, the impact amounts to an additional expenditure of €108.6 million in the accounts for the first quarter of 2015, an additional expenditure of €72.4 million in the accounts for the first half of 2015 and, lastly, an additional expenditure of €36.2 million in the accounts for the third quarter of 2015, compared with the accounts resulting from the previous legislation. However, this standard applies retroactively, so the earlier comparative periods will be corrected.	
Annual improvements 2010-2012	These annual improvements addressed seven aspects of financial reporting 2010-2012 comprising: • IFRS 2 "Share-based Payment": Defining condition for vesting. • IFRS 3 "Business Combinations": Accounting for contingent consideration in a business combination. • IFRS 8 "Operating Segments": Aggregation of operating segments and the reconciliation of total segment assets that are reported on the assets of the entity. • IFRS 13 "Fair Value Measurement": Trade accounts receivable and payable in the short term. • IAS 16 "Property, Plant and Equipment": Revaluation Method - re proportional expression of accumulated amortisation. • IAS 24 "Related Party Disclosures": Key management personnel. • IAS 38 "Intangible Assets": Revaluation Method - re proportional expression of accumulated amortisation. All these improvements are not expected to have a significant effect on the Group's consolidated financial statements.	The European Union has amended the entry into force of these improvements originally established by the IASB (1 July 2014) for financial years beginning on 17 December 2014.
Annual improvements 2011-2013	These annual improvements addressed four aspects of financial reporting 2011-2013 comprising: • IFRS 1 "First-time Adoption of IFRS": Meaning of "effective IFRSs". • IFRS 3 "Business Combinations": Exceptions to the scope for joint ventures. • IFRS 13 "Fair Value Measurement": Scope of paragraph 52 (except portfolio). • IAS 40 "Investment Property": Clarification of the relationship between IFRS 3 and IAS 40 when a property is classified as an investment property or owner occupied property. All these improvements are not expected to have a significant effect on the Group's consolidated financial statements.	The European Union has amended the entry into force of these improvements originally established by the IASB (1 July 2014) for financial years beginning on 18 December 2014.
Amendments to IAS 19, "Defined benefit plans. Employee contributions"	This amendment applies to employee contributions or third parties to defined benefit plans. The aim is to simplify the accounting treatment of contributions that are independent of the number of years of service, for example, employee contributions are calculated according to a fixed percentage of salary. IAS 19 (revised 2011) distinguishes between employee contributions related to the service provided and those not related to the service. The current modification further distinguishes between contributions that are tied to the service only in the year in which they arise and those that are linked to service over more than one year. The amendment allows the contributions that are tied to the service, and do not vary with the length of service of the employee, deducted from the cost of benefits accrued in the year in which the related service is provided. The contributions related to the service, which vary according to the employee's length of service, should be extended for the period of the service using the same method of allocation that applies to benefits, which implies that it either agrees with the formula of the pension plan, or, if the plan provides a significantly higher level of performance for service in later years, on a linear basis. This amendment is not expected to have a significant impact on the Group's consolidated financial statements.	The European Union has amended the entry into force of these improvements originally established by the IASB (1 July 2014) for financial years beginning on 17 December 2014.

2.1.4 Standards, interpretations and amendments to existing standards that cannot be adopted as they have not been approved by the EU

Up to the date of preparation of these consolidated financial statements, the Group has not been an early adopter of any other standard, interpretation or amendment that is yet to enter into force.

Furthermore, on the date these consolidated financial statements were prepared, the IASB and IFRIC published a series of standards, amendments and interpretations that have not yet been adopted by the European Union.

Area	Fundamental requirements	Effective date
IFRS 9, "*Financial Instruments*"	The IASB has published the full version of IFRS 9, *"Financial Instruments"*, which replaces the IAS 39 guide. This final version includes the requirements for the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the model for impairment losses incurred that is currently used. The final hedge accounting part of the IFRS was issued in November 2013.	IFRS 9 comes into effect for financial years beginning on or after 1 January 2018, although its early adoption is permitted. IFRS 9 will apply retroactively but it will not require comparative figures to be restated.
IFRS 9 (Amendment) and IFRS 7 (Amendment) "*Mandatory Effective Date and Transition Disclosures*"	The IASB has published an amendment that is delaying the entry into force of IFRS 9 "*Financial Instruments*", which becomes mandatory for financial years beginning on or after 1 January 2015. According to their original transitional provisions, IFRS 9 entered into force on 1 January 2013. The early application of IFRS 9 continues to be permitted. Likewise, the IASB has extended the timetable for the completion of the remaining phases of the project to replace IAS 39 "*Financial Instruments: Recognition and Measurement*" (accounting for impairment losses and hedge accounting). This amendment emphasises the importance of enabling the simultaneous implementation of all phases of the new standard. It should also be noted that the amendment to IFRS 9 introduces changes regarding comparative information and additional disclosures which would need to be extended after the adoption of the new standard, depending on the date of the first application of the standard, as indicated below: · If IFRS 9 applies for financial years beginning before 1 January 2012, it is not mandatory for the comparative figures to be restated nor for the additional disclosures to be included on the date of the initial application of the standard; · If IFRS 9 applies for financial years beginning on or after 1 January 2012 and before 1 January 2013, it is necessary to choose between restating the comparative figures or including the additional disclosures on the date of the initial application of the standard; · If IFRS 9 applies for financial years beginning on or after 1 January 2013, it is not mandatory for the comparative figures to be restated, but the additional disclosures must be included on the date of the initial application of the standard;	1 January 2015
IFRS 9 (Amendment) "*Financial Instruments: Hedge Accounting and Amendments to IFRS 9, IFRS 7 and IAS 39*"	Within the IASB to replace IAS 39 in its entirety by the IFRS 9 project, has published the document "IFRS 9: *Financial Instruments - Hedge Accounting*" which involves the incorporation of IFRS 9 the requirements relating to accounting coverage. These amendments to IFRS 9 represent a substantive reform of hedge accounting in a way that aligns hedge accounting more closely with risk management and should be more useful for decision-making by the users of financial statements. These new requirements also establish a more principles-based focus, rather than rules for hedge accounting, as well as addressing inconsistencies and weaknesses in the current IAS 39 model. The most important changes are: · *Testing hedge effectiveness and applicability of hedge accounting:* IFRS 9 relaxes the requirements for hedge effectiveness and, therefore, for applying hedge accounting. Under IAS 39, a hedge must be highly effective both prospectively and retrospectively. IFRS 9 replaces this	1 January 2015

Area	Fundamental requirements	Effective date
	line, demanding an economic relationship between the hedged item and the hedging instrument, and that the hedged ratio is the same as the entity actually used for risk management. · *Hedged items:* The new requirements amend what qualifies as a *hedged* item, mainly by eliminating restrictions that currently prevent some economically rational hedging strategies from qualifying for hedge accounting. For example: - The risk components of non-financial items may be designated as hedged items, provided that they are separately identifiable and can be reliably measured. - The aggregate exposures (i.e. exposures that include derivatives) can be hedged items. - It renders the hedging of groups of items more flexible, but does not cover macro hedging. - It enables hedge accounting for equity instruments valued at fair value through other comprehensive income, even though there will be no impact on profit and loss from these investments. · *Hedging instruments*: The rules on the use of certain hedging instruments are relaxed. · *Accounting, presentation and disclosures*: The requirements relating to accounting and the presentation of the accounts from IAS 39 remained virtually unchanged in IFRS 9. However, entities will now have to reclassify the retained earnings or losses in equity on a cash flow hedge to the carrying amount of a non-financial hedged item when initially recognised. In addition, additional information requirements have been included under the new standard. Additionally, as part of the changes, although it does not refer to hedge accounting, IFRS 9 has also been modified to allow institutions to adopt in advance the requirement to recognise in "Other comprehensive income" changes in fair value attributable to changes in the entity's own credit risk (for financial liabilities that are measured at fair value). This can be applied without having to adopt the rest of IFRS 9. Lastly, the date for the entry into force of IFRS 9 has been removed (1 January 2015), although entities can still choose to implement IFRS 9 immediately.	
IFRS 15 "Revenue from Contracts with Customers"	In May 2014, the IASB and FASB (US Financial Accounting Standards Board) jointly issued a converged standard regarding the recognition of revenue from contracts with customers. Under this standard, the revenue is recognised when a customer obtains the control of the good or service sold. A customer obtains the control when it has both the capacity to direct the use and to obtain the benefits of the good or service. A transfer of control is not the same as a transfer of risks and benefits, nor is it necessarily the same as the culmination of a process of profits as is considered today. Entities will also have to implement a new guide to determine whether they should recognise the revenue over time or at a given time. In comparison with the regulations currently in force, IFRS 15 requires extensive information to provide a greater knowledge of both the revenue that has been recognised and the revenue expected to be recognised in the future in relation to existing contracts. Likewise, quantitative and qualitative information shall be provided on the significant judgements made by management in determining the revenue to be recognised, as well as on the changes in terms of these judgements.	IFRS 15 shall come into effect for financial years beginning on or after 1 January 2017, although its early adoption is permitted. This standard shall apply in accordance with one of the following methods: a) Retroactively for each prior period for which information is presented in accordance with IAS 8, subject to certain practicalities; or b) Retroactively recognising the cumulative effect of

Area	Fundamental requirements	Effective date
		initially implementing this standard on the date of initial application.
IFRS 14 "*Regulatory Deferral Accounts*"	The IASB has published IFRS 14, "*Regulatory Deferral Accounts*", an interim standard concerning the accounting treatment of certain balances that arise in activities with regulated rates. IFRS 14 only applies to those entities that are adopting IFRS 1 for the first time, enabling them to continue to recognise the amounts relating to rate regulation in accordance with their accounting policies prior to the adoption of IFRS for the recognition, measurement, impairment and derecognition of these balances. However, in order to enhance comparability with entities that are already implementing IFRS and are not recognising these amounts, the standard requires that the effect of this rate regulation is presented separately from other items. An entity that is already presenting its financial statements in conformity with IFRS may not implement this standard.	This standard comes into effect as of 1 January 2016, although its early adoption is permitted.
IFRS 11 (Amendment) "*Accounting for Acquisitions of Interests in Joint Operations*"	The IASB has amended IFRS 11, "*Joint Arrangements*", to provide specific guidance on the accounting treatment of the acquisition of an interest in a joint operation that constitutes a business. The amendment requires an investor to apply the principles of accounting for a business combination when it acquires an interest in a joint operation that constitutes a business. Specifically, an investor will have to: • Assess the identifiable assets and liabilities at fair value; • Recognise as an expense the costs relating to the acquisition; • Recognise the deferred tax; and • Recognise the residual as goodwill. All the other principles of accounting for a business combination apply, unless they come into conflict with IFRS 11.	This amendment shall apply prospectively for financial years beginning on or after 1 January 2016, although its early implementation is permitted.
IAS 16 (Amendment) and IAS 38 Amendment *"Clarification of Acceptable Methods of Depreciation and Amortisation"*	The IASB has published an amendment to IAS 16 *"Property, Plant and Equipment"* and to IAS 38 "*Intangible Assets*", on depreciation and amortisation. This amendment clarifies that it is not appropriate to use revenue-based methods to calculate the depreciation of an asset because the revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarifies that is generally presumed that revenue is an inadequate basis for assessing the consumption of the economic benefits embodied in an intangible asset.	This amendment shall come into effect for financial years beginning on or after 1 January 2016, and it shall apply prospectively. The early implementation of the amendment is permitted.

The Group is analysing the impact that the standards and amendments may have on the consolidated financial statements, should they be adopted by the European Union.

2.2 Consolidation and changes in the scope

(a) Subsidiaries

Subsidiaries are all entities (including special-purpose companies) over which the Group has the power to govern the financial and operating policies, generally accompanied by a shareholding of more than one half of the voting rights. When assessing whether the Group controls a company, the existence and effects of potential voting rights which may be currently exercised or converted are taken into account. The Group also evaluates the existence of control when it does not hold more than 50% of the voting rights but it is capable of directing the financial and operating policies.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which that control ceases.

The acquisition method of accounting is used for the acquisition of the business combinations by the Group. The consideration paid for the acquisition of a subsidiary consists of the fair value of the assets transferred, the liabilities incurred with the former owners of the acquired company and the equity shares issued by the Group. The consideration transferred includes the fair value of any asset or liability that originates from a contingent consideration agreement.

Any contingent compensation to be transferred by the Group is recognised at fair value on the date of acquisition. Subsequent changes in the fair value of the contingent compensation that is considered to be an asset or a liability are recognised in the income statement or a change in "Other comprehensive results" in accordance with IAS 39. Contingent compensation that is classified as equity is not remeasured and subsequent payment is recorded under equity. The costs relating to the acquisition are recognised as an expense in the year in which they are incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially valued at their fair value at the acquisition date.

If the business combination takes place in phases, the carrying value on the date on which the stake in the equity of the acquired target company is recognised by the buyer is again measured at fair value on the acquisition date, and any loss or profit arising from this new measurement is recognised in the profit/(loss) for the year.

Goodwill is initially stated as the excess over the total compensation paid and the fair value of the non-controlling shareholding over the identifiable net assets acquired and the liabilities assumed. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. For each business combination, the Group may choose to recognise any non-controlling interest in the acquired company at fair value or the proportional part of the non-controlling interest in the recognised amount of the investee's identifiable net assets.

A joint venture between companies or businesses under joint control is a business combination in which all of the entities or businesses that are being combined are controlled, ultimately, by the same party or parties, both before and after the combination takes place and this control is not transitional in nature.

When the Group is involved with a joint venture under joint control, the acquired assets and liabilities are recorded at the same carrying value at which they were previously recognised and are not measured at fair value. No goodwill relating to the transaction is recognised. Any difference between the acquisition price and the carrying value of the net acquired assets is recognised under equity.

During the consolidation process, intra-group income and expense transactions are eliminated, together with any credit and debit balances between Group companies. All losses and gains that arise on intra-group transactions are eliminated. The accounting policies followed by subsidiaries have been standardised where necessary to ensure uniformity with policies adopted by the Group.

The breakdown of the Group's subsidiaries at 31 December 2014 and 2013, all consolidated using the full consolidation method, is as follows:

2014

Subsidiaries:	Address	Line of business	%		Owner of the Shareholding
			Direct	Indirect	
Aena Desarrollo Internacional, S.A. (1) ("ADI")	Region of Madrid	Operation, maintenance, management and administration of airport infrastructures, as well as supplementary services	100	-	Aena, S.A.
Concesionaria del Aeropuerto de Madrid-Barajas, S.A.U.	Region of Madrid	Inactive	100	-	Aena, S.A.
Concesionaria del Aeropuerto Barcelona-El Prat, S.A.U.	Barcelona	Inactive	100	-	Aena, S.A.
London Luton Airport Holdings III Limited ("LLAH III")	London	Holding of shares in the company that holds the concession for the operation of Luton Airport.	-	51	Aena Desarrollo Internacional, S.A
London Luton Airport Holdings II Limited ("LLAH II")	London	Holding of shares in the company that holds the concession for the operation of Luton Airport.	-	51	London Luton Airport Holdings III Limited (LLAH III)

Subsidiaries:	Address	Line of business	%		Owner of the Shareholding
			Direct	Indirect	
London Luton Airport Holdings I Limited (“LLAH I”)	London	Holding of shares in the company that holds the concession for the operation of Luton Airport.	-	51	London Luton Airport Holdings II Limited (LLAH II)
London Luton Airport Operations Limited (“LLAOL”)	London	Company holding the concession for the operation of Luton Airport.	-	51	London Luton Airport Group Limited (“LLAGL”)
London Luton Airport Group Limited (“LLAGL”)	London	Guarantor company for the acquisition of the concession for the operation of Luton Airport.	-	51	London Luton Airport Holdings I Limited (LLAH I)

(1) Companies audited by the PwC network.

2013

Subsidiaries: Company and Registered Office	Line of business	%		Owner of the Shareholding	Method of Consolidation
		Direct	Indirect		
Aena Desarrollo Internacional, S.A. Arturo Soria, 109 Madrid (1)	Operation, maintenance, management and administration of airport infrastructures, as well as supplementary services	100	-	Aena, S.A.	Full consolidation
Concesionaria del Aeropuerto de Madrid-Barajas, S.A.U. Madrid-Barajas Airport, Avenida de la Hispanidad s.n. 28042 Madrid	Inactive	100	-	Aena, S.A	Full consolidation
Concesionaria del Aeropuerto Barcelona-El Prat, S.A.U. Barcelona-El Prat Airport, Prat de Llobregat s.n. 08820 Barcelona	Inactive	100	-	Aena, S.A	Full consolidation

(1) Companies audited by the PwC network.

At 31 December 2014 and 2013, none of the subsidiaries are listed on a stock market and all end their financial year on 31 December. In compliance with Article 155 of the Corporate Enterprises Act, the Group has notified all of these companies that it holds more than a 10% interest either directly or indirectly.

In the years 2014 and 2013, Aena Desarrollo Internacional, S.A. (“ADI”) has not distributed dividends.

Moreover, as explained subsequently in this note, the Company Aena, S. A. has control of London Luton Airport Holding III Limited (hereinafter "LLAH III") and its investees through Aena Desarrollo Internacional, S.A. The key amounts of capital, equity, profit and carrying value, expressed in local currency and under local accounting principles, relating to this company and its investees at the close of 2014 and 2013 are as follows (expressed in thousands):

31 December 2014

Name / Address / Line of business	% Sharehol.	Share capital and share premium	Profit for the year	Other equity	Total equity
		GBP	GBP	GBP	GBP
London Luton Airport Holdings III Limited (*) (1)	51.0%	98,600	(15,555)	18,730	101,775
London Luton Airport Holdings II Limited (*) (1)	51.0%	98,600	(15,361)	(28,509)	54,730
London Luton Airport Holdings I Limited (*) (1)	51.0%	193,011	(7,800)	(35,783)	149,428
London Luton Airport Group Limited (*) (1)	51.0%	5,274	25,829	17,040	48,143
London Luton Airport Operations Limited (**) (1)	51.0%	5,274	26,301	16,531	48,106

(*) Data obtained from the consolidated financial statements at 31 December 2014
(**) Data obtained from the individual financial statements at 31 December 2014
(1) Company audited by other auditors.

Due to the process of disinvestment through TBI (Note 11), dated 27 November 2013, the subsidiary ADI subscribed for shares amounting to £39.4 million (corresponding to €47.3 million), representing 40% of the share capital of the

Company London Luton Airport Holdings III Limited (LLAHL III), without any cash outflow occurring due to the receipt of the ACDL dividends. The other shareholder of the Company, with 60% of the shares, is Aerofi Sarl (Aerofi). LLAHL III is a special purpose entity created with the objective of acquiring, dated 27 November 2013, 100% of London Luton Airport Group Limited (the management company of Luton Airport in the UK), from TBI Airport Holdings Limited for a total amount of £394.4 million (corresponding to €473.4 million). LLAHL III undertook the acquisition, through its 100% owned subsidiary London Luton Airport Holdings II Limited (LLAHL II), which in turn owns 100% of London Luton Airport Holdings I Limited (LLAHL I).

The Group concluded that it was exerting significant influence on LLAHL I, as a result of which it applied the equity method as of the acquisition date.

Within the framework of the transaction, ADI and Aerofi signed an agreement under which ADI had the option to acquire shares from Aerofi representing 11% of the share capital of LLAHL III, for a period of eleven months from 27 November 2013, at an equivalent price to the subscription price of such shares adjusted for certain factors relating to the dividends received by Aerofi such as the financial costs of 51% of the debt underwritten by Aerofi in LLAHL II, a shareholder return and the issuance of new LLAHL III shares that may occur during the exercise period. The exercise of the option by ADI would also involve its assumption of 51% of the debt underwritten by Aerofi in LLAHL II amounting to £94 million (corresponding to €112.8 million).

Likewise, in the above-mentioned agreement between ADI and Aerofi, it is provided for that, in the event that ADI does not exercise its option to purchase 11% of LLAHL III, Aerofi in turn has the option to acquire the 40% shareholding that ADI holds in LLAHL III, during the eleven months following the completion of the exercise period of ADI, the date on which the parties stipulate that the conditions precedent mentioned above cannot be met or the date on which ADI notifies Aerofi of its intention not to exercise the option during the exercise period. The price for Aerofi to exercise the option would be represented by the subscription price of the shares representing 40% of the capital of LLAHL III, adjusted for the same shareholder return mentioned above and for the issue of new LLAHL III shares that may occur during the exercise period.

The two options comply with the definition of a derivative financial instrument. The Group estimated that the probability of occurrence of each option was 50%; on the basis of this probability, the net value of the two options was, at 31 December 2013, €255,000, the sum of €39,000 (assets) and €294,000 (liabilities).

The assumptions used to estimate the value of the options were as follows:

	Call option 1	Call option 2
Amount	11% initial amount	40% initial amount
Volatility	17.85%	17.85%
Duration	11 months	22 months

Once the mandatory authorisation from the Council of Ministers had been obtained, Aena Desarrollo Internacional, S.A. exercised its option to purchase 11% of the capital of LLAH III on 16 October 2014. The total amount disbursed by the Group for the transaction was £62 million (€77.8 million) which breaks down as follows:

-For the 11% option: £13.7 million (€17.2 million)

-For the 51% of the shareholder loan previously held by Aerofi in its entirety: £48.3 million (€61.3 million).

As a result of this transaction, Aena has acquired the control of LLAH III since it controls the majority of the voting rights. Consequently, the Group has come to consolidate this Company (and its subsidiaries) by means of the full consolidation method from the date of acquiring control.

In accordance with the provisions of IFRS 3, the Aena Group has reassessed at fair value its existing 40% shareholding in LLAH III, which has generated a capital gain of €14.615 million, which is recorded under the heading “Other net financial income/(expenses)” of the consolidated income statement attached (Note 30). Of the previous amount, €2.199 million corresponds to conversion differences, as a result of which it has been recorded as “Exchange differences” under the heading of the same name, and the remainder (€12.416 million) has been recorded as a capital gain.

The fair value of the identifiable assets acquired and the liabilities assumed is based on the assessments entrusted to third parties in the context of the acquisition of the additional 11% shareholding in LLAH III on 16 October 2014. The aforementioned fair value and the fair value of the previous shareholding of 40% has been calculated in accordance with the discounted cash flows determined from the business plans of the company LLAH III.

The carrying value, fair value, goodwill and the cost of the shareholding of the identifiable assets acquired and the liabilities assumed in this transaction are set out below, according to the LLAH III consolidated balance sheet on the acquisition date, once the allocation of the purchase price has been finalised:

	Carrying value Thousands of euros	**Fair value Thousands of euros**
Value of the previous shareholding in LLAH III (40%)		61,902
Shareholder loan (51%)		61,284
Consideration paid in cash for the 11% of LLAH III		17,198
Total acquisition cost (a)		**140,384**
Intangible assets (1)	478,333	541,325
Goodwill	1,355	-
Property, plant and equipment	140,206	149,818
Deferred tax assets	1,607	1,607
Inventories	760	760
Trade and other short-term receivables (2)	32,039	32,039
Cash and cash equivalents in the subsidiary acquired (3)	33,474	33,492
Long-term borrowings (4)	(399,036)	(337,752)
Commitments in terms of retirement benefits	(29,710)	(29,710)
Deferred tax liabilities	(111,225)	(126,527)
Short-term borrowings	(6,443)	(6,443)
Trade and other short-term payables	(41,921)	(45,897)
Total identifiable net assets	**99,439**	**212,712**
Minority interests (49%) (5)		**74,200**
Acquired net assets (b)		**138,512**
Goodwill (a) – (b)(6)		**1,872**

1. Intangible assets include the service concession of London Luton Airport (owned by Luton Borough Council) and contracts with airlines, which have been valued using the Excess Earnings Method based on a calculation of discounted cash flows of the future economic benefits attributable to such assets, considering both the revenue and costs and the profitability required for other assets employed. To estimate the remaining useful life of both types of assets, the maturity of the contracts that support them has been used, resulting in seven to eight years for the main contracts with customers, and 18 years for the service concession.

2. The fair value of trade and other receivables of €32.039 million is equivalent to their gross contractual amount.

3. In the Statement of Cash Flow, the acquisition of LLAHL III is presented as a flow of investment activities for the total amount of the consideration paid in cash. Cash and cash equivalents for the subsidiary at the time of acquisition appear under the "Business combinations" heading of the aforementioned Statement of Cash Flow.

4. The heading "Long-term borrowings" primarily includes bank debt to the value of €276.035 million and a shareholder loan to the value of €118.772 million. As indicated in paragraph (b) of this Note 2.2, €61.284 million of this loan has been assumed by the Group and simultaneously disbursed as part of the acquisition transaction, as a result of which it will be eliminated in consolidation. Consequently, the amount shown under this heading only corresponds to the debt of LLAHL III with the banks and Aerofi.

5. The minority interest corresponds to the 49% shareholding in the capital maintained by Aerofi, and has been valued as the proportional interest in the fair value of the identifiable net assets.

6. Acquired goodwill is attributable, among others, to the economies of scale that it is hoped will be achieved. It is not anticipated that said goodwill will be deductible for tax purposes.

Contingent liabilities have not been identified that must be recorded for this business combination. Nor are there any outstanding contingent consideration agreements. The Group incurred costs of €87,000 relating to the acquisition of the additional 11% of the capital, which were recorded under profits.

The operations of the acquired business have been integrated into the Group income statement as of the acquisition date. LLAHL III contributed income of €38.422 million and losses of €3.040 million to the consolidated financial statements of the Group as of 16 October 2014 (excluding income at fair value of the previous shareholding, mentioned above).

If the acquisition had taken place on 1 January 2014, the Group's revenue in 2014 would have increased by €121.088 million, the net profit for the period would have been lower to the tune of €6.811 million and the EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) would have been greater to the tune of €39.895 million. These amounts have been calculated using the accounting policies of the Group and adjusting the profit/loss of the subsidiary, with the purpose of reflecting, primarily:

- The transactions and profit/loss generated by the subsidiary from 1 January until 31 December 2014.
- The amortisation expense calculated on the value of the property, plant and equipment and intangible assets determined in the business combination.
- The tax effect of the previous adjustments.
- The effect of applying the equity method to the prior shareholding of 40% solely until 1 January 2014.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The investments in associates are recorded using the equity method. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor’s stake in the results obtained by the associate after the acquisition date. The Group’s investment in associates includes goodwill identified on acquisition.

The group’s interest in subsequent losses or gains on the acquisition of associates is recognised in the income statement, and its share in in movements subsequent to the acquisition in other comprehensive income is recognised in “Other comprehensive income” by making the relevant adjustment to the carrying value of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

If the stake in an associate is reduced but significant influence is maintained, only the proportional stake in the previously recognised amounts in “Other comprehensive income” is reclassified to the income statement.

On each financial reporting date, the Group determines if there is any objective evidence of impairment affecting the investment in the associate. If this were to be the case, the Group calculates the amount of the impairment loss as the difference between the recoverable amount for the associate and its carrying amount, and this is recognised in the income statement.

The losses and gains resulting from ascendant and descendant transactions between the Group and its associates are recognised in the Group's financial statements only to the extent that they relate to the shareholdings held by other investors in the associates not related to the investor. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the value of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the accounting policies adopted by the associates. Dilution gains or losses on investments in associates are recognised in the income statement.

The breakdown of associates at 31 December 2014 is as follows:

Associated companies: Company and address Social	Line of business	%		Value of investments in associates (Note 9)	Owner of the shareholding	Consolidation method
		Direct	Indirect	31.12.14		
Restauración de Aeropuertos Españoles, S.A. RAESA Aeropuerto de Madrid-Barajas Madrid (1)	Operation of catering services at Madrid-Barajas Airport. Company in liquidation	48.99	-	596	Aena, S.A.	Equity method
Aeropuertos Mexicanos del Pacífico, S.A. de CV (AMP) México DF (1)	Operator of Pacific GAP airports	-	33.33	69,687	Aena Desarrollo Internacional, S.A.	Equity method
Sociedad Aeroportuaria de la Costa S.A. SACSA Aeropuerto Rafael Núñez Cartagena de Indias – Colombia (1)	Operation of Cartagena Airport.	-	37.89	3,555	Aena Desarrollo Internacional, S.A.	Equity method
Aeropuertos del Caribe, S.A. ACSA Aeropuerto Ernesto Cortissoz Barranquilla – Colombia (1)	Operation of Barranquilla Airport.	-	40	-	Aena Desarrollo Internacional, S.A.	Equity method
Aerocali, S.A. Aeropuerto Alfonso Bonilla Aragón Cali - Colombia (1)	Operation of the Cali Airport	-	50	4,410	Aena Desarrollo Internacional, S.A.	Equity method

(1) Companies audited by other auditors.

The breakdown of associates at 31 December 2013 is as follows:

Associated companies: Company and address	Line of business	%		Value of investments in associates	Owner of the shareholding	Consolidation method
		Direct	Indirect	31.12.13		
Restauración de Aeropuertos Españoles, S.A. RAESA Aeropuerto de Madrid-Barajas Madrid (1)	Operation of catering services at Madrid- Barajas Airport. Company in liquidation	48.99	-	596	Aena, S.A.	Equity method
Aeropuertos Mexicanos del Pacífico, S.A. de CV (AMP) México DF (1)	Operator of Pacific GAP airports	-	33.33	49,667	Aena Desarrollo Internacional, S.A.	Equity method
Sociedad Aeroportuaria de la Costa S.A. SACSA Aeropuerto Rafael Núñez Cartagena de Indias – Colombia (1)	Operation of the Cartagena Airport	-	37.89	3,422	Aena Desarrollo Internacional, S.A.	Equity method
Aeropuertos del Caribe, S.A. ACSA Aeropuerto Ernesto Cortissoz Barranquilla – Colombia (1)	Operation of the Barranquilla Airport	-	40	-	Aena Desarrollo Internacional, S.A.	Equity method
Aerocali, S.A. Aeropuerto Alfonso Bonilla Aragón Cali - Colombia (1)	Operation of the Cali Airport	-	33.34	2,602	Aena Desarrollo Internacional, S.A.	Equity method
London Luton Airport Holdings III Limited London Luton Airport Luton - United Kingdom (1)	Holding shares in the company which holds the license of the exploitation of Luton Airport	-	40	44,529	Aena Desarrollo Internacional, S.A.	Equity method

At 31 December 2014 and 2011, none of the associates were listed on a stock market.

On 29 May 2014, the subsidiary Aena Desarrollo Internacional, S.A. purchased 63,000 Aerocali, S.A. ordinary shares. In light of this acquisition the Group came to hold a 50% interest in the company. The amount paid for this acquisition amounts to €2.036 million. In accordance with the analysis conducted by the Group Management, with this acquisition, it would not obtain control of the investee upon the existence of joint control, which is why in 2014 it continues to use the equity method with the change in the shareholding percentage since the acquisition of the new shares.

On 24 February 2006, Grupo Aeroportuario del Pacifico, S.A. (a company in which AMP has invested) began to be listed on the Mexican and New York stock markets through an IPO carried out by the Mexican Government (former owner of the remaining 85% of the share capital). In addition, Aeropuertos Mexicanos del Pacífico acquired 2.296% of Grupo Aeroportuario del Pacífico, S.A. on the stock market for 286,297,895 Mexican pesos (MXN), thereby increasing its stake to 17.296% of its share capital. In May 2008, 640,000 shares were acquired on the stock market for 26,229,376 Mexican pesos (MXN), representing 0.11396%, thereby raising the interest held by Grupo Aeroportuario del Pacífico, S.A. to 17.40996%. The average acquisition price for the shares that Aeropuertos Mexicanos del Pacífico holds in Grupo Aeroportuario del Pacífico totals 23.12 Mexican pesos (MXN), while the listed value at 31 December 2014 was 92.72 Mexican pesos (MXN) (2013: 69.80 Mexican pesos (MXN)).

On 22 May 2014, at the General Meeting of Shareholders of the investee company Aeropuertos Mexicanos del Pacífico, S.A.P.I. de C.V., the reduction of the share capital in its variable part was approved by 75 million shares (2.378350 billion Mexican pesos). As a result of this transaction, the Group has recognised a cash receipt of €1.410 million, has reduced the shareholding in the associate by €1.369 million and has recorded in equity the difference as a result of this transaction. This transaction has not generated changes in the shareholding percentage.

The Group also estimated the recoverable amount of the aforementioned investment in AMP as the current value of future cash flows arising from the same, taking into account the estimates included in the Business Plan prepared by the Grupo Aeroportuario del Pacífico, S.A.B. de C.V. (GAP), the main assets of AMP, as well as income from the management contracts between the two companies. By applying discount rates consistent with recent historical experience, a recoverable amount is obtained that exceeds the cost recorded by the Group. The latter has carried out, in the years 2014 and 2013, a sensitivity analysis for the calculation of the recoverable amount according to the changes in key assumptions and has compared the results obtained with recent transaction amounts for the buying and selling of airports. On the basis of the foregoing, the Group Management considers that the recoverable amount calculated, at 31 December 2014 and 2013, is greater than the acquisition cost of the aforementioned investment in AMP.

In compliance with Article 155 of the Spanish Corporations Act, the Group has notified all of these companies that it holds more than a 10% interest either directly or indirectly.

All the associates close their financial year on 31 December.

2.3 Segment reporting

Reporting on operating segments is presented in accordance with internal information provided by the maximum decision-taking authority. The highest decision-making authority has been identified, and is responsible for assigning resources and evaluating the performance of the operating segments, as the Chairman and CEO of the Company.

The Chairman and CEO considers the business from the perspective of the various activities making up the Group's business. Based on the above, the maximum decision-taking authority analyses the Group's business based on 3 operating segments: Airports, which includes the aviation and commercial activities of the Group, Off-terminal services, and International. Information relating to LLAH III is included in the International segment, since the revenue, profit and assets are less than 10% of the aggregate values of the Group. Note 5 of this report reflects the financial information broken down by segment.

2.4 Transactions denominated in foreign currency

(a) Functional and presentation currency

The items included in the financial statements of each of the Group companies are measured using the currency of the principal economic environment in which the company operates ("functional currency"). The consolidated financial statements are presented in euros (€), which is the functional and presentation currency of Aena, S.A..

(b) Transactions and balances

Transactions in foreign currency are translated to the functional currency using the exchange rates in force on the transaction dates. Foreign currency gains and losses resulting from the settlement of transactions and translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in the income statement, except when deferred in "Other comprehensive income" as cash flow hedges or net investment hedges. Losses and gains on exchange relating to loans and cash, and cash equivalents, are presented in the consolidated income statement under "Other net financial income/(expense)". All other losses or gains on exchange are presented under the same heading.

The conversion to the presentation currency of the results of the companies to which the equity method was applied is carried out by converting all assets, rights and obligations using the exchange rate in force on the date the consolidated financial statements are closed and converting the items in the consolidated income statement for each foreign company to the presentation currency using the average annual exchange rate, which is calculated as the mathematical average of the average exchange rate in each of the 12 months of the year, which do not differ significantly from the exchange rate in force on the transaction date. The difference between equity, including profit calculated as indicated in the preceding point, converted using the historic exchange rate, and the net equity situation that results from the conversion of assets, rights and obligations, is recognised as a positive or negative figure, as appropriate, under equity in the "Foreign exchange differences" heading.

Entities of the Group

The results and the financial position of all the entities of the Group (none of which have the currency of a hyperinflationary economy) whose functional currency is different from the presentation currency are translated into the presentation currency as follows:

(i) The assets and liabilities of each balance sheet presented are converted at the closing exchange rate on the balance sheet date;
(ii) The income and expenditure for each income statement are converted at the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of current rates on the transaction dates, in which case the income and expenditure are converted on the date of the transactions); and
(iii) All exchange differences arising are recognised in other comprehensive income.

Adjustments to goodwill and fair value that arise in the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are converted at the closing exchange rate. The exchange differences that arise are recognised in "Other comprehensive income".

2.5 Property, plant and equipment

Land and buildings mainly relate to airport infrastructure. Property, plant and equipment is recognised at acquisition or production cost, adjusted for accumulated depreciation and for any impairment losses that are applicable. The historical cost includes the expenses directly attributable to purchases of property, plant and equipment.

The Group activates, as the largest value in terms of fixed assets, the initial estimate of the costs of renovating the site on which they lie, when these constitute obligations incurred as a result of using the item.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset may be reliably determined. The carrying value of the replaced components is eliminated from the accounting records. All other repair and maintenance expenses are charged to the income statement in the financial year in which they are incurred. Work carried out by the Group on its own assets is measured at production cost, and is stated as an ordinary income item in the income statement.

Land is not depreciated. The depreciation of other property, plant and equipment components is calculated on a straight-line basis in order to assign the difference between their costs and the residual values relating to their estimated useful lives, as follows:

- Buildings 12-51 years
- Technical installations 4-22 years
- Machinery 5-20 years
- Other installations 6-12 years
- Furnishings 4-13 years
- Other property, plant and equipment 5-7 years

Airport assets are depreciated using the useful life method, as is specified below:

- Passenger and cargo terminals 32-40 years
- Airport civil engineering 25-44 years
- Terminal equipment 4-22 years
- Transport of passengers between terminals 15-50 years
- Airport civil engineering equipment 15 years

The asset's residual values and useful life are reviewed, and adjusted if appropriate, at each balance sheet date.

If an asset's carrying amount is greater than its estimated recoverable amount, its carrying amount is written down immediately (Note 2.8).

Gains and losses on the sale of property, plant and machinery are calculated by comparing the income obtained against the carrying value of those assets and are recognised in the income statement under "Impairment and gains/(losses) on disposal of assets".

2.6 Intangible assets

(a) Goodwill

Goodwill arises in the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the subsidiary acquired and the fair value on the acquisition date of any prior shareholding in the equity of the subsidiary acquired based on the fair value of the identifiable net assets acquired. If the total of the consideration transferred, the recognised non-controlling interest and the previously maintained shareholding valued at fair value is less than the fair value of net assets of the subsidiary acquired, in the event of an acquisition on extremely favourable terms, the difference is recognised directly in the income statement.

In order to carry out the tests for impairment losses, acquired goodwill in a business combination is assigned to each one of the cash-generating units, or groups of cash-generating units, which are expected to benefit from the synergies of the combination. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity for which goodwill is controlled for internal management purposes. Goodwill is controlled at the operating segment level.

The revisions to the impairment losses of the goodwill value are conducted annually or more frequently if events or changes in circumstances indicate a potential impairment loss. The carrying amount of the CGU that includes goodwill is compared with the recoverable amount, which is the value in use or the fair value minus the selling costs, whichever is higher. Any impairment loss is recognised immediately as an expense and is not subsequently reversed.

(b) Software

These headings record the amounts paid with respect to the acquisition and development of software.

Software licenses acquired are capitalised based on the acquisition costs incurred and the costs arising from installing the specific programme ready for use. The costs of development directly attributable to the design and implementation of computer programmes which are identifiable, original, and able to be controlled by the Group are recognised as intangible assets when the following conditions are met:

- It is technically possible to complete production of the intangible asset such that it will be available for use or for sale;
- The Group has the intention of completing the intangible asset in question, for use or for sale.
- The Group has the capacity to use or sell the intangible asset.
- It is possible to demonstrate the manner in which the intangible asset will generate probable profits in the future;
- Adequate technical, financial or any other type of resources are available to complete development and to use or sell the intangible of asset; and
- The payment attributable to the intangible asset may be reliably measured.

Attributable direct costs that are capitalised as part of the software programmes include software development employee costs and an appropriate portion of relevant overheads.

Expenses that do not meet these criteria are recognised as an expense at the time incurred. Payments for an intangible asset initially recognised as an expense for the year are not subsequently recognised as intangible assets.

Software is amortised over the assets' estimated useful lives, normally up to a maximum of 6 years.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

(c) Development expenses

Development expenses are individualised by projects, are capitalised based on studies that support their viability and financial profitability, and are reviewed on an annual basis during the time the project is being carried out, when they meet the following criteria:

- It is likely that the project will be successful (taking into consideration its technical and commercial viability), such that the project will be available for use or for sale.
- It is likely that the project will generate future profits, in terms of both external and internal sales.
- The Group has the intention of completing the project in question, for use or for sale.
- The Group has the capacity to use or sell the intangible asset.
- Adequate technical, financial or any other type of resources are available to complete development and to use or sell the intangible of asset; and
- The costs may be reliably estimated.

In the event that the circumstances that allowed a project to be capitalised undergo changes, the accumulated cost is realised on the income statement. Capitalised development expenses are amortised over their useful lives, which are estimated to be 4 years.

The costs relating to research activities are recognised as an expense in the year in which they were incurred.

(d) LLAH II service concession

The service concession arrangement of London Luton Airport (property of Luton Borough Council) is not subject to IFRIC 12, since this airport's fees are not subject to regulated prices. Such an arrangement is recorded as an operating lease in accordance with IAS 17. The related intangible asset (see Note 2.2) is amortised on a straight-line basis throughout its remaining useful life. To establish the remaining useful life of this intangible asset, the maturity of the aforementioned service concession arrangement is used (18 years).

(e) Other intangible assets

The Group mainly capitalises the Airport Steering Plans and the studies associated with them as "Other intangible assets", and they are amortised over 8 years.

2.7 Investment properties

Investment properties consist of buildings, other properties and spaces outside of the owned airport terminals that are maintained to obtain long-term income and are not occupied by the Group. The items included under this heading are stated at acquisition cost less accumulated depreciation and any impairment losses.

Depreciation is applied to real estate investments on a straight-line basis in accordance with the estimated useful lives of the assets concerned (Note 2.5).

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life and intangible assets that are not in a state of use are not subject to amortisation and are tested annually for impairment. Property, plant and equipment and intangible assets subject to depreciation/amortisation are subject to impairment reviews in the event that some event or change in circumstance indicates that their carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is determined as the fair value less sales costs or the value-in-use, whichever is higher.

For the purposes of assessing impairment losses, assets are grouped together at the lowest level for which there are separately identifiable cash flows (Cash Generating Units). Company Management has identified cash-generating units in the individual assets that make up the Off-terminal services segment (which consist primarily of each of the property assets of the Group and the car parks as a whole), in the financial investments mainly comprising the International segment (listed in Note 2.2) and in the airport network for the Airports segment (consisting of the aviation activity infrastructure and the commercial space included in it).

For the periods presented in these consolidated financial statements, the determination of the cash-generating units has been influenced by the rules applicable in each period and the mechanisms for establishing the economic benefits associated with the assets in these cash-generating units.

Since 2011, the regulation applicable to equity benefits is Law 1/2011, which regulates the determination of equity benefits associated with the assets related to airport activity, establishing a single criterion for recovery of assets, considering exclusively in the calculation of equity benefits the investments and costs of the airport network as a whole, excluding the car parks. As mentioned above, the Company considers the airport network as a whole to be a cash-generating unit, due to the equity benefit regulations, primarily for the following reasons:

- Individually speaking, the airports do not have independence with respect to the management of revenues, as management is carried out on a joint basis and fees are calculated based on the entire network.

- Control over airport operations is carried out by Company management on a joint basis.

- The fees that are received by the Company for performing its activities are calculated taking into account practically all of the activities carried out by the Company and they seek a balanced budget such that commercial revenues could give rise to a reduction in aviation fees, with the beneficiaries being the users of the airport infrastructure, notwithstanding the provisions of Royal Decree Law 20/2012.

Finally, the regulatory framework established by Law 1/2011 stipulates that the fees must be calculated based on the entire network, allowing the recovery of the cost of the network taken as a whole, and not at the level of individual airports.

In relation to the cash-generating unit of the car parks within the Off-terminal services segment, the Company has also considered them as a network as a whole, taking into account all applicable regulations and reasons considered for the airport network, primarily for the following reasons:

- Income generated by the network of car parks is intimately dependent on airport activity, since they cannot operate independently of the other integral assets of the network. Consequently, the recovery of such assets is also considered as a whole, with car parking being considered an accessory to airport activity.

- Parking management is considered as a whole, due to its interdependence with airport assets and the nature of the compulsory service that must be provided in relation to airport activity. In this regard, it worth noting that Company Management assesses the adequacy of the infrastructure at airports depending on the traffic, and as the car parks form part of the airport service, evaluates investment, management and operating decisions taking passenger traffic into account.

- The price of parking is based on the characteristics described above, so the said prices are comparable to prices set according to the parameters for public services. Therefore, the car parks should be considered as a whole and not separately, since their existence is conditional on the existence of the airport assets as a whole.

Valet parking is considered a mandatory public service for the provision of airport services in accordance with the rules governing the management of airports of general interest and their service areas.

As regards the calculation of the recoverable value, the procedure implemented by Company Management to perform impairment tests at the cash-generating unit level, where appropriate, is as follows:

- Management prepares a business plan on an annual basis that generally covers a period of five years, including the current year. The main components of that plan, on which the impairment tests are based, are as follows:
  - Projected results.
  - Projected investments and working capital.
- Other variables that influence the recoverable value calculation are:
  - Discount rate to be applied, which is understood to be the average weighted cost of capital, where the main variables that influence its calculation are the cost of liabilities and the specific of risks affecting the assets.
  - Cash flow growth rate used to extrapolate the cash flow projections beyond the period covered by the budgets or projections.
- The business plans are prepared based on the best estimates available and are approved by the Board of Directors.

In the event that an impairment loss must be recognised, the Company reduces the assets of the cash generating unit, in proportion to their carrying value, to the recoverable value of that unit. Impairment is charged against the income statement.

The possible reversal of impairment losses affecting the value of non-financial assets is analysed at all dates on which financial information is reported. When an impairment loss subsequently reverses, the carrying value of the cash generating unit increases up to the limit of the carrying value that the unit's assets would have if the impairment had not been recognised. This reversal is classified in the same line in which the impairment loss was originally recognised.

During the year 2012, additional regulations came into force concerning equity benefits under Royal Decree Law 20/2012, which made changes to the determination of equity benefits. In substance, as a result of Royal Decree Law 20/2012, equity benefits from year 2014 are calculated taking into account only a percentage of the income and expenses resulting from commercial activity in the terminals. This percentage will decrease to zero by 2018.

Furthermore, as stated in Note 1 dated 5 July 2014, the integrity of the airport network insofar as its survival ensures the mobility of citizens and economic, social and territorial cohesion in terms of accessibility, adequacy, suitability, sustainability and continuity, is also established in Royal Decree Law 8/2014. The latter sets out the framework to which the basic airport services are subject and the characteristics and conditions that the said network must boast in order to guarantee the objectives of general interest. Thus, the closure or sale of all or part of any facilities or airport infrastructure necessary to maintain the provision of airport services is prohibited, unless authorised by the Council of Ministers or the Ministry of Public Works, and which authorisation can only be granted provided it does not affect the objectives of general interest that must guarantee the said network or compromise its sustainability; the absence of such authorisation will render the foregoing as a guarantee for the entire maintenance of the state airport network null and void. Airport charges and their key elements, basic airport services and the framework to determine minimum standards of quality, capacity and conditions for the provision of the services and investments required for compliance, as well as the conditions for recovering the costs of providing these basic airport services have been defined.

While these regulations have no impact on the determination of the cash-generating units for the years 2014 and 2013, hereinafter the determination of cash generating units could be affected by this legislation, according to the criteria established for the calculation of economic benefits.

2.9 Borrowing costs

Interest costs incurred on the construction of any qualified asset are capitalised over the period of time necessary to complete and prepare the asset for its intended use. Other interest costs are recorded under "Expenses" in the year incurred.

2.10 Financial assets

The Group classifies its financial assets into the following categories: Financial assets at fair value through profit or loss; loans and receivables; and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

Usual acquisitions and disposals of financial assets are recognised on the trading date, i.e., on the date the Group undertakes to acquire or sell the asset.

Financial investments are written off the balance sheet when the rights to receive cash flows from them have expired or have been transferred and the Group has transferred substantially all the risks and advantages deriving from ownership.

Financial assets and liabilities are offset and the net amount is recognised in the balance sheet when there is the legal right to offset the recognised amounts and the Group has the intention of settling the net amount or realising the asset and simultaneously cancelling the liability. During 2014 and 2013, the Group has no offset financial assets and liabilities because the requirements were not fulfilled for this.

(a) <u>Financial assets at fair value through profit or loss</u>

Financial assets at fair value through changes in profit or loss are financial assets which are held for trading. A financial asset is classified under this category if it was acquired mainly for the purpose of being sold in the short-term. Derivatives are also categorised as held-for-trading unless they are designated as hedge instruments. The assets in this category are classified as current assets if they are expected to be liquidated within twelve months. If not, they are classified as non-current assets.

Financial assets at fair value through changes in profit and loss are initially and subsequently recognised at their fair value, excluding the transaction costs, which are expensed in the income statement. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statement under "Other net financial income/(expense)" in the period in which they arise.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for assets maturing more than 12 months after the balance sheet date, which are classified as non-current assets. Loans granted to and receivables from the Group consist of the items in "Trade and other receivables" and "Cash and cash equivalents" in the balance sheet (Notes 2.13 and 2.14).

Investments in loans and receivables are initially recognised at fair value plus transaction costs. Loans and receivables are initially stated at their amortised cost in accordance with the effective interest rate method. Interest calculated using the effective interest rate method is recognised in the income statement under the heading "Financial income".

At the balance sheet date, the Group assesses whether there is objective evidence of impairment losses with respect to a financial asset or group of financial assets. A financial asset or group of financial assets is impaired, and an impairment loss arises, if and only if there is objective evidence of the impairment as a result of one or more events taking place after the initial recognition of the asset (an "event" that causes the loss), and this event or events causing the loss have an impact on the future estimated cash flows relating to the financial asset or group of financial assets that may be reliably estimated.

Among the evidence for impairment losses are included indications that debtors or groups of debtors are undergoing significant financial difficulties, defaults or delays in the payment of interest or principal amounts, the probability of entering into a bankruptcy or other financial reorganisation situation, and when observable data indicate that there is a measurable decline in future estimated cash flows, such as changes in payment conditions or financial conditions that may correlate with defaults.

For loans and receivables, the amount of the impairment loss is the difference between the carrying value of the asset and the present value of the future estimated cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate of the financial asset. The carrying value of the asset is reduced and the loss is recognised in the consolidated income statement.

If subsequently the amount of the impairment decreases, and the decrease can be objectively attributed to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the impairment previously recognised may be recorded in the consolidated income statement.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included under non-current assets unless they mature within 12 months of the balance sheet date or if management has the intention of disposing of the investment within that period.

Investments in financial and available-for-sale assets are initially recognised at fair value plus transaction costs.

Available-for-sale financial assets are subsequently recognised at fair value and any changes in the fair value are recorded under "Other comprehensive income", provided that it is possible to reliably determine the aforementioned fair value. If this is not the case, they are stated at cost less impairment losses.

When financial assets classified as available-for-sale are disposed of, or suffer impairment, the accumulated adjustments to fair value recognised under "Other comprehensive income"" are included in the income statement as Other net financial income/(expense)". Dividends from equity instruments available-for-sale are recognised in the income statement under "Financial income" when the Group's right to receive the payment is established.

At the end of each accounting period the Group evaluates whether or not there is objective evidence that a financial asset, or group of financial assets classified in this category, has become impaired. In the case of financial investments in equity instruments classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the instrument to a point below its cost is also considered to be evidence that the asset has become impaired. If there is any evidence of this type for available-for-sale financial assets, the cumulative loss - determined as the difference between the acquisition cost and its current fair value, less any impairment loss in that financial asset previously recognised in the income statement - is eliminated from equity and recognised in the income statement. Impairment losses on equity instruments recognized in the consolidated income statement are not reversed through that consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase may be objectively attributed to an event taking place after the impairment loss was recorded in the income statement, the impairment loss may be reversed in the consolidated income statement.

2.11 Derivative financial instruments and hedges

The Group uses derivative financial instruments, fundamentally, to hedge against changes in interest rates. Derivative financial instruments are initially stated at their fair value at the date on which the relevant contract is concluded. Subsequent to initial recognition, they are again measured at fair value. The method of recognising the resulting gain or loss from changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, on the nature of the item being hedged. The Group designates certain derivatives to be hedges of a specific risk associated with a recognised liability or a highly likely expected transaction (cash flow hedges).

At the beginning of the transaction the Group documents the relationship existing between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions.

The Group also documents its evaluation, at the beginning and on a continuous basis, as to whether the derivatives that are being used in the hedge transactions are highly effective to offset changes in the effective flows from the hedged items, i.e., it may be expected that changes in cash flows from the hedged item will be nearly completely offset by those from the hedging instrument and which, retrospectively, the results obtained from the hedge have ranged within the 80% and 125% range with respect to the results obtained from the hedged item.

The effective portion of changes in the fair value of derivatives that is designated and qualified as cash flow hedges is recognised in "Other comprehensive income". The profit or loss relating to the ineffective portion is recognised immediately under "Other net financial income/(expense)" in the income statement.

Accumulated equity amounts are reclassified to the income statement in the periods in which the hedged item affects results. The profit or loss on the effective part of interest rate swaps which cover variable interest rate borrowings is recognised in the income statement under "Other net financial income/(expense)". However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset.

When a hedge instrument expires, is sold, or when it no longer meets the requirements for carrying the hedge, any accumulated gain or loss in equity up until that moment remains in equity and is recognised when the planned transaction is finally recognised in the income statement. When the forecast transaction is expected not to take place, the profit or loss accumulated in equity is taken immediately to the income statement under "Other net financial income/(expense)".

2.12 Inventories

Inventories include spare parts and sundry materials located in the Central Warehouses and Logistical Support Depot, and they are measured at cost or their net realisable value, whichever is lower. Cost is determined using the average weighted cost method. Acquisition cost is determined based on the historical price for the items identified in the purchase orders. The net realisable value is the estimated selling price in the ordinary course of business, less applicable variable costs of sales.

2.13 Trade receivables

Trade receivables are amounts owed by customers for the sale of goods or services rendered during the normal course o the business. If the receivable is expected to be collected within one year (or in the normal operating cycle if longer) it is recognised under current assets. Otherwise they are presented as non-current liabilities.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less the provision for impairment (see Note 2.10(b)).

2.14 Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits at credit institutions, other short-term highly liquid investments with an original maturity of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.15 Share capital

The Company's ordinary shares are classified as equity (Note 16).

Incremental costs directly attributable to the issue of new shares or options are presented in equity as a deduction, net of taxes, from the revenue obtained.

When a Group company acquires Company shares (own shares), the consideration paid, including any directly attributable incremental cost (net of income tax) is deducted from equity attributable to the Company's shareholders through to redemption, reissue or disposal. When these shares are subsequently reissued, any amount received, net of any incremental cost on the transaction which is directly attributable and the corresponding income tax effects, is included in equity attributable to the Company's shareholders.

2.16 Trade payables

Trade payables are obligations to make payment for assets or services that have been acquired from suppliers during the normal course of the business. Payables are classified as current liabilities if the payments fall due in one year or less. Otherwise they are presented as non-current liabilities.

Trade payables are initially carried at their fair value and are subsequently valued at their amortised cost using the effective interest rate method.

Prepayments received from customers are recognised at fair value as liabilities under the heading "Prepayments from customers". Those with maturities greater than one year are presented as non-current liabilities under the heading "Other long-term liabilities".

2.17 Borrowings

Borrowings are recognised initially at fair value, net of the transaction costs incurred. Subsequently, borrowings are recognised at amortised cost. Any differences between the funds obtained (net of necessary costs) and their repayment value are recognised in the income statement over the life of the debt applying the effective interest method.

The commissions paid for obtaining lines of credit are recognised as loan transaction costs to the extent that it is likely that some or all of the line of credit will be used. In these cases the commissions are deferred until the line of credit is accessed. Insofar as it is not likely that the credit line will be used in full or part, the commission is capitalised as an advance payment for liquidity services and amortised over the period during which the credit line is available.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement for at least 12 months as from the consolidated balance sheet date.

2.18 Current and deferred taxes

Corporate income tax expense for the year consists of current and deferred taxes. The tax is recognised in the income statement, except to the extent that it relates to items that are recognised in the comprehensive income statement or directly under equity. In this case the tax is also recognised under other comprehensive results or directly under equity, respectively.

Current tax is the amount that the Company pays as a result of the tax returns it files in relation to its tax on profits for a particular financial year. Current tax expenses calculated based on the laws that have been approved or are about to be approved at the balance sheet date. Deductions and other tax benefits applicable to tax payable, excluding withholdings and interim payments, and tax-loss carry-forwards applied in the current year, result in a reduction in current tax.

Management regularly evaluates the positions held with respect to tax returns as they relate to situations in which applicable tax legislation is open to interpretation and creates, when appropriate, all necessary provisions based on the amounts that are expected to be paid to the tax authorities.

Deferred taxes are recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred taxes arise from the initial recognition of a asset or liability on a transaction other than a business combination that at the time of the transaction has no effect on the tax gain or loss, they are recognised. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only insofar as future tax profits will probably arise against which to offset the temporary differences. The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Deferred tax assets not recognised in the balance sheet are also reviewed at each year end in order to recognise the extent to which it is likely that they may be offset against future taxable profits.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for those deferred tax liabilities where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if, and only if, there is a legally recognised right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities derive from corporate income tax relating to the same tax authority and affect the same company or taxpayer, or different companies or taxpayers that intend to settle current tax assets and liabilities at their net amount.

Since 2011 the Company has been taxed under the tax consolidation system within the scope of consolidation of its single shareholder together with certain subsidiaries since the conditions established to do so are met.

The companies that form part of the tax group in 2014 and 2013 are as follows:

1. The Public Business Entity “ENAIRE”
2. Aena, S.A.
3. Aena Desarrollo Internacional, S.A.
4. Concesionaria del Aeropuerto Madrid-Barajas, S.A.
5. Concesionaria del Aeropuerto Barcelona-El Prat, S.A.

With a date for tax purposes of 1 January 2015, the exit of Aena, S.A and its subsidiaries from the said tax group has taken place (see Note 35).

2.19 Employee benefits

The Group maintains post-employment commitments (pension plans) and other long-term compensation commitments with personnel, both in terms of defined contribution and defined benefit plans:

(a) Long-term employment commitments

- Defined contribution plans

  A defined contribution post-employment commitment is an obligation under which the Group makes fixed contributions to a fund and will not have any legal or implicit obligation to make additional contributions if the fund does not hold sufficient assets to pay all employees the benefits for current year and prior year services. For defined contribution commitments, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

- Defined benefit plans

  A defined benefit post-employment commitment is an obligation that establishes the amount of the benefit that will be received by an employee at the time of retirement, normally on the basis of one or more factors such as age, years of service or compensation.

The liability recorded in the balance sheet with respect to defined benefit commitments is the present value of the obligation accrued at the balance sheet date, less the fair value of the plan assets. The defined benefit obligation is calculated on an annual basis by independent actuaries using the projected credit unit method. The current value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high quality corporate bonds denominated in the currency in which such benefits are to be paid, and with similar maturities those of the corresponding defined benefit obligation.

For post-employment plans, actuarial gains and losses that arise from adjustments applied due to experience and changes in the actuarial assumptions are recognised in equity under “Other comprehensive income” in the period in which they arise. Past service costs are recognised immediately in the income statement.

The expected cost for other long-term benefits that are not of a post-employment nature accrues over the term of employment of the employees using the same accounting method that is used for defined benefit pension plans. Actuarial gains and losses that arise from adjustments applied due to experience and changes in the actuarial assumptions are charged and credited, as appropriate, in the consolidated income statement in the period in which they arise. These obligations are measured on an annual basis by qualified independent actuaries.

Specifically, the Group records the following long-term employment commitments:

Length of service awards

Article 138 of the I Collective Bargaining Agreement for the Aena Group of Companies (Public Business Entity Aena and Aena, S.A.) stipulates length of service awards for services effectively rendered for a period of 25, 30 or more years. The Company makes provision for the present value of the best estimate possible of future commitments, based on actuarial calculation.

The most relevant assumptions taking into account to obtain the actuarial calculation are as follows:

	31-12-2014	31-12-2013
Technical interest rate	1.60%	2.80%
Salary increases	2.0%	2.00%
Mortality table	PERMF 2000	PERMF 2000 NP
Financial system used	Individual capitalisation	Individual capitalisation
Accrual method	Projected unit credit	Projected unit credit
Retirement age	65 years	65 years
Disability tables	OM 77	OM 77

Early-retirement bonuses

Article 154 of the I Collective Bargaining Agreement for the Aena Group of Companies (Public Business Entity Aena and Aena, S.A.) stipulates that any employee between the ages of 60 and 64 who, in accordance with current provisions is entitled thereto, may take voluntary early retirement and will receive an indemnity, taken together with the vested rights in the Pension Plan, at the time the employment contract is terminated, equal to four monthly base salary payments and length of service bonuses for each year remaining until reaching the age of 64, or the relevant pro-rate amount.

In 2004 the early retirement awards were externalised by obtaining a lump sum-payment insurance policy from Mapfre Vida on 25 March 2004.

The principal actuarial assumptions used are as follows:

	31-12-2014	31-12-2013
Technical interest rate	1.70%	2.90%
Long-term salary growth	3.00%	3.00%
Yield on defined contribution fund	4.00%	4.00%
Rate guaranteed by Mapfre	3.10%	3.10%
Mortality table	PERMF 2000 NP	PERMF 2000 NP
Financial system used	Individual capitalisation	Individual capitalisation
Accrual method	Projected unit credit	Projected unit credit
Retirement age	Between 60 years and 63 years and 11 months	Between 60 years and 63 years and 11 months

Pension plans

According to the Collective Barganing Agreement, the Group should maintain a plan of defined contribution pension. However, Law 22/2013 of 23 December and Royal Decree Law 17/2012 of 27 December respectively, provide that public business enterprises cannot make contributions to employee pension plans or group insurance contracts that include a contingency for retirement coverage, so the forecast of the Collective Bargaining Agreement was not applicable in the years 2014 and 2013. See Note 22 c).

London Luton LLAH 3 pension plan

The LLAH III group maintains a defined benefit pension plan, London Luton Airport Pension Scheme ("LLAPS"), whose assets are owned and managed by funds that are legally separate from the LLAH III Group (see Note 22d).

The principal actuarial assumptions used are as follows:

	31-12-2014
Technical interest rate	3.75%
Inflation	3.00%
Pension growth rate	2.85%
Accrual method	Projected unit credit
Retirement age	65 years

Length of service at 65 years of age for current pensioners (years):
- Male 22.6
- Female 24.8

Length of service at 65 years of age for future pensioners, currently aged 45 years (years):
- Male 24.9
- Female 27.1

(b) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary severance in exchange for these benefits. The Group recognises these benefits on the first of the following dates: (a) when the Group can no longer withdraw the offer of the said benefits; or (b) when the entity recognises restructuring costs in the scope of IAS 37 and it assumes the payment of the termination benefits. When an offer is made for voluntary severance, termination benefits are determined based on the number of employees that are expected to accept the offer. Benefits which are not going to be paid within 12 months of the balance sheet date are discounted at present value.

As a result of the Airport Efficiency Plan approved by the Ministry of Public Works in June 2012 to adapt the offer of services at 17 airports and 2 heliports to real demand at any given time, which led to a reduction in operating hours and the existence of excess personnel, on 31 October 2012 an Agreement between the representation of the AENA Group of Companies and the representatives of trade unions pertaining to the state union co-ordinator, which approved the Voluntary Severance Plan (PSDV) within the framework of an employment regulation procedure.

This plan applied to active employees, or those in a similar situation, at the time the agreement was concluded, who wished to voluntarily join the plan and were permanent employees at the Company and under 64 years of age as at 31 December 2012. The Voluntary Severance Plan was not applicable to partially retired employees and with respect to the "SEI group" (fire crews) they should not be in a position to access retirement with the right to receive 100% of the corresponding pension, based on the provisions of Royal Decree Law 383/2008.

At 31 December 2012, workers whose departures has been conducted in stages up until 30 June 2013 had acceded to the Voluntary Severance Plan. The Company took out a policy with BBVA Seguros to cover the payment of the respective benefits, as well as hiring an agency to facilitate the re-integration into employment of the employees (Note 23). In 2013 all the terminations planned under the Voluntary Severance Plan were carried out.

2.20 Provisions and contingent liabilities

Provisions are recognised when:

- The Group has a present obligation, whether legal or implicit, as a result of past events;
- It is likely resources must be applied to settle the obligations; and
- the amount of the provision has been reliably estimated.

Provisions are not recognised for future operating losses.

When there is a number of similar obligations, the probable need for an outflow to settle them is determined taking into account the type of obligations as a whole. A provision is recognised even if the probability of an outflow with respect to any item included in the same class of obligations may be regarded as remote.

Provisions are carried at the present value of the payments that are expected to be necessary to settle the obligation, using a rate before taxes that reflects the valuation of the current market for the temporary value of money and the specific risks relating to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

In accordance with the accounting policy set out in Note 2.5, the corresponding environmental provisions were provided for (especially the provision for acoustic insulation), with a balancing entry in the largest value in terms of fixed assets, due to the amount of the initial estimate of the costs of renovating the site on which they lie, when these constitute obligations incurred by the group as a result of using these items. Equally, the provision for expropriations records the best estimate of the amount relating to the difference between the fair values paid for the expropriation of land acquired for the expansion of airports and the estimates of the prices that the Group will have to pay, considering that it is likely that certain legal claims in progress regarding some of the fair values paid will be successful for the claimants (see Note 20).

The contingent liabilities represent possible obligations to third parties and existing obligations that are not recognised, given that it is not likely that an outflow of cash will be required to satisfy that obligation or, if appropriate, the amount cannot be reasonably estimated. Contingent liabilities are not recognised in the consolidated income statement unless they have been acquired for consideration within the framework of a joint venture.

2.21 Revenue recognition

Ordinary revenues are measured at the fair value of the compensation received or to be received, and represent the amounts receivable for the assets sold, net of discounts, refunds and value added tax. Ordinary revenues are recognised when the income may be reliably measured, when it is likely that the company will receive a future financial benefit, and when certain conditions are met for each of the Group's activities.

Ordinary revenues are recognised as follows:

- Sales of assets are recognised when a Company of the Group has delivered products to the customer, the customer has accepted the products and the collectability of the relevant accounts receivable is reasonably assured.
- Sales of services are recognised in the financial year in which the services are rendered, with reference to the end of the specific transaction evaluated based on the actual service provided as a percentage of the total service to be provided, when the income and the costs relating to the service contract, as well as the percentage of completion, may be reliably estimated and it is likely that the related receivables will be recoverable. Where one or more of these service agreement items cannot be reliably estimated, service sales revenues are only recognised up to the limit of contract costs incurred that are likely to be recovered.

  Most of the Company's revenues derived from airport services rendered, which mainly relate to the use of airport infrastructure by airlines and passengers (including public equity gains and private prices). In addition, the Company records commercial revenues that mainly consist of the rental of space in airport terminals for stores, restaurants and advertising and off-terminal facilities such as the rental of premises and land, vehicle parking and rental cars.

  Aviation (Public equity benefits):

  The establishment of fees for public equity benefits is carried out in accordance with Royal Decree Law 1/2011 (4 March), which establishes the State Operational Security Programme for Civil Aviation and amends Law 21/2003 (7 July) on Air Security. Furthermore, Article 69 of Royal Decree Law 1/2011 defines the following items as equity benefits of a public nature:

  - Use of runways at civil airports, joint-use airports and airbases open to civil aircraft traffic and the rendering of the necessary services for such use, other than ground handling of aircraft, passengers and cargo.
  - Aerodrome air traffic services provided by the airport manager, regardless of whether such services are rendered through duly certified air traffic service providers that may have been contracted by the airport manager and designated as such by the Ministry of Public Works.
  - Weather services provided by the airport manager, regardless of whether such services are rendered through duly certified weather service suppliers and, furthermore, designated in this respect by the Ministry of the Environment and Rural and Marine Resources.
  - Passenger and baggage inspection and control services at airport facilities.
  - Passenger use of airport terminal areas that are not accessible to visitors, as well as supplementary airport facilities.
  - Services that allow the general mobility of passengers and the necessary assistance to persons with reduced mobility to allow them to travel between the point of arrival at the airport to the aircraft, or from the aircraft to the exit, including boarding and exiting the aircraft.
  - Use of aircraft stand areas prepared for this purpose at airports.
  - Use of the airport installations to facilitate the boarding and disembarking of airline passengers through telescopic boarding gates or the simple use of a platform position that impedes the use of the relevant boarding gate by other users.
  - Use of the airport facilities to load and unload cargo.
  - Use of the airport facilities for the transportation and supply of fuel and lubricants, regardless of the mode of transportation or supply.
  - Use of the airport facilities to render ground assistance services that are not subject to any specific compensation.

  Article 91 of Royal Decree Law 1/2011 establishes that General State Budget Act in each year may be modified or updated with respect to the public equity benefits in accordance with the criteria defined in Article 92, and will be adjusted to the proposal from the State Supervisory Authority after application of the transparency and consultation procedure established in Royal Decree Law 1/2011.

  Title VI of Royal Decree Law 20/2012 (13 July), on measures to guarantee budgetary stability and to encourage competitiveness, amends the adjustment of the public equity benefits received by Aena Aeropuertos, S.A., in order to change the formula applied to updates, under which the revenues, expenses and investments deriving from commercial services and activities not strictly related to economics are not included when calculating airport fees.

However, in order to smooth the increase in airport charges, it states that starting in 2014 and for a period of five years, to obtain the Required Regulated Revenues, it will add the other operating expenses generated by activities relative to the private prices of the Terminal Areas to the result given by the formula, and it will then deduct the income corresponding to private prices resulting from these Terminal Areas, both of which are affected by the correction coefficient K, which is represented in 2014by 80% of commercial revenues, in 2015 by 60%, in 2016 by 40%, in 2017 by 20% and in 2018 by 0%.

Article 86 of Law 22/2013 of 23 December on the General State Budget Act for 2014, which sets the increase in fees effective from 1 March 2014 and the amount of services of a public nature of Aena Aeropuertos, S.A., as established in Title VI, Chapters I and II of Law 21/2003 of 7 July, on Aviation Safety, increased the aforementioned fees by 0.9 percent with respect to the 2013 amounts.

On 5 July 2014, Royal Decree Law 8/2014 of 4 July was published in the Official State Gazette (BOE), further amended by Law 18/2014 of 15 October, approving urgent measures for growth, competitiveness and efficiency. These regulations set out:

- The regime governing the network of airports of general interest as a service of general economic interest, with the objective of guaranteeing the mobility of citizens and economic, social and territorial cohesion, to ensure the accessibility, adequacy and suitability of the airport infrastructure capacity, the economic sustainability of the network, as well as the continuity and adequate provision of basic airport services. Moreover, the network management guarantees the economic sustainability of the airports included in the network by allowing, under conditions of transparency, objectivity and non-discrimination, support for loss-making infrastructures.

- Sociedad Aena Aeropuertos, S.A. has changed its name to Aena, S.A. and the Public Business Entity “Aeropuertos Españoles y Navegación Aérea” has changed its name to ENAIRE.

- The closure or sale of all or part of any facilities or airport infrastructures required to maintain the provision of airport services is prohibited, unless authorised by the Council of Ministers or the Secretary of State for Infrastructure, Transport and Housing. (Amount as appropriate). On a regulatory level, a procedure could be implemented making it possible to close down or sell airport facilities or infrastructures. Such a regulatory development could also contemplate transfers to the State of capital gains generated during the disposal process.

- Basic airport services, the framework used to establish minimum standards of quality, capacity and conditions for the provision of services, and the investments required for compliance, as well as the conditions for recovering the costs of providing these basic airport services have been defined.

- Regarding revenue of the airport operator in relation to the basic airport services, these are considered as public service benefits. Their regulation respects the legal right established by Law 21/2003, on Air Safety, as amended by Law 1/2011, and the determination of its essential elements. Non-essential airport services, as well as the commercial management of infrastructures and their urban operation, are subject to the free market.

- An Airport Regulation Document (DORA) has been implemented and adopted for five-year periods. The five-year plans will cover areas such as tariffs, quality conditions, service standards, capacity and accessibility, and aspects related to investments.

- The revenue of the airport operator associated with basic airport services will be subject to compliance with a maximum annual income per passenger, determined on the basis of the recovery of efficient costs as recognised by the regulator along with traffic forecasts; this figure may be adjusted upwards or downwards depending on compliance with the quality standards set and any delays in implementing strategic investments.

- For the 2015-2025 period, the maximum increase in charges will be zero. Charges may only be increased above this maximum increment if during the period of the second Airport Regulation Document (DORA) and for exceptional reasons, such as unpredictable and non-deferrable investments, the annual average investment is increased above €450 million, subject to the prior approval of the Council of Ministers. For the first DORA, which should enter into force within a maximum of three years from the publication date of Law 8/2014, it has been determined that at its completion any accumulated shortfall in charges corresponding to previous years may not be transferred to the following DORA.

- The adoption of this regime is necessary to strengthen the economic and management efficiency of the network of airports of general interest, in order to enhance the air transport business and adopt a new legal framework prior to any decision on the entry of private capital into Aena, S.A.

Furthermore, on 17 December 2014, the National Commission on Financial Markets and Competition (CNMC) published a public consultation to obtain the professional opinion of all stakeholders regarding the adjustments to be applied to the costs accruing to the commercial and aeronautical activities of Aena airports. In relation to this public consultation, the CNMC furnished a report in which it proposed that a certain percentage of costs considered as aeronautical should be considered as commercial. The report noted that with this methodology the basis of regulatory costs would drop by €100.1 million (3.7% calculated on the data included in the proposal made by Aena during the consultation process for establishing 2015 tariffs). As a result of the gradual implementation of the dual till system, this adjustment would have involved a change of approximately €40 million, if it had been applied to the process for approving 2015 tariffs.

Aena has written comments on this proposal on the premise that the current calculation of public service benefits complies with the current regulations established by law and that the allocation of costs between regulated and non-regulated activities has been audited.

The Ministry of Public Works, through the Directorate General for Civil Aviation (DGAC), the body responsible for drafting the Airport Regulation Document (DORA), forwarded its observations disagreeing with the statements made by the CNMC in its consultation. Among these conclusions, it is worth noting:

"…The proposal of the CNMC is not compatible with the regulatory framework established by the legislator and includes major shortcomings for it to be applicable..."

"According to the DGAC, the CNMC, in the definition of its consultation processes, should always respect the precepts established in the applicable regulatory framework, established by the legislator at the behest of the sectoral regulator, a function which, obviously, does not fall to the CNMC."

"...the DGAC considers that the CNMC should withdraw its proposal, firstly, as it is not consistent with legal framework; secondly, as it does not conform to the purpose for which it is proposed; thirdly, as it lacks precedents and theoretical support; fourthly, as its estimations have shortcomings and are subject to technical inaccuracies and, finally, as it only applies partially and without sufficient transparency."

In compliance with Law 18/2014, the DGAC is responsible for drafting the Airport Regulation Document (DORA) and forwarding it to the competent bodies at the Ministry of Public Works for its subsequent approval by the Council of Ministers.

All the new regulatory rules and the CNMC public consultation have not resulted in any change to the revenue recognition policy of the Company, which continues to be subject to the rules set out at the beginning of this Note (see also Note 23 with regard to Contingent assets -Tariffs shortfall).

Commercial:

Revenues from the rental of commercial spaces located within the airport infrastructures are recognised on a straight-line basis in accordance with the lease agreements concluded with the counterparties. The contingent part of the receivables for leases relating to the variable level of revenues generated by commercial spaces is recognised as revenue in the period in which it accrues.

Off-terminal services:

Off-terminal service revenues relate to the management of parking areas, land leases, warehouses and hangars, and the management and operation of cargo centres. Revenues from rental agreements are recognised on a straight-line basis in accordance with the lease agreements concluded with the counterparties. The conditional part of revenues from leases is recognised as revenue in the period in which it accrues. Revenues from parking garages are recognised to the degree that services are rendered.

- Interest income is recognised using the effective interest method. When a loan or receivable undergoes loss through impairment, the carrying amount is reduced to its recoverable amount, discounting the estimated future cash flow at the original effective interest rate of the instrument, and the discount is recorded as a reduction in interest income. Interest income on impaired loans is recognised either when cash is collected or on a cost-recovery basis when the conditions are guaranteed.
- Dividend income is recognised when the right to receive payment is established.

2.22 Leases

Leases covering property, plant and equipment in which the Group is the lessee and a significant portion of the risks and rewards of ownership are retained, are classified as finance leases. Finance leases are recognised at the beginning of the contract at the lower of the fair value of the leased asset and the present value of the minimum lease instalments. Each lease payment is made up of the liability and financial charges. The relevant lease obligations, net of financial charges, are included under non-current payables. The portion relating to interest on financial charges is charged to the income statement over the term of the lease such that a constant interest rate on the debt outstanding is obtained in each period. Where there is reasonable certainty that the lessee will obtain ownership at the end of the lease term, the depreciation period will be the useful life of the asset; otherwise, property, plant and equipment acquired under finance lease will be depreciated over the shorter period between their useful lives and the lease period.

Leases in which the Group is the lessee and a significant portion of the risks and rewards of ownership are not retained, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

When the Group leases assets covered by operating leases to third parties, the asset is included in the balance sheet in accordance with the nature of the asset concerned. Revenues from leases are recognised during the term of the lease on a straight-line basis.

2.23 Government grants

Capital grants that do not have to be repaid are recognised at fair value when it is considered that there is reasonable certainty that the grant will be collected and that the conditions established for the grant by the competent authority will be adequately met.

Operating grants are deferred and recognised under “Other operating income” over the necessary period in order to match them to the costs which they are intended to cover.

Government grants for the acquisition of property, plant and equipment are included in “Non-current liabilities” as deferred government grants and credited to the income statement on a straight-line basis over the expected lives of the corresponding assets.

2.24 Service concession arrangements

Service concession arrangements are public-private agreements in which the public sector controls or regulates the services which the Concessionaire must provide with the infrastructure, who must render those services and at what price, and when any significant residual stake in the infrastructure at the end of the term of the agreement is contractually controlled. The infrastructures recognised by the Group as concessions refer to the heliports in Ceuta and Algeciras. The term of the two concessions is 30 years and 25 years, respectively, which will end in 2033 and 2034, respectively.

The infrastructure used in a concession may be classified as an intangible asset or a financial asset, depending on the nature of the payment rights established under the relevant agreement.

The Group recognises an intangible asset insofar as it is entitled to receive payments from final customers for the use of the infrastructure. This intangible asset is subject to the accounting policy described in Note 2.6 and it is amortised on a straight-line basis over the term of the concession.

The aforementioned concession agreements have been classified as intangible assets and there are no concession agreements that qualify as financial assets.

The most significant accounting policies applied by the Group with respect to the service concession arrangements are as follows:

- ordinary revenues from the fees received from users of the infrastructure are recognised in each period;
- operating and maintenance expenses that do not lead to an extension of the useful lives of the assets are charged to the income statement in the year in which they are incurred;
- intangible assets are amortised on a straight-line basis over the term of the concession;
- financial expenses accrued over the time the asset is being built are capitalised as an increase in the value of assets and are recognised as an expense subsequent to the time the asset enters into operation;

- the total cost of construction or acquisition is recognised as an intangible asset, and the benefits attributed to the construction phase of the infrastructure are recognised by applying the percentage of completion method, based on the fair value assigned to the construction phase and the concession phase.

2.25 Activities affecting the environment

Any operation designed mainly to prevent, reduce or repair damage to the environment is treated as an environmental activity.

In this connection, investments relating to environmental activities are measured at their acquisition cost and capitalised as an increase in the cost of assets in the year in which they are incurred.

Costs incurred to protect and improve the environment are charged to the income statement when they accrue, irrespective of when the related monetary or financial flows take place.

Provisions related to probable or certain liabilities, litigation in process and outstanding environmental indemnity payments or obligations of undetermined amount are recorded when the liability or obligation determining the compensation arises.

2.26 Jointly controlled assets

Through an Agreement with the Ministry of Defence, the Company has interests in assets controlled jointly with the said Ministry to operate Air Bases Open to Civil Traffic (BAATC). This agreement establishes the key distribution and compensation criteria for the use of air bases open to civil traffic in Villanubla, León, Albacete, Matacán, Talavera, San Javier, and the aerodrome in Zaragoza used jointly by civil aircraft. This Agreement is based on the application of Royal Decree 1167/1995 (7 July) on the usage regime for airports jointly used by an airbase and an airport, and for airbases open to civil traffic.

The Group’s interest in the assets are recognised as the stake held in the jointly-controlled assets, classified in accordance with their nature, any liability that has been incurred; its stake in any liabilities that have been incurred together with other participants, with respect to the joint venture; any revenues from the sale or use of its portion of the production of the joint venture, together with its portion of any expense that has been incurred by the joint venture, and any expense that has been incurred with respect to its participation in the joint venture.

Given that the assets, liabilities, expenses and revenues from the joint business have already been recognised in the Company's financial statements, no adjustments or other consolidation procedures are necessary with respect to these items when preparing and presenting the consolidated financial statements.

The Air Bases Open to Civil Traffic included in the agreement with the Ministry of Defence are those located in Villanubla, León, Albacete, Matacán, Talavera, San Javier and the joint-use aerodrome in Zaragoza that is open to civil aircraft. This Agreement is based on the application of Royal Decree 1167/1995 (7 July) on the usage regime for airports jointly used by an airbase and an airport, and for airbases open to civil traffic. This Agreement had an initial term of 5 years subject to annual renewals linked to the validity of Royal Decree 1167/1995 with respect to any subsequent provision affecting the continuity of the Agreement.

2.27 Comparison of information

In compliance with current legislation, the figures for the years ended 31 December 2014 and 2013 are presented for comparison purposes.

The figures in the consolidated financial statements are expressed in thousands of euros, unless otherwise indicated.

3 Financial risk management

3.1 Financial risk factors

The activities of the Aena Group expose it to several financial risks: market risk (including exchange rate risk and fair value risk due to interest rates), credit risk and liquidity risk. The Group’s overall risk management programme focuses on the uncertainty of financial markets and attempts to minimise the potential adverse effects on the Group’s financial yields. In extremely limited cases, the Group uses derivative financial instruments to hedge certain risk exposures.

The Board of Directors provides policies for global risk management as well as for specific areas such as exchange rate risk, interest rate risk, liquidity risk, use of derivatives and investment of excess liquidity.

There is a financial debt recognition agreement between Aena Aeropuertos S.A. and its parent company, originating with the non-monetary contribution that gave rise to the creation of Aena Aeropuertos S.A. (see Note 1), according to which 94.9% of the parent company's bank borrowings was initially assumed. On 29 July 2014, this agreement was renewed as detailed in section c) of this Note.

There are no significant changes in the management of financial risk as at 31 December 2014, compared to the year ended on 31 December 2013.

The main risks of a financial nature are described below:

(a) <u>Market risk</u>

(i) Exchange rate risk

The company is exposed to exchange-rate fluctuations that may affect its sales, results, equity and cash flows, stemming primarily from:

- Investment in foreign countries (mainly the United Kingdom, Mexico and Colombia) (see Note 2.2).

- Transactions undertaken by subsidiaries and other related parties who conduct their businesses in non-euro countries (mainly Mexico, Colombia and the United Kingdom) (Note 9).

The exchange rate risk on the net assets of the Group's foreign operations is mainly managed through borrowings denominated in the relevant foreign currency. In addition, Aena Desarrollo Internacional, S.A. regularly tracks changes to exchange rates and will determine, where appropriate, any hedging required to avoid fluctuations of the pound against the euro.

(ii) Interest rate risk affecting cash flows and fair value

The Group's interest rate risk results from borrowings. Loans issued at variable rates expose the Group to interest rate risk from cash flows. Fixed interest rate loans expose the Group to fair value interest rate risks.

The Group's objective with respect to the management of interest rates is to optimise financial expenses within the established risk limits, where the risk variables are the 3-month Euribor, the main reference for long-term debt.

In addition, the value of the financial expense risk over the horizon of the projects is calculated and rate trend scenarios are established for the period to be taken into consideration.

Financial expenses are mainly due to the financial debt with the parent company. Likewise, the parent company has concluded interest rate hedging agreements for an extremely limited number of loans which are transferred to the Company, as described in Note 12. 95.23% of the cost of such derivatives is charged to the Company, as this represents the percentage for which Aena is answerable to the parent company in respect of certain loans.

With respect to loans with revisable rates, the Company has modified the interest rate regime for loans likely to be revised in 2014. The revised total amounts to €411.791 million and the interest-rate fixed to maturity has been changed to an average 1.93% rate.

At 31 December 2014, if the interest rate on variable interest rate loans had increased or decreased by 20 base points, and the other variables had remained unchanged, the pre-tax profit for the year would have been €10.072 million lower and €10.072 million greater respectively (2013: €10.786 million greater and €10.786 million lower, respectively). However, the Regulatory Framework established by Law 1/2011 of 4 March, which establishes the National Programme for Civil Aviation Safety and amends Law 21/2003, of 7 July, on Air Safety (Notes 2.8 and 2.21), establishes a system for updating tariffs that protects Aena (in terms of the regulated portion) from increases in financing costs, insofar as it enables Aena, under current laws, to recover its capital costs through the remuneration of its assets base.

With regard to the debt corresponding to the LLAH III holding, the Group has carried out a sensitivity analysis in relation to possible interest rate fluctuations that could occur; on the basis of this analysis the directors of the Group considered that any potential changes would not have a significant effect on the "equity" of the Company, taking into account that this holding has agreed interest rate hedging transactions (see Note 12).

(b) <u>Credit risk</u>

The Group's credit risk originates from cash and cash equivalents, derivative financial instruments and bank and other deposits, as well as exposure to trade receivables and agreed transactions.

The credit risk relating to commercial accounts has been reduced, given that the primary customers are airlines and payments are usually received in cash or in advance. As concerns commercial customers with lease contracts in the different airports, risk is managed by obtaining guarantees and deposits.

Law 1/2011 (4 March, which amends Law 21/2003 (7 July) on Air Security, which was published in the Official State Gazette (BOE) on 5 March 2011, approves the mechanism whereby the management, settlement and collection of all public equity benefits on the part of Aena Aeropuertos, S.A. or its subsidiaries may include encumbrances to ensure effective collections, and this mechanism is managed by the collection bodies of the State Tax Administration Agency.

No credit limits have been exceeded during the year and management does not expect any loss for which no provision has been made due to any failure of these counterparties to comply with their obligations.

(c) Liquidity risk

The main risk variables are: limitations in financial markets, increase in the projected investment and reduction of the generation of cash flows.

The credit risk and operating policy of the Company in its sector results in very favourable average collection periods. In addition, the Company has committed to substantially reducing costs and investment needs over the coming years, which has had a positive effect on the Company's cash generation. Although at 31 December 2014 the Group recorded negative working capital totalling €1,053,732,000 (2013: €1,288,749,000), it has posted a profit for the year after tax of €478.618 million (2013: €596.655 million profit for the year), and it is considered that there is no risk with respect to satisfying its commitments in the short-term given the positive cash flows which have reduced the negative working capital of the previous years, and which the Company expects to remain positive in the short term. Under these circumstances, the Directors of the Company do not believe that there will be any problems with respect to satisfying payment commitments.

At 31 December 2014, the Company did not have any lines of credit. The investee LLAH II has £58.5 million in unused credit lines.

The following table includes an analysis of the Group's non-derivative financial liabilities and derivative financial liabilities linked to the ENAIRE loan, grouped by maturity dates and taking into consideration the remaining term at the balance sheet date until final contractual maturity. Derivative financial liabilities are included in the analysis if their contractual maturity dates are essential for understanding the cash flow schedule.

At 31 December 2014	**2015**	**2016**	**2017**	**2018**	**2019**	**Following years**	**Total**
ENAIRE loan (Note 33.e)	1,055,128	1,190,488	866,393	787,995	689,755	5,934,279	**10,524,038**
Interest accrued on ENAIRE loans (Note 33.e)	48,347	-	-	-	-	-	**48,347**
Bank borrowings (Note 20.b)	8,956	334	333	281,114	-	-	**290,737**
Finance lease liabilities (Note 29.c)	2,334	2,547	2,012	2,050	2,090	18,605	**29,638**
Loans with LLAH III shareholders (Note 20.b)	-	-	-	-	-	58,976	**58,976**
Interest accrued on loan with LLAH III shareholders	455	-	-	-	-	-	**455**
Other financial liabilities (Note 20)	37,664	1,579	4,307	2,263	5,157	34,486	**85,456**
Trade and other payables (excluding advances from customers) (Note 19)	310,530	-	-	-	-	-	**310,530**
Interest on Aena, SA debt (*)	191,619	170,601	150,400	135,149	120,989	603,118	**1,371,876**
Interest on LLAH III bank debt	11,645	12,437	13,141	13,875	-	-	**51,099**
Interest on LLAH III shareholder loan (Ardian)	4,948	4,948	4,948	4,948	4,948	19,791	**44,531**

At 31 December 2013	2014	2015	2016	2017	2018	Following years	Total
Loan from the Parent Company (Note 33.e)	1,018,474	1,048,536	1,133,767	811,375	733,260	6,580,279	**11,325,691**
Other debts with the Parent Company (Note 33.e)	73,306	-	-	-	-	-	**73,306**
Bank borrowings (Note 20)	2,701	334	333	333	-	-	**3,701**
Finance lease liabilities (Note 29.c)	516	545	572	-	-	-	**1,633**
Other financial liabilities (Note 20)	71,431	-	-	-	-	3,257	**74,688**
Trade and other payables (excluding advances from customers) (Note 19)	398,729	-	-	-	-	-	**398,729**
Interest (*)	231,334	191,606	170,580	150,371	135,116	723,912	**1,602,919**

(*) Annual average estimated calculation of interest on the ENAIRE debt for each period, calculated on the basis of the average interest rate over the period from January to December 2014.

3.2 Capital management

The Group's objectives when managing capital are to safeguard its capacity to continue as a going concern, to provide yields to shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors the capital structure on the basis of the debt index. This index is calculated according to ratios defined in the financing agreements (see Note 20).

The debt ratios at 31 December 2014 and 2013 were as follows:

	2014	2013
Net financial debt/covenants/ EBITDA according to covenants	5.6x	6.9x

The change in the debt ratio corresponds to the added effect of an improvement in the EBITDA derived from containment and expenditure savings, as well as an improvement in revenues resulting from an increase in air traffic, and the amortisation of debt with the Parent Company in accordance with the debt amortisation schedule.

3.3 Estimation of fair value

The following table presents an analysis of the financial instruments that are measured at fair value, classified by measurement method. The various levels have been defined as follows:

- Listed prices (not adjusted) on active markets for identical assets and liabilities (Tier 1).
- Information regarding the asset or liability that is based on observable market data which differs to the listed prices included in tier 1, both directly (prices) and indirectly (deriving from prices) (Tier 2).
- Information regarding the asset or liability that is not based on observable market data (non-observable data) (Tier 3).

The following table presents the Group's liabilities measured at fair value at 31 December 2014:

	Tier 1	Tier 2	Tier 3	Total balance
Liabilities				
Derivatives (Note 12)	-	10,989	-	10,989
Total liabilities	**-**	**10,989**	**-**	**10,989**

The following table presents the Group's liabilities measured at fair value at 31 December 2013:

	Tier 1	Tier 2	Tier 3	Total balance
Liabilities				
Derivatives (Note 12)	-	9,306	-	9,306
Total liabilities	**-**	**9,306**	**-**	**9,306**

There were no transfers of financial instruments between Tier 1 and Tier 2 during the year.

a) Financial instruments in Tier 1:

The fair value of the financial instruments that are negotiated on active markets is based on listed market prices at the balance sheet date. A market is considered to be active when the listed prices are easily and regularly available through a stock market, financial brokers, an industry institution, a pricing service or a regulatory entity, and when those prices reflect current market transactions that take place on a regular basis between parties that operate under conditions of mutual independence. The listed market price used for the financial assets held by the Group is the current purchasing price. These instruments are included in Tier 1. There are no Tier 1 financial instruments at any date.

b) Financial instruments in Tier 2:

The fair value of financial instruments that are not listed on an active market (for example, derivatives not listed on an official market) is calculated using measurement techniques. The measurement techniques maximise the use of available observable market information and are based as little as possible on specific estimates made by the companies. If all the significant inputs that are required to calculate the fair value of an instrument are observable, the instrument is included in Tier 2. The financial instruments included under Tier 2 are those deriving from interest rates (swaps) to hedge variable-rate loans.

If one or more of the significant inputs are not based on data observable in the market, the financial instrument is included in Tier 3.

The specific measurement techniques applied to financial instruments are:

- Listed market prices or the prices established by financial brokers for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of estimated future cash flows, based on estimated interest rate curves.
- The present value of foreign currency futures is calculated using forward exchange rates at the balance sheet date, discounting the resulting amount from the present value.
- Other techniques, such as an analysis of discounted cash flows, are used to analyse the fair value of all other financial instruments.

4 Accounting estimates and judgements

The preparation of consolidated financial statements under IFRS requires the application of assumptions and estimates that have an impact on the recognised amount of assets, liabilities, income, expenses and related disclosures. Estimates and assumptions are based, among other things, on past experience and other events considered to be reasonable in accordance with the events and circumstances taken into consideration at the balance sheet date, the result of which is the basis of judgment for the carrying amount of assets and liabilities that cannot be immediately calculated in another way. Actual results may differ from the estimates.

Comprehension of the accounting policies for these items is important for the understanding of the consolidated financial statements. Further information is provided below with respect to the estimates and assumptions used for these items in accordance with IFRS, and must be taken into to account together with the notes to the consolidated financial statements.

4.1 Main accounting estimates and judgements

The main accounting policies, which reflect the assumptions and estimates that are most significant for calculating amounts in the consolidated financial statements, are as follows:

(a) Impairment of intangible assets, property, plant and equipment
(b) Useful lives of property, plant and equipment
(c) Provisions
(d) Derivative financial instruments
(e) Provisions for staff obligations.

Some of these accounting policies require the application of a significant degree of judgment on the part of Management in selecting the appropriate assumptions to calculate these estimates. These assumptions and estimates are based on our past experience, advice received from expert consultants, projections and other circumstances and expectations at the end of the year. Management's evaluation and agreement is taken into consideration with respect to the overall economic situation of the industry in which the Group operates, taking into account the future development of our business. By nature, these judgments are subject to an inherent degree of uncertainty and, therefore, actual results may materially differ from the estimates and assumptions used. In such cases, the values of assets and liabilities will be adjusted.

At the date these consolidated financial statements were prepared no relevant changes in the estimates were expected, and therefore there are no significant perspectives for adjustments to the values of recognised assets and liabilities and 31 December 2014 and 2013.

Although these estimates were based on the best information available at the end of each year, future events may require these estimates to be modified (increased or decreased) in subsequent years, which would be done in accordance with the provisions of IAS 8 on a prospective basis, recognising the effects of the change in the estimate in the corresponding consolidated income statement. The Group's most significant accounting policies are described in further detail in Notes 2.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) <u>Impairment of Goodwill, Intangible assets, and Property, plant and equipment</u>

The Group verifies annually whether there is an impairment loss in respect of the goodwill, intangible assets, and property, plant and equipment, in accordance with the accounting policy described in Note 2.8, which describes how Management identifies the cash generating units (CGUs) and the method used to submit the assets allocated to these impairment tests. Identification and grouping of the CGUs is based on income generation and identifiable cash flow for these groups of assets, as well as in certain other assumptions based on how Management manages the assets and the regulatory framework applicable to them. Also, the recoverable amounts of the CGUs have been determined based on value-in-use calculations. These calculations are based on estimates, which in turn are based on assumptions relating to projections of results, investments and working capital, discount rates and growth rates. Changes and variations in one or more of these assumptions could affect the identification of the CGUs and the estimated recoverable amount used for the purpose of impairment testing of the aforementioned CGUs.

(b) <u>Useful lives of property, plant and equipment</u>

The recognition of investments in property, plant and equipment implies the application of estimates to determine the useful life of the property, plant and equipment for the purposes of depreciation. The calculation of useful lives is associated with estimates relating to the level of use of the assets and their expected technological evolution. The assumptions relating to the level of use, technological framework and future developments imply a significant degree of judgment, taking into account that these aspects are very difficult to predict. Changes in the level of the use of assets or changes in technological development could result in revisions of the useful lives and, consequently, in their depreciation (Note 2.1.1).

(c) <u>Provisions</u>

Provisions are recognised when it is probable that a present obligation, resulting from past events, will require the application of resources and when the amount of the obligation may be reliably estimated. The Group estimates the amounts to be paid in the future with respect to employment, expropriation, litigation, taxes, environmental action and other liability commitments. The aforementioned estimates are subject to interpretations of current and future events and circumstances, and corresponding estimates of the financial effects of those events and circumstances.

In addition, the calculation of the expense and liability associated with employment commitments requires the application of several assumptions. At the end of each year the Group estimates the provision required to cover employment commitments and similar obligations for advisory services received from independent actuaries. The changes affecting such assumptions may result in the recording of different amounts and liabilities.

(d) <u>Derivative financial instruments</u>

The Group uses derivative financial instruments in order to mitigate the risks that are mainly derived from changes in the interest rates associated with its financing. Derivative financial instruments are recognised at their fair value at the beginning of the contract, and that value is subsequently adjusted at the end of each year.

The data used to calculate the fair value of derivative financial instruments are based on available observable market data, whether based on listed market prices or to the application of measurement techniques (Tier 2). The measurement techniques used to calculate the fair value of derivative financial instruments include the discounting of future cash flows associated with them, the use of assumptions based on market conditions at the measurement date and the use of prices established for similar instruments, among other methods. These estimates are based on available market information and adequate measurement techniques. The use of different market assumptions and/or estimation techniques could have a significant effect on the calculated fair values.

(e) Provisions for staff obligations

The calculation of pension expenses and other expenses associated with post-retirement commitments requires the application of several assumptions. At the end of each year the Aena Group estimates the provision required to cover pension commitments and similar obligations, in accordance with the assessment of independent actuaries. The changes affecting such assumptions may result in the recording of different amounts and liabilities. The most important assumptions are inflation, retirement age and the discount rate used. Any changes to these assumptions will have an impact on the expenses and future pension liabilities.

4.2 Main judgements in applying the accounting policies of the entity

(a) Revenue recognition of minimum guaranteed annuities contract with World Duty Free Global (WDFG)

During 2013, Aena, S.A. awarded to World Duty Free Group (WDFG) a multi-annual contract for the management of duty free and duty paid stores in three airport lots until 2020, whose fees are based on sales volumes made by those stores. The management of the Group has evaluated the substantial characteristics of the contract in accordance with the accounting policies described in Notes 2.21 and 2.22 and has concluded that the revenue from the contract should be recognised on an accrual basis, considering the charges imposed as contingent, although contractually certain fees are set regardless of the volume of sales made by stores. The judgement of Management when determining the variability of contract fees is based on the substance thereof and future variability factors that influence the determination of such fees, including spaces allocated to stores, duration of availability of such spaces, the variability of airport passenger traffic and the ability of parties to obtain a minimum cost associated with contract, among other factors. Future changes to contract conditions evaluated by the Management of the Group could result in a different revenue recognition compared to that which Aena, S.A. has applied to this contract up to now. For new contracts with features similar to this one, the Group has continued to follow the same revenue recognition criteria.

(b) Recoverability of tax deductions for investments in Canary Islands

The Management of Aena, S.A. has decided to offset the tax deductions for investments in the Canary Islands from the total state tax due. Deductions for investments in the Canary Islands were applied at the end of 2013, after consultation with the Directorate General of Taxes regarding the recoverability conditions, where the necessary conditions were in existence. At 31 December 2013, the total amount of deductions applied under all headings amounted to €246.273 million, of which 95.6% were tax credits for investments in the Canary Islands. Likewise, during this same tax period, total deductions utilised under all headings amounting to €100.495 million, of which 95.9% were deductions for investments in the Canary Islands.

In 2014, total deductions utilised amounted to €98.771 million, of which 95.4% were tax credits for investments in the Canary Islands. The Management of Aena, S.A. recognised tax deductions at 31 December 2014 amounting to €63.548 million, and this entire amount corresponded to tax credits for investments in the Canary Islands (31 December 2013: €145.778 million, of which 95.3% were tax credits for investments in the Canary Islands). These deductions are recognised as accounts receivable vis-à-vis the Parent Company and will be used in future years according to tax results (see Notes 13 and 21).

5 Segment reporting

The Group carries out its business activities in accordance with the following segments: Airports, Off-terminal services, and International.

The Airports segment substantially includes the Group's operations as the airport operator as described in Note 1, which are identified with the so-called Aviation activity. In addition, the Airports segment includes the management of commercial spaces in airport terminals, which are identified with the so-called Commercial activity.

The Off-terminal services segment substantially includes the Group's operation of the parking garages located outside the airport terminals, and the industrial and real estate assets that are not included in those terminals.

The International segment relates to the Group's international development, which coincides with the operations carried out by the subsidiary Aena Desarrollo Internacional, S.A., and consists of investments in other airport operators, mainly in the United Kingdom, Mexico and Columbia (see Note 2.2). Information relating to LLAH III is included in the International segment, since the ordinary revenue, results and assets are less than 10% of the aggregate values of the Group.

The Chairman and CEO is the maximum authority with respect to taking operational decisions. The Group has defined the operating segments based on information reviewed by the Chairman and CEO for the purposes of assigning resources and evaluating performance.

The Chairman and CEO evaluates the performance of the operating segments based on EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation). During financial years 2014 and 2013, EBITDA calculated in the manner explained above was adjusted for the effects related to the Voluntary Severance Plan, and impairment and disposal of fixed assets.

Financial information by segment supplied to the maximum decision-taking authority in 2014 and 2013 was obtained from the Group's information management systems, and has been evaluated in accordance with criteria that are uniform with respect to those applied in these consolidated financial statements. Financial information per segment is presented as analysed at the present time by the highest decision-making authority. No modification has been made to the criteria for distributing costs monuments during the years presented.

The financial information by segment in 2014 and 2013 is as follows (in thousands of euros):

	Airports						
31 December 2014	**Aviation**	**Commercial**	**Off-terminal services**	**Sub-total**	**International**	**Adjustments**	**Total consolidated**
Ordinary revenue-	2,241,536	629,418	160,528	3,031,482	46,027	(1,465)	3,076,044
External customers	*2,241,532*	*629,418*	*160,528*	*3,031,478*	*44,566*	*-*	*3,076,044*
Inter-segments	*4*	*-*	*-*	*4*	*1,461*	*(1,465)*	*-*
Other operating income	63,287	13,238	11,803	88,328	630	-	88,958
Total income	**2,304,823**	**642,656**	**172,331**	**3,119,810**	**46,657**	**(1,465)**	**3,165,002**
Raw materials and consumables	(181,862)	-	-	(181,862)	-	1,461	(180,401)
Staff	(297,954)	(26,264)	(11,048)	(335,266)	(13,245)	-	(348,511)
Other operating expenses	(602,185)	(83,187)	(55,209)	(740,581)	(20,452)	4	(761,029)
Depreciation and amortisation	(684,571)	(67,071)	(49,640)	(801,282)	(13,568)	-	(814,850)
Impairment loss and disposal of fixed assets	(2,416)	(587)	(6,924)	(9,927)	-	-	(9,927)
Other profits/(losses)	(670)	166	2,031	1,527	-	-	1,527
Total expenditure	**(1,769,658)**	**(176,943)**	**(120,790)**	**(2,067,391)**	**(47,265)**	**1,465**	**(2,113,191)**
EBITDA	**1,219,736**	**532,784**	**101,181**	**1,853,701**	**12,960**	**-**	**1,866,661**
Voluntary Severance Plan (PSDV)	1,108	88	34	1,230	-	-	1,230
Impairment loss and disposal of fixed assets	(2,416)	(587)	(6,924)	(9,927)	-	-	(9,927)
Adjusted EBITDA	**1,221,044**	**533,283**	**108,071**	**1,862,398**	**12,960**	-	**1,875,358**
Operating profit/loss	**535,165**	**465,713**	**51,541**	**1,052,419**	**(608)**	-	**1,051,811**
Financial results	(359,471)	(15,949)	(25,400)	(400,820)	9,733	-	(391,087)
Share in profits obtained by associates	-	-	-	-	11,716	-	11,716
Pre-tax profit/loss	**175,694**	**449,764**	**26,141**	**651,599**	**20,841**	-	**672,440**
Total assets	-	-	-	16,749,088	868,365	(200,518)	17,416,935
Total liabilities	-	-	-	13,283,461	591,999	(36,829)	13,838,631

31 December 2013	Airports			Sub-total	International	Adjustments	Total consolidated
	Aviation	Commercial	Off-terminal services				
Ordinary revenue-	2,171,357	552,789	146,178	2,870,324	8,091	(1,653)	2,876,762
External customers	*2,171,349*	*552,789*	*146,178*	*2,870,316*	*6,446*	-	*2,876,762*
Inter-segments	*8*	-	-	*8*	*1,645*	*(1,653)*	-
Other operating income	46,160	5,016	3,545	54,721	162	-	54,883
Total income	**2,217,517**	**557,805**	**149,723**	2,925,045	**8,253**	**(1,653)**	**2,931,645**
Raw materials and consumables	(197,890)	-	-	(197,890)	-	1,755	(196,135)
Staff	(292,253)	(27,425)	(12,785)	(332,463)	(1,875)	-	(334,338)
Other operating expenses	(626,355)	(103,965)	(61,690)	(792,010)	(4,253)	(102)	(796,365)
Depreciation and amortisation	(699,869)	(65,932)	(51,307)	(817,108)	(624)	-	(817,732)
Impairment loss and disposal of fixed assets	(39,423)	(5,783)	(10,856)	(56,062)	-	-	(56,062)
Other profits/(losses)	5,945	3,766	1,064	10,775	-	-	10,775
Total expenditure	**(1,849,845)**	**(199,339)**	**(135,574)**	**(2,184,758)**	**(6,752)**	**1,653**	**(2,189,857)**
EBITDA	**1,067,541**	**424,398**	**65,456**	**1,557,395**	**2,125**	**-**	**1,559,520**
Voluntary Severance Plan (PSDV)	4,766	524	269	5,559	-	-	5,559
Impairment loss and disposal of fixed assets	(39,423)	(5,783)	(10,856)	(56,062)	-	-	(56,062)
Adjusted EBITDA	**1,102,198**	**429,657**	**76,043**	**1,607,898**	**2,125**	**-**	**1,610,023**
Operating profit/loss	**367,672**	**358,466**	**14,149**	**740,287**	**1,501**	**-**	**741,788**
Financial results	(220,289)	(15,897)	(17,984)	(254,170)	4,370	755	(249,045)
Share in profits obtained by associates	-	(539)	-	(539)	5,257	-	4,718
Pre-tax profit/loss	**147,383**	**342,030**	**(3,835)**	**485,578**	**11,128**	**755**	**497,461**
Total assets	-	-	-	16,417,491	161,549	(133,702)	16,445,338
Total liabilities	-	-	-	13,405,491	37,348	(36,628)	13,406,211

The “Adjustments” column mainly includes consolidation adjustments.

The reconciliation of EBITDA and adjusted EBITDA against Profit for the years ended 31 December 201 and 2013 is as follows:

Item	**31 December 2014**	**31 December 2013**
Total adjusted EBITDA	**1,875,358**	**1,610,023**
Impairment loss and disposal of fixed assets	(9,927)	(56,062)
Voluntary Severance Plan	1,230	5,559
Total segment EBITDA	**1,866,661**	**1,559,520**
Fixed asset depreciation	(814,850)	(817,732)
Financial expenses – net	(391,087)	(249,045)
Share in profits obtained by associates	11,716	4,718
Income tax	(196,743)	99,194
Profit for the year	**475,697**	**596,655**
Results attributable to external partners	(2,921)	**-**
Profit/(loss) for the year attributable to the parent company shareholder	**478,618**	**596,655**

Company level information

The breakdown of ordinary revenues from the subtotal included in the financial information by segments (excluding the International segment and Adjustments), by type of service rendered, is as follows:

	2014	2013
Airport services	**2,241,536**	**2,171,357**
Equity benefits	**2,171,663**	**2,094,346**
Landings	603,982	570,589
Stands	27,933	25,750
Passengers	977,510	950,376
Telescopic boarding gates	99,577	96,890
Cargo	4,573	11,424
Security	345,898	330,089
Handling	75,569	72,968
Fuel (*)	28,050	27,049
Catering (*)	8,571	9,212
Other airport services (1)	**69,873**	**77,010**
Commercial services	**629,418**	**552,789**
Leases	26,917	30,015
Stores	69,919	72,929
Duty-free stores	186,054	140,925
Food & beverage	112,892	92,417
Car rental	100,355	98,529
Advertising	27,610	25,904
Other commercial revenues (2)	105,671	92,070
Off-terminal services	**160,528**	**146,178**
Parking	102,601	89,152
Land	13,161	13,284
Warehouses and hangars	19,349	18,556
Cargo logistic centres (**)	21,270	21,776
Real estate operations	4,147	3,410

(*)In the 2013 audited annual statements “Catering” was included under the heading of “Airport services” as a private price and the fixed fuel fee was included as a public service benefit. From 1 January 2013, Catering became a public service benefit (LPGE - General State Budget Law) and the fixed fee for fuel was reclassified according to its nature as a private price. In these financial statements both items are reclassified in accordance with current regulations.
(**) €3.41 million of the amount included under the heading “Cargo logistic centres” in the audited financial statements of 2013 was reclassified under the heading “Real estate operations” for comparison with the information given in 2014.

1) Includes Check-in desks, Use of 400Hz, Fire services, Left-luggage offices, Fast-track and Other revenues.
2) Includes Commercial operations, Commercial supplies, Use of conference rooms, and Filming and recording.

Except for the International segment that maintains primary investments in the United Kingdom, Mexico and Columbia, the Group carries out its operations in Spain.

The approximate amount of ordinary revenues totalling €294.167 million, €293.414 million and €286.786 million in 2014 relates to three customers, respectively (three customers in 2013: €297.542 million and €289.608 million and €255.624 million respectively). These revenues relate to the “Airports” segment.

Geographical information:

Ordinary revenue from external customers is distributed geographically as follows:

Country	Volume
Spain	3,032,878
United Kingdom	38,422
Colombia	936
México	3,808
TOTAL	3,076,044

Non-current assets valued at net carrying value, are located as follows:

Country	Property, plant and equipment	Intangible assets	Investment property	TOTAL
Spain	15,401,149	95,800	131,386	15,628,335
United Kingdom	156,681	545,777		702,458
	15,557,830	641,577	131,386	16,330,793

In 2013, except for the International segment that maintains its primary investments in Mexico, Columbia and the United Kingdom, the Group carried out its operations in Spain and therefore all of the revenues from external customers were obtained in Spain and all non-current assets were also located in Spain.

6 Property, plant and equipment

	Land and buildings	Technical installations and machinery	Other facilities, tools and furnishings	Other property, plant and equipment	Property, plant and equipment under construction	Total
At 1 January 2013						
Cost	16,230,315	1,256,096	4,361,257	140,495	595,190	22,583,353
Accumulated depreciation	(4,105,302)	(696,008)	(1,856,104)	(133,015)	-	(6,790,429)
Impairment	-	-	-	(582)	(10,875)	(11,457)
Net carrying amount at 1 January 2013	**12,125,013**	**560,088**	**2,505,153**	**6,898**	**584,315**	**15,781,467**
Additions	115,686	14,624	59,750	157	143,512	333,729
Disposals	(67,734)	(34,402)	(102,028)	(588)	(58,946)	(263,698)
Transfers (Notes 7 and 8)	163,646	35,591	77,830	148	(329,579)	(52,364)
Allocation to depreciation	(386,952)	(79,256)	(317,733)	(1,856)	-	(785,797)
Adjustments to depreciation	54	29	62	-	-	145
Transfers (Notes 7 and 8)	22,654	(668)	373	(93)	-	22,266
Disposals of accumulated depreciation	56,362	31,203	96,042	587	-	184,194
Disposals of accumulated impairment	-	-	-	-	10,875	10,875
Net carrying amount at 31 December 2013	**12,028,729**	**527,209**	**2,319,449**	**5,253**	**350,177**	**15,230,817**
At 31 December 2013						
Cost	16,441,913	1,271,909	4,396,809	140,212	350,177	22,601,020
Accumulated depreciation	(4,413,184)	(744,700)	(2,077,360)	(134,377)	-	(7,369,621)
Impairment	-	-	-	(582)	-	(582)
Net carrying amount at 31 December 2013	**12,028,729**	**527,209**	**2,319,449**	**5,253**	**350,177**	**15,230,817**
Contributions due to changes in scope	49,597	21,734	-	68,886	9,602	149,819
Additions	885,922	15,952	46,461	5,097	76,561	1,029,993
Disposals	(86,221)	(22,710)	(54,181)	(1,771)	(7,443)	(172,327)
Transfers (Notes 7 and 8)	65,633	10,482	40,833	330	(110,100)	7,178
Differences on exchange	2,033	1,402	-	2,270	177	5,882
Allocation to depreciation	(385,677)	(74,296)	(309,922)	(4,053)	-	(773,948)
Transfers (Notes 7 and 8)	2,414	148	147	(326)	-	2,383
Disposals of accumulated depreciation	7,532	21,476	50,350	1,767	-	81,125
Differences on exchange	(1,123)	(991)	-	(979)	-	(3,093)
Net carrying amount at 31 December 2014	**12,568,839**	**500,406**	**2,093,137**	**76,474**	**318,974**	**15,557,830**
At 31 December 2014						
Cost	17,419,132	1,351,902	4,429,925	267,704	318,974	23,787,637
Accumulated depreciation	(4,850,293)	(851,496)	(2,336,788)	(190,648)	-	(8,229,226)
Impairment	-	-	-	(581)	-	(581)
Net carrying amount at 31 December 2014	**12,568,839**	**500,406**	**2,093,137**	**76,474**	**318,974**	**15,557,830**

At the end of 2014 and 2013 there was no property, plant and equipment subject to guarantees.

In 2014, lease income amounting to €3.484 million was recognised in the income statement (2013: €1.185 million). The main additions recognised in 2014 and 2013 are described below:

Land and buildings

In 2014, additions to Land and buildings totalled €885.922 million and corresponded mainly to increases in the estimated final amount payable for fair values for the expropriation of land purchased in relation to the expansion of Adolfo Suárez Madrid Barajas Airport, as well as for the airports of Málaga and Vigo, due to various legal proceedings that Aena considers as ongoing in the area of expropriations, and which have been offset by increasing the amounts set aside for the Provision for expropriations.

Such proceedings include, in particular, several rulings concerning the revaluation of expropriation procedures conducted in connection with the expansion of the Adolfo Suárez Madrid-Barajas Airport, as well as the risk involved in the cancellation of the delimitation of the Public Water Domain in force, which allows the former owners of the lands included within the delimited area to claim payment for surface areas previously acquired at zero cost. Over the period, all of these rulings and risks resulted in the addition of land amounting to €52.91 million. Moreover, particularly noteworthy is the ruling notified to Aena on 29 October 2014 and delivered by the High Court of Justice in Madrid (TSJ) on 1 October, in Ordinary Procedure 1/2011, recognising the right for the revaluation of a number of properties acquired for the extension of the Madrid-Barajas Airport, along with two other similar procedures, resulting in the addition of land amounting to €758.605 million (see Note 23).

Likewise, the largest investments in terms of ongoing building work were the extension of the terminal building at Gran Canaria and the extension of the runway at A Coruña. Regarding completed work and commissioning, it is worth noting the parking platform at Seville, the extension to the North/South platform at Gran Canaria, the extension to the aircraft waiting area at Alicante, and the expansion of the parking area and new controls for vehicles accessing Seville Airport; regarding terminals, a northern extension to the terminal building at Vigo and new commercial areas at Gran Canaria airport have started operating; the development and upgrading of commercial spaces in T4 and T4S of Adolfo Suárez Madrid Barajas airport; work on the new terminal at Menorca; refurbishment of the passenger terminal building at Girona and upgrading work at the departures terminal at Lanzarote airport.

In 2013, additions in land and buildings amounted to €115.686 million and related mainly to land acquired for the expansion of airports in A Coruña, Vigo, Burgos, Girona, Barcelona, Reus, Vitoria, Córdoba and Ibiza. Likewise, in buildings, it is worth noting the high-rise car park at Madrid-Barajas airport; the extension of the runway at Córdoba; the expansion of the passenger terminal at Gran Canaria, south dock; the “Paloma” terminal parking at Bilbao airport; work on the T3 terminal building at Alicante; the expansion of Málaga’s airfield; the new railway and terminal area at Barcelona airport; and parking under the La Palma platform extension.

Land and buildings:

The breakdown of land and buildings by cost and accumulated amortisation according to historic cost is:

	2014	**2013**
Land	4,405,834	3,591,431
Buildings	8,163,005	8,437,298
Total	**12,568,839**	**12,028,729**

Installations and Other property, plant and equipment

The most representative additions in 2014 related to work completed during the period:

The most representative additions and commissioning at 31 December 2014 were:

- New luminous beaconing system for the airfield at the Adolfo Suárez Madrid-Barajas airport.
- Plan for renewal of explosive detection systems (EDS) at various airports and adaptation of the baggage handling system at various airports.
- Installation of telescopic boarding gates at Vigo.
- Installation of air conditioning at Menorca Airport.
- Control of access to the P-1 parking building at Seville.
- Air conditioning system and extension of signage at T4 and T4S at Adolfo Suárez Madrid- Barajas Airport.
- CCTV, access and air conditioning in the new commercial areas of Gran Canaria Airport.

The most representative additions in 2013 relate to:

- Plan for renewal of explosive detection systems (EDS) at various airports.
- Refurbishment of the paving stones on the platform at Tenerife Norte.
- Adaptation of drainage channels and runway end safety areas (RESAs) at Barcelona Airport.
- Modernisation of air conditioning system in Tenerife Norte terminal building.
- Adaptation of the electrical junction module load south of Barajas (Madrid).
- WiFi system installed in Barajas Terminal 1 (Madrid).
- Refurbishment of electrical and control system in Lanzarote.
- New generators and new service line to the terminal building in Bilbao.
- System controlling free parking spaces in Alicante.
- Environmental and landscape integration of the hydrocarbon separator plant in Málaga.

<u>Property, plant and equipment under construction</u>

The main items under the heading of construction work in progress during the year ended 31 December 2014, related to the extension of the terminal building and construction of a new parking area (P3) at Gran Canaria Airport, the extension of runways at A Coruña Airport, and the construction of a new power plant in Asturias.

In 2013, they related to the extension of north terminal building at Gran Canaria Airport, the extension of runways in A Coruña Airport, the extension of the terminal building at Vigo, the regeneration of the platform at Seville Airport, the upgrading of the commercial areas in T4 and T4S at Barajas, the new terminal area at Santiago and the construction of a new parking area (P3) at Gran Canaria, the construction of new power plant in Asturias and extension of an aircraft hangar area in the southern section of Santiago airport.

<u>Disposals</u>

In 2014, disposals of property, plant and equipment with allocation to revenue resulted in losses of €9.654 million, corresponding to the net carrying amount of various assets including various types of equipment (EDS, access-and-control systems, UCA systems, X-ray equipment, billing machines, Automatic Air Traffic Control System (SACTA), etc.), following the refurbishment of several airports belonging to the network.

In addition, the disposals in 2014 included the following items, the amount of which has not been charged to the profit or loss account:

- Reversals of provisions recorded in previous years for fair value differences arising primarily from land expropriations and estimated environmental investments to comply with current legislation, and for litigation related to works carried out and charged to accounts of provisions for risks and expenses (see Note 23) amounted to a total of €67.927 million.

- Payments to suppliers of fixed assets in relation to amounts activated in previous years, amounted to €13.621 million.

In 2013, €41.550 million of assets under construction were disposed of, following the Company's adjustment plan established for both expenditure and investments, they had no continuity in the Company's investment plan. Additionally, in 2013, impaired assets amounting to €10.875 million were disposed of. The other main disposals in 2013 related to facilities and buildings at the airports of Madrid, Barcelona and Málaga.

<u>Capitalised interest costs</u>

During the year, the Group capitalised interest costs totalling €5.393 million (2013: €8.765 million).

<u>Impairment of property, plant and equipment:</u>

In accordance with the procedure described in Note 2.8 and for the cash generating units also described in this note, at the end of 2014 and 2013 the Group performed an impairment test on the airport network and did not identify any significant impacts on the financial statements at 31 December 2014 and at 31 December 2013, even after applying sensitivities to the variables used. The main assumptions used were:

	2014	2013
Growth rate	2.00%	2.00%
Discount rate	5.02%	6.14%

In 2014, as was the case in 2013, the Management of the Parent Company did not recognise any asset impairment.

The Group has calculated the recoverable value based on the 4-year projections of profits approved by Management. The discount rates used are after tax, and reflect specific risks relating to the Group's activities.

The discount rate after tax applied to the cash flow projections is the weighted average cost of capital (WACC), and is determined by the weighted average of the cost of own funds and the cost of the external funds, according to the financial structure determined for each CGU. The data used for the calculation of WACC come from external and independent sources of information, and reflect specific risks relating to the Company's activities.

From the fifth year, cash flow projections are calculated using a constant rate of expected growth, taking into account the consensus of analysts' estimates and air traffic growth forecasts stated in industry reports.

The Group performed a sensitivity analysis of the impairment calculation, using reasonable variations of the main financial assumptions considered in the calculation, assuming the following increases or decreases in percentage points (p.p.):

- Discount rate (-1 p.p./+1 p.p.)
- Perpetuity growth rates (+1 p.p./-1 p.p.)

As a result of the sensitivity analysis performed at year-end 2014, it appears that there are no significant risks associated with reasonably possible changes to the assumptions, considered on an individual basis. That is, Management believes that, within the above ranges, no corrections for impairment will be necessary.

The main assumptions affecting the Group's cash flows are passenger traffic, increase in prices, investment levels and efficiencies in operating costs.

Leasing agreements

The provision for property, plant and equipment includes an automated flight inspection system (console), an electrical co-generation plant at Adolfo Suárez Madrid Barajas Airport, and an aircraft parking platform at London Luton airport, which are covered by financial lease agreements in which the Group is the lessee; the relevant amounts of these agreements are as follows:

	At 31 December	
	2014	**2013**
Cost – capitalised finance leases	28,017	2,477
Accumulated depreciation	(4,323)	(880)
Net carrying amount	**23,694**	**1,597**

The maturity of the leasing contracts is as follows:

	At 31 December	
	2014	2013
Gross finance lease liabilities – minimum lease payments:		
– Less than one year	3,619	524
– Between 1 and 5 years	15,153	1,123
– More than 5 years	20,744	-
	39,515	1,647
Future financial burden due to finance leases	-9,878	-14
Present value of finance lease liabilities	**29,638**	**1,633**

The present value of finance lease liabilities is as follows:

	At 31 December	
	2014	2013
–Less than one year	2,306	516
–Between 1 and 5 years	10,389	1,117
–More than 5 years	16,943	-
TOTAL	**29,638**	**1,633**

At 31 December 2014 property, plant and equipment includes assets leased to third parties, the value of which represents 9.57% of total property, plant and equipment (2013: 8.05%).

Jointly controlled assets

The Group has an agreement with the Ministry of Defence to establish the key distribution and compensation criteria for the use by civil aircraft of the Air Bases Open to Civil Traffic in Villanubla, León, Albacete, Matacán, Talavera, San Javier and the joint-use aerodrome in Zaragoza. This Agreement is based on the application of Royal Decree 1167/1995 (7 July) on the usage system for airports jointly used by an airbase and an airport, and for airbases open to civil traffic. The following amounts represent the Group's stake in the assets and liabilities, and the sales and profits of the joint venture, which have been included in the balance sheet and the income statement:

	At 31 December	
	2014	2013
- Non-current assets	275,788	294,155
- Non-current/current liabilities	-	-
Net assets	**275,788**	**294,155**

	2014	2013
- Revenues	25,005	25,138
- Expenses	(44,065)	(47,619)
Profit after taxes	**(19,060)**	**(22,481)**

There are no contingent liabilities relating to the Group's interest in the joint venture or contingent liabilities in the joint venture itself.

Contribution for the addition of LLAH III business combination

In 2014, as a result of the change in the scope of consolidation, the fixed tangible assets from the LLAH III group of companies (Note 2.2) were as follows:

	Land and buildings	Technical installations and machinery	Other property, plant and equipment	Property, plant and equipment under construction	TOTAL
Cost					
Opening balance	-	-	-	-	-
Additions for business combinations	49,597	21,734	68,886	9,602	149,820
Additions	1,198	3,684	4,872	-	9,754
Disposals	(55)	(1,142)	(1,505)	-	(2,703)
Differences on exchange	2,033	1,402	2,270	177	5,882
Final balance	**52,773**	**25,678**	**74,523**	**9,779**	**162,753**
Depreciation:					
Opening balance	-	-	-	-	-
Allocation	(1,420)	(1,798)	(2,464)	-	(5,682)
Disposals	55	1,142	1,505	-	2,702
Differences on exchange	(1,123)	(991)	(979)	-	(3,093)
Final balance	**(2,488)**	**(1,647)**	**(1,938)**	-	**(6,073)**
Impairment					
Net:	**50,285**	**24,031**	**72,585**	**9,779**	**156,680**

Property, plant and equipment subject to guarantees

The assets of LLAHI, LLAGL and LLAOL guarantee the bank debt of the LLAH III Group (see Note 20).

Limitations

Contributed land, buildings and other construction have lost their status as public domain assets due to the effect of the release established by Article 9 of Royal Decree Law 13/2011 (3 December), which stipulates that all state public domain assets associated with the Public Business Entity “Aeropuertos Españoles y Navegación Aérea” that are not linked to air traffic services, including those used for airport air traffic services, will cease to be public domain assets, without this being deemed to alter the purpose of the expropriation, consequently it shall not be reversed.

7 Intangible assets

	Concessions	Development	Software	Goodwill	LLAH III concession	Other intangible assets	Other intangible assets under development	Total
Cost								
At 1 January 2013	**17,590**	**987**	**163,495**	-	-	**136,453**	**47,198**	**365,723**
Additions	90	-	9,388	-	-	19	7,080	16,577
Disposals	(51)	(172)	(7,077)	-	-	(1,008)	(192)	(8,500)
Transfers (Note 6 and 8)	25	-	20,199	-	-	(675)	(14,299)	5,250
At 31 December 2013	**17,654**	**815**	**186,005**	-	-	**134,789**	**39,787**	**379,050**
Contributions due to changes in scope (Note 2.2.a)	-	-	-	1,872	541,325	-	-	543,197
Additions	105	-	13,373	-	-	9	3,888	17,375
Disposals	-	(1)	(1,554)	-	-	-	(223)	(1,778)
Transfers (Note 6 and 8)	15	794	5,200	-	-	1,070	(7,886)	(807)
Differences on exchange	-	-	-	-	10,405	-	-	10,405
At 31 December 2014	**17,774**	**1,608**	**203,024**	**1,872**	**551,730**	**135,868**	**35,566**	**947,442**
Accumulated depreciation and impairment losses								
At 1 January 2013	**(3,161)**	**(987)**	**(114,416)**	-	-	**(131,432)**	-	**(249,996)**
Allocation to depreciation	(686)	-	(27,094)	-	-	(1,048)	-	(28,828)
Disposals	27	172	7,070	-	-	960	-	8,229
Transfers (Note 6 and 8)	(3)	-	(525)	-	-	946	-	418
Adjustments	(342)	-	207	-	-	-	-	(135)
At 31 December 2013	**(4,165)**	**(815)**	**(134,758)**			**(130,574)**	-	**(270,312)**
Allocation to depreciation	(709))	(154)	(27,287)	-	(7,308)	(1,034)	-	**(36,492)**
Disposals	-	1	1,553	-	-	-	-	**1,554**
Transfers (Note 6 and 8)	-	-	(98)	-	-	-	-	**(98)**
Differences on exchange	-	-	-	-	(517)	-	-	**(517)**
At 31 December 2014	**(4,874)**	**(968)**	**(160,590)**	-	**(7,825)**	**(131,608)**	-	**(305,865)**

	Concessions	Development	Software	Goodwill	LLAH III concession	Other intangible assets	Other intangible assets under development	Total
Net carrying amount								
Cost	17,654	815	186,005	-	-	134,789	39,787	379,050
Accumulated depreciation and impairment losses	(4,165)	(815)	(134,758)	-	-	(130,574)	-	(270,312)
At 31 December 2013	**13,489**	**-**	**51,247**	-	-	**4,215**	**39,787**	**108,738**
Cost	17,774	1,608	203,024	1,872	551,730	135,868	35,566	947,442
Accumulated depreciation and impairment losses	(4,874))	(968)	(160,590)	-	(7,825)	(131,608)	-	(305,865)
At 31 December 2014	**12,900**	**640**	**42,434**	**1,872**	**543,905**	**4,260**	**35,566**	**641,577**

At the end of 2014 and 2013 there were no intangible assets subject to guarantees.
Of the total capitalised costs at 31 December 2014 relating to the various classes of intangible assets, assets in progress are included as follows (in thousands of euros):

	2014	2013
Development	-	1,000
Software	3,191	6,035
Other intangible assets	32,375	32,752
Total	**35,566**	**39,787**

The main additions in 2014 and 2013 under the heading "IT applications" and "Intangible assets under development" were acquisitions, as well as upgrades and developments, of new technologies for IT applications relating to central airport services.

The "Other intangible assets" heading includes mainly the master plans for airports.

In 2014, €314,000 were capitalised as financial expenses associated with intangible assets (2013: €242,000).

Concession of services:

The Company operates London Luton Airport and the heliports in Ceuta and Algeciras under administrative concession contracts whose main conditions are described below:

Ceuta Heliport:

The Company operates the civil heliport in Ceuta with all services under a service concession contract agreed with the Port Authority of Ceuta. This concession has a start date of 28 March 2003 with a maturity of 30 years. The Company pays an annual fee of €39,000 for the occupancy of the public port. Likewise, in accordance with Article 69 of Law 27/92, the Company pays a fee amounting to €0.823386 per passenger, depending on volume of passengers.

Algeciras Heliport:

The Company has an administrative concession agreement with the Port of Algeciras Bay for the occupation of the facilities that will be used for the installation and operation activities of publicly owned heliport at the Port of Algeciras. This concession has a start date of 3 February 2009 with duration of 25 years. The contract establishes a private occupancy rate for the public port domain of € 82,000 per year and a rate of special use for the public domain of 1 euro per passenger embarking or disembarking at the facility.

London Luton administrative concession

Since 16 October 2014 (see Note 2.2.1), the Group's scope of consolidation has globally included the accounts of London Luton Airport Holdings III Limited (LLAHL III), created with the objective, through its 100% owned subsidiary London Luton Airport Holdings II Limited (LLAHL II), which in turn owns 100% of London Luton Airport Holdings I Limited (LLAHL I), of carrying out the acquisition, on 27 November 2013, of London Luton Airport Group Limited (the management company of Luton Airport in the UK). Luton Airport is managed, as a concession, by LLAOL. The concession agreement was signed on 20 August 1998 and will end on 31 March 2031. The concession agreement sets out the existence of London Luton Airport Group Limited ("LLAGL") as guarantor of the operator. The Luton Airport concession does not meet the IFRIC12 requirements to be classified as a service concession, but is instead recorded as an operating lease (see Note 2.6).

Impairment tests for unamortised intangible assets (under development)

In accordance with the procedure described in Note 2.8 and for the cash generating units also described in this note, at the end of 2014 and 2013 the Group performed impairment tests on the non-amortised intangible assets and did not identify any adjustments at 31 December 2014 and 2013, even after applying sensitivities to the variables used.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on five year financial budgets approved by Management, including the current year. Cash flows beyond these five years are extrapolated using the estimated growth rate indicated below. In 2014, Management reviewed the projections and results over twelve months (in 2014) and did not identify any changes suggesting the existence of any impairment (see the explanation in Note 6).

The main assumptions used to calculate value-in-use are as follows:

	2014	2013
Growth rate	2.00%	2.00%
Discount rate	5.02%	6.14%

Sensitivity to changes to the assumptions

On 31 December 2014, the Group performed a sensitivity analysis of the impairment calculation, using reasonable variations of the main financial assumptions considered in the calculation, assuming the following increases or decreases in percentage points (p.p.):

- Discount rate (-1 p.p./+1 p.p.)
- Perpetuity growth rates (+1 p.p./-1 p.p.)

As a result of the sensitivity analysis performed at year-end 2014, it appears that there are no significant risks associated with reasonably possible changes to the assumptions, considered on an individual basis. That is, Management believes that, within the above ranges, no corrections for impairment will be necessary.

Goodwill stemming from the acquisition of LLAH III (Note 2.2)

In accordance with the impairment calculations carried out, at the end of 2014, it was considered that there was no need to adjust the goodwill, as the recoverable value (in all cases understood as the value-in-use) is greater than the carrying value.

Likewise, a sensitivity analysis was carried out on changes in the main valuation variables considered to be reasonably possible, and the recoverable value remains above the net carrying amount.

8 Property investments

	Land and buildings	Technical installations and other property, plant and equipment	Total
Cost			
At 1 January 2013	**163,525**	**6,079**	**169,604**
Additions	67	-	67
Transfers (Note 6 and 7)	46,874	240	47,114
At 31 December 2013	**210,466**	**6,319**	**216,785**
Additions	48	-	48
Transfers (Note 6 and 7)	(6,370)	-	(6,370)
At 31 December 2014	**204,144**	**6,319**	**210,463**
Accumulated depreciation and impairment losses			
At 1 January 2013	**(35,713)**	**(4,635)**	**(40,348)**
Allocation to depreciation	(2,699)	(408)	(3,107)
	(22,677)	(7)	(22,684)
At 31 December 2013	**(61,089)**	**(5,050)**	**(66,139)**
Allocation to depreciation	(3,995)	(415)	(4,410)
Transfers (Note 6 and 7)	(2,285)	-	(2,285)
At 31 December 2014	**(67,369)**	**(5,465)**	**(72,834)**
Impairment at 31 December 2014	(6,243)	**-**	**(6,243)**
Total	**130,532**	**854**	**131,386**
Net carrying amount			
Cost	210,466	6,319	216,785
Accumulated depreciation and impairment losses	(61,089)	(5,050)	(66,139)
At 31 December 2013	**149,377**	**1,269**	**150,646**
Cost	204,144	6,319	210,463
Accumulated depreciation and impairment losses	(73,612)	(5,465)	(79,077)
At 31 December 2014	**130,532**	**854**	**131,386**

At the end of 2014 and 2013 there were no investment properties subject to guarantees.

The Company's policy is to obtain insurance policies to cover all risks that could affect its investment properties. At the end of 2014 and 2013, the Company had reasonably covered these risks.

This heading mainly includes immoveable assets used for operations in a rental form (land, offices and aircraft), with the exception of surface areas used by the company itself to conduct its activities.

In 2014, the company transferred €8.655 million of the net carrying amount in real estate investments to property, plant and equipment, corresponding to the value of several car parks assigned to airport activities.

During 2013, €24.430 million of the net carrying amount of property, plant and equipment was transferred, as the value corresponded to assets leased to third parties or which were intended to be leased.

The revenues deriving from rent and direct operating expenses (including repairs and maintenance) of investment properties are as follows:

	2014	2013
Revenues deriving from rent	57,927	52,556
Direct operating expenses	(37,928)	(35,473)

The fair value of investment properties, taking into account current values (some of which are being revised) at the presented dates are as follows:

	31 December 2014	31 December 2013
Land	363,201	453,433
Buildings	468,475	598,241
Total	**831,676**	**1,051,674**

The Company is reviewing the Group's property portfolio in order to determine with additional market information the fair value of its real estate investments for the future. As a result of the first evaluation, an adjustment for impairment of property investments amounting to €6.243 million was determined and the fair value of these assets therefore adjusted. Accordingly, the Management of the Group does not believe that any significant impairment exists other than that recognised in 2014.

The calculation of the fair value of Tier 3 has been obtained by internal estimations based on discounted cash flows, tailored individually for each of the assets. The main assumptions used are as follows:

	30 September 2014	31 December 2013
Growth rate	2.00%	2.00%
Discount rate after tax	6.14%	6.14%

This discount rate is after tax and reflects specific risks based on the characteristics of the real estate business. When determining the fair value of property investments, the management carried out an analysis contract by contract; for ongoing contracts the rentals stipulated in the contracts were used on the assumption that the contracts would be settled within a fixed term; flows were estimated for a period of ten years with rent in perpetuity from year eleven. For assets undergoing an awarding process, only assets for which no debts exist in relation to their future awarding and generation of cash flows were included. For the calculation of cash flows, annual guaranteed minimum rents (in the case of awards) or rents determined according to market conditions were used.

9 Investments in associates

The breakdown and movement of the heading "Investment in associates" in 2014 and 2013 is a follows (in thousands of euros):

2014

	Opening balance	**Additions/Disposals**	**Profit sharing**	**Dividends**	**Differences on exchange** (Note 18.b)	**Other**	**Closing balance**
RAESA (*)	596	-	-	-	-	(596)	-
SACSA	3,422	-	1,881	(1,392)	(356)	-	3,555
AMP	49,667	(1,369)	7,004	(7,373)	452	21,306	69,687
AEROCALI (**)	2,602	1,268	2,831	(1,538)	(753)	-	4,410
LUTON (***)	44,529	(44,577)	-	-	48	-	-
Total	**100,816**	**(44,678)**	**11,716**	**(10,303)**	**(609)**	**20,710**	**77,652**

(*) Company undergoing liquidation. It is expected that this will be completed in the short term and therefore €596,000 has been reclassified in the short term.

(**) Investment with joint control (see Note 2.2). As a result of the acquisition of shares in this company and the obtention of a 50% holding, the Group has evaluated the rights therein and has concluded there is joint control since decisions are taken unanimously by partners. The articles of association of the company, which set out the rights of partners, were not modified by this acquisition, and in addition no agreement was reached between the partners during this period. No contingent liabilities exist in relation to the Group's holding in the joint venture. This company operates Barranquilla Airport.

(*) This corresponds to the holding company (London Luton Airport Holdings III Limited) which owns the shares of the company that operates Luton Airport. After control was acquired (see Note 2.2), the company ceased to be consolidated using the shareholding method, instead using the overall consolidation method to achieve consolidation. Therefore, in the movement at 31 December 2014, the profit/loss contribution up to the acquisition of control, and the conversion differences up to the date of transfer to results are recorded as a decrease in the value of the shareholding according to the equity method, as are other movements recognised in the movement of investments associated with the consolidated financial statements at 30 September 2014.

							2013
	Opening balance	**Additions**	**Profit sharing**	**Dividends**	**Differences on exchange** (Note 18.b)	**Other**	**Closing balancesv**
RAESA (*)	1,135	-	(539)	-	-	-	596
SACSA	3,127	-	2,203	(1,362)	(546)	-	3,422
AMP	51,753	-	4,753	(2,854)	(3,985)	-	49,667
ACSA (**)	-	-	-	-	-	-	-
AEROCALI	2,428	-	1,678	(1,227)	(277)	-	2,602
LUTON	-	47,287	(3,377)	-	(49)	668	44,529
Total	**58,443**	**47,287**	**4,718**	**(5,443)**	**(4,857)**	**668**	**100,816**

(*) Company undergoing liquidation. It is expected that this will be completed in the short term and therefore €596,000 has been reclassified in the short term.
(**) (On 28 February 2012, the operating concession at Barranquilla Airport, held by Aeropuertos del Caribe, S.A (ACSA), came to an end).

In 2014, the investment in AMP was adjusted to €21.303 million through harmonisation, recognising the debt to the Parent company and retained earnings amounting to €2.131 million (see Note 17). Taking into account the impact of deferred tax, these adjustments accounted for a net impact on the valuation of assets contributed through the non-cash contribution described in Note 1 of €16.486 million, which, in application of the adjustment mechanism explained in the aforementioned Note, was the reason for an increase of the same amount of the ENAIRE loan.

The audited information expressed under IFRS relating to Associates at 31 December 2014 and 2013, measured in euros at the exchange rate in force at the end of each of the years, is as follows:

Name	**Country of constitution**	**Assets**	**Liabilities**	**Operating revenue**	**Profit/ (Losses)**	**% of Ownership**
31 December 2014:						
- RAESA	Spain	1,514	1	0	295	48.99%
- SACSA	Colombia	25,592	16,211	26,860	4,963	37.89%
- AMP	México	217,084	14,381	11,010	21,015	33.33%
- AEROCALI	Colombia	18,453	9,632	30,711	6,376	50.00%
31 December 2013:						
- RAESA	Spain	1,877	659	20,834	(1,101)	48.99%
- SACSA	Colombia	21,454	12,424	25,510	5,813	37.89%
- AMP	México	169,486	26,842	10,355	14,263	33.33%
- AEROCALI	Colombia	16,465	8,658	28,900	5,034	33.34%
- LUTON (*)	United Kingdom	661,482	550,158	10,584	(8,443)	40.00%

(*) This corresponds to the holding company which owns the shares of the company that operates Luton Airport; the results of the period between the date of acquisition to 31 December 2013 include financing and acquisition costs.

Assets, liabilities, revenues and results expressed in thousands of euros of the main partner company (AMP) are detailed below:

	At 31 December	
	2014	**2013**
Non-current assets	207,054	158,293
Current assets	10,030	11,193
Non-current liabilities	3,510	17,425
Current liabilities	10,871	9,418
Ordinary revenue	11,010	10,355
Results of the year from ongoing operations	21,015	14,263
Results after taxes from interrupted activities	-	-
Other overall profit/(loss):	-	-
Total overall profit/(loss)	21,015	14,263

10 (a) Financial instruments by category

	31 December 2014			
	Loans and receivables	**Hedging derivatives**	**Available for sale**	**Total**
Assets on the balance sheet				
Available-for-sale financial assets (Note 11)	-	-	4,823	**4,823**
Other financial assets	98,817	-	-	**98,817**
Trade and other payables (excluding pre-payments and non-financial assets) (Note 13)	459,641	-	-	**459,641**
Cash and cash equivalents (Note 15)	290,305	-	-	**290,305**
Total	**848,763**	**-**	**4,823**	**853,586**

	31 December 2014			
	Liabilities at fair value through profit or loss	**Hedging derivatives**	**Other financial liabilities at amortised cost**	**Total**
Liabilities on the balance sheet				
Financial debt (excluding finance lease liabilities) (Note 20)	-	-	10,994,023	**10,994,023**
Finance leases (Note 20)	-	-	29,638	**29,638**
Derivative financial instruments (Note 12)	-	10,989	-	**10,989**
Trade and other payables (excluding non-financial liabilities) (Note 19)	-	-	291,302	**291,302**
Total	**-**	**10,989**	**11,314,963**	**11,325,952**

	31 December 2013			
	Loans and receivables	**Hedging derivatives**	**Available for sale**	**Total**
Assets on the balance sheet				
Available-for-sale financial assets (Note 11)	-	-	4,908	**4,908**
Other financial assets	1,822	-	-	**1,822**
Trade and other payables (excluding pre-payments and non-financial assets) (Note 13)	639,024	-	-	**639,024**
Cash and cash equivalents (Note 15)	12,377	-	-	**12,377**
Total	**653,223**	**-**	**4,908**	**658,131**

	31 December 2013			
	Liabilities at fair value through profit or loss	Hedging derivatives	Other financial liabilities at amortised cost	Total
Liabilities on the balance sheet				
Financial debt (excluding finance lease liabilities) (Note 20)	-	-	11,472,228	**11,472,228**
Finance leases (Note 20)	-	-	1,633	**1,633**
Derivative financial instruments (Note 12)	-	9,306	-	**9,306**
Trade and other payables (excluding non-financial liabilities) (Note 19)	-	-	356,996	**356,996**
Total	**-**	**9,306**	**11,830,857**	**11,840,163**

10 (b) Credit quality of financial assets

The credit quality of financial assets that have not yet been sold and which have also not become impaired may be evaluated through the financial analysis performed by the Group based on independent credit ratings or past default information.

(in millions of euros)	At 31 December	
TRADE RECEIVABLES	**2014**	**2013**
Trade receivables with external credit ratings (*Source: Reuters*)		
BBB	2.9	1.7
BB+	1.6	0.5
B	-	4.3
Customers without external credit ratings		
Group 1	1.9	2.7
Group 2	268.4	268.3
Group 3	-	-

- Group 1 - New customers / associated parties (less than 6 months).
- Group 2 - Existing customers / related parties (more than 6 months) with no past defaults.
- Group 3 - Existing customers / related parties (more than 6 months) with some past defaults. All defaults were fully recovered.

None of the loans to related parties have matured or suffered any impairment.

11 Available-for-sale financial assets

	At 31 December	
	2014	**2013**
At 1 January	4,908	57,769
Disposals	-	-
Impairment losses	(85)	(52,861)
At 31 December	**4,823**	**4,908**

In 2014, Airport Concessions and Development Limited (ACDL), did not operate and was in the process of liquidation after completing in 2013, through its subsidiary TBI, the sale of the airports of Cardiff, Belfast International and Stockholm Skavsta, London Luton Airport, the terminal concessions of Orlando Sanford Airport and the airport management business of TBI in the United States.

In 2013, Airport Concessions and Development Limited (ACDL), through its subsidiary TBI, completed the sale of the airports of Cardiff, Belfast International and Stockholm Skavsta, London Luton Airport, the terminal concessions of Orlando Sanford Airport and the airport management business of TBI in the United States.

In line with the divestment plan, at 25 October 2013, ACDL shareholders decided to reduce the share capital and to cancel the share issue premium, allocating 546.941 million pounds sterling to unrestricted reserves. In this sense, in

2013 ACDL approved two dividends of £394.4 million (€472.873 million) and £81.005 million (€96.406 million), of which the Group has received a total of €56.928 million (2012: €1,854). The first dividend, amounting to 47.3 million euros did not generate cash flow (Note 2.2).

In 2013, and due to divestments made by ACDL through TBI, the Group recognised an impairment loss on that investment amounting to €52.861 million (Note 30). This impairment was generated as a result of the decrease in recoverable value of the investment as a result of the divestment above.

Additionally, in 2014 the Group received a dividend from European Satellite Services Provider SAA (ESSP SAS) amounting to €250,000 (2013: €250,000).

In particular, the Group recognises minority interests in the following companies under this category:

Name and address	**Line of business**	**% interest held 2014**	**2013**	**Owner of the shareholding**
Agencia Barcelona Regional Edificio Centreservei, Zona Franca Carrer 60, 25-27 Barcelona	Performance of analyses and studies regarding development, regional and environmental issues. Planning, development, management, advisory services, execution and operation of all types of works, buildings and infrastructures, as well as urban systems in the metropolitan area.	11.76	11.76	Aena, S.A.
Airport Concessions and Development Limited (ACDL) 10 Upper Bank St, London – U.K.	Management of financial assets held by the airport group TBI.	10	10	Aena Desarrollo Internacional, S.A.
European Satellite Service Provider, SAS (ESSP SAS) Toulouse – France	Operation of the satellite navigation system	16.67	16.67	Aena Desarrollo Internacional, S.A.

The value of the shareholdings at 31 December 2014 and 2013 is as follows (in thousands of euros):

Name and address	**Amount of the shareholding 2014**	**2013**
Agencia Barcelona Regional Edificio Centreservei, Zona Franca Carrer 60, 25-27 Barcelona	180	180
Airport Concessions and Development Limited (ACDL), 10 Upper Bank St, London – U.K.	4,476	4,561
European Satellite Service Provider, SAS (ESSP SAS) Toulouse – France	167	167
	4,823	**4,908**

None of these companies is listed on a stock market.

At 31 December 2014 and 2013, their fair value cannot be reliably estimated. For this reason these shareholdings are measured at cost and the applicable adjustment has been determined to be the difference between the carrying value and the recoverable value.

Financial assets available for sale are denominated in the following currencies:

	At 31 December 2014	**2013**
Pounds sterling	4,476	4,561
Euros	347	347
Total	**4,823**	**4,908**

Available-for-sale financial assets include debt securities and equity instruments in other companies, in which the Group does not exercise any control or significant influence over decisions.

12 Derivative financial instruments

	At 31 December 2014	**2013**

	Assets	Liabilities	Assets	Liabilities
Interest rate swaps – cash flow hedges Aena, S.A.	-	6,808	-	9,306
Interest rate swaps – cash flow hedges LLAH III		4,181		-
Interest rate swaps - trading	-	-	-	-
Total	**-**	**10,989**	**-**	**9,306**
Less non-current portion:				
Interest rate swaps – cash flow hedges	-	5,817	-	323
Interest rate swaps - trading	-	-	-	-
Non-current portion	**-**	**5,817**	**-**	**4,323**
Current portion	**-**	**5,172**	**-**	**4,983**

The breakdown of the derivative financial instrumentsof 31 December 2014 and 2013 is shown in the following table. In accordance with the description provided in Note 20, a financing agreement exists between the Public Business Entity "ENAIRE" and Aena, S.A., which transfers the financing assigned to Aena, S.A. in the contribution of the line of business (see Note 1) and any obligations that may exist in the agreements with financial institutions that financed the Public Business Entity. The interest rate swaps indicated below relate to the original agreements signed between ENAIRE and the relevant financial institutions, with ENAIRE being responsible for compliance with the obligations of this agreement. As a result of the agreement between Aena, S.A. and ENAIRE, the measurement and recognition of the effect of the interest rate swap agreements relating to the financing between the two companies has been reflected in the Group's balance sheet.

The total fair value of a hedging derivative is classified as a non-current asset or liability if the time remaining to maturity of the hedged item is more than 12 months and as a current asset or liability if the time remaining to maturity of the hedged item is less than 12 months.

During 2014 and 2013 no losses have arisen from the hedge derivatives, as they were 100% effective.

Interest rate swaps

- Aena, S.A. derivatives

The 'ENAIRE' parent company contracted certain financial instruments for hedging of interest rates, which have been transferred to Aena, S.A. to cover the debt between both companies.

The notional principal on interest rate swaps outstanding at 31 December 2014 amounted to €243.623 million (2013: €257.858 million).

At 31 December 2014, fixed interest rate swaps ranged between 0.98% and 2.57% (2013: 0.98% to 2.57%) and the main variable interest rates are 3-month and 6-month Euribor. These parent company loans and derivatives are intended to finance airports and, therefore, the parent company attributed the interest and depreciation to the Group. Losses or gains recognised in the equity hedging reserve in interest-rate swap contracts at 31 December 2014 and 2013 will be transferred to the income statement on a continuous basis until the associated bank loans are repaid. In 2014, €4.922 million were charged to the profit and loss account under the heading of hedging instrument losses (2013: €12.279 million) (see Note 30).

The maximum exposure to credit risk at the balance sheet date is the fair value of the financial derivatives on the asset side of the balance sheet.

The main features are as follows:

	Classification	Type	Contracted amount (in thousands of euros)	Date of agreement:	Start date for the derivative	Maturity	Designation date of the hedge
Interest rate swaps:	Cash flow hedge	Fixed interest rate swap at 2.57% against variable interest rate	255,000	28-07-10	15-12-11	15-03-16	28-07-10
Interest rate swaps:	Cash flow hedge	Fixed interest rate swap at 0.98% against variable interest rate	66,500	13-12-12	13-12-12	13-12-17	13-12-12

- LLAH III derivatives

The loan agreement with banks (Note 20) required that 70% of the nominal value of the loans was covered by fixed rates. Regarding the debt with banks mentioned in the aforementioned Note, the investee LLAH III has contracted various interest rate swaps. These are interest rate swaps fixed at 1.8525% compared to variable interest rates. The main characteristics of the LLAH III derivatives, whose value as recognised in the long-term liabilities on 31/12/14 amounted to €4.181 million, are as follows:

	Classification	Contracted amount (in thousands of euros)	Date of agreement:	Start date for the derivative	Maturity	Designation date of the hedge
Interest rate swaps:	Cash flow hedge	38,334	29-11-13	27-11-13	27-11-18	29-11-13
Interest rate swaps:	Cash flow hedge	39,612	29-11-13	27-11-13	27-11-18	29-11-13
Interest rate swaps:	Cash flow hedge	39,612	29-11-13	27-11-13	27-11-18	29-11-13
Interest rate swaps:	Cash flow hedge	39,612	29-11-13	27-11-13	27-11-18	29-11-13
Interest rate swaps:	Cash flow hedge	39,612	29-11-13	27-11-13	27-11-18	29-11-13

<u>Financial hedge instruments (exchange rate)</u>

At the end of the 2014 financial period, there were no financial exchange rate hedge instruments. The Group has decided to use amounts the Company receives in US dollars in return for rendering certain services under the scope of several contracts for the management of Mexican Airports as an accounting hedge for cash flows between the payments (repayments) for the loan taken out by Aena Desarrollo Internacional in US dollars (USD) from BSCH and the monetary flows in USD. The Company has recorded, until its cancellation in October 2014, the changes in the fair value (at the year-end exchange rate) of this accounting hedge instrument in the "Hedging transactions" account under the "Equity" heading in the balance sheet at 31 December 2014 and 2013; the detail is as follows:

- **Year 2014:**

	Classification	Maturity (*)	Inefficiency recognised in financial results in 2014 (in thousands of euros)	Fair value recorded under "Equity" at 31/12/14 (in thousands of euros)
Aena Desarrollo Internacional, S.A. loan (USD)	Exchange rate cash flow hedges	08/10/2014	2	-

- **Year 2013:**

	Classification	Maturity (*)	Inefficiency recognised in financial results in 2013 (in thousands of euros)	Fair value recorded under "Equity" at 31/12/13 (in thousands of euros)
Aena Desarrollo Internacional, S.A. loan (USD)	Exchange rate cash flow hedges	08/10/2014	9	90

(*) The maturity (partial repayments) of this accounting hedge instrument coincides with the year in which the hedged cash flows are expected to take place (payments received in US dollars) and they are linked to the consolidated income statement.

The Group has complied with the requirements to classify this financial instrument as an accounting hedge. Specifically, they have been formally designated as such and their effective hedging has been verified.

Also, in 2013 the company Aena Desarrollo Internacional, S.A. contracted a derivative of 30 million pounds sterling to cover the possible effects of fluctuations in the exchange rate of the pound sterling. This derivative instrument was settled in 2013 and, as it failed to meet the conditions for recognition as a financial hedge instrument, €625,000 was recognised in the results of the year as revenue.

13 Trade and other receivables

	At 31 December	
	2014	**2013**
Trade receivables for sales and services rendered	391,108	390,835
Less: Provision for impairment losses on receivables	(126,565)	(129,352)
Trade receivables for sales and services rendered – net	264,543	261,483
Trade receivables from related parties (Note 33)	2,803	20,403
Other receivables from related parties	218,877	328,554
Sundry debtors and other assets	27,204	27,443
Staff	1,466	1,141
Other receivables from public administrations	43,636	115,356
Total	**558,529**	**754,380**
Less non-current portion	**55,252**	**148,825**
Current portion	**503,277**	**605,555**

The fair value of Trade and other receivables is similar to the carrying value.

As of 31 December 2014, €27.703 million was denominated in pounds sterling under this heading. In 2013, there were no significant amounts under Trade and other receivables denominated in a foreign currency.

As of 31 December 2014, trade receivables yet to mature for which no provision has been made amounted to € 48.894 million (2013: 212,589).

As of 31 December 2014, there were outstanding trade receivables amounting to €43.460 million (2013: €48.894 million) which had matured and for which no provision had been made, as they relate to a number of settlements and bills under management at 31 December of each year and which have since been paid.

The age of these accounts, at each year end, is analysed below:

	At 31 December	
	2014	**2013**
Up to 3 months	37,521	41,443
Between 3 and 6 months	1,674	272
Over 6 months	4,265	7,179
	43,460	**48,894**

Trade receivables that have suffered impairment with respect to the individual value basically relate to airlines and companies that are in bankruptcy proceedings. Provisions for the total amount are funded at the end of each year. The age of these accounts is analysed below:

	At 31 December	
	2014	**2013**
Between 3 and 6 months	-	-
Over 6 months	126,565	129,352
	126,565	**129,352**

The amount of the provision for impairment of trade and other receivables totalled €126.565 million (€129.352 million at 31 December 2013).

Movements in the provision for the impairment of the value of the Group's trade and other receivables were as follows:

	At 31 December	
	2014	**2013**
Opening balance	129,352	115,745
Addition LLAH III business combination	120	-
Provision of the impairment of the value of receivables (Note 29)	11,789	5,558
Reversal of unused amounts (Note 29)	(19,906)	(9,981)
Other movements	(624)	(106)
Encumbrance adjustment	5,834	18,136
At 31 December	**126,565**	**129,352**

The allocation and application of the provision for impaired trade receivables has been included under "Other operating expenses" in the income statement. The amounts charged against the provision account are normally eliminated from the accounts when there is no expectation to receive additional cash.

The rest of the accounts included in trade and other receivables contain no assets that have suffered impairment.

The maximum exposure to credit risk at the balance sheet date is the carrying amount of each of the categories of the aforementioned receivables. The Group does not maintain any guarantee as insurance.

At 31 December 2014, the heading "Other receivables from Public Administrations" records €27.226 million relating to ERDF grants receivable conceded to the Company (2013: 81,010). At 31 December 2014 and 2013, the rest of the heading records receivables relating to indirect taxes.

On April 4, 2013, the Company Aena, S.A. received a communication from the Directorate General for Regional Policy and Urban Development of the European Community notifying of the interruption of payments until corrective measures were implemented under the Galicia ERDF Operational Programme (2007-2013). On 13 December 2013 the General Intervention of the State Administration (National Audit Office) issued a favourable opinion and submitted it to the European Commission. In 2014, Aena collected €78.950 million for ERDF grants.

The heading of "Other receivables with related parties" mainly records the credit of Aena, S.A. and Aena Desarrollo Internacional, S.A. with ENAIRE in respect of tax-loss carry-forwards, interim payments not offset and other deductions triggered by fiscal consolidation, arising from the settlement of corporate income tax over the period. As of 31 December 2014 the receivable under this heading amounted to €218.877 million. From the previous amount, €59.085 million corresponded to interim payments not offset in 2013, fully collected in January 2015; €55.252 million interim payments not offset from 2014; €63.548 million deductions pending application (see Note 21); €45.563 million unrecorded tax losses yet to be applied, as well as €1.513 million tax balances due to the effect of the tax consolidation of Aena Desarrollo Internacional, S.A. vis-à-vis the Parent company and a -€6.084 million balance resulting from the accounting consolidation (31 December 2013: €61.536 million for interim payments not offset; €143.608 million deductions pending application and €52.615 million unrecorded tax losses yet to be applied of Aena, S.A., as well as €2.411 million tax balances due to the effect of the tax consolidation of Aena Desarrollo Internacional, S.A. vis-à-vis the Parent company; €67.766 million of debt cash pooling with the Parent company and €618,000 from other balances resulting from the accounting consolidation. The Group has classified these receivables as either short term (€169.709 million) or long term (€55.252 million) depending on the forecast use for corporate tax in the next financial years (31 December 2013: €148.825 million over the long term and €111.345 million over the short term depending on the forecast use in corporate tax for the coming financial years).

The Other receivables heading mainly includes accruals for deferred expenses, as well as taxes and deposits with maturity less than twelve months but greater than three months.

14 Inventories

	At 31 December	
	2014	**2013**
Raw materials and other supplies	7,393	4,520
Prepayments to suppliers	1,746	101
Total inventories	**9,139**	**4,621**

The balance under raw materials and other supplies mainly includes materials and spare parts used in airport operations. As of 31 December 2014, spare parts were purchased from the Parent company ENAIRE for €2.222 million (see Note 33).

15 Cash and cash equivalents

	At 31 December	
	2014	**2013**
Cash and bank deposits	217,305	12,377
Short-term bank deposits	73,000	-
Cash and cash equivalents	**290,305**	**12,377**

At 31 December 2014 and 2013, the Group does not have any bank overdrafts.

The breakdown of cash and cash equivalents in currencies other than the euro is as follows:

	At 31 December	
	2014	**2013**
Cash and cash equivalents in US dollars (USD)	6	2,625
Cash and cash equivalents in pounds sterling (GBP)	15,901	4,908

16 Share capital and share premium

Changes in the number of shares and in the amount of Share Capital and Share Premium of the Company in 2013 and 2014 were as follows:

	Number of shares	**Share capital (in thousands of euros)**	**Share premium (in thousands of euros)**	**Total (in thousands of euros)**
At 31 December 2013	150,000,000	1,500,000	1,100,868	**2,600,868**
At 31 December 2014	150,000,000	1,500,000	1,100,868	**2,600,868**

The company was created on 31 May 2011 with an initial share capital of 61 shares each with a par value of €1,000 each, fully subscribed by the Public Business Entity Aeropuertos Españoles y Navegación Aérea, the company's single shareholder.

On 6 June 2011, the Company's single shareholder adopted the following resolutions:

- Reduce the par value of the Company's €1,000 shares by dividing the 61 outstanding shares into 6,100 shares, consisting of 100 new shares for each old share, without changing the amount of the Company's share capital. As a result the Company's share capital was represented at that date by 6100 shares with a par value of €10 each.

- Increase share capital to €1.5 billion by issuing 149,993,900 new shares with a par value of €10 each, all with the same rights and obligations as the previously existing shares. The shares were issued with a Share premium of €1,100,868,000, and therefore the amount payable for Share capital and Share premium totals €2,600,807,000. The share capital was fully subscribed and paid by the single shareholder through a non-monetary contribution of the airport line of business described in Note 1 to the consolidated financial statements.

As a result of the above resolutions, at 31 December 2011 the Share capital consisted of 150 million shares with a par value of €10 each. In 2014 and 2013, no changes in the number of shares, Share capital or Share premium have been reported. The share premium is freely available.

17 Retained earnings/(losses)

	Legal reserves	Other reserve	Total
At 1 January 2013	**-**	**(146,101)**	**(146,101)**
Profit for the year	-	596,655	596,655
Dividends	-	-	-
Other movements	-	(21)	(21)
At 31 December 2013	**-**	**450,533**	**450,533**
Profit for the year	58,008	420,610	478,618
Dividends	-	-	-
Other movements	-	1,079	1,079
At 31 December 2014	**58,008**	**872,222**	**930,230**

At 31 December 2014, the amount of the Legal Reserve is an unavailable Reserve. In 2013, there were no unavailable Reserves.

At 31 December 2014, the heading “Other movements” includes, primarily, the application for acquisition of control of participation in the profits/losses of associates for 2013, corresponding to the amount of €3.377 million for LLAH III, and the effect on retained earnings of the harmonisation of AMP in 2014, as described in Note 9, which amounts to €2.135 million.

Proposed distribution of profits/losses

The allocation of profits/losses for 2014 and 2013 of the Company under the General Accounting Plan approved by Royal Decree 1514/2007, and proposed by the Board of Directors, is as follows:

	In thousands of euros	
	2014	**2013**
Basis of allocation:		
Gains and losses (Profits)	452,169	580,076
Application:		
Accumulated gains/(losses)	-	164,585
Legal reserve	45,217	58,008
Voluntary reserve	406,952	357,483

The Legal Reserve must be funded in accordance with Article 274 of the Corporate Enterprises Act. This article requires that, in any event, a figure equal to 10% of the profits from the period is earmarked for the Legal Reserve, until its amount attains at least 20% of the share capital.

The legal reserve, as long as it does not exceed the amount indicated above, can only be used to offset losses if no other reserves are available for this purpose.

After applying the profits/losses for 2013, at the 2014 year end the Legal Reserve amounted to €58.008 million.

With the proposed use of the profits/losses from 2014, the Legal Reserve stands at €103.225 million, 34.44% of the legally established minimum amount for Aena, S.A. which is set at €300 million in accordance with Article 274 of the aforementioned Corporate Enterprises Act.

18 Minority interests and other reserves

a) Minority interests

The breakdown of minority interests is as follows:

	Segment	Country	% Aena	2014	2013
LLAH III (Note 2.2)	International	United Kingdom	51%	62,063	-
				62,063	**-**

Movements of minority interests in 2014 were as follows:

	LLAH III	Total
At 31 December 2013	**-**	**-**
Addition for business combinations (Note 2.2)	74,200	74,200
Distribution of dividends	(6,544)	(6,544)
Total contributions by and distributions to shareholders recognised under equity	**67,656**	**67,656**
Profit/loss for the period	(2,921)	(2,921)
Other comprehensive income for the year	(2,672)	(2,672)
Total comprehensive income for the year	**(5,593)**	**(5,593)**
At 31 December 2014	**62,063**	**62,063**

b) Other reserve

	Note	Hedging derivatives	Actuarial gains and losses	Conversion differences	Associates results	Total
At 1 January 2013		**(16,414)**	**-**	**(1,014)**	**-**	**(17,428)**
Cash flow hedge		2,976	-	-	-	2,976
Tax effect	31	(892)	-	-	-	(892)
Transfers to the income statement		12,279	-	-	-	12,279
Tax effect	31	(3,684)	-	-	-	(3,684)
Cash flow hedge - associates		-	-	-	(668)	(668)
Differences on exchange - associates	9	-	-	(4,857)	-	(4,857)
At 31 December 2013		**(5,735)**	**-**	**(5,871)**	**(668)**	**(12,274)**
Cash flow hedge	31	(5,577)	-	-	-	(5,577)
Actuarial gains and losses	31	-	(3,330)	-	-	(3,330)
Tax effect	31	903	646	-	-	1,549
Transfers to the income statement		4,794	-	(2,199)	-	2,595
Tax effect	31	(1,438)	-	-	-	(1,438)
Cash flow hedge - associates		-	-	-	668	668
Differences on exchange - associates	9	-	-	(609)	-	(609)
Differences on exchange - group		-	-	3,559	-	3,559
At 31 December 2014		**(7,053)**	**(2,684)**	**(5,120)**	**-**	**(14,857)**

Other retained earnings/(losses), net of tax

	Other reserves attributable	Other reserves attributable to minority interests	Total other retained earnings/(losses), net of tax

	to the Parent Company		
31 December 2014			
Items that may be reclassified subsequently to profit/loss:			
Cash flow hedges	(1,318)	(1,398)	(2,716)
Share in other comprehensive income of associates	668	-	668
Differences on exchange	751	1,307	2,058
Actuarial gains and losses	(2,684)	(2,581)	(5,265)
Total	**(2,583)**	**(2,672)**	**(5,255)**
31 December 2013			
Items that may be reclassified subsequently to profit/loss:			
Cash flow hedges	10,679	-	10,679
Share in other comprehensive income of associates	(668)	-	(668)
Differences on exchange	(4,857)	-	(4,857)
Total	**5,154**	**-**	**5,154**

19 Trade and other payables

	At 31 December	
	2014	**2013**
Suppliers	916	2,097
Sundry payables	188,022	166,255
Trade payables to related parties (Note 33)	33,904	69,951
Payables for property, plant and equipment	40,455	91,705
Payables to related parties for property, plant and equipment (Note 33)	1,212	1,538
Staff	26,802	25,450
Social Security and other taxes	19,219	41,733
Prepayments from customers	78,659	47,845
	389,189	**446,574**

In 2014, this heading included €37.234 million originally expressed in pounds sterling. In 2013, all of the payables were denominated in euros.

The carrying value of “Trade and other payables” approximates the fair value, given that the effect of the discount is not significant.

On 14 February 2013, Aena, S.A. signed three contracts with World Duty Free Group Spain, S.A. for the commercial rental of the duty free and duty paid stores across the entire network of airports in Spain. These contracts are valid until 31 October 2020 and included an advance of € 332.442 million, which is periodically offset by billing. In this sense, at 31 December 2014, the short-term advance was €34.415 million (2013: €20.772 million), and the long-term advance included under the “Other long-term liabilities” heading, amounted to €197.802 million (2013: €233.043 million).

Information on the deferral of payments to suppliers

The detail of trade payments made by Aena, S.A. and Desarrollo Internacional, S.A. during the year and outstanding at 31 December 2014 and 2013 in relation to the maximum legal limit applicable under Law 15/2010 (60 days), is as follows:

	2014		**2013**	
	In thousands of euros	%	In thousands of euros	%
Payments for the year within the maximum legal period	670,206	92%	821,058	84%
Other	55,451	8%	152,101	16%

Total payments for the year	**725,657**	100%	**973,159**
Average length of payment terms exceeded (days)	**69**		**71**
Balance payable at year end exceeding the maximum legal period	**5,374**		**9,573**

This balance relates to suppliers who by their nature are suppliers of goods and services, such that includes the relative data from the heading "Trade and other payables" in the balance.

In 2014, there was a significant reduction to the average length of exceeded payment terms, adjusted at year end to the deadlines stipulated in Law 15/2010. Cases involving payment outside the statutory maximum terms only amounted to 7.70% and were mainly due to causes outside of the Company's control: invoices not received on time, expired tax certificates (AEAT), lack of supporting certificates from the bank accounts of suppliers, etc.

20 Total borrowings

	At 31 December	
	2014	**2013**
Non-current		
ENAIRE loan (Note 33)	9,456,390	10,368,664
Bank borrowings	281,781	1,000
Loans with LLAH III shareholders	58,976	-
Finance lease liabilities	27,625	1,117
Other financial liabilities	47,793	3,257
	9,872,565	**10,374,038**
Current		
ENAIRE loan (Note 33)	1,102,009	1,025,175
Bank borrowings	8,955	2,701
Loans with LLAH III shareholders	455	-
Finance lease liabilities	2,013	516
Other financial liabilities	37,664	71,431
	1,151,096	**1,099,823**

The carrying and fair values of non-current borrowings are as follows:

	Carrying amount		Fair value	
	At 31 December		At 31 December	
	2014	**2013**	**2014**	**2013**
Borrowings from the Group	9,456,390	10,368,664	8,870,632	9,700,022
Bank borrowings	281,781	1,000	281,781	1,000
Loans with LLAH III shareholders	58,976	-	58,976	-
Finance lease liabilities	27,625	1,117	27,625	1,117
Other financial liabilities	47,793	3,257	47,793	3,257
Total	**9,872,565**	**10,374,038**	**9,286,807**	**9,705,396**

The fair value of current borrowings is equal to their carrying value, as the impact of the discount is not significant. Fair values of debt with a maturity greater than one year are based on cash flows discounted at a rate based on external borrowings valued at the 0 coupon curve plus a 1.66% spread (2013: 0 coupon curve plus a 1.66% spread) and are in Tier 3 in the fair value hierarchy.

(a) *Total borrowings vis-à-vis Parent Company (Note 33)*

As a result of the non-monetary contribution described in Note 1, the Company and ENAIRE have concluded a financing agreement under which the debts relating to the contributed line of business forming part of the share capital increase described in Note 1 are transferred from ENAIRE to Aena, S.A. In this agreement between both parties, the initial debt and future debt cancellation conditions are recognised, as is the procedure for settling interest and the repayment of the debt. It also specifies that the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" is the formal borrower as regards the financial lending institutions, but it also recognises that Aena, S.A. is obliged to pay the percentage of the active balance of the debt of the Public Entity Aena attributable to the airport line of business at the time of the contribution of any of the payments that the Public Business Entity "Aeropuertos Españoles y Navegación

Aérea" is required to pay to the financial institutions, in accordance with the financial conditions and the other terms and stipulations established in the Financing Agreements.

In the Council of Ministers' meeting of 11 July 2014, the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" was authorised to initiate proceedings for the sale of the share capital of Aena, S.A. and to dispose of up to 49% of its capital.

In the context of offering company shares to private investors, and in order to ensure the process was compatible with the financing agreements (long- and short-term financial debt) and hedging agreements taken out with all of the financial institutions, on 29 July 2014, the Public Business Entity "ENAIRE", Aena S.A. and the respective financial institutions agreed a novation amending but not extinguishing the corresponding financial agreements.

The re-wording of the new financing agreements supersedes entirely, and for all legal effects, the original contracts and their novations, in order to, amongst other amendments, eliminate any contractual restriction that may affect the privatisation process and to include Aena S.A. as jointly liable together with the Public Business Entity "ENAIRE" under the various Financing Contracts and to make all the necessary adjustments to these financing contracts that may be required for this purpose.

These novations do not alter the financial terms of the loan transactions granted at the time to the Public Business Entity "ENAIRE", nor those outlined in the model loans taken out Aena, S.A. (such as, among others: repayment of principal, maturity dates, interest rate regime, terms of repayment, etc.). The main clauses that have been modified are summarised below:

- The joint and several nature of the borrowers, namely the Public Business Entity "ENAIRE" and Aena, S.A., which are jointly and severally obliged vis-à-vis the bank to repay the amount of the loan which had been arranged by either of them and to pay any interest, commissions, costs, expenses and any other concept owed by them directly to the bank under the contracts. The banks recognise expressly that payment under any heading received from any of the borrowers in accordance with the contractual provisions, will have full releasing effect for the item and amount.

- The removal of clauses imposing limitations on the transfer of Aena shares and the sale of a percentage of shares exceeding 49%.

- The obligatory nature of compliance with certain financial ratios, on the basis of the consolidated financial statements of the Aena group, is to be certified through the delivery of a certificate proving compliance with these ratios, on a semi-annual and annual basis. The definition of terms included in the calculation of these ratios (net financial debt, EBITDA and financial expenses) are established in novated contracts.

Ratio	2013	2014	2015	2016	2017 and subsequent
Net debt/adjusted EBITDA less than or equal to:	10.00x	9.00x	8.00x	8.00x	7.00x
EBITDA / Financial expenses greater than or equal to:	2.50x	2.75x	3.00x	3.00x	3.00x

- In terms of the option of granting charges and levies, a more favourable framework compared to the one stipulated in the initial financing contracts has been established, to allow the granting of certain real guarantees on international assets in relation to international financing operations without recourse to Aena, S.A. or the Public Business Entity "ENAIRE", contrary to the prohibition stipulated in many initial contracts which in many cases hinder business expansion.

- The unification of clauses that restrict the disposal of assets: Aena, S.A. shall retain, directly or indirectly, proprietary ownership of all airport assets and shall not dispose of them in a single transaction or in a series of transactions, whether linked or unlinked, with a few exceptions in relation to airport assets located outside Spain.

- Certain clauses will be unified in order to qualify the events subject to which financing contracts could be subject to early termination, as a result of defaults arising from the commercial relationships of Aena, S.A.

The novations of these financing contracts mean that Aena, S.A. has had to pay novation fees to all the financial institutions, as well as the costs of legal advisers amounting to a total of €12.163 million, of which €11.772 million were recognised in the carrying amount of the liability.

As a result of these novations, and in order to include the changes to the contractual loan relationship with the Public Business Entity “ENAIRE”, on 29 July 2014, the Company signed an amending and non-extinguishing novation to the debt recognition contract with the Public Business Entity “ENAIRE”, which amends the contract of 1 July 2011 transferring to Aena Aeropuertos, S.A. all property, rights, debts and obligations of the Public Business Entity “Aeropuertos Españoles y Navegación Aérea” earmarked for the development of airport and commercial activities and other state services linked to airport management, including amounts allocated to the airfield’s air traffic services, amounting to €11,672,857,000.

By virtue of this novation, the parties agree to amend certain aspects of the debt-recognition contract solely for the effect of novation and under no circumstances with extinguishing effect, in order to, among others, i) indicate the updated amount of the debt recognised, ii) regulate the payment by the Public Business Entity “ENAIRE” and Aena, S.A. of the amounts owed under the Financing Agreements, iii) specify the exercising of powers by the co-borrowers under the scope of these Financing Agreements, iv) determine the mandatory compliance by Aena, S.A. of the same financial ratios, as detailed in the novations of the financial agreements, and v) commit to the future pledging of receivables (the amount corresponding to one year of servicing the debt owed under financing agreements) by the Company to the benefit of the Public Business Entity “ENAIRE” in the event of any breach of its obligations under the debt-recognition contract or loss of the majority of the share capital of Aena by the Public Business Entity “ENAIRE”.

During the debt novation process, the parties expressly agree that, without prejudice to their status as joint-debtors who are jointly and severally responsible for compliance with the obligations stipulated in the financing agreements, any payments to be made for reason under the scope of these financing agreements, shall be paid by the Public Business Entity “ENAIRE”; therefore, the contractual relationship between Aena S.A. and the Public Business Entity “ENAIRE” shall be maintained through the debt recognition contract.

Without prejudice to joint and principal responsibility that Aena, S.A. and the Public Business Entity “ENAIRE” assume vis-à-vis financial entities under the financing agreements, payments made by Aena, S.A. will reduce proportionally, for the Public Business Entity “ENAIRE”, its payment obligations stemming from the contribution.

In any event, the failure by Aena, S.A. to pay its obligations arising from the debt-recognition contract, shall not exempt the Public Business Entity “ENAIRE” from complying with its payment commitments under the provisions stipulated in the financing agreements.

Consequently, any amendments made to the financing contracts with banks and the Public Business Entity “ENAIRE” shall not change the accounting treatment of the Company's financial debt with the Parent Company, the Public Business Entity “ENAIRE”.

The financial agreements set out the following reasons for early termination under ordinary market terms:

a) Any breach of the payment obligations arising from each and every one of the financing agreements.
b) Any breach of the payment obligations arising from other financing contracts.
c) The breach of any payment obligation stemming from usual business relationships in the ordinary activities of Aena, unless it has filed a judicial or extra-judicial challenge against the corresponding payment claim in relation to the breach and/or it has filed, or intends to file the corresponding procedural actions to which Aena is entitled to bring by law, and when no contrary ruling has been made regarding the payment.
d) Generalised seizure of the property of Aena and/or ENAIRE.
e) The constitution by ENAIRE and/or by the Companies, organisations and entities of the ENAIRE Group (with the exception of Aena and the Companies of its group, which are governed by the limitation indicated in the point below) of any right *in rem*, charge, encumbrance or privilege over any of the (present or future) assets or rights.
f) The constitution by Aena and/or by Companies of its group of any right *in rem*, charge, encumbrance or privilege over any of the existing assets or rights existing in its balance sheet, with exception of any right *in rem*, charge, encumbrance or privilege constituted over assets located outside of Spain (this exception includes shares or holdings in Companies domiciled in Spain provided that all of its operating assets are located outside of Spain) exclusively, to guarantee financing or other obligations without recourse to Aena and contracted by subsidiaries and/or other companies of the Aena group.
g) Any change to the risk weighting of ENAIRE or the loans or credit granted through the financial agreements.

Only the occurrence of the above reasons for early termination entitle the financial entities, in accordance with the specific terms and conditions stipulated in the respective agreements, to declare the early termination of their respective financing agreements. All this, without prejudicing the need for competition in good faith and the essential nature of the reason put forward.

If Aena breaches its obligations under the debt-recognition contract:

- Aena agrees to the future constitution of a first-ranking pledge contract for certain credit rights (the amount corresponding to one year of servicing the debt accrued under the financial agreements) in favour of ENAIRE (this obligation also arises if ENAIRE loses control of Aena);
- Any amounts Aena fails to pay shall bear late-payment interest.
- In the event that ENAIRE is required to pay amounts to the financial institutions that, under the terms of the debt-recognition contract, Aena should have paid, ENAIRE will be subrogated in the rights and guarantees of the creditor vis-à-vis Aena and the debt acknowledged in the debt recognition contract will be automatically incremented by the amount paid by ENAIRE.
- Moreover, if, as a result of the breach of an obligation by Aena under the terms of the financing agreements, one or more of the financing contracts are terminated early and the actual payment of any amounts is requested, Aena must pay to ENAIRE a penalty equivalent to 3% of the principal amount due on the respective unfulfilled finance contract. This provision also applies in the event that the defaulting party is ENAIRE, in which case ENAIRE will be the party required to pay the above-mentioned penalty to Aena.

The breakdown of the total financial debt with financial institutions in relation to which ENAIRE and Aena, S.A. are joint borrowers as of 31 December 2014 ("**Financial debt in which the Company appears as a joint creditor with ENAIRE**", hereinafter "Debt with ENAIRE"), is as follows (in thousands of euros):

Financial institutions	Amount
EIB	5,129,729
ICO	2,565,000
DEPFA	1,283,333
FMS	933,333
BBVA	252,567
LA CAIXA	153,600
SABADELL	140,000
BANKINTER	104,000
DEXIA SABADELL	93,750
BANKIA	73,800
KFW	66,667
POPULAR	64,633
SANTANDER	36,000
SOCIETE GENERAL	34,200
UNICAJA	16,667
BARCLAYS	12,500
TARGO BANK	6,667
Total Joint-borrowers	**10,966,446**

Of the €10,966,446,000 above, Aena S.A owes to the Public Entity "ENAIRE" a debt stemming from the contribution of the airport activity, which on 31 December 2014 amounted to €10,524,038,000 (see Note 33).

(b) Loans with credit institutions and loans with LLAH III shareholders

These loans relate to dependent companies, to Aena Desarrollo Internacional, S.A. and LLAH III.

In 2014, the total of debts with credit institutions amounted to €290.736 million (€289.735 million belonging to LLAH III, and €1.001 million belonging to ADI), of which €281.781 million is non-current debt (€281.114 million belonging to LLAH III and €667,000 belonging to ADI) and €8.955 million is current debt (€8.621 million belonging to LLAH III and €334,000 belonging to ADI).

In 2013, all debt with credit institutions was with ADI.

The carrying amount of Group bank borrowings is denominated in the following currencies:

	At 31 December

	2014	2013
Thousands of euros (ADI)	1,001	2,510
Thousands of pounds sterling (LLAH III)	289,735	-
Thousands of US dollars	-	1,191

Equally, the carrying amount of the loan with LLAH III shareholders is also entirely denominated in pounds sterling (£48.633 million).

As a result of the divestment process in 2013 by ACDL-TBI, the previous owner of the concessionary company of Luton Airport (LLAOL) (see Note 2.2), Aena Desarrollo Internacional, S.A., following its new international development strategy, acquired LLAOL along with Aerofi, Sàrl ("Aerofi"), a subsidiary of Ardian (formerly AXA Private Equity). Thus, on 27 November 2013 the purchase was formalised at a price of £394.4 million. The operation was implemented through London Luton Airport Holdings III ("LLAHIII"), in which Aena Desarrollo Internacional, S.A. acquired a 40% stake and Aerofi acquired the remaining 60%. The contribution of Aena Desarrollo Internacional, S.A. accounting for 40% of LLAH III amounted to £39.4 million, financed by dividends resulting from the sale of minority stakes in international airports, without Aena needing to furnish additional funds. The rest of the operation, which was not covered by “equity”, was funded through (i) a shareholder loan amounting to £94.7 million, contributed entirely by Aerofi; and (ii) bank financing amounting to £220 million, without recourse to company's shareholders.

Therefore, this debt does not affect the covenants established in the financing contracts of Aena, S.A. (see Note 3.1).

Regarding the bank financing of the previously mentioned £220 million for the acquisition, this was implemented through a 5-year “bullet” loan maturing on 27 November 2018 and granted by six entities each funding the same amount (£36.6 million). This financing was tied to a more differential LIBOR variable interest rate and was awarded on the basis of the sole guarantee of the shares and assets of LLAHI, LLAGL and LLAOL. In addition, the following financial covenants were established linked to net debt/EBITDA and cash flow/expenditure ratios:

Financial covenants	Net debt/EBITDA	Interest rate hedges (Cash flow/Financial expense)
Dec-13	8.00x	1.25x
Dec-14	8.00x	1.25x
Dec-15	7.50x	1.25x
Dec-16	7.50x	1.30x
Dec-17	7.00x	1.30x
Dec-18	7.00x	1.30x

These “covenants” have been fulfilled. Failure to comply with such “covenants”, if they are not settled, will trigger a procedure that could lead to the early termination of the loan.

The banks financing the purchase required a corporate structure where they had priority of payment over the shareholders of Aerofi and Aena. This led to the creation of London Luton Airport Holdings I ('LLAHI') or the first company in terms of priority of payment.

LLAHI is the source of the £220 million bank debt and is consequently responsible for paying the principal amount and interest for the external financing, in addition to assuming on an accounting level the depreciation of the intangible assets acquired. The depreciation included in LLAHI corresponds to the intangible asset or the airport concession from the acquisition and divided on a *pro rata* basis during the lifetime of the concession.

After complying with the obligations of the financing banks and the debt servicing “covenants”, LLAHI will provide flows for the payment of the loan (£94.7 million) to London Luton Airport Holdings II (“LLAHII”) to cover the repayment of the principal and interest on the loan from shareholders. If it posts sufficient profits, LLAHI will start distributing dividends to shareholders using flows in relation to London LLAHIII.

(c) Finance lease liabilities

At the end of 2014, the Group took out financial leases for an automated flight inspection system (console), an electrical co-generation plant at Adolfo Suárez Madrid Barajas Airport and an aircraft parking platform at London Luton Airport, which were recognised under "property, plant and equipment" in the consolidated balance sheet at 31 December 2014.

The carrying amount of debt entered into the accounts denominated in currencies other than the euro was as follows:

	At 31 December	
	2014	**2013**
Pounds sterling	10,180	-

Lease liabilities are effectively secured given that the rights to the leased asset revert to the lessor in the event of default.

	At 31 December	
	2014	**2013**
Gross finance lease liabilities – minimum lease payments:		
–Less than one year	3,619	524
–Between 1 and 5 years	15,153	1,123
–More than 5 years	20,744	-
	39,516	1,647
Future financial burden due to finance leases	(9,878)	(14)
Present value of finance lease liabilities	**29,638**	**1,633**

The present value of finance lease liabilities is as follows:

	At 31 December	
	2014	**2013**
–Less than one year	2,306	516
–Between 1 and 5 years	10,389	1,117
–More than 5 years	16,943	-
Consolidated	**29,638**	**1,633**

(d) *Other financial liabilities*

The amounts included under "Other financial liabilities" include the security deposits received to guarantee compliance with obligations, as well as from parties leasing premises and facilities.

21 Deferred tax

The analysis of deferred tax assets and liabilities is as follows:

	At 31 December	
	2014	**2013**
Deferred tax assets:		

–Deferred tax assets to be recovered in more than 12 months	73,356	54,678
– Deferred tax assets to be recovered within 12 months	28,773	21,535
	102,129	**76,213**
Deferred tax liabilities:		
–Deferred tax assets to be recovered in more than 12 months	118,664	196
–Deferred tax liabilities to be recovered within 12 months	8,742	-
	127,406	**196**
Net deferred tax assets	**(25,277)**	**76,017**

Gross movement under the "Deferred taxes" heading was as follows:

	2014	**2013**
At 1 January	76,017	62,051
Tax charged/credited to the income statement	36,072	998
Tax charged/credited in relation to components of "Other comprehensive income" (Note 18)	2,429	(4,577)
Additions for business combination LLAH III	(124,920)	-
Valuation adjustments Law 27/2014	(15,931)	-
Other	1,056	17,545
At 31 December	**(25,277)**	**76,017**

Movements during the year in deferred tax assets and liabilities, not taking into account the offset of balances relating to the same tax authorities are as follows:

Deferred tax liabilities	**Depreciation**	**Other**	**Total**
At 1 January 2013	**-**	**208**	**208**
Other	-	(12)	(12)
At 31 December 2013	**-**	**196**	**196**
Additions for business combination LLAH III	126,526	-	126,526
Other	-	684	684
At 31 December 2014	**126,526**	**880**	**127,406**

Deferred tax assets	**Depreciation**	**Impairment losses**	**Derivatives**	**Other**	**Total**
At 1 January 2013	**43,138**	**6,767**	**7,273**	**5,081**	**62,259**
Charged/(credited) to the income statement	3,399	482	-	(2,883)	998
Charged/(credited) to "Other comprehensive income"	-	-	(4,577)	-	(4,577)
Other	2,090	(626)	-	16,069	17,533
At 31 December 2013	**48,627**	**6,623**	**2,696**	**18,267**	**76,213**
Charged/(credited) to the income statement	36,097	(2,994)	-	2,969	36,072
Charged/(credited) to "Other comprehensive income"	-	-	1,164	1,265	2,429
Additions for business combination LLAH III	-	-	-	1,607	1,607
Valuation adjustments Law 27/2014	(13,012)	(595)	(185)	(2,139)	(15,931)
Other	-	-	-	1,739	1,739
At 31 December 2014	**71,712**	**3,034**	**3,675**	**23,708**	**102,129**

In 2014, the following deductions have been applied to the settlement of corporate tax, and deductions of outstanding amounts have been recognised in the shareholder tax account:

	Year generated	Year of maturity	Amount pending at 31/12/2013	Amount recognised in 2014	Registered amount generated in 2014	Amount applied	Amount pending at 31/12/2014
Deductions in the Canary Islands due to investments in fixed assets	**2009**	**2014**	-	5,448		(5,448)	-
	2010	**2015**	57,386	-		(57,386)	-
	2011	**2016**	42,744	-		(16,975)	25,769
	2012	**2017**	38,791	(1,012)			37,779
	2014	**2019**	-	-	14,450	(14,450)	-
Deductions in the Canary Islands for contributions to pension plans	**2006**	**2021**	129	-		(129)	-
	2007	**2022**	126	-		(126)	-
	2008	**2023**	122	-		(122)	-
	2009	**2024**	113	-		(113)	-
	2010	**2025**	66	-		(66)	-
Environmental deductions	**2006**	**2021**	730	(730)		-	-
	2007	**2022**	771	(771)		-	-
Internal double taxation	**2011**	**2018**	220	-		(220)	-
	2012	**2019**	28	-		(28)	-
International double taxation deductions	**2008**	**2019**	308	(308)		-	-
	2009	**2020**	268	-		(268)	-
	2010	**2021**	312	-		(312)	-
	2011	**2022**	350	-		(350)	-
	2012	**2023**	484	-		(484)	-
	2013	**2024**	450	(69)		(381)	-
	2014	**2024**			425	(425)	-
Pension plans	**2006**	**2021**	252	(252)			-
	2007	**2022**	179	(179)			-
	2008	**2023**	148	-		(148)	-
	2009	**2024**	102	-		(102)	-
	2010	**2025**	58	-		(58)	-
Promotion of employment of people with disabilities	**2012**	**2027**	167	-		(167)	-
	2013	**2028**		43		(43)	
R&D&I	**2012**	**2030**	321	-		(321)	-
	2013	**2031**		80		(80)	
Book publishing	**2012**	**2027**	1	-		(1)	-
Professional training	**2006**	**2021**	330	(330)		-	-
	2007	**2022**	277	(277)		-	-
	2008	**2023**	329	-		(329)	-
	2009	**2024**	136	-		(136)	-
	2010	**2025**	43	-		(43)	-
	2011	**2026**	4	-		(4)	-
	2012	**2027**	3	-		(3)	-
	2013	**2028**	-	2		(2)	-
Endowments	**2011**	**2021**	7	-		(7)	-
	2012	**2022**	23	-		(23)	-
	2013	**2023**	-	21		(21)	-
Total			**145,778**	**1,666**	**14,875**	**(98,771)**	**63,548**

The “Amount recognised in 2014” column reflects the differences between the deductions applied to calculating the corporate tax charge for 2013 and the charge actually applied in the final settlement for that year, as filed with the Tax Office.

The “Registered amount generated in 2014” column reflects the actual deductions generated in 2014.

In 2013, the following deductions were applied for the settlement of corporate tax, and the following outstanding deductions were recognised in the shareholder tax account:

	Year generated	Year of maturity	Amount recognised	Amount applied	Amount pending
Deductions in the Canary Islands due to investments in fixed assets	**2008**	**2013**	20,879	(20,879)	-
	2009	**2014**	38,523	(38,523)	-
	2010	**2015**	57,386	-	57,386
	2011	**2016**	42,744	-	42,744
	2012	**2017**	38,791	-	38,791
	2013	**2018**	37,011	(37,011)	-
Deductions in the Canary Islands for contributions to pension plans	**2006**	**2021**	129	-	129
	2007	**2022**	126	-	126
	2008	**2023**	122	-	122
	2009	**2024**	113	-	113
	2010	**2025**	66	-	66
Environmental deductions	**2006**	**2021**	730	-	730
	2007	**2022**	771	-	771
Internal double taxation	**2011**	**2018**	220	-	220
	2012	**2019**	28	-	28
Deductions for export activities	**2001**	**2016**	32	(32)	-
	2002	**2017**	187	(187)	-
	2006	**2021**	2,524	(2,524)	-
International double taxation	**2003**	**2014**	236	(236)	-
	2004	**2015**	232	(232)	-
	2006	**2017**	320	(320)	-
	2007	**2018**	536	(536)	-
	2008	**2019**	308	-	308
	2009	**2020**	268	-	268
	2010	**2021**	312	-	312
	2011	**2022**	350	-	350
	2012	**2023**	484	-	484
	2013	**2024**	450	-	450
Pension plans	**2006**	**2021**	252	-	252
	2007	**2022**	179	-	179
	2008	**2023**	148	-	148
	2009	**2024**	103	(1)	102
	2010	**2025**	59	(1)	58
Promotion of employment of people with disabilities	**2012**	**2027**	167	-	167
R&D&I	**2012**	**2030**	321	-	321
Book publishing	**2012**	**2027**	1	-	1
Professional training	**2001**	**2016**	7	(7)	-
	2006	**2021**	332	(2)	330
	2007	**2022**	278	(1)	277
	2008	**2023**	329	-	329
	2009	**2024**	138	(2)	136
	2010	**2025**	44	(1)	43
	2011	**2026**	4	-	4
	2012	**2027**	3	-	3
Endowments	**2011**	**2021**	7	-	7
	2012	**2022**	23	-	23
	Total		**246,273**	**(100,495)**	**145,778**

22 Employee benefits

The table below shows where the amounts for post-employment benefits have been included in the financial statements of the Group:

	At 31 December	
	2014	**2013**
Commitments in the balance sheet in respect of:		
- Length of service awards	7,861	6,618
- Early-retirement bonuses	402	-
- Defined benefit pension plans of LLAH III	32,513	-
Liabilities for employee benefits	**40,776**	**6,618**
- Defined contribution pension plans (Other payables)	6	5
- Defined benefit pension plans	-	-
Total liabilities on the balance sheet	**40,782**	**6,623**
Charges in the income statement included in the operating profit/loss (Note 27):		
- Length of service awards	1,638	-
- Early-retirement bonuses	(40)	-
Defined contribution pension plans	8	13
- Defined benefit pension plans of LLAH III	894	-
	2,500	**13**
Revaluations for:		
- Length of service awards	779	-
- Defined benefit pension plans of LLAH III	6,563	-
- Early-retirement bonuses	149	-
	7,491	**-**

(a) Length of service awards

The Collective Bargaining Agreement for the Aena Group of Companies (Public Business Entity “ENAIRE” and Aena, S.A.) stipulates length of service awards for services effectively rendered for 25, 30 or more years. The Company makes provision for the present value of the best estimate possible of future commitments, based on an actuarial calculation.

The amounts are recognised in balance sheet as follows:

	2014	**2013**
Present value of the financed obligations	-	-
Fair value of plan assets	-	-
Deficit in financing plans	-	-
Present value of unfunded obligations	7,861	6,623
Total pension deficit of defined benefit	7,861	6,623
Impact of minimum funding requirement / asset ceiling	-	-
Total liabilities on the balance sheet	**7,861**	**6,623**

Length of service awards are defined as non-financed funding plans, consequently no assets are allocated to the registered plan.

	Present value of obligation	Total
At 1 January 2013	**6,783**	**6,783**
Current service cost	-	-
Interest expenses /(income)	-	-
Past service costs and gains and losses on settlements	-	-
Recalculation of ratings:		
- (Gains)/losses due to changes in actuarial assumptions	-	-
Plan payments:		
- Benefit payments	(165)	(165)
At 31 December 2013	**6,618**	**6,618**
Interest expenses /(income)	198	198
Past service costs and gains and losses on settlements	661	661
	859	**859**
Recalculation of ratings:		
- (Gains)/losses due to changes in actuarial assumptions	779	779
	779	**779**
- Plan payments:		
- Benefit payments	(395)	(395)
At 31 December 2014	**7,861**	**7,861**

The estimated accounting charge relating to benefit plans and long-service bonuses for the year ended 31 December 2014 amounted to €707,000.

The amount of expected benefits corresponding to awards to be disbursed during 2015 amounted to € 427,000.

The weighted average duration of the defined benefit obligation is 14.98 years.

(b) Early-retirement bonuses

The Collective Bargaining Agreement stipulates that any employee between the ages of 60 and 64 who, in accordance with current provisions is entitled to do so, may voluntarily retire early and will receive an indemnity, taken together with the vested rights in the Pension Plan, at the time the employment contract is terminated equal to four monthly base salary payments and length of service bonuses for each year remaining until reaching the age of 64, or the relevant proportional part.

In 2004 the early retirement awards were externalised by obtaining a lump sum-payment insurance policy from Mapfre Vida on 25 March 2004. The current value of the plan's assets have been determined as the value of the mathematical provision of the insurance policies affected.

The movement in the defined benefit obligation during the year was as follows:

	Present value of obligation	Total
At 31 December 2013	-	-
Interest expenses /(income)	9	9
Expected return of the funds affected	(11)	(11)
Past service costs and gains and losses on settlements	(38)	15
	(40)	**13**
Recalculation of ratings:		
- (Gains)/losses due to changes in actuarial assumptions	149	149
	149	**149**
Return (premiums)		
- Return	**292**	**239**
Plan payments:		
- Benefit payments	**1**	**1**
At 31 December 2014	**402**	**402**

(c) Defined contribution pension plans

The Collective Bargaining Agreement stipulates that any employee credited with a minimum of 360 calendar days of recognised service at any of the companies that form part of Aena Group may become a participant in the Joint Pension Plan of the Companies of the Aena Group. The pension plan covers retirement, disability (with contingencies for total permanent, absolute and near-total disability) and death, in accordance with the criteria established by the negotiating committee of the III Aena Collective Bargaining Agreement on 16 December 2002, with respect to the characteristics of the new coverage for Aena Group employees under which the aforementioned pension plan was created, notwithstanding the provisions of the minutes to the meeting of the Aena Group Pension Plan Control Commission on 15 February 2005 and, if appropriate, other subsequent meetings regarding the regulating enabling and supplementary specifications.

However, for financial years 2014 and 2013, the Company did not make such contributions due to the exemption established in Law 22/2013 of 23 December and Royal Decree Law 17/2012 of 27 December, respectively, which stipulate that public business enterprises are entitled to refrain from making contributions to employee pension plans or group insurance contracts which include coverage for the retirement contingency.

(d) Defined benefit pension plans (Luton)

The defined benefit commitments recognised in the consolidated balance sheet, as well as changes to the present value of the obligations and the fair value of the plan's assets, are as follows:

	Present value of the obligations	Total
At 31 December 2013	-	-
Additions for business combination	123,442	123,442
Interest expenses /(income)	1,257	1,257
Past service costs and gains and losses on settlements	894	894
	2,151	**2,151**
Recalculation of ratings:		
- (Gains)/losses due to changes in actuarial assumptions	6,563	6,563
	6,563	**6,563**
Differences on exchange	230	230
Returns (Premiums)	-	-
Contributions from Plan members	238	238
Plan payments:		
- Benefit payments	(1,095)	(1,095)
At 31 December 2014	**131,529**	**131,529**

	Fair value of plan assets	Total
At 31 December 2013	-	-
Additions for business combination	(93,731)	(93,731)
Interest expenses /(income)	(1,129)	(1,129)
Expected return of the funds affected	260	260
	(869)	**(869)**
Recalculation of ratings:		
- (Gains)/losses due to changes in actuarial assumptions	-	-
	-	-
Differences on exchange	-	-
Returns (Premiums)	-	-
Contributions to the Plan	(5,501)	(5,501)
Plan payments:		
- Benefit payments	1,085	1,085
At 31 December 2014	**(99,016)**	**(99,016)**
Provisions for pensions and similar obligations	**32,513**	**32,513**

Amounts recognised in the Profit and Loss Statement are as follows:

Amount attributed to the income statement	**2014**
Interest expenses /(income)	128
Past service costs and gains and losses on settlements	894
Total charge on profit and loss statement	**1,022**

The benefits to be paid over the coming years in relation to earlier commitments are as follows:

	2014	2013
Less than 1 year	2,139	-
Between 1 and 2 years	2,205	-
Between 1 and 5 years	7,034	-
More than 5 years	21,135	-
Provisions for defined benefit pensions	**32,513**	**-**

The plan's assets, expressed as a percentage of the total fair value of assets, are as follows:

Plan assets		2014
Unlisted investments		**51%**
United Kingdom shares	17%	
Rest of the World shares	19%	
Investment grade fixed-rate bonds	15%	
Listed investments		**49%**
Investment funds	44%	
Cash	5%	

The change recognised in the assets corresponds to actuarial gains and losses, relating mainly to changes in:

	2014	**2013**
Financial assumptions	6,346	-
Experience	217	-
At 31 December	**6,563**	-

23 Provisions and contingencies

Movements in this heading during 2014 and 2013 are set out below:

	Environmental action	**Liabilities**	**Taxes**	**Expropriations and late-payment interest**	**Other operating provisions**	**Voluntary severance plan**	**Total**
Balance at 1 January 2014	**159,310**	**120,986**	**39,158**	**210,552**	**8,640**	**25,503**	**564,149**
Endowments	6,310	9,765	4,212	1,018,905	24,887	-	**1,064,079**
Increase due to discounts	4,358	-	-	-		-	**4,358**
Reversals/excesses	(29,973)	(50,943)	(6,574)	(5,494)	-	(1,230)	**(94,214)**
Amounts used	(8,798)	(5,702)	(999)	(113,635)	(3,727)	(62)	**(132,923)**
Transfers	-	-	(13,838)	-	-	-	**(13,838)**
At 31 December 2014	**131,207**	**74,106**	**21,959**	**1,110,328**	**29,800**	**24,211**	**1,391,611**

	Environmental action	**Liabilities**	**Taxes**	**Expropriations and late-payment interest**	**Other operating provisions**	**Voluntary severance plan**	**Total**
Balance at 1 January 2013	**169,801**	**37,002**	**53,030**	**314,990**	**1,323**	**134,468**	**710,614**
Endowments	1,187	86,113	5,689	4,207	8,416	-	105,612
Increase due to discounts	4,995	-	-	13,489	-	-	18,484
Reversals/excesses	(5,714)	(1,810)	(1,265)	-	-	(5,529)	(14,318)
Amounts used	(10,959)	(319)	(360)	(122,134)	(1,099)	(103,436)	(238,307)
Transfers	-	-	(17,936)	-	-	-	(17,936)
At 31 December 2013	**159,310**	**120,986**	**39,158**	**210,552**	**8,640**	**25,503**	**564,149**

Analysis of total provisions:

	At 31 December	
	2014	2013
Non-current	1,124,588	252,167
Current	267,023	311,982
Total	**1,391,611**	**564,149**

Provisions for environmental action

This heading recognises provisions amounting to €131.207 million (2013: €159.310 million), mainly relating to the expected obligations in regard to noise abatement and sound-proofing residential areas, in order to comply with current legislation on environmental evaluation of projects and noise generated by airport infrastructures.

Environmental evaluation legislation (currently Law 21/2013), requires that certain Aena projects are submitted to an environmental impact assessment (particularly runway extensions exceeding 2,100 m), finalised by the formulation of the corresponding Environmental Impact Statements by the Ministry of Agriculture, Food and Environment, which confer environmental feasibility on the execution of projects, and contain the obligation to develop and execute Soundproofing Plans. Regarding the environmental impact statements published up to now, soundproofing work has been taken into account when establishing the provisions.

In terms of noise, Law 5/2010 of 17 March, amending Law 48/1960, of July 21, on Air Navigation, stipulates the adoption of action plans, including any corrective measures, when acoustic easements are established to achieve acoustic quality objectives in relation to building exteriors, flight paths, number of flights and associated environmental impacts in airports with more than 50,000 flights/year.

On the date of preparation of these consolidated financial statements, a Royal Decree had approved acoustic easements and their corresponding action plans at the airports of Adolfo Suárez Madrid-Barajas (RD 1003/2011 of 8 July, BOE (Official State Gazette) No. 174 of 21 July 2011), Barcelona-El Prat (RD 1002/2011 of 8 July, BOE No. 174 of 21 July 2011) and Palma de Mallorca (RD 769/2012 of 27 April, BOE No. 119 of 18 May 2012).

At the airports where acoustic easements have been approved (Adolfo Suárez Madrid-Barajas, Barcelona-El Prat and Palma de Mallorca), the number of homes where soundproofing work is required is estimated to be 100 (all relating to Palma de Mallorca Airport). These actions are already included in the accounting provisions established. In the case of the airports of Adolfo Suárez Madrid-Barajas and Barcelona El Prat, no additional dwellings have been added, since the area delimited by the current easement scenario is smaller than the isophonic area determined by the Soundproofing Plans already in force.

Moreover, on the date of these consolidated financial statements, acoustic easements and action plans are currently being processed in relation to the airports of Bilbao, Ibiza, Málaga-Costa del Sol, Seville and Valencia; the expected time frame for the completion of the formalities and the approval by Royal Decree for each of them is one year (May-June 2015), and the estimated increase in additional dwellings to be included in the scope of the respective Soundproofing Plans amounts to 2,742 for all of the aforementioned airports. These properties are not covered by the provisions as the corresponding acoustic easements have not been approved. For all other airports with more than 50,000 flights a year (Gran Canaria, Tenerife Norte and Alicante-Elche), the process of updating and approving the acoustic easements has not yet started; full compliance with Law 5/2010 in relation to these airports is estimated to be completed during the period from 2014 to 2020.

The Group will recognise in the accounts the corresponding provisions at the moment in which the need arises to soundproof dwellings, that is, either when an easement and its action plan have been approved (by Royal Decree), or following the adoption of a new Environmental Impact Statement as the result of environmental assessment of projects requiring such measures.

Up to 2013, the unit cost calculation of soundproofing dwellings stood at €15,042, and this is the cost that was used to calculate the expenditure involved in implementing the Soundproofing Plans in force. Since the beginning of 2014, discounts have applied to soundproofing costs; furthermore, Framework Agreements have been established in relation to soundproofing work, meaning the amounts are lower than those mentioned below. All this implies a decrease in the average cost of soundproofing dwellings, which now amounts to €13,154. In addition, the number of dwellings entitled to receive soundproofing has been narrowed down. Consequently, in 2014, a recalculation of the provision for soundproofing as well as the corresponding reversal due to savings in new bids were recognised, for an estimated total of €13.3 million.

Provisions for liabilities

This heading mainly records provisions, based on the best estimates of Company Directors, to cover risks relating to litigation, claims and commitments in progress that are known at the end of the period and for which the expectation is that an outflow of resources in the medium or long-term is likely. At 31 December 2014 and 2013, the allocations made by the Company mainly related to claims made by contractors. During the period from January to December 2014, reversals amounting to €50.943 million relate mainly to rulings in favour of the Group in its disputes with builders, amounting to €32.459 million, and regarding which it is estimated that no adverse economic consequences will arise; consequently, this amount has been reversed and credited to the value of the fixed assets in relation to which the provision had been made. The remaining reversals (€18.484 million) have been credited to the profit/loss statement, mainly under the "Excess provisions" heading.

Provisions for taxes

This heading mainly records provisions allocated with respect to appeals filed by the Company due to its disagreement with the proposed settlements received from the Tax Authorities regarding certain local taxes associated with airport assets and for which final decisions have yet to be made, of which the expectation is that an outflow of cash is likely, the definitive amounts and the definitive settlement of which are uncertain on the date that the consolidated financial statements were prepared. Transfers occurring in 2014, which amounted to €13.838 million (2013: €17.936 million) have been recorded in the trade and other payables ("Public Administrations" heading) to pay the aforementioned amounts.

Provisions for expropriations and late-payment interest

The provision for expropriations and late-payment interest records the best estimate of the amount relating to the difference between the prices paid for the appropriation of land required for the expansion of airports and estimates of the prices that the Group will have to pay, considering that it is likely that certain legal claims in progress regarding some of the prices paid will be successful for the claimants. When estimating the amount of the differences affecting these prices, the Group has taken into account late-payment interest using the current legal interest rate in force for each year as a basis of calculation. At 31 December 2014, the provisions set aside corresponded mainly to judicial proceedings relating to the expropriation of land at Adolfo Suárez Madrid-Barajas Airport. Amongst these proceedings, it is worth noting, in particular, several rulings concerning the revaluation of expropriation procedures conducted in connection with the expansion of the Adolfo Suárez Madrid-Barajas Airport, as well as the risk involved in the cancellation of the delimitation of the Public Water Domain in force, which allows the former owners of the lands included within the delimited area to claim payment for surface areas previously acquired at zero cost. During this period, all of these rulings and risks have resulted in the setting aside of a provision amounting to €74.968 million, of which €52.910 million correspond to fair-price differences due to increased land values, and €22.058 million to late-payment interest accrued up to 31 December 2014, which has been offset by default interest on the expropriations (see Note 7). Moreover, particularly noteworthy is the ruling notified to Aena on 29 October 2014 and delivered by the High Court of Justice in Madrid (TSJ) on 1 October, in Ordinary Procedure 1/2011, recognising the right of revaluation of a number of properties acquired at the time of the extension of the Madrid-Barajas Airport. This ruling has resulted in a total allocation of of €925.561 million to the provision for expropriations and expropriation default interest, of which €758.605 million correspond to fair-price differences (€396.4 million alone for the aforementioned Procedure 1/2011, the remainder of the amount corresponding to other procedures relating to the above: Procedure 66/2011 with an amount set aside of €351.403 million, and Procedure 427/2011 accounting for €10.802 million), as a result of increased land values, and €166.951 million relating to late-payment interest accrued up to 31 December 2014, which has been offset by default interest on the expropriations (see Notes 6 and 30). Additional allocations amounting to €18.376 million were set aside for minor disputes at Adolfo Suárez Madrid-Barajas Airport and at other airports in the network. Interest expenses paid in relation to expropriations over the year 2014 amounted to €191.119 million (2013: €13.776 million). (See Note 30).

Other operating provisions

This heading records the provision for credits applicable to public service benefits for landing services and passenger departures, accrued by airlines operating during certain days of the week at airports located in the Canary Islands. Likewise, Law 22/2013 of 23 December on the General State Budgets for financial year 2014, establishes bonuses in relation to the public service benefit attached to passenger departures and the growth in passenger numbers across the routes operated via the Aena network. At 31 December 2014, the estimated amount for all these items amounted to €29.8 million (31 December 2013: €8.64 million).

Provisions for the exit plan and voluntary severance

This heading records the provision for voluntary severance of employees of Aena, S.A., as a result of the approval in June 2012 by the Ministry of Public Works of the airport efficiency plan proposed by Aena, S.A. to adapt the offer of services at certain airports and heliports to actual demand at any given time.

In order to carry out this plan, Aena, S.A. signed an agreement with employee representatives in October 2012, establishing a series of measures intended to provide flexible work schedules, geographic and functional mobility, as well as voluntary severance conditions for those employees who meet certain requirements and who request severance before 31 December 2012. After receiving applications, Aena, S.A. checked employee compliance with the plan's conditions and in January 2013 these employees were informed of the approval of their application and their acceptance of the plan. Employees left the company in the period between January 2013 and 30 June 2013. The amount of the severance payments will be offset from the provision funded in 2012.

The voluntary severance scheme was considered to be an employment termination benefit and the provision totalling €134.468 million allocated in 2012 was estimated on the basis of actuarial calculations.

At 31 December 2014, Aena, S.A. had set aside a provision of €24.211 million (2013: €25.503 million) for the assessment of the potential cost to Aena, S.A. in connection with its voluntary severance scheme as a result of contributory unemployment benefits for those affected by the scheme, and Security Social contributions.

Contingent liabilities

At the end of 2014 and 2013 the Group was involved in claims and legal disputes against it which arose during the normal course of and as a natural consequence of its business, and for which Management considers it unlikely that there will be an outflow of resources, or which involve an amount that cannot be reasonably estimated.

Environmental action

As was described in the "Provisions for environmental actions" heading, as a result of the necessary actions to comply with environmental regulations regarding the airport network's various expansion and improvement works, the Group is obliged to make a series of investments to minimise the impact of noise on homes affected by such works. At the end of 2014 and 2013, the Group was involved with several claims which, if resolved in an unfavourable manner, could give rise to liabilities that cannot yet be quantified at the end of the aforementioned years.

As a result of overflying aircraft in the settlement named Ciudad Santo Domingo (Algete, Madrid), some inhabitants of this area consider that their fundamental rights have been violated due to excessive noise levels in their homes. The residents have filed a judicial appeal (109/2004) against Aena and the Ministry of Public Works, demanding that the use of runway 18R (one of four at Adolfo Suárez Madrid-Barajas Airport) should be halted. Up to now, the Supreme Court has not agreed to this measure.

On 31 January 2006, the High Court of Justice in Madrid (TSJ) issued a judgement rejecting the aforementioned judicial appeal. The ruling was appealed by five of the initial appellants, and the Supreme Court partially upheld the appeal in a ruling of 13 October 2008 on the grounds of violation of the right to privacy at home.

Subsequently, there have been various pronouncements and motions for enforcement that have been appealed by both parties to the proceedings.

Under the scope of a third motion for enforcement, the High Court of Justice in Madrid (TSJ) issued an Order of 2 December 2014 (the "Order of 2 December 2014"), communicated to ENAIRE and Aena, S.A. on 5 December 2014, in which (i) it declares that the judgement of the Supreme Court of 13 October 2008 has not been executed, as it concludes that the breach to the fundamental rights as a result of the distress caused by flyovers still remains; and (ii) it orders, via an enforcement writ, a 30% reduction in the number of flights flying over the area of Ciudad Santo Domingo, a percentage calculated on the basis of the number of flyovers in 2004, which amounted to 20,730 approaches to runway 18R.

With respect to this measure, the TSJ clarified the following:

The 30% reduction in the number of overflights must begin within a period not exceeding two months following the notification of the decree of 2 December 2014, and imposing the obligation to inform the court of the start date. The deadline expired on 5 February 2015.

Six months after the start of the reduction, ENAIRE, Aena, SA and the Ministry of Public Works are required to inform the court within a period of one month of the impact of the measure on noise levels in the area. In this same one-month period the appellants are required to furnish their own corresponding arguments and measurements in this respect.

The Order of 2 December 2014 has also been the subject of an appeal for reversal before the same chamber of the TSJ. Along with the presentation of this appeal, the suspension of the Order of 2 December 2014 has also been requested. In its ruling of 18 December 2014, the Spanish High Court of Justice (TSJ) granted this suspension, so that currently, the Adolfo Suárez Madrid-Barajas Airport is able to continue operating as it had done until then, without the need to begin reducing the number of flights over Ciudad Santo Domingo to 30% fewer than those that took place in 2004.

If the outcome of this claims process is unfavourable, this could give rise to liabilities at the close of this period that cannot be quantified.

Expropriations

The Company is also involved in proceedings relating to claims involving expropriations that have taken place and which at the end of 2014 and 2013 could not be quantified since a court decision is yet to be reached and which could give rise to additional cash outflows for expropriations, although the directors do not anticipate that a decision that is contrary to the interests of the Group is likely.

Commercial activities

At the end of the financial year, the Group is involved in legal disputes with certain hospitality and catering companies with concessions in airports within the Aena network, which are either pending final decisions or suspended pending a potential agreement between the parties.

Construction company claims

In addition to the above, at the end of 2014 and 2013, there are claims that have been filed against the Company by several construction companies, deriving from the execution of various construction contracts relating to the airport network. The Group’s Management does not consider that such claims will give rise to financial penalties against it. The directors consider that a decision that is contrary to the interests of the Group is unlikely.

Claims against local councils

At the end of 2014 the Company was involved in legal disputes with local councils for discrepancies in the settlement of fees for trade concessions related to the exclusive use of public property.

Reus Airport

The Supreme Court issued a judgment in February 2010 under which the reversion of certain land at Reus Airport was agreed. The amount that may arise as a result if it should prove impossible to obtain the land has not been determined as the court decision quantifying the amount of the reversion has not yet been issued. In any event, the Group’s Management believes that any compensation payable will not be significant.

Airline claims relating to fees

Following the increase in fees implemented by the General State Budget Act for 2012, the airlines have appealed against the amounts charged before the Central Economic Administrative Tribunal.

The airlines that operate in Spain have extended their claim against the Spanish State to the European Commission, alleging irregularities in the system established by Spanish law in updating the benefits to be received by Aena, S.A., in 2012. The aviation industry called for the intervention of the Community body due to price increases in 2012 and after the 2013 increase, in addition to pressing for the creation of an independent body for the supervision of air transport. In 2013, the National Commission on Financial Markets and Competition (CNMC), which is an independent body, was created. Until it became operational in October 2013, the supervision of the 2014 fees proposal was temporarily attributed to the Railway and Airport Regulatory Committee (CRFA) acting impartially and transparently in the exercise of their work. The consultation process for the 2014 fees proposal ended with a multi-year agreement on fees for the period 2014-2018. Following the agreement being reached with the airline companies, the said companies have suggested to their associates that the claims should be withdrawn. To date, 76.2% of companies have submitted withdrawals. The Group’s Management does not consider that this will give rise to financial penalties against it.

Employment contingencies

There are several proceedings involving the dismissal of contractor employees that commenced in 2012 and in prior years that are in various stages of resolution, but have not yet been completed as no judgment has been issued or the judgment that has been issued is not final.

In the event of rulings being unfavourable to the Group, employees could receive payment for salary differences between the amount received from the concessionaire and the amount that would have been received in accordance with the Company's Collective Wage Agreement (as the salaries set out in this Agreement are higher), and/or payment of severance compensation for unfair dismissal, if the dismissals were to be declared unfair, and if the employees chose not to be reemployed.

In addition, there have been other dismissals of employees by the Company which, if there is an unfavourable ruling against the Company, would involve reemploying the employees or paying them the relevant compensation for unfair dismissal and, in any event, payment of the relevant salary amounts accrued during the process.

Furthermore, there are several procedures in which employees have filed claims against the termination of their contracts due to forced retirement. These procedures are in various stages of completion but have not been completed as no judgments have been issued or the judgments that have been issued are not final. In the event of judgments that are unfavourable for the Company, the employees must be reemployed and the salary amounts they did not receive must be paid up until the time that they are reemployed.

In addition, there are challenges against (internal and external) hiring procedures, the composition of reserve candidate pools and the right to conclude contracts, that started in 2014 and prior years, which may lead to the claimants being awarded positions or the entitlement to conclude contracts. If the courts allow the claims, positions must be awarded to the claimants and the salaries or the salary differences that have arisen must be paid.

The Company is involved in several business liability administrative procedures (which in some cases have resulted in legal proceedings) that establish its liability for social security surcharges relating to occupational accidents.

It is not considered that any of these employment disputes would be significant, either in terms of the amount claimed or in terms of the low probability that Aena, S.A. would ultimately have to bear any financial consequence. When assessing the likelihood of success of these cases, an individual analysis of their content and legal basis is carried out and, based upon experience drawn from previous similar disputes and existing case law in this area, it is not considered likely that the Group will have to assume liability in these matters.

Other claims by airlines

The Company is involved in claims and disputes over specific incidents that have generated damage to aircraft at airports within the network. As at 31 December 2014 the Management of the Parent Group considers that these would not be significant.

<u>Contingent assets – Fee shortfall</u>

In September 2012, the Directorate General for Civil Aviation (DGAC) supervised the proposal to update and modify fees for 2013 that was presented by Aena, S.A.

The supervision of the fees proposed by Aena, S.A. for 2013 applied, for the first time, the new regulatory framework deriving from Directive 2009/12/EC of 11 March 2009 on airport charges. This framework consists mainly of Law 21/2003 of 7 July on Air Security (Law 21/2003), in accordance with the wording provided by Law 1/2011 of 4 March, which establishes the State Operational Security Program for Civil Aviation and amends Law 21/2003 of 7 July on Air Security, and furthermore Royal Decree Law 11/2011 of 26 August, which creates the Airport Economic Regulatory Commission, and regulates its composition and duties, and Law 3/2013 of 4 June, which creates the National Commission on Financial Markets and Competition (CNMC).

As a result of this new regulatory framework, a significant portion of the income received by Aena, S.A. is considered to be equity benefits of a public nature and, as a result, they must be established, updated and modified through legislation with the rank of law. In addition, the update or modification of most of these benefits are first subject to a transparency and consultation procedure involving the airline, user and other associations or organisations and, secondly, to a supervisory procedure by the supervisory authority.

According to the Oversight Report on Aena, S.A.'s fee modification proposal for 2014, issued by the Railway and Airport Regulatory Committee (CRFA) on 12 September 2013, the fees shortfall for 2013 remained the same at €298 million (which corresponds to the shortfall agreed by the DGAC, adjusted for inflation using the real consumer price index), which, if capitalised at 7.04% to obtain a value as at 31 December 2014, is valued at €318.98 million. The fees shortfall declared by the CNMC for 2013 in the Resolution approving Aena, S.A.'s fee modification proposal for 2015 and setting out the measures that should be adopted in future consultation processes, amounts to €179.33 million.

Furthermore, in the above-mentioned Oversight Report on Aena, S.A.'s fee modification proposal for 2014, the CRFA verified that the modified fees for 2014 set out a shortfall adjustment for 2014 of €286.79 million. This Report also stipulated that if, once the inflation rate was published in October 2013, it was decided to apply an increase of less than 2.5% to benefits amounts, the amount of the shortfall for 2014 should be updated in accordance with the amount of regulated income anticipated for 2014 at that time.

The Group considers that these types of assets do not comply with all of the requirements for recognition in the balance sheet since they involve an asset that depends on future events.

24 Grants

The breakdown and movements for this heading at 31 December 2014 and 2013 are as follows (in thousands of euros):

Capital grants from official European bodies	**2014**	**2013**
1 January	**669,351**	**688,394**
Additions	27,539	20,597
Amount attributed to the income statement	(46,730)	(39,640)
31 December	**650,160**	**669,351**

At the end of 2014 the Group understands that it has complied with all requirements necessary to receive and enjoy the above grants.

Grants are mainly resources granted by the European Regional Development Fund (ERDF) for the development of airport infrastructure (see Note 13).

25 Commitments

(a) Environmental commitments

Group Management, faithful to its commitment to preserve the environment and the quality of life in the surrounding areas, has been making investments in this area to minimise the environmental impact of its actions and to protect and improve the environment.

As at 31 December 2014, property, plant and equipment includes environmental investments amounting to €529.5 million, the accumulated depreciation of which totalled €168.9 million (2013: environmental investments amounting to €556.6 million, with accumulated depreciation amounting to €181.5 million).

The fixed asset additions for the 2014 financial year amounted to €28.488 million (2013: €21.474 million), broken down as follows:

	2014	**2013**
Malaga	559	583
Valencia	3,110	5,399
Menorca	70	261
Madrid/Barajas	4,364	1,073
Barcelona	742	22
Girona	274	34
Alicante	2,885	3,855
Tenerife Norte	1,931	2,342
Palma Mallorca	2,854	816
Bilbao	1,220	1,630
Santiago	15	52
Gran Canaria	1,185	958

Ibiza	1,862	1,677
Pamplona	9	305
A Coruña	6,599	1,544
Other airports	809	923
Total	**28,488**	**21,474**

The consolidated income statement includes the following environmental expenses incurred, broken down by item (in thousand of euros):

	2014	**2013**
Repairs and maintenance	7,344	7,258
Independent professional services	1,154	1,584
Other external services	3,326	3,209
Total	**11,823**	**12,051**

Environmental provisions and contingencies are listed under Note 23. The Group's Directors do not expect any significant additional liabilities or contingencies to arise in this respect.

With respect to the Barajas Plan and based on the specifications of the resolutions dated 10 April 1996 issued by the Directorate General for Environmental Information and Evaluation, and 30 November 2001 by the General Secretariat for the Environment, the Company is soundproofing a number of homes surrounding Madrid-Barajas Airport, which involved 12,820 homes as at 31 December 2014 (2013: 18,213 homes).

In accordance with the Environmental Impact Statements relating to the projects to expand Alicante-Elche and Malaga-Costa del Sol airports, the Company is executing the Soundproofing Plans associated with those declarations, which involved the soundproofing of 1,936 homes in Alicante-Elche and 810 homes in Malaga-Costa del Sol at the end of 2014 (2013: 1,845 homes in Alicante-Elche and 814 in Malaga-Costa del Sol).

In addition, work to soundproof homes located in the areas surrounding the airports in Gran Canaria, La Palma, Menorca, Palma de Mallorca, Tenerife Norte, Valencia, Bilbao, Ibiza, Pamplona, Barcelona, Sabadell, Santiago de Compostela, Vigo, La Coruña and Melilla, was started in 2007 and is ongoing as at the end of 2014.

In addition, in accordance with the resolutions issued by the Ministry of the Environment under which Environmental Impact Statements are prepared for the Group's airports, measures are being taken to prevent, correct and compensate for matters indicated in the above-mentioned environmental impact studies and in the Environmental Impact Statements, in accordance with a series of conditions relating mainly to the protection of the hydrological and hydrogeological system, the protection and preservation of soil, the protection of air quality, acoustic protection, the protection of vegetation, fauna and natural habitats, the protection of cultural heritage, the restoration of services and livestock trails, and the location of quarry dump sites, landfill and auxiliary installations.

(b) Commitments to acquire fixed assets

At 31 December 2014, outstanding investments amount to approximately €265.3 million (2013: €425 million), which include allocated investments pending formalisation by contract and confirmed investments awaiting execution.

(c) Operating lease commitments

The Parent Company records operating leases obtained from third parties covering certain assets, notably those indicated below together with the main characteristics of the relevant agreements (thousands of euros):

Asset	**Location**	**Maturity date**	**Annual rent excluding VAT**	**Remarks**
Piovera building(1)	Region of Madrid	31/01/2018	3,313	Rent may be reviewed in accordance with the contractual terms

(1) Until 30 April 2014, the Company had a general services agreement with ENAIRE, under which Aena assumes the total amount of the annual rent and charges ENAIRE the costs that relate to it. As of 1 May 2014, Aena signed a contract with the ownership and assumes payment of the rent.

Total future minimum payments for irrevocable operating leases (up until the contract maturity date) are as follows:

	2014	2013
Less than 1 year	3,454	4,590
Between 1 and 5 years	8,611	5,081
Total	**12,065**	**9,671**

(d) Minimum future fees to be received under operating leases

The Company Aena, S.A. leases several shops and warehouses under irrevocable operating leases. These contracts are for terms ranging between five and 10 years, and are mostly renewable on expiry under market conditions. Over the next five years, the minimum total fees to be received under irrevocable operating leases are as follows:

	2014	2013
Less than 1 year	511,500	426,800
Between 1 and 5 years	1,902,800	1,985,100
Total	**2,414,300**	**2,411,900**

26 Other net (losses)/profits

	2014	2013
Other losses	(1,715)	(5,282)
Other earnings	3,242	16,057
Total Other net (losses) / profits	**1,527**	**10,775**

The amount of "Other profits" for the year 2014 includes mainly seizures of guarantees and bonds, as well as late payment penalties and surcharges; losses include mainly compensation payments and provision for contingencies. For 2013, this amounted to €3.859 million as a result of court judgments against the Company.

The amount of other income for 2013 relates mainly to the repayment made by the Treasury of Value Added Tax paid and not deducted in 2008 and 2009.

27 Employee benefit expenses

	2014	2013
Wages and salaries, including severance compensation	252,475	249,812
Voluntary Severance Plan (Note 23)	(1,230)	(5,529)
Social Security expenses	81,350	75,643
Pension costs (Note 22)	902	13
Retirement and long-service bonus costs (Note 22)	1,598	-
Other welfare expenses	13,416	14,399
	348,511	**334,338**

The number of employees at the year-end, by category and gender, at the fully consolidated companies forming part of the Group were as follows:

Professional category	31/12/2014(*) Male	Female	Consolidated	31/12/2013(*) Male	Female	Consolidated
Senior management	20	4	24	4	-	4
Executives and graduates	813	592	1,405	774	556	1,330
Co-ordinators	844	294	1,138	817	289	1,106
Technicians	2,916	1,411	4,327	2,899	1,419	4,318
Support personnel	497	429	926	266	296	562
Total	**5,090**	**2,730**	**7,820**	**4,760**	**2,560**	**7,320**

(*)The above figures include temporary employees, a total of 1,283 at the end of 2014 (2013: 739).

The average number of employees by professional category is as follows:

Professional category	2014(*)	2013(*)
Senior management	22	4
Executives and graduates	1,381	1,408
Co-ordinators	1,141	1,127
Technicians	4,368	4,491
Support personnel	944	608
Total	**7,856**	**7,638**

(*)The above figures include temporary employees, a total of 1,347 at the end of 2014 (2013: 817).

At the close of 2014 and at the date of preparation of the accounts, the Board of Directors of the Company was made up of 9 men and 3 women (2013: 9 men and 3 women). In 2013, a part of the Senior Management personnel was transferred to the shareholder (see note 34).

At 31 December 2014, an average of 116 employees were disabled (2013: 122).

28 Other operating income

The breakdown of the heading “Other operating income” in 2014 and 2013 is as follows:

	2014	2013
Sundry and other current operating income	7,522	6,576
Operating subsidies incorporated into year-end results	611	592
Other operating income	**8,133**	**7,168**

29 Other operating expenses

The breakdown of the heading “Other operating expenses” in 2014 and 2013 is as follows:

	2014	2013
Leases and fees	3,484	1,834
Repairs and maintenance	237,891	245,812
Independent professional services	28,519	25,886
Bank services	1,751	1,548
Public relations	3,836	924
Utilities	101,459	102,636
Other services	132,442	145,950
Security	105,321	105,992
Taxes	144,698	138,845
Losses, impairment and changes in provisions for commercial transactions (Note 13)	(8,117)	5,640
Other current operating expenses	9,745	21,298
Other operating expenses	**761,029**	**796,365**

As a result of the full consolidation of LLAH III, the heading “Other operating expenses” for 2014 includes €17.594 million from this investee, for the period during this financial year until assumption of control.

The heading “Repairs and maintenance” includes mainly the maintenance of the ABHS system (automatic baggage handling system). Utilities relates mainly to lighting, water and telephone costs. “Other services” relate mainly to car park management services, the cost of services to assist passengers with limited mobility, insurance premiums, corporate services with the Public Business Entity “ENAIRE” and public information services.

Other operating expenses have fallen in comparison with 2013, mainly as a result of operational and efficiency measures implemented during recent years. In particular, the most significant measures have enabled the rationalisation and optimisation of costs in the following areas: maintenance, security filters, private security, shuttle bus transport at Adolfo Suárez Madrid-Barajas and Barcelona-El Prat airports, public information, energy efficiency, technical assistance, as well as measures in other areas of expenditure (communications, office equipment, etc.).

In addition, this decrease was also affected by the reduction in provisions against contingencies and customer insolvency, and the reversal of certain provisions that were considered unnecessary. During the financial year 2014, accrued customer balances amounting to €19.906 million were recovered and a provision for impairment of trade credit to the amount of €11.789 million was made (2013: €9.981 million and €5.558 million respectively, as well as recognition of irrecoverable trade credit losses amounting to €10.063 million).

30 Financial income and expenses

The breakdown of the heading "Net financial expenses" in 2014 and 2013 is as follows:

	2014	2013
Financial expenses:		
Financial expenses on amounts owed to third parties	(199,029)	(14,296)
Financial expenses on loans from ENAIRE	(208,212)	(230,770)
Update of provisions (Note 23)	(4,358)	(5,029)
Less: financial expenses capitalised for qualifying assets (Notes 6 and 7)	5,707	9,007
Total financial expenses	**(405,892)**	**(241,088)**

	2014	2013
Financial income:		
Financial income from equity instrument holdings (Note 33)	250	57,178
Other financial income	3,968	286
Total financial income	**4,218**	**57,464**

	2014	2013
Other net financial income/(expenses)		
Net exchange differences	3,178	(281)
Impairment of financial assets held for sale (Note 11)	(85)	(52,861)
Capital gain calculated at a reasonable value for the prior holding of 40% in LLAH III (Note 2.2)	12,416	-
Gains/(Losses) on interest rate derivatives: cash flow hedges (Note 12)	(4,922)	(12,279)
Total other net financial income/(expenses)	**10,587**	**(65,421)**
Net financial expenses	**(391,087)**	**(249,045)**

The most significant amounts at the end of 2014 relate to financial expenses were in relation to the debt with ENAIRE.

The increase in "Financial expenses on amounts owed to third parties" is mainly due to the fact that in 2014 the Group recorded an amount of €191.119 million (€13.776 million in 2013) for interest on arrears relating to disputed expropriations, provision for which is explained in Note 23. In addition, as a result of the full consolidation of LLAH III, for 2014 this heading includes €5.521 million from this investee, for the period during this financial year until assumption of control.

Another consequence of this full consolidation is that, under "Other net financial income/(expenses)" there are €12.416 million in capital gains as a reasonable valuation of the previous 40% holding, and €2.199 million in positive exchange difference, for application as a result of the conversion difference in operation at the time (see Note 2.2).

At the end of 2013, the most significant amounts related to the interest concerning the Group's debt with ENAIRE and the impairment of financial assets held for sale.

The Group records the provisions for financial adjustments under the heading "Update of provisions" as a result of the modification of the provisions concerned (Note 23).

31 Income tax

	2014	2013
Current tax:		
Current tax on income for the year	(215,180)	98,779
Valuation adjustments Law 27/2014	(19,001)	-
Adjustments relating to prior years	1,366	(583)
Total current taxes	**(232,815)**	**98,196**
Deferred tax (Note 21)	36,072	998
Total deferred tax	**36,072**	**998**
Income tax	**(196,743)**	**99,194**

The amount of current expenses includes deductions not previously recognised in the financial year to which they relate. The adjustments with respect to prior years relate mainly to the regularisation between the estimates made at the end of the year and the presentation of the corporate income tax return.

The main permanent differences for the financial year fundamentally relate to non-deductible expenses. The main temporary differences relate to the difference between tax depreciation and book depreciation, provision for insolvency and contingencies and staffing costs.

The standard rate of corporation tax for the financial year 2014 is 30%. Law 27/2014 of 27 November on Corporation Tax, which entered into force on 1 January 2015, provides that the standard rate for those subject to this tax will be 28% in 2015 and 25% from 2016.

As the result of this reduction in the standard rate of tax and other amendments included in Law 27/2014 of 27 November, deferred tax assets and liabilities were reassessed according to their estimated reversion period, with the following effects:

- Increased expenses under the heading "Income tax expenses" in the financial statement for the amount of €19.001 million, €15.746 million of which was credited to reduce assets for temporary differences (heading "Deferred tax assets" under Non-current assets in the balance sheet), and the remaining €3.255 million was credited to reduce tax credits for tax-loss carry-forwards in respect of ENAIRE (heading "Trade and other receivables+" under Current assets in the balance sheet).

- A charge in "Hedging transactions" under Equity to the amount of €185,000, to reduce "deferred tax assets" in respect of items previously paid under the aforementioned heading in Equity.

The Group's income tax differs from the theoretical amount that would have been obtained had the average weighted tax rate applicable to the consolidated companies' profits been used as follows:

	2014	**2013**
Pre-tax profit/loss	**672,440**	**497,461**
Tax calculated at standard national applicable rate (30%)	(201,732)	(149,238)
Tax effects of:		
Profits from associates, net of taxes	3,515	1,415
Revenues not subject to taxation	7,211	1,891
- Effect minus rate applicable to LLAH III (21.5%)	(862)	-
Non-deductible expenses for tax purposes	(1,297)	(1,691)
- Capital gain calculated at a reasonable value for the prior 40% in LLAH III	4,385	-
-Valuation adjustments Law 27/2014	(19,001)	-
- Utilisation of unrecorded tax losses (note 13)	-	1,127
- Utilisation of tax deductions not previously recognised (note 13)	-	100,495
- Tax credits recorded in the year with the tax group (note 13)	14,875	145,778
- Adjustments of prior years	(3,836)	(583)
Tax income	**(196,743)**	**99,194**

The applicable tax rate before the application of deductions and activation of deductions and tax losses stood at 30%, except for the results relating to the investee LLAH III, upon which tax is paid at the rate of 21.5% (2013: 30%).

The charge/credit for taxes relating to the components of "Other comprehensive income" is as follows:

	2014			2013		
	Before taxes	**Tax (charge)/credit**	**After taxes**	**Before taxes**	**Tax (charge)/credit**	**After taxes**
Cash flow hedges	(3,880)	1,164	(2,716)	15,256	(4,577)	10,679
Actuarial gains and losses	(6,530)	1,265	(5,265)	-	-	-
Share in other comprehensive income of associates	-	-	668	-	-	(668)
Other comprehensive income:	**(10,410)**	**2,429**	**(7,313)**	**15,256**	**(4,577)**	**10,011**
Current income tax						
Deferred tax (Note 21)	-	2,429	-	-	**(4,577)**	-
	-	**2,429**	**(7,313)**	**15,256**	**(4,577)**	**10,011**

Other issues:

Law 16/2012 (27 December), which adopts several tax measures intended to consolidate public finances and to drive economic activity, establishes the possibility of a voluntary update of the value of certain assets (property, plant and equipment and real estate investments), in company balance sheets. The Company has decided not to update its assets.

As established by current legislation, taxes cannot be considered to be definitive until the relevant returns have been inspected by the tax authorities or until four years have elapsed since filing. At 31 December 2014, inspection is open for all taxes between 31 May 2011 and 31 December 2014.

Inspection is open for the following taxes of the Public Business Entity "ENAIRE", the head of the tax group: Corporation Tax: financial years 2010 to 2014; Personal Income Tax: financial years 2011 to 2014; Value Added Tax: financial years 2011 to 2014; Canary Islands General Indirect Tax: financial years 2011 to 2014 and Tax on Production, Services and Imports: financial years 2011 to 2014.

The Directors of Aena believe that taxes have been appropriately settled, so that even in case of discrepancies arising in the interpretation of the rules in effect for the tax treatment of the transactions, any resulting liabilities, should there be any, would not have a significant effect on the accompanying consolidated financial statements.

The verification and inspection proceedings in relation to VAT for the financial year 2013, which had begun on 19 March 2014 in Aena S.A., were completed on 25 July 2014, with a favourable conclusion for the entity and it was estimated that, at the end of 2013, the amount to be returned by the State to Aena S.A. amounted to €31.648 million, this being the share outstanding at December 2013, included in the balance sheet. This amount was recovered in full on 28 August 2014.

32 Earnings per share

Basic earnings per share are calculated by dividing the profit/loss for the year attributable to the Company's single shareholder by the weighted average number of outstanding shares during the year.

	31 December 2014	**31 December 2013**
Profit for the year (in thousands of euros)	478,618	596,655
Weighted average number of ordinary shares	150,000,000	150,000,000
Basic earnings per share (euro per share)	3.19	3.98

Diluted earnings per share are calculated by dividing the results for the year attributable to the Company's single shareholder by the average weighted number of outstanding ordinary shares during the year, taking into account the diluting effects inherent in ordinary shares potentially outstanding during the year. At 31 December 2014 and 2013 there were no diluting factors that modify the amount of the basic earnings per share and therefore the figures are the same as those for diluted earnings per share.

33 Transactions with related parties

The Group is controlled by the Public Business Entity "ENAIRE".

All transactions with related parties are conducted at market values. In addition, transfer prices are appropriately supported, and therefore the Directors of the Group do not consider that any significant risks that could give rise to material liabilities in the future exist in this connection.

The transactions carried out with related parties are set out below:

(a) *Sale of goods and rendering of services*

	2014	**2013**
Rendering of services:		
–Parent company	5,436	14,030
–Associated companies	4,393	9,520
–Related parties	16	159
Total	**9,845**	**23,709**

Purchases of goods and services

	2014	**2013**
Services received:		
– Parent company	157,757	205,526
– Associated companies	-	352
–Related parties	12,044	8,512
Total	**169,801**	**214,390**
Acquisition of assets (property, plant and equipment)		
–Related parties	5,765	8,029
Total	**5,765**	**8,029**
Purchase of spare parts (inventories)		
–Parent company (See Note 14)	2,222	8,029
Total	**2,222**	**8,029**

In accordance with Law 9/2010 of 14 April (Additional Provision Five), the cost of airport air traffic services is included in the amount of the Landing Fee invoiced by Aena S.A. to airline companies.

In this respect, Law 1/2011 states that the services relating to airport air traffic provided by the airport operator are public services. The amount invoiced for this service in 2014 is €191.176 million (2013: €182.980 million).

The appropriate service agreement was concluded between the airport operator and the supplier of the air traffic services in order to determine the compensation to be paid for the services. The cost of these services is recognised under the heading "Raw materials and consumables" in the attached consolidated profit and loss account.

(b) *Income from shareholdings in related companies*

	2014	2013
– Related companies (Note 30)	250	57,178
Total	**250**	**57,178**

(c) *Remuneration of key management personnel*

See Note 34. Other information

(d) *Year-end balances arising from sales/purchases of goods/services*

	2014	2013
Receivables from related parties (Note 13):		
–Associates	2,034	1,793
–Parent company	769	18,610
Total receivables from related parties	**2,803**	**20,403**
Payables to related parties (Note 19)		
–Related parties	3,753	4,337
–Parent company	31,363	67,152
Total payables to related parties	**35,116**	**71,489**

Receivables from related parties derive mainly from the purchase and sale of services. Receivables from the Parent Company that arise from corporate income tax filed under the tax consolidation system are included in "Other receivables from related parties", together with the balance of tax deductions recognised (see Note 13). The receivables are not secured due to their nature and do not accrue interest. There is no provision for receivables from related parties.

Payables to related parties derive mainly from the acquisition of fixed assets and receipt of the ATM and CNS services referred to in section a). The above balances are included under the heading "Payables to related parties" (see Note 19). Payables do not accrue any interest.

(e) *Loans and derivatives with related parties*

	At 31 December	
	2014	**2013**
Non-current		
Loan to Aena S.A. from ENAIRE	9,468,910	10,307,217
Adjustment of the balance of the non-monetary contribution through encumbered accounts	-	65,055
Adjustment of the balance of the non-monetary contribution	-	1,186
Adjustment of the loan from the Company using the effective cost criteria.	(12,520)	(4,794)
Sub-total of loans from related parties (Note 20)	**9,456,390**	**10,368,664**
Non-current hedge derivatives attributed by the Company	1,636	4,323
Subtotal of Aena S.A.'s non-current borrowings in respect of ENAIRE	**9,458,026**	**10,372,987**
Current		
Loan from ENAIRE	1,055,128	952,233
Other	(1,466)	(364)
Interest accrued on loans from the Company	48,347	73,306
Sub-total of loans from related parties (Note 20)	**1,102,009**	**1,025,175**
Current hedge derivatives attributed by ENAIRE	5,172	4,983
Subtotal of Aena S.A.'s current borrowings in respect of ENAIRE	**1,107,181**	**1,030,158**
	10,565,207	**11,403,145**

The fair values of the loans from the Company (Public Business Entity "ENAIRE") are broken down in Note 20.

Approximately 52% of loans and credit facilities (2013: 52%) bear revisable fixed interest rates ranging between 0.98% and 4.88% (in 2013 they ranged between 0.98% and 4.88%) per year and the remaining percentage bears variable rates, generally indexed to the Euribor 3- and 6-month rates.

The exposure of the Company's loans and credit facilities to interest rate variations and the contract dates on which prices at the balance sheet date are revised are as follows:

	At 31 December	
	2014	**2013**
Variable Rate debt with ENAIRE:		
Less than 6 months	5,036,011	5,459,354
Revisable Fixed Rate debt with ENAIRE:		
Less than 6 months	1,371,938	312,227
6 months to 1 year	1,161,418	2,840,439
1 – 5 years	1,644,219	1,730,293
	9,213,586	**10,342,313**
Fixed Rate debt with ENAIRE:	1,310,452	983,378
	10,524,038	**11,325,651**
Debt with ENAIRE Interest Accrued:		
	48,347	73,306
Debt with ENAIRE Commission:	(13,986)	(5,158)
TOTAL	**10,558,399**	**11,393,841**

As a result of the non-monetary contribution described in Note 1, the Company and ENAIRE have concluded a financing agreement under which the debts relating to the contributed line of business forming part of the share capital increase described in Note 1 are transferred from ENAIRE to Aena, S.A. In this agreement between both parties, the initial debt and future debt cancellation conditions are recognised, as is the procedure for settling interest and the repayment of the debt. It also specifies that the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" is the formal borrower as regards the financial lending institutions, but it also recognises that Aena, S.A. is obliged to pay the percentage of the active balance of the debt of the Public Entity Aena attributable to the airport line of business at the time of the contribution of any of the payments that the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" is required to pay to the financial institutions, in accordance with the financial conditions and the other terms and stipulations established in the Financing Agreements.

On 29 July 2014 the Public Business Entity "ENAIRE", Aena S.A. and the respective financial institutions agreed a novation amending but not extinguishing the corresponding financial agreements.

The re-wording of the new financing agreements supersedes entirely, and to all legal effects, the original contracts and their novations, in order to, amongst other amendments, eliminate any contractual restriction that may affect the privatisation process and to include Aena S.A. as jointly liable together with the Public Business Entity "Aeropuertos Españoles y Navegación Aérea" under the various Financing Contracts and to make all the adjustments to these financing contracts that may be necessary for this purpose (see Note 3.1).

In respect of the reasons for declaring early maturity, as the formal borrower under the financing agreements, ENAIRE does not breach any of the conditions for early maturity and this will not affect the Company's balance sheet at 31 December 2014 and 31 December 2013.

The heading "Non-current borrowings" records €9,468,910,000 (2013: €10,307,217,000) as loans payable to the group for the financing of airports with an established repayment schedule. At 31 December 2013, it also recorded €65.055 million for receivables relating to the Public Entity that had not been adjusted in the non-monetary balance. Similarly, the heading "Current borrowings" records €1,055,128,000 (2013: €952.233 million) as current loans payable to the group for the financing of airports with an established repayment schedule, as well as €48.347 million (2013: €73.306 million) for interest accrued on loans from the Parent Company.

The contracts in force between Public Business Entity "ENAIRE" and Aena S.A. in 2014 and 2013 are set out below; these contracts are subject to annual renewal:

- Agreement to render airport planning services and territorial integration.
- Agreement to render services: Financial-administrative, quality management, contracting management, infrastructure management, management of personal data protection measures, environmental area, administrative-financial processes, promotion and support for excellence, organisation and human resources, general services and I.C.T. services.
- Cash pooling service procedures.
- Commitment to supply services associated with strategic and structural processes/activities of the Public Business Entity ENAIRE and Aena S.A.
- Airport facility use agreement.
- ATM (Air Traffic Management) and CNS (Control Navigation System) Agreement.
- Agreement for the provision of air navigation services.
- Appendix on Financial Aspects of Service Provision Agreements.

In implementing the decision to effectively and definitively finalise the process of segregating the organisational structures of each of the businesses, so that they operate independently, the Group has reversed these contracts for financial year 2015, as part of the privatisation process, with the exception of the ATM (Air Traffic Management) and CNS (Control Navigation System) Agreement, which will remain in force for subsequent years. The "Cash pooling service procedures" contract was already invalid with effect from the first half of 2014.

In addition, the following contract with the related party INECO is also in existence, which is also subject to annual renewal:

- Partnership agreement with Ingeniería y Economía del Transporte, S.A. for the drafting and review of projects, project management and technical assistance for monitoring surveillance, engineering certification, maintenance and operation of airport facilities and processes, planning, airport development and environment, airport commercial development, as well as logistics studies and designs of terminal buildings to improve operational efficiency and achieve greater cost reductions.

34 Other information

Audit fees

The fees accrued during 2014 and 2013 by PricewaterhouseCoopers Auditores, S.L. (PwC) for audit and other verification services are set out below:

Item	2014	2013
Audit services	98	68
Other verification services	20	-
Other services	238	292
Total	**356**	**360**

No fees were paid to other companies in the PwC network.

The fees accrued in 2014 and 2013 by other audit firms for audit and other services are indicated below (in thousands of euros):

Item	2014	2013
Audit services	270	-
Other verification services	610	22
Other services	-	347
Total	**880**	**369**

Compensation for Senior Management and Directors

The compensation received in 2014 and 2013 by the Senior Management and Directors of the Group, classified by item, was as follows (in thousands of euros):

	2014			2013		
Item	Senior management	Board of Directors	Consolidated	Senior management	Board of Directors	Consolidated
Salaries	1,120	269	**1,389**	579	-	**579**
Per diems	94	245	**339**	17	97	**114**
Pension plans	51	26	**77**	-	-	**-**
Insurance premiums	7	-	**7**	3	-	**3**
Total	**1,272**	**540**	**1,812**	**599**	**97**	**696**

The difference in salaries between the periods under review does not relate to any salary increases, but simply corresponds to the organisational affiliation of the Group's Senior Management: 4 individuals have always been affiliated with Aena S.A. and 6 Directors have changed their affiliations during the period under review. Specifically, between March 2013 and July 2014, 6 Directors were organisationally affiliated to ENAIRE, providing services for the whole Group and their salaries, together with those of the Group's Chairman, were paid directly by the Parent Company and invoiced proportionately to Aena S.A. under a service agreement: €526,000 in 2013 and €291,000 in 2014. On the other hand, this year is the first time that the salaries of the Governing Bodies of the Company incorporated into the consolidated group during 2014 (LLAH III) have been included, which has resulted in an increase of €819,000, the estimated amount for the period since the Group took control of this Company.

Once the procedural framework for the sale of Aena S.A.'s share capital had been authorised, the functions and organisational structure of ENAIRE and Aena S.A. were fully segregated, and therefore, from July 2014, the Chairman and Chief Executive Officer and 5 Senior Management posts (of the 6 mentioned above), which provided services to the whole group from ENAIRE, were effectively incorporated into Aena S.A., providing services exclusively to the latter. This transfer explains the increase in salaries in 2014.

No prepayments or loans had been granted at the end of 2014 or 2013. In addition, no pension commitments have been entered into with respect to former or current Directors of the Company.

Directors' conflicts of interest

As part of the duty to avoid any conflicts with the interests of the Company, throughout the year Directors holding positions on the Board of Directors have complied with the obligations set out in article 228 of the re-drafted text of the Corporate Enterprises Act. Similarly, they and those related to them, have refrained from engaging in any conflict of interest situations mentioned in article 229 of that Act, except where the relevant authorisation has been granted.

Shareholdings and positions held, and activities carried out, by members of the Board of Directors in other similar companies.

In 2014 and 2013 the members of the Board of Directors did not have any interest in the share capital of companies that directly carry out activities that are the same, similar or supplementary to those forming part of the Company's corporate purpose. In addition, no activities that are the same, similar or complementary to the Company's corporate purpose have been carried out or are currently being carried out by Members on their own behalf or on behalf of third parties.

At 31 December 2014 and 2013 there are no members of the Board of Directors that hold directorship or executive positions at other Group companies.

None of the persons associated with the members of the Board of Directors hold any shareholding whatsoever in the share capital of Companies, and hold no position and fulfil no duties within any Company with the same, similar or supplementary corporate purpose as the Company.

35 Events after the balance sheet date

No significant events have occurred between 31 December 2014 and the date of drawing up these consolidated financial statements other than the events listed below:

1) On 23 January 2015, the Council of Ministers approved the sale of 49% of AENA through an Initial Public Offering, and the prospectus was registered with the National Stock Market Commission (CNMV) on 23 January 2015. Shares in Aena S.A. were initially listed on the Spanish continuous market, on the four Spanish stock exchanges, on 11 February 2015.

2) The listing of the Company on the stock exchange, as explained above, via the IPO of 49% of Aena S.A.'s capital, meant that the Parent Entity, ENAIRE's holding in Aena S.A. fell to 51%, compared to its previous holding of 100%.

In accordance with the tax regulations in force (art. 59.2 of Law 27/2014 on Corporation Tax), and with effect from 1 January 2015, Aena S.A. and its subsidiaries withdrew from the tax consolidation group headed by ENAIRE.

The dissolution of this tax group means that, for taxation purposes, the tax assets and liabilities of the group led by ENAIRE must be assigned to each of the individual Companies that were part of the group. These assets and liabilities have already been recorded in the accounts.

3) In respect of the expropriation proceedings arising from Ordinary Procedure Nº 66/2011 (see Note 23), it is stated that:

   a. On 15 January 2015, Aena was notified of Ruling Nº 2/2015 of 8 January 2015 of the High Court of Justice in Madrid (TSJ), which partially upheld the administrative appeal lodged by various interested parties against the Ministry of Public Works Order dated 12 November 2010, which expressly dismissed the appeal against the implied rejection of the request to revalue the expropriated land.

   b. On 3 February 2015, Aena submitted a statement pointing out an error in this ruling and seeking its correction, which resulted in the TSJ making a clarification order dated 11 February 2015, in which the Court clarified that it is not necessary for the Expropriation Board to decide on revaluation as this is not going ahead and that this ruling could be appealed.

As this ruling is not final, and as significant uncertainties still remain in respect of these and other related proceedings, as described in Note 23, it is considered necessary to retain the provision allocated to these cases (see Note 23).

4) On 30 January 2015, the Extraordinary General Shareholders Meeting of Sociedad Restauración de Aeropuertos Españoles, S.A (in liquidation) approved the final liquidation balance sheet, a complete report on the liquidation transactions, and a proposal for dividing the remaining assets and proceeds of liquidation between the shareholders, resulting in payment of liquidation proceeds in the amount of €697,000 on 16 March 2014.
5) The government of the Canary Islands lodged administrative appeal nº 2/05/2015 with the Administrative Litigation Chamber of the Supreme Court against the Council of Ministers' agreement of 11 July 2014, extended by the Council of Ministers' agreement of 23 January 2015, on the authorisation granted to ENAIRE to initiate the sale of up to 49% of the share capital in AENA. In the extension of this administrative appeal, the Government of the Canary Islands sought interim measures to exclude airports of general interest situated in the Canary Islands from the fixed assets making up the assets of Aena and to include information relating to the lodging of the appeal in Aena S.A.'s IPO prospectus.

ENAIRE considered (and this was notified to the CNMV as a Significant Event on 10 February) that there was no legal basis for this request for interim measures and that if the claim of the Government of the Canary

Islands was successful, this should in no way affect AENA's ownership or management of the relevant airports (the remit for which is reserved for the State).

6) On 23 March 2015, 13 notifications were received from the Central Economic-Administrative Tribunal, withdrawing all of the corresponding economic-administrative claims submitted by the companies Ryanair, Avianca, Tarom and Korean, against the increase in Public Service Benefits as set out in the General State Budget Act for 2012. None of the Companies listed had submitted withdrawals prior to those referred to in Note 25.

CONSOLIDATED DIRECTORS' REPORT

2014

"AENA, S.A."
AND SUBSIDIARIES

CONTENTS

"Aena, S.A." and Subsidiaries

Consolidated director's report 2014

1. KEY HIGHLIGHTS

- Strong traffic growth (+4.5% vs. 2013) and solid financial performance, with a 16.5% EBITDA (1) growth compared to 2013, reaching €1.875 billion and an EBITDA (1) margin of 59.3%, one of the highest in the industry.
- Significant cash flow (2) generation of €1.300 billion, which allows for a reduction in the leverage ratio from a Net Financial Debt/EBITDA ratio (3) of 6.9x in 2013 to 5.6x in 2014.

Passenger traffic	• Traffic in 2014 reached 195.9 million passengers, a 4.5% increase with regard to 2013. • The proportion of international and domestic traffic remains at a 70/30 ratio, led by an increasing international passenger base (+5.7%) and a recovery of domestic traffic (+2.0%). • Consolidation of passenger traffic recovery in Adolfo Suarez Madrid-Barajas (+5.3% in 2014).
Income statement	• Total revenue in 2014 increased to €3.165 billion (+8.0% compared to 2013), of which commercial revenue (Commercial plus Off-Terminal) accounts for 25.7%. • Strong improvement in Commercial and Off-terminal Total revenue (combined growth of +15.2 y/y) due to new contracts and commercial actions. • EBITDA [(1)] for 2014 was €1.875 billion, which means a 16.5% growth with regard to 2013, and the EBITDA [(1)] margin reached 59.3% as a result of the cost efficiency measures implemented over the last three years. • EBITDA [(1)] of loss making airports decreased from €104.8 million in 2011 to €42 million in 2014. • Net profit of €479 million (-19.8%) was affected by one-offs [(4)] (expropriations in 2014 and deductions in 2013). Like-for-like net profit reached €595 million in 2014, a 70.3% increase compared to 2013 (+€245 million).
Financial discipline	• Cash flow [(2)] reached €1,300m, a significant increase vs. 2013 (€846m). - Aena's accounting Net Financial Debt [(5)] as at 31 December 2014, amounted to €10,733m (including Luton's consolidated debt of €344m) vs. €11,394m in 2013. - Reduction of leverage ratio [(3)] from 6.9x in 2013 to 5.6x in 2014. • The investment paid in 2014 totalled €316 million (including €8.3 million in Luton), the airports having the necessary capacity to absorb future increases in traffic. The new regulatory framework limits the volume of annual investment to €450 million.

(1) Adjusted EBITDA. Excludes impairment of fixed assets and provision Voluntary Separation Plan (VSP).
(2) Cash flow calculated as adjusted EBITDA – CAPEX – Payment of interest.
(3) Net financial debt / EBITDA ratio calculated according to the criteria defined in the debt novation contracts undertaken with the financial institutions on 29 July 2014.
(4) Provision of late payment interest for expropriations (€117 million after tax) made in 2014 and deductions for investments activated and applied (€246 million) in 2013 tax, as it was the first year of profitability.
(5) Calculated as: Financial debt (current and non-current) less Cash and cash equivalents less cash pooling.

1.1 **Key highlights**

Aena is the world's first operator in terms of passenger volume, which in 2014 reached a total of 195.9 million passengers (+4.5% compared to 2013). It also owns two of the top ten airports in the European Union in terms of passengers: Madrid (5th position in the ranking, according to Airports Council International "ACI") and Barcelona (9th position). Aena's extensive airport network (46 airports and 2 heliports in Spain), coupled with their diversity, has enabled the Company to gain ample experience in the management of airports of different types and sizes. In addition, Aena, together with other concessionaire companies, manages airports outside of Spain, with an international presence spanning 15 airports (12 in Mexico, 2 in Colombia and 1 in the United Kingdom).

The growth in traffic registered in 2014 is a change in the trend, after two consecutive years where traffic dropped. This recovery is based on the growth of international traffic, given that in 2014 Spain registered the second consecutive annual record in the number of tourists received, which totalled nearly 65 million tourists who visited the country (+7.1% compared to 2013). Amongst others, one of the results of this greater influx of tourists is that Aena has, once again, registered a new record in the number of international passengers, up +5.7% compared to 2013 (70% of the total number of commercial passengers in the network). Also contributing to this change in traffic trends is the start of the recovery of domestic traffic which, in 2014, registered a 2% growth compared to 2013 after three consecutive years of decreasing, and Adolfo Suarez Madrid-Barajas airport which, following the decreases registered since 2011, experienced a 5.3% growth in 2014. The data for the first two months of 2015 (accumulated growth as of February of 5.7%; 6.8% in international traffic and 4.3% in domestic traffic), confirms the traffic growth trend shown in 2014.

As concerns revenue, the increase in total revenue from commercial activities (+15.2% in the period), both commercial and off-terminal, is worthy of mention. This increase results from the improvement of the contract conditions of the recent tenders for Duty Free Shopping and restaurants, the extension and refurbishment of areas used for commercial activities (shops and duty free) and the implementation of the new car park business model, amongst other efforts.

Internationally, on 16 October 2014, Aena, through Aena Internacional, exercised the purchase option it had on 11% of the capital of London Luton Airport Holding III Limited (hereafter "LLAH III"), the parent company of the company managing Luton airport (4th airport in London), going on to own 51% of said company.

One of the main pillars that, together with the increase in volume of aeronautical and commercial income, has made it possible to achieve the Company's viability has been the improvement in the efficiency and cost reduction.

In this regard, it is worth noting the drop in the Company's operating expenses (Raw materials and consumables, Staff expenses, excluding provisions of the Voluntary Separation Plan, and other operating expenditure) by €296 million between 2011 and 2014. During 2014, the comparable operating costs base (ex Luton) dropped by €70.3 million as a result of the restructuring measures started in 2012, including a staff voluntary separation plan.

These measures include the implementation of the Airport Efficiency Plan, which has meant the implementation of different efficiency measure in services, operating and labour measures in all airports, with special relevance in those with lesser traffic volumes. In this regard, EBITDA [(1)] for airports with a negative EBITDA [(1)] dropped from €75 million in 2012 to €42 million in 2014.

Over the last decade, Aena has made significant investments that have placed its airports amongst the world's most modern and competitive, with first class infrastructures and a high growth potential. There has been a significant reduction in investment requirements as a result of having provided the network's airports with the necessary capacity to absorb future traffic growth in the coming years. During the 2009-2013 period, annual average CAPEX reached approximately €1.119 billion, compared to 2014's CAPEX of €316 million. After concluding a period of important investments in new infrastructures, a new scenario is being considered, giving priority maintenance and investment in security, without reducing the quality of services.

This set of measures that has had an impact on both revenues and expenses, has meant that the restructuring of the Company has already been achieved and its profitability has been secured, with EBITDA [(1)] increasing to €1.875 billion at the end of 2014, which entails 16.5% growth compared to 2013 and means reaching an EBITDA margin [(1)] of 59%, which is one of the highest in the industry, with an improvement of 23 percentage points since 2011.

[(1)] Adjusted EBITDA. Excludes impairment of fixed assets and provision for VSP.

In turn, Aena achieved pre-tax profit of €672.4 million in 2014, compared to €497.5 million in 2013, whereas net profit totalled €478.7 million in 2014, 19.8% less than that registered during the previous year (€596.7 million). The drop in net profit is due, on the one hand, to the allocation of late payment interest for expropriations (€117 million after taxes) made in 2014 and, on the other hand, to deductions for investments activated and applied (€246 million) to tax in 2013, given that it was the first year of profitability. Without said effects, net profit on a like-for-like basis would have reached €595 million (growth of approximately €245 million).

The aforementioned improvement in results is reflected in the Company's cash flow generation (€1.3 billion as of 31 December 2014, calculated as EBITDA (1) – CAPEX – Interest Paid), and in the decrease of leverage, which have led to reducing the Net Financial Debt/EBITDA ratio (according to what is established in the debt novation contracts for the calculation of the covenants) of 6.9x in 2013 to 5.6x in 2014.

(1) Adjusted EBITDA. Excludes impairment of fixed assets and provision for VSP.

2. MACROECONOMIC ENVIRONMENT AND ACTIVITY DETAILS

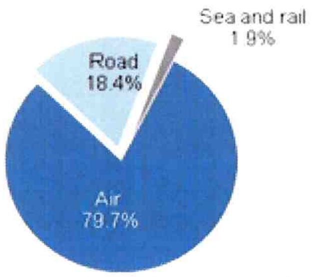
2.1 Macroeconomic and industry situation

The Spanish economy continued with its gradual recovery reflected in the main economic figures. According to data from the Spanish National Institute of Statistics, in 2014 Spain's GDP increased by 1.4%, improving by one decimal point compared to the last forecast offered by the Bank of Spain, which means that the Spanish economy has returned to growth following 3 consecutive years of recession.

Air transport is a strategic sector for Spain due to its economic and social impact. Furthermore, it contributes in terms of connectivity, accessibility, cohesion and territorial connection.

Tourism-related indicators have continued the favourable trend witnessed in 2013, which saw a record number of foreign tourists, 60.7 million (+5.6% compared to 2012), an aspect of significant relevance given that tourism accounts for 10.9% of Spain's GDP. According to the data published by the Spanish Institute of Tourism Studies, during 2014, a total of 65 million international tourists visited Spain, up by 7.1% compared to 2013. The main countries of origin have contributed to this growth, with the year-on-year growth figures for Belgium (+16.4%), Italy (+14.6%) and France (+11.3%) standing out especially. In absolute terms, the United Kingdom, France and Germany lead the ranking of countries of origin and jointly make up 55.4% of the total number of tourists who visited Spain during 2014. Autonomous regions all registered year-on-year increases, the greatest increases being recorded in the Canary Islands, Andalusia, Catalonia and Madrid.

By type of access, of the total foreign tourists that visited Spain during 2014, 51.8 million (79.7% of the total figure) travelled by air, 18.4% travelled by road and 1.9% used other means of transport (rail and sea). Having said this, it should not be forgotten that Spain is the gateway to Latin America by air.



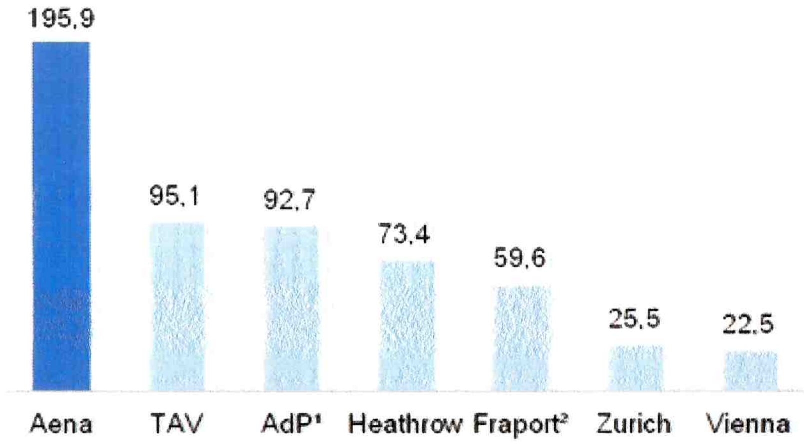
Total:
65.0 million international tourists

Source: Turespaña data. Frontier Tourist Movements (Frontur) – December 2014

2.2 Aena, world leader in airport management

Since its beginnings, Aena has worked incessantly to be where it is today: the world's leading airport operator by passenger volume.

Traffic figures for the main airport operators in 2014



* AdP only includes the Paris airports
[2] Fraport only includes Frankfurt airport
Source: Data published by the companies

Aena's airports and heliports, taken as a whole, include two of the European Union's top ten airports in terms of passenger volume: Madrid-Barajas and Barcelona-El Prat, in fifth and ninth place, respectively.

Ranking of European airports by passenger volume 2014

Rk	Airport	Million Passengers
1	London -Heathrow	73.4
2	Paris-Charles de Gaulle	63.8
3	Frankfurt	59.6
4	Amsterdam	55.0
5	Adolfo Suárez Madrid-Barajas	41.8
6	Munich	39.7
7	Rome-Fiumicino	38.6
8	London -Gatwick	38.1
9	Barcelona-El Prat	37.6
10	Paris-Orly	28.9

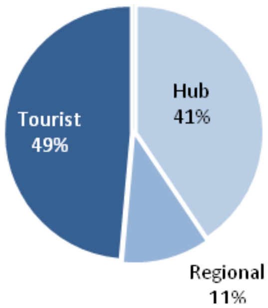
Source: Data published by ACI

2.3 Main figures of the Aena network

The 46 airports and 2 heliports have provided Aena with a broad and diverse network that has enabled it to gain experience in managing airports of different types and sizes.

Affected by a recovering macroeconomic climate, in 2014, the airports in the Aena network handled a total of 195.9 million passengers, up 4.5% from the previous year, operated more than 1.8 million flights (+2.3%) and transported around 685,200 tonnes of cargo (+7.2%). With the growth registered in December, there are now fourteen months of consecutive growth, confirming the change in trend in passenger traffic that started in November 2013.

In 2014, Aena’s 14 tourist airports accounted for 49% of the total passengers, the 2 hubs accounted for 41% and the 25 regional airports accounted for 11%.



Typology of the Aena network’s airports

Typology of airports	Number of airports	Passengers 2014 (million)
TOURIST Palma Mallorca, Malaga, Alicante, Gran Canaria, Tenerife Sur, Ibiza, Lanzarote, Valencia, Fuerteventura, Girona, Menorca, Reus, La Palma and Almeria	14	95.1
HUB Adolfo Suárez Madrid-Barajas and Barcelona-El Prat	2	79.4
REGIONAL Seville, Bilbao, Tenerife Norte, Santiago, Asturias, Santander, Jerez, A Coruña, Vigo, FGL Granada-Jaén, Zaragoza, Melilla, San Sebastián, Pamplona, El Hierro, Burgos, La Gomera, Vitoria, Logroño, Murcia-San Javier, Valladolid, León, Badajoz, Salamanca and Albacete	25	21.3

HELIPORTS (Ceuta and Algeciras) GENERAL AVIATION (Córdoba, Huesca-Pirineos, Madrid-Cuatro Vientos, Son Bonet and Sabadell)	7	0.02
TOTAL	**46 airports + 2 heliports**	**195.9**

Note: The references in this document to Aena's traffic data must be understood as referring to the details to the preliminary close as of the date of publication of this document.

International presence

Aena has a significant presence outside of Spain, with direct interest in 15 international airports through its shares in the subsidiary Aena Desarrollo Internacional, S.A. In 2014, these airports registered joint passenger traffic of 43.5 million, 6.6% higher than in 2013.

2014 total traffic passengers in investee airports

(Million passengers)	2013	2014	% Variation	% Aena share
Grupo Aeroportuario del Pacífico (GAP)	23.2	24.7	6.7%	5.8%
Luton	9.7	10.5	8.1%	51.0%
AeroCali (Cali)	4.5	4.9	7.3%	50.0%
SACSA (Cartagena de Indias)	3.4	3.4	1.3%	37.9%
TOTAL	**40.8**	**43.5**	**6.6%**	**n/a**

Source: Company data

Note: Except where indicated otherwise, references in this document to "the Aena airports", "the Aena airport network" or similar indications should be understood as referring to the airports and heliports located only in Spain, therefore not including the figures for the investee airports indicated in the previous table.

2.4 Aena's Airport Network

The broad and diverse network sets Aena apart as the leading airport management company in terms of passenger volume. This management model structure makes it possible to optimise costs through synergies and economies of scale that result from a higher turnover, thus enabling it to offer a higher and more standardised level of quality. The network's structure also enables each airport to operate independently, thus offering its customers a service that is tailored to their needs and demands.

To improve co-ordination amongst all its airports, the Aena network is structured as shown in the following diagram, with airports being differentiated according to passenger volume so as to better coordinate their services:

The three main airports in the network are: Adolfo Suárez Madrid-Barajas, Barcelona-El Prat and Palma de Mallorca, with the rest coming under one of the following groups:

Canary Islands Group: comprising all 8 airports of the Autonomous Community of the Canary Islands. Given their distance from the mainland and the importance of inter-insular traffic, the features of these airports set them apart from the rest of the network.

Group I: comprising large airports that handle more than 2 million passengers per year. This Group comprises 8 airports: Malaga-Costa del Sol, Alicante-Elche, Ibiza, Valencia, Bilbao, Seville, Girona-Costa Brava and Menorca.

Group II: comprising airports that handle between 0.5 and 2 million passengers per year. This group comprises 11 airports: Almería, Asturias, FGL Granada-Jaén, Jerez, A Coruña, Reus, Santander, Santiago, Vigo and the air bases of Murcia-San Javier and Zaragoza.

Group III: comprising airports that handle less than 0.5 million passengers a year. It is a mixed group that comprises:

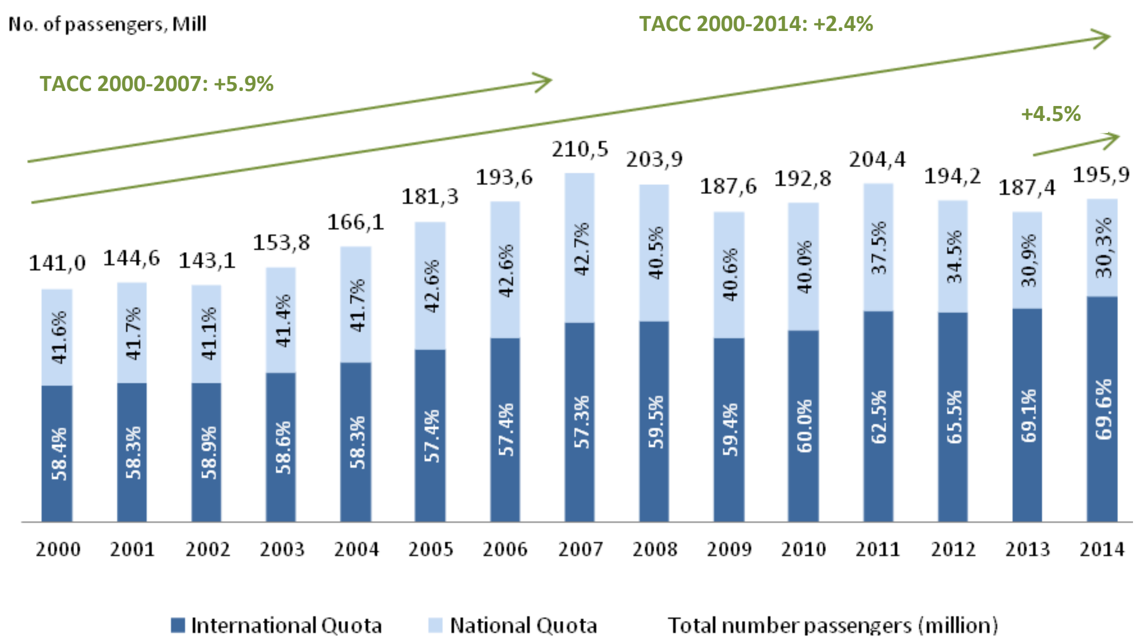
- Air bases open to civil traffic: Valladolid, León, Badajoz, Salamanca and Albacete.
- Civil airports with commercial traffic: Melilla, San Sebastián, Pamplona, Burgos and Logroño-Agoncillo.
- Cargo airport: Vitoria.
- Heliports: Ceuta and Algeciras.
- General aviation airports: Córdoba, Sabadell, Son Bonet, Madrid-Cuatro Vientos and Huesca-Pirineos.

Compared to an individualised management, the network management model allows Aena to optimize costs through the synergies and economies of scale achieved with its larger business volume, and to offer superior and consistent quality. The network structures also enables each airport to operate with autonomy and tailor services to customer needs and demands.

2.5 Typology of traffic

The relationship between traffic and world economic growth has shaped domestic and international traffic growth at Aena's airports, with international traffic outperforming domestic traffic during the financial crisis.

Total passenger traffic by traffic type (domestic/international share)



During 2014, a total of 195.9 million passengers were managed in Aena's network of airports, 4.5% more than the previous year. There are now fourteen months of consecutive growth, which confirms the change in trend of the passenger traffic evolution started in November 2013.

International traffic improves the positive trend registered in 2013 (+2.1%), having grown by +5.7% during 2014, due to the effects of the incipient economic recovery in the tourist sending countries and the political instability in some alternative tourist destinations that has attracted more tourists towards Spain, boosting the growth of air traffic in the Aena network.

In terms of domestic traffic, there are signs of recovery, given that in 2014 there was a +2% increase to 58.5 million domestic passengers (compared to the drops registered in both 2012 and 2013), despite the still difficult economic environment and competition from the high speed train.

The combination of both effects has maintained the market-share quotas practically unaltered between the domestic traffic (30%) and international traffic (70%).

With regard to the distribution of traffic by geographical area, the following should be noted:

- the +5.7% increase in traffic with Europe, whose share goes from 61.9% in 2013 to 62.6% in 2014 (a 6.6 million increase of passengers in quantitative terms); and conversely,
- the slight loss of market share of domestic traffic. In 2014 domestic traffic registered an improvement of +2% (+1,094,979 passengers) but this growth was below the total growth (+4.5%), and therefore its share drops from 30.9% in 2013 to 30.1% in 2014.

Distribution of traffic by geographic areas (number of passengers)

Region	Passengers 2013	Passengers 2014	Change		Share of total (%)	
			%	Passengers	2013	2014
Europe[1]	116,031,530	122,598,883	5.7%	6,567,353	61.9%	62.6%
Spain	57,837,728	58,932,707	1.9%	1,094,979	30.9%	30.1%
Latin America and the Caribbean	5,431,982	5,579,301	2.7%	147,319	2.9%	2.8%
North America[2]	3,596,898	3,835,735	6.6%	238,837	1.9%	2.0%
Africa	2,418,282	2,573,765	6.4%	155,483	1.3%	1.3%
Middle East	1,726,866	1,957,087	13.3%	230,221	0.9%	1.0%
Asia-Pacific	361,843	383,800	6.1%	21,957	0.2%	0.2%
TOTAL	**187,405,129**	**195,861,278**	**4.5%**	**8,456,149**	**100%**	**100%**

[1] Excludes Spain

[2] Includes the USA and Canada

2.6 Details of the traffic in the main airports of the network

Traffic concentrates significantly in the network's main airports.

Main traffic figures by airports and Groups of Airports of the Aena network.

Airports and Groups of Airports	Passengers			Aircraft movements			Cargo		
	Million	Change 2014/2013	Share % of Total	Thousand	Change 2014/2013	Share % of Total	Tonnes	Change 2014/2013	Share % of Total
Adolfo Suarez Madrid-Barajas	41.8	5.3%	21.4%	343	2.9%	18.7%	366,645	5.8%	53.5%
Barcelona-El Prat	37.6	6.7%	19.2%	284	2.7%	15.5%	102,693	2.4%	15.0%
Palma Mallorca	23.1	1.5%	11.8%	173	1.5%	9.4%	11,516	-5.9%	1.7%
Canary Islands Group	34.8	6.9%	17.8%	325	8.8%	17.7%	40,824	3.5%	6.0%
Total Group I	47.3	3.5%	24.2%	427	1.6%	23.3%	29,678	4.4%	4.3%
Total Group II	10.2	-1.7%	5.2%	158	-3.4%	8.6%	88,995	19.9%	13.0%
Total Group III	1.1	-2.2%	0.5%	124	-4.0%	6.8%	44,859	19.0%	6.5%
TOTAL	**195.9**	**4.5%**	**100%**	**1,833**	**2.3%**	**100%**	**685,209**	**7.2%**	**100%**

The Adolfo Suárez Madrid-Barajas airport is the network's top airport by traffic of passengers, operations and cargo. Since February 2014 and after twenty-five months of consecutive year-on-year drops, its traffic data is once again positive. In 2014, the number of passengers increased by +5.3% with regard to the previous year (+6.9% in international traffic and +1.6% in domestic traffic). By markets, passengers from Europe (Germany), Latin America (Brazil), Africa and the Middle East show the highest growth rate. By airlines, the growth of IAG (+3.7%) and Air Europa (+12.8%) stands out especially.

In terms of the operations, in 2014 this airport operated a total of 342,601 movements, 2.9% more than the previous year. Cargo, which accounts for more than half of the total volume that passes through the network, registered an increase of +5.8% up to 366,645 tonnes transported, reflecting a recovery both in movements and in volume of goods.

At Barcelona-El Prat airport, passengers have increased by +6.7% with regard to 2013 (+8.9% in international traffic and +1% in domestic traffic), to 37.6 million, with the increase in passengers of the Vueling airline (+12.6%) standing out especially. A total of 283,850 aircraft operations were registered, which accounts for an increase of 2.7% compared to 2013, and cargo has continued its growth trend with a +2.4% increase in the volume of goods to 102,693 tonnes.
Palma de Mallorca airport has reached a traffic of 23.1 million passengers (+1.5%), offsetting the drops caused by the seasonal character of its traffic registered in the first quarter of the year. International traffic reached 18 million (+0.9%) and domestic traffic reached 5.1 million (+3.7%).

With regard to the Canary Islands Group, the number of passengers that passed through the airports in the Canary Islands rose to 34.8 million (up 6.9% compared to 2013), of which 11.3 million correspond to domestic flight passengers (up 3.5% compared to 2013) and 23 million international flights (up 9.0%).
In 2014, the set of 8 airports that make up Group I grew by +3.5% to 47.3 million passengers, with growth registered in Ibiza (+8.5%), Malaga-Costa del Sol (+6.4%) and Bilbao (+5.6%) standing out especially.
All 11 airports of Group II registered a global drop in the passenger traffic of -1.7% during 2014, which dropped to a total of 10.2 million passengers. Despite the drop in traffic registered in 2014, there is an improvement trend compared to the -9.1% drop registered in 2013. In this group, we should point out the variations in the behaviours of the different airports that comprise it. Zaragoza airport maintained its position as the network's third cargo operator, with 86,311 tonnes, and registered a growth of 20.4% compared to 2013, contributing to a 19.9% growth of the joint cargo handled by airports within this group.

Group III airports, with lower volumes of traffic, registered 1,069,712 passengers during 2014, equivalent to a -2.2% drop compared to the previous year. In the cargo chapter, this group reached 44,859 tonnes, a 19% increase compared to 2013, resulting from the growth experienced at Vitoria airport, which specialises in handling goods and which registered 44,658 tonnes (+19.1%).

Throughout 2014, a total of 325 new routes were established from Aena network’s airports, with domestic, European and international destinations. Specifically, the airports with the greatest number of routes were Palma de Mallorca (56 new routes), Barcelona-El Prat (50), Adolfo Suárez Madrid-Barajas (32), Canary Islands Group (70) and Group I (88). New routes are those that had fewer than 500 passengers in 2013 and exceeded 5,000 passengers in 2014.

Regarding the airline companies that established new bases or expanded already existing ones in Spanish airports in 2014, compared to 2013, there are 3 airports that stand out especially. Specifically, the increase at Adolfo Suarez Madrid-Barajas with 17 aircrafts (Air Europa with 6, Ryanair with 3, Norwegian with 2 and Iberia Express with 6) and Barcelona-El Prat with 10 aircrafts (Vueling with a further 7 aeroplanes and Norwegian with 3) and at Alicante-Elche one aircraft from the company Air Nostrum and a Jet2 aircraft.

3. BUSINESS PERFORMANCE

Aena has carried out a significant turnaround process which has laid down the basis for its future growth. The main pillars upon which this turnaround is based are: (i) improved efficiency and cost rationalisation; (ii) increase in revenue both from aviation and commercial activities; (iii) suitability of investments; and lastly, (iv) a new international strategy approach.

3.1 Improvement of management efficiency and cost rationalisation

Since 2012, Aena has developed an ambitious plan to reduce costs, as well as measures for improving operational and productivity efficiency, which has already yielded results.
This effort to reduce costs is reflected in a saving of almost €70.3 million in operating expenditure (ex Luton) in 2014 compared to 2013, which represents a 5.3% drop.

Trend of current expenses

(Million euros)	2013	2014	Variation	% Var
Supplies	196.1	180.4	-15.7	-8.0%
Staff expenses[1]	339.9	349.7	+9.8	+2.9%
Other operating expenses	796.4	761.0	-35.3	-4.4%
Total current expenses	**1,332.4**	**1,291.2**	**-41.2**	**-3.1%**
Total current expenses (ex Luton)	**1,332.4**	**1,262.1**	**-70.3**	**-5.3%**

[1] Excluding provisions for Voluntary Separation Plan (-€5.6 million in 2013 and -€1.2 million in 2014)

The end of the process of the air traffic control service liberalisation in 12 airports, has generated the greatest part of the savings produced in the supplies chapter, with total savings reaching €15.7 million (-8.0%) compared to 2013.
In the staff expenses (excluding the provisions of the Voluntary Redundancy Plan), the +2.9% year-on-year increase, €9.8 million, is attributed to the incorporation of the staff expenses in Luton airport. Excluding both effects, staff expenses would have dropped by 0.5% (€1.6 million).

Other operating expenses have dropped by 4.4% (€35.3 million). The drop in this line, despite the consolidation of Luton which contributes with an increase of €17.6 million is the result, on the one hand, of efficiency measures implemented throughout 2012 and 2013 and, on the other, of fewer provisions in 2014 for risks (-€18.7 million) and the reversal of provisions for insolvencies (-€13.8 million).

Efficiency Plan for Group III Airports

Among the main measures adopted to cut operating expenses in Group III airports is the Airport Efficiency Plan. This plan entailed service, operational and labour-related efficiency measures and was designed to reduce recurring losses at airports with lower traffic volumes, thereby ensuring their viability. The three main axes of the plan were as follows:

- Adaptation of operating hours to airport demand, adjusting new schedules to the busiest times for airlines and their users.
- Adaptation of airport personnel to the needs of the new operational schedules established.
- Reduction of other operating expenses by reducing consumption, adjusting the scope of other work,etc.

Following the implementation of said Efficiency Plan, results in 2013 showed significant improvement compared to previous years. The improvement has continued in 2014, with EBITDA for all the loss-making airports going from a negative adjusted EBITDA of €55 million in 2013 to €42 million in 2014.

3.2 Increase in revenue

3.2.1 Commercial and off-terminal income

In 2014, ordinary commercial revenue (originating from the operation of services both inside and outside terminals) reached €789.9 million, a +13.0% increase compared to 2013. The generation of commercial revenues originating from Retail (Tax free/Duty free shops, shops and restaurants), continues to improve as a result of the recent tender for new contracts for these activities and the increase in commercial space. Revenue from car parks has also improved thanks to the management of prices and promotions.
Aena continues on its path to boost commercial revenues through actions geared to generating higher returns on its commercial activities. Highlights include:

- Further growth in business at duty free shops (+32.0% year-on-year) driven by the creation of new walk-through shops in commercial areas and their addition to the Canary Island airports.
- The number of commercial premises (stores and premises for food & beverage outlets) in Aena's airport network increased by more than 7% during 2014, reaching more than 900 premises.
- The addition of leading Spanish and international restaurant and retail chains. Specifically: (i) in restaurants, brands adapted to user profiles covering a range of concepts; e.g. ethnic cuisine, fast food and Michelin rated restaurants, (ii) the new strategy for shops focused on thorough remodeling, including tenders for new anchors and the creation of a new luxury business line designed to spur sales in the high-end fashion and accessories segments. The newly added luxury stores offer Aena passengers more than 40 Spanish and international brands.
- Promotion of Aena's VIP lounges, adopting an integrated management approach, including remodeling of the lounges.
- New integrated parking management business model for the parking lots at the network's 32 airports, which includes improved pricing and promotion policies.

- The hiring of two large hangars to use for activities related to aircraft maintenance, one at Malaga- Costa del Sol Airport and another at Gran Canaria Airport.
- The awarding of executive and business aviation activity (FBOs) to two new operators at Palma de Mallorca Airport, as well as the tender for this activity at Malaga-Costa del Sol Airport in late 2014.

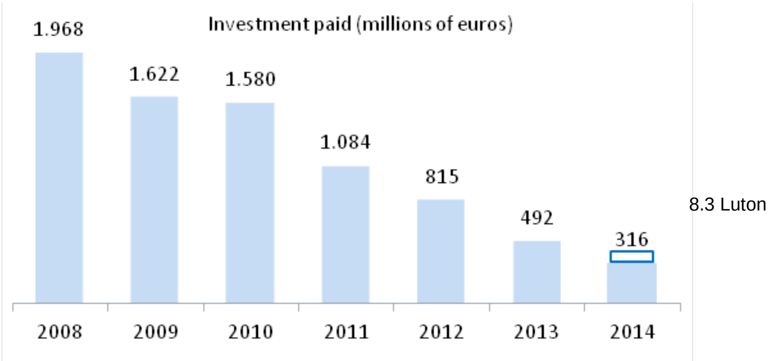
In addition to the actions above, the favourable behaviour of traffic also contributed and will continue contributing to promoting commercial revenue, having a positive effect on the Company's profitability.

3.2.2 Legal framework for airport charges

Pursuant to Law 22/2013, of December 23, establishing the General State Budget for 2014, airport charges have been increased an average of 0.9% since March 2014.

3.3 Suitability of investments

Aena has invested heavily over the past decade to make its airports among the most modern and competitive in the world, with top-flight infrastructure and strong growth potential. Investment needs have decreased sharply now that the network has the necessary capacity to absorb future growth in traffic in the coming years, as borne out by the trends in investment over the past few years.
At the end of 2014, the investment paid had reached €316.1 million (this figure includes €8.3 million invested in Luton airport).



By volume of payments made in 2014, the following works completed during this period stand out: the 'Extension to the Terminal Building' of Vigo Airport, the last phase of the 'Extension to the Terminal Building' of Gran Canaria Airport, the 'Extension to the North Platform' of Gran Canaria and the 'Regeneration of the Platform' of Seville.
It is also worth noting that the following have been put into service in 2014: the 'Car Park Building P3' of Gran Canaria Airport, the 'Renovation of the Commercial Areas' of Malaga-Costa del Sol Airport, the 'Improvement of the Departure Level at the Terminal T1 Building' of Lanzarote Airport and the 'Improvement of Runway Paving 32L/14R' of Adolfo Suárez Madrid-Barajas Airport. Amongst the ongoing efforts, the 'Extension of the Flight Runway' of the A Coruña airport stands out due to the amount of investment paid. The previous investments correspond to the sections on constructions, installations and fixed assets under construction of the tangible fixed assets.

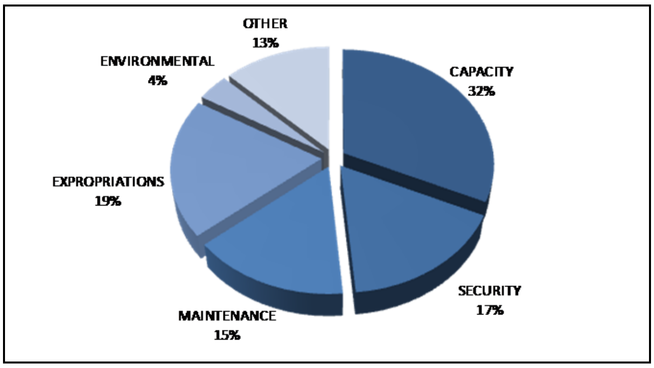
3.3.1Analysis of investments by areas of action

Aena's current infrastructures are adequately sized to take on future increases in activity and, therefore, investments during this period have concentrated on previously initiated capacity investment projects; payment of expropriations; new investments geared mainly to improving the installations and the maintenance of service quality, as well as the operational security and the support to the strategy of the increase of commercial revenues, all while remaining committed to the environment and without compromising service quality.

Total investment made in 2014 (according to payment criteria) in the Spanish airports of the network reached €307.8 million, a 37% drop with regard to 2013. This reduction illustrates the efforts made in recent years to scale back investment, undertaking those that are strictly necessary to maintain the current infrastructure with jeopardizing security or the environment.

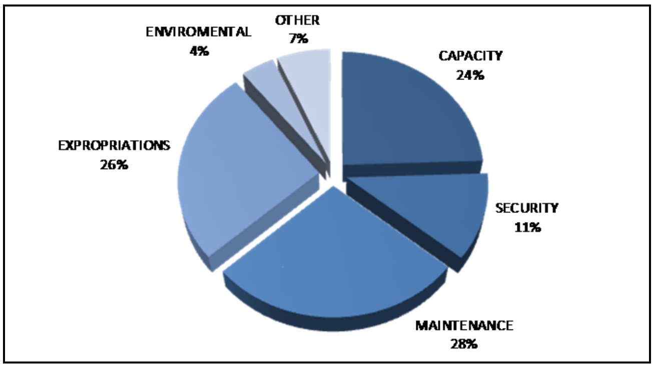
Specifically, in the year 2014, significant infrastructure works were completed such as the 'Extension of the Terminal Building' of Vigo or the 'Extension of the Terminal Building' of Gran Canaria, which added to the fact that no new works of such significant cost were started in 2014, resulted in a drop in the execution of investments.

2013



€307,8 million

2014



€492,3 million

Note: Analysis of the investments by fields of action refers to the airports and heliports only located in Spain, and therefore does not include investments relating to investee airports outside of Spain.

- The percentage of investment to be used for the improvement of facilities (service maintenance) grew significantly from 15% in 2013 to 28% in 2014 (€84.7 million), with the most relevant actions being the regeneration of the platform of Seville airport and the supply and installation of boarding bridges and equipment to serve aircraft in different airports.
- Regarding Expropriations (excluding late payment interest) in 2014, a total of €79.7 million (26% of the total) was paid, mostly corresponding to payments related to rulings to seize the plots that were expropriated for the development of the Adolfo Suárez Madrid Barajas Airport Master Plan.
- The investments in Capacity made in 2014 total €75.2 million, amounting to 24% of Aena's total investment (compared to 32% of the total in 2013). Within this chapter of investments, the most significant investment projects are: the extension of the terminal building of Gran Canaria airport, the extension of the terminal building of Vigo airport and the extension of the flight runway of A Coruña airport, started in 2009, 2010 and 2011, respectively.
- Investments made in 2014 in the field of Security amount to 11% of the total of Aena's investment. They include the renovation of automatic explosive and liquid explosive detector units in several airports, and the refurbishment of drain pipes and RESAs at Barcelona airport's air field.
- In the field of Environment, €12.7 million was invested (4% of Aena's total investment). This amount has mainly concentrated on the actions derived from the environmental impact statements (acoustic insulation) in several airports.
- The investments classified as 'Other' include the commercial investments made in 2014. Amongst them, it is worth mentioning the refurbishment of the restaurant and duty free areas of T4 of Adolfo Suárez Madrid-Barajas airport and the shopping areas of Gran Canaria airport.

3.4 International Strategy

Aena, through its subsidiary Aena Desarrollo Internacional, S.A., has a long history of investment in airport assets in international markets, which dates back to the year 1997. As of 16 October 2014, Aena increased its shares in Luton by exercising the option to purchase 11% of the capital stock of London Luton Airport Holding III. As a result of this operation, Aena has acquired the control of LLAH III (51% share).

4. PROFIT AND LOSS ANALYSIS

4.1 Consolidated income statement

(Thousands of euros)	2013	2014[1]	Variation	% Variation
Ordinary revenue	2,876,762	3,076,044	199,282	6.9%
Other operating income	54,883	88,958	34,075	62.1%
Total revenue	**2,931,645**	**3,165,002**	**233,357**	**8.0%**
Supplies	(196,135)	(180,401)	-15,734	-8.0%
Staff costs	(334,338)	(348,511)	14,173	4.2%
Other operating expenses	(796,365)	(761,029)	-35,336	-4.4%
Fixed asset depreciation	(817,732)	(814,850)	-2,882	-0.4%
Impairment and profit/loss on fixed asset disposals	(56,062)	(9,927)	-46,135	-82.3%
Other net profit/loss	10,775	1,527	9,248	85.8%
Total Expenditure	**(2,189,857)**	**(2,113,191)**	**-76,666**	**3.5%**
EBITDA	**1,559,520**	**1,866,661**	**307,141**	**19.7%**
Voluntary Separation Plan (VSP)	5,559	1,230	4,329	77.9%
Impairment loss on fixed asset disposal	(56,062)	(9,927)	-46,135	-82.3%
Adjusted EBITDA	**1,610,023**	**1,875,358**	**265,335**	**16.5%**
OPERATING PROFIT/LOSS	**741,788**	**1,051,811**	**310,023**	**41.8%**
Financial income and expenditure	(235,269)	(199,968)	35,302	15.0%
Interest expenses on expropriations	(13,776)	(191,119)	-177,344	-
NET FINANCE INCOME/(COSTS)	**(249,045)**	**(391,087)**	**-142,042**	**-57.0%**
Equity accounted earnings	4,718	11,716	6,998	148.3%
PRE-TAX PROFIT/LOSS	**497,461**	**672,440**	**174,979**	**35.2%**
Capital gains tax	99,194	(196,743)	-295,937	-298.3%
NET PROFIT/LOSS FOR THE FISCAL YEAR	**596,655**	**475,697**	**-120,958**	**-20.3%**
Profit/Loss for year attributable to minority interests	0	(2,921)	2,921	100.0%
PROFIT/LOSS FOR THE YEAR ATTRIBUTABLE TO THE PARENT COMPANY SHAREHOLDER	**596,655**	**478,618**	**-118,037**	**-19.8%**

(1) *Includes consolidation of Luton Airport from the date of takeover.*

Aena's **total revenue** increased to €3,165 million in 2014, up 8.0% compared to the 2013 fiscal year. Income from the commercial area (both outside and inside terminals) represents 25.7% of the total in 2014, having increased its percentage share from 24.1% in 2013.

Ordinary revenue increased to €3,076 million in 2014, up 6.9% compared to the 2013 fiscal year. The increase of €199.3 million is fundamentally due to:

- The positive impact on airport revenue (an increase in ordinary aviation revenue of €70.2 million, +3.2% y/y) of, on the one hand, the improvement in traffic, with growth in operations of 2.3% and in passengers of 4.5% and, on the other hand but to a lesser degree, the 0.9% tariff increase and the new meteorological charge applied from March 2014. Revenue growth was undermined by the cost of measures approved to boost traffic (fee credits to provide incentives for passenger growth in terms of both routes and airports) incurred in the period (€23.8 million). However, these measures are expected to provide a positive impact in the medium term. Similarly, the increase in the discount applied to connecting passengers (from 20% in 2013 to 30% in 2014) meant lower revenue of €16.1 million.
- The effect on commercial income of new long-term contracts (notably the World Duty Free Group contract), the expansion and remodelling of areas intended for commercial activity and the design of a new business model for

integrated car park management have driven the growth in commercial revenue (both inside and outside the terminals) to €91 million (+13.0%).

- The 11% acquisition in Luton Airport, taking Aena's shareholding to 51%, has, together with other factors, led to an increase in international business revenue of €37.9 million.

Other operating income was up €34.1 million compared to the same period in the 2013 fiscal year (+62.1%), mainly due to higher income from the reversal of provisions recorded in 2014 relating to outstanding litigation that delivered favourable rulings compared to the 2013 fiscal year (€27.6 million) and grants related to assets (€6.5 million) from the FEDER. In 2014, corresponding grant receipts rose to €78.9 million, compared to €16.1 million in 2013.

Operating expenses reflect a significant reduction driven by savings measures introduced in previous years, which have resulted in an overall decrease in OPEX. In terms of specific expenditure items, the most important changes correspond to:

- Supplies, with an 8% reduction in expenditure representing a saving of €15.7 million compared to 2013, mainly as a result of the completion of the air traffic control service liberalisation process in 12 towers, which has meant net savings of €22.6 million. These lower costs offset the new expenditure for the meteorological service from March 2014 onwards, the value of which reached €8.3 million.

- With regard to staff costs, the year-on-year change of 4.2% (€14.2 million) is due to the consolidation of Luton Airport, which has meant an increase of €11.4 million. Excluding its effect and the variation of the Voluntary Separation Plan (VSP) provision, staff costs would have been reduced by 0.5% (€1.6 million).

- The most significant reduction was in the other operating expenses section, which decreased by 4.4% (€35.3 million) to €761 million. The reduction in this expenditure is a result of the efficiency and operational measures implemented in 2012 and 2013 and provisions for risks and doubtful trade receivables. A lower provision for bad debts was recorded in 2014 compared with the same period in the previous year of -€13.8 million and a lesser provision for risks related to court judgements of -€18.7 million. On the other hand, higher expenditure was recorded for the incorporation of Luton Airport into the Company's activities (€17.6 million).

  Amongst the measures that have enabled costs to be rationalised and streamlined, those implemented in the following services are worth highlighting: maintenance, security filters, private security, shuttle bus transport at Adolfo Suárez Madrid-Barajas and Barcelona-El Prat airports, energy consumption, technical assistance as well as measures in other areas of expenditure (communications, office equipment, etc.).

- Depreciation and amortization expense was €814.8 million, down €2.9 million (-0.4%) compared to 2013. Excluding depreciation in the international business, which increased due to costs incurred in Luton Airport (€13 million), depreciation would have been reduced by €15.9 million (-1.9%) due to the end of useful life of some assets, the change in useful life of the walkways (from 12 years to 22 years) and the fall in capital expenditure, resulting in no year-on-year increase.

- Impairment and profit/loss on fixed asset disposals rose to €9.9 million, mainly due to the unexpected fall in the operational value of land in the coming years at Barcelona and Valencia airports, which was partially offset by the sale of fixed assets that have been subject to renovation. In 2013, a figure of €56.1 million was recorded as a result of the reduction in the Investment Plan for the coming years.

- The reduction under the other net profit/loss heading is due to the non-recurring nature of income in 2013, mainly resulting from a VAT return paid and not deducted.

EBITDA increased from €1,559.5 million in 2013 to €1,866.7 million in 2014, representing a 19.7% increase. 2014 includes €9.4 million for the consolidation of Luton Airport from the takeover date.

Adjusted EBITDA reached €1,875.4 million (+16.5% and +€265.3 million), which represents a margin of 59.3% (an increase of 23.6% since 2011) and which makes the Company's margins one of the highest in the sector.

Net financial expense amounted to €391.1 million (+57% compared to 2013, mainly due to the accrual and provision for accrued interest on expropriations of €191.1 million, compared to €13.8 million in 2013). Moreover, the capital gain (€14.6 million) generated by the valuation at fair value of the pre-existing 40% shareholding in Luton Airport was also recorded under this heading. Excluding these effects, net financial expense would have fallen by €20.7 million compared to 2013 (-9%), given the levels of debt over the year.

Equity accounted earnings increased by €7 million due to the improvement in the results of AMP (€2.2 million) and Aerocali (€1.1 million). The acquisition of a stake in the latter (which increased from 33% to 50% on May 29th 2014) also contributed to this increase. The comparison with 2013 is affected because Luton Airport was consolidated in 2014 through full consolidation compared to the previous year when it was integrated by the equity method (-€3.4 million).

With regard to **income tax**, the resulting expense was €196.7 million in 2014, an increase of €296 million compared to the previous year, comparatively affected by the application of €246.3 million of investment deductions in 2013 and **net profit/loss for the fiscal year (before minority interests)** reached €475.7 million.

The net profit/loss for consolidated Luton Airport was -€5.9 million, 49% (-€2.9 million) relating to the minority shareholding, which puts **profit/loss for the year attributable to the parent company** at €478.6 million, €118 million less than that achieved in 2013. The fall in net profit is due to the effect of (i) €246.3 million relating to tax deductions applied in the 2013 fiscal year and (ii) €116.9 million for the accrued interest from the three open land expropriation proceedings in the Adolfo Suarez Madrid-Barajas Airport. Without such effects, like-for-like net profit would have been €595.5 million, which would have meant an improvement of €245.1 million.

4.2. Consolidated balance sheet, capital structure and cash flow statement

Net assets and capital structure

Summary of consolidated balance sheet

Thousands of euros	2013	2014	Variation	% Variation
ASSETS				
Non-current assets	15,822,785	16,614,214	791,429	5.0%
Current assets	622,553	802,721	180,168	28.9%
Total assets	**16,445,338**	**17,416,935**	**971,597**	**5.9%**
EQUITY AND LIABILITIES				
Total equity	3,039,127	3,578,304	539,177	17.7%
Non-current liabilities	11,494,909	11,982,178	487,269	4.2%
Current liabilities	1,911,302	1,856,453	-54,849	-2.9%
Total equity and liabilities	**16,445,338**	**17,416,935**	**971,597**	**5.9%**

The total values of Aena Group Assets and Liabilities were impacted in 2014 by the acquisition of control of LLAH III, which meant full consolidation of its assets and liabilities after making the relevant eliminations in each case.

So, in relation to non-current assets, the increase of €791.4 million is to a large degree explained by incorporation in the Group's consolidated balance sheet of €703.4 million coming from LLAH III, the majority of which relates to €543.9 million of intangible assets of LLAH III, which include the administrative concession of London Luton Airport and contracts with airlines.

As regards the rest of the Group's non-financial fixed assets, the amount of €1,047.4 million from registrations was practically offset by the amount of depreciation (€814.9 million) and fixed asset deregistrations. The amount of additions of land (€886 million) includes the allocation to provisions of €758 million for three expropriation proceedings relating to Adolfo Suarez Madrid-Barajas Airport.

In turn, the increase in current assets comes from the incorporation of €45.6 million in various current assets of LLAH III (excluding consolidation adjustments), as well as the Company's improved cash generation and lower investment level, which is reflected in the increase of €277.9 million balance under the "Cash and cash equivalents" heading (of which €15.9 million relates to LLAH III Treasury Management). On the contrary, they have affected the application of tax credits for Corporation Tax deductions of €98.8 million and the receipt of €78.95 million in credits for FEDER grants awarded to the Company.

The improvement in the Company's operating cash flow and cost savings has contributed to improving the Company's working capital, usually negative owing to the Company's operations and financing, from -€1,288.7 million in 2013 to -€1,053.7 million at year-end 2014.

Equity has significantly increased as a result of profits for the period ended 31 December 2014 (€478.6 million). In the same way, as a result of taking over LLAH III with 51% of the shares, minority interests come about for the remaining 49%, the valuation of which at year-end was €62.1 million.

Non-current liabilities increased, on the one hand, as a consequence of the inclusion of €514.0 million for LLAH III (excluding consolidation adjustements). On the other hand, provisions for long-term contingencies and expenses increased to €872.4 million, mainly due to the expropriations mentioned in the section on non-current assets. Both effects have been partially offset by the amortisation of the principal of the Aena debt with ENAIRE for a total of €999.6 million and the provision of new debt amounting to €150 million.

The decrease in current liabilities is due to the improvement over the medium term of payment and cost savings and the previously mentioned investments, even when €46.3 million of LLAH III current liabilities have been included.

The net financial debt in Aena's accounts as of 31 December 2014 was €10,733 million (including €344 million as a consequence of the consolidation of the LLAH III debt) compared with €11,394 million recorded in 2013.

The Company's net financial debt, for the purposes of the "covenants" agreed in novation financing contracts on 29 July, totalled €10,382 million on 31 December 2014 compared with €11,332 million on 31 December 2013. The decrease was due to the accumulated effect of the improvement of EBITDA and the amortisation of debt:

Thousands of euros	**2013**	**2014**
Gross Financial Debt covenants	11,411,736	10,631,562
Cash and cash equivalents	80,143[1]	249,309
Net Financial Debt covenants	11,331,593	10,382,253
Net Financial Debt covenants / EBITDA[2]	**6.9x**	**5.6x**

[1] *Includes cash pooling (€67.8 million)*

[2] *Ratio of Net Financial Debt / EBITDA calculated in accordance with the criteria defined in novation contracts for debt signed with banking entities on 29 July 2014.*

The difference between the net financial debt in Aena's accounts on 31 December 2014 (€10,733 million) and the net financial debt calculated for the purposes of the covenants (€10,382 million) is essentially due to the fact that the latter does not include the debt (without recourse) associated with Aena subsidiaries (including that of LLAH III), short-term deposits and derivative financial instruments.

In 2014, we reduced the average term of exceeded payments (69 days in 2014 compared with 71 days in 2013), adjusting them at year-end to the time frames stipulated in Law 15/2010. Cases involving payment outside the statutory maximum terms only amounted to 7.70% and were mainly due to causes outside of the Company’s control: invoices not received on time, expired tax certificates (AEAT), lack of supporting certificates from the bank accounts of suppliers, etc.

Explanations regarding the consolidated cash flow statement

Summary of consolidated cash flow statement

Thousands of euros	**2013**	**2014**	**Variation**	**% Variation**
Net cash generated from operating activities	1,196,912	1,346,229	149,317	12.5%
Net cash used in investment activities	-550,219	-280,864	269,355	-49.0%
Net cash generated from/(used in) financing activities	-642,526	-787,437	-144,911	22.6%
Cash and cash equivalents at the start of the fiscal year	8,210	12,377	4,167	50.8%
Cash and cash equivalents at the end of the fiscal year	**12,377**	**290,305**	**277,928**	**N/A**

(N/A > 1.000%)

Note: Cash held in cash pooling in 2013 (€67.8 million).

Net cash flow from operating activities

The main cash inflows from operating activities related to payments from customers, by airlines and lessees of commercial space, and the main outflows to payments for sundry services received, personnel and local and state taxes.

Cash generated from operating activities before changes in working capital increased significantly in 2014 (13.9%), to €1,839.0 million from €1,615.2 million in 2013, mainly as a result of progress made by the Company's operations which is reflected in the EBITDA figure of €1,866.7 million at the end of 2014 compared with €1,559.5 million in 2013.

The net cash generated from operating activities increased considerably in 2014 reaching €1,346.2 million, up from €1,196.9 million in 2013, as a consequence of the above as well as, amongst other things, the increase in tax paid (€189 million in 2014) due to the increase in the instalment payments over the year, deriving from compliance with the regulations on instalment payments for the said tax. In 2013, the following items were primarily reflected in the variations in working capital: in "Other current assets and liabilities", the receipt of €278.9 million in prepayments for World Duty Free; and in "Creditors and other receivables", non-recurrent payments corresponding to overdue debt with Enaire (€120 million) and the Voluntary Separation Plan (€104 million).

Net cash flow from investment activities

The main outflows from investing activities arise from purchases and replacements of non-financial assets related to airport infrastructure.

Net cash used in investment activities in 2014 amounted to €280.9 million compared with €550.2 million the previous year. The decrease was mainly due to the strategy to streamline investments. In this way, investment in non-financial fixed assets in 2014 mainly corresponded to investment in improving facilities and operational security, and payment of expropriations, given that significant investment to increase capacity was not necessary except for that relating to investment projects already underway.

Furthermore, in what regards financial investments, the investment of €78.5 million in LLAH III (partially offset by the €33.5 million in cash from said company) and the additional investment of €2.0 million in Aerocali have an impact on the overall Group figures. Finally, 2014 saw the receipt of the cash pooling debit balance that the Company maintained with Enaire as of 31 December 2013 (€67.8 million), together with receipts from ADI for dividends from its investees totalling €10.7 million and other minor receipts.

Cash flow from financing activities

The main positive financing flows in 2014 corresponded to receipts from FEDER grants of €78.9 million and the provision of restructured debt amounting to €150.0 million (2013: €294.8 million).

The main outflows related to the repayment of the principal of the debt corresponding to the Enaire debt. Debt repayments increased from €807.8 million in 2013 to €966.5 million in 2014 as the result of compliance with the schedule of payments established in the contract. Additionally, the heading "Repayment of Group financing" included €13.3 million debt novation fees as well as €19.7 million of payments of other financial debt with Enaire.

The dividends paid out reach €6.5 million corresponded to the dividends paid out by LLAH III to minority shareholders.

4.3. Description of the main financial risks

The activities of the Aena Group expose it to several financial risks: market risk (including exchange rate risk and fair value risk due to interest rates), credit risk and liquidity risk. The Group's overall risk management programme focuses on the uncertainty of financial markets and attempts to minimise the potential adverse effects on the Group's financial yields. In extremely limited cases, the Group uses derivative financial instruments to hedge certain risk exposures.

The Board of Directors provides policies for global risk management as well as for specific areas such as exchange rate risk, interest rate risk, liquidity risk, use of derivatives and investment of excess liquidity.

There is a financial debt recognition agreement between Aena Aeropuertos S.A. and its parent company, originating with the non-monetary contribution that gave rise to the creation of Aena Aeropuertos S.A. (see Note 1), according to which 94.9% of the parent company's bank borrowings was initially assumed. On 29 July 2014, this agreement was renewed as detailed in section c) of this Note.

There are no significant changes in the management of financial risk as at 31 December 2014, compared to the year ended on 31 December 2013.

The main risks of a financial nature are described below:

a) Market risk

Foreign exchange risk

The company is exposed to exchange-rate fluctuations that may affect its sales, results, equity and cash flows, stemming primarily from:

- Investment in foreign countries (mainly the United Kingdom, Mexico and Colombia).
- Transactions undertaken by subsidiaries and other related parties who conduct business in non-euro countries (mainly Mexico, Colombia and the United Kingdom).

The exchange rate risk on the net assets of the Group's foreign operations is mainly managed through borrowings denominated in the relevant foreign currency. In addition, Aena Desarrollo Internacional, S.A. regularly tracks changes to exchange rates and will determine, where appropriate, any hedging required to avoid fluctuations of the pound against the euro.

Interest rate risk affecting cash flows and fair value

The Group's interest rate risk results from borrowings. Loans issued at variable rates expose the Group to interest rate risk from cash flows. Fixed interest rate loans expose the Group to fair value interest rate risks.

The Group's objective with respect to the management of interest rates is to optimise financial expenses within the established risk limits, where the risk variables are the 3-month Euribor, the main reference for long-term debt.

In addition, the value of the financial expense risk over the horizon of the projects is calculated and rate trend scenarios are established for the period to be taken into consideration.

Financial expenses are mainly due to the financial debt with the parent company. Likewise, the parent company has concluded interest rate hedging agreements for an extremely limited number of loans which are transferred to the Company, as described in Note 12. 95.23% of the cost of such derivatives is charged to the Company, as this represents the percentage for which Aena is answerable to the parent company in respect of certain loans.

With respect to loans with revisable rates, the Company has modified the interest rate regime for loans likely to be revised in 2014. The revised total amounts to €411.791 million and the interest-rate fixed to maturity has been changed to an average 1.93% rate.

At 31 December 2014, if the interest rate on variable interest rate loans had increased or decreased by 20 base points, and the other variables had remained unchanged, the pre-tax profit for the year would have been €10.072 million lower and €10.072 million greater respectively (2013: €10.786 million greater and €10.786 million lower, respectively). However, the Regulatory Framework established by Law 1/2011 of 4 March, which establishes the National Programme for Civil Aviation Safety and amends Law 21/2003, of 7 July, on Air Safety, establishes a system for updating tariffs that protects Aena from increases in financing costs, where these are regulated, insofar as it enables it to recover the cost of capital, through the remuneration of the assets base under applicable legislation.

With regard to the debt corresponding to the LLAH III holding, the Group has carried out a sensitivity analysis in relation to possible interest rate fluctuations that could occur; on the basis of this analysis the Directors of the Group considered that any potential changes in these would not have a significant effect on the "Equity" of the Company, taking into account that this holding has contracted interest rate hedging transactions.

b) Credit risk

The Group's credit risk originates from cash and cash equivalents, derivative financial instruments and bank and other deposits, as well as exposure to trade receivables and agreed transactions.

The credit risk relating to commercial accounts has been reduced, given that the primary customers are airlines and payments are usually received in cash or in advance. As concerns commercial customers with lease contracts in the different airports, risk is managed by obtaining guarantees and deposits.

Law 1/2011 (4 March, which amends Law 21/2003 (7 July) on Air Security, which was published in the Official State Gazette (BOE) on 5 March 2011, approves the mechanism whereby the management, settlement and collection of all public equity benefits on the part of Aena Aeropuertos, S.A. or its subsidiaries may include encumbrances to ensure effective collections, and this mechanism is managed by the collection bodies of the State Tax Administration Agency.

No credit limits have been exceeded during the year and management does not expect any loss for which no provision has been made due to any failure of these counterparties to comply with their obligations.

c) Liquidity risk

The main risk variables are: limitations in financial markets, increase in the projected investment and reduction of the generation of cash flows.

The credit risk and operating policy of the Company in its sector results in very favourable average collection periods. In addition, the Company has committed to substantially reducing costs and investment needs over the coming years, which has had a positive effect on the Company's cash generation. Although at 31 December 2014 the Group recorded negative working capital totalling €1,053,732,000 (2013: €1,288,749,000), and a profit for the year after tax of €478.618 million (2013: €596.655 million in profit over the year), and it is considered that there is no risk with respect to satisfying its current commitments, given the positive cash flows which have reduced the negative working capital of the previous years, and which the Company expects to remain positive in the short term. Under these circumstances, the Directors of the Company do not believe that there will be any problems with respect to satisfying payment commitments.

At 31 December 2014, the Company did not have any lines of credit. The investee LLAH II has £58.5 million in unused credit lines.

The following table includes an analysis of the Group's non-derivative financial liabilities and derivative financial liabilities linked to the ENAIRE loan, grouped by maturity dates and taking into consideration the remaining term at the balance sheet date until final contractual maturity. Derivative financial liabilities are included in the analysis if their contractual maturity dates are essential for understanding the cash flow schedule.

At 31 December 2014	2015	2016	2017	2018	2019	Following years	Total
Loan from ENAIRE	1,055,128	1,190,488	866,393	787,995	689,755	5,934,279	**10,524,038**
Interest accrued on ENAIRE loans	48,347	-	-	-	-	-	**48,347**
Bank borrowings	8,956	334	333	281,114	-	-	**290,737**
Finance lease liabilities	2,334	2,547	2,012	2,050	2,090	18,605	**29,638**
Loans with LLAH III shareholders	-	-	-	-	-	58,976	**58,976**
Interest accrued on loan with LLAH III shareholders	455	-	-	-	-	-	**455**
Other financial liabilities	37,664	1,579	4,307	2,263	5,157	34,486	**85,456**
Trade and other payables (excluding advances from customers)	310,530	-	-	-	-	-	**310,530**
Interest on Aena, SA debt (*)	191,619	170,601	150,400	135,149	120,989	603,118	**1,371,876**
Interest on LLAH III bank debt	11,645	12,437	13,141	13,875	-	-	**51,099**
Interest on LLAH III shareholder loan (Ardian)	4,948	4,948	4,948	4,948	4,948	19,791	**44,531**

At 31 December 2013	2014	2015	2016	2017	2018	Following years	Total
Loan from the Parent Company	1,018,474	1,048,536	1,133,767	811,375	733,260	6,580,279	**11,325,691**
Other debts to the Parent Company	73,306	-	-	-	-	-	**73,306**
Bank borrowings	2,701	334	333	333	-	-	**3,701**
Finance lease liabilities	516	545	572	-	-	-	**1,633**
Other financial liabilities	71,431	-	-	-	-	3,257	**74,688**
Trade and other payables (excluding advances from customers)	398,729	-	-	-	-	-	**398,729**
Interest (*)	231,334	191,606	170,580	150,371	135,116	723,912	**1,602,919**

(*) Annual average estimated calculation of interest on the ENAIRE debt for each period, calculated on the basis of the average interest rate over the period from January to December 2014.

5 BUSINESS AREAS

The table below shows the income statement for Aena as of 31 December 2014 broken down into business areas.

(Thousands of euros)	Airports: Aviation	Airports: Commercial	Services outside the terminal	International[1]	Adjustments for consolidation	Consolidated total
Ordinary revenue	2,241,536	629,418	160,528	46,027	(1,465)	3,076,044
Other operating income	63,287	13,238	11,803	630	0	88,958
Total Income	**2,304,823**	**642,656**	**172,331**	**46,657**	**(1,465)**	**3,165,002**
Raw materials and consumables	(181,862)	0	0	0	1,461	(180,401)
Accrued wages and salaries	(297,954)	(26,264)	(11,048)	(13,245)	0	(348,511)
Other operating expenses	(602,185)	(83,187)	(55,209)	(20,452)	4	(761,029)
Depreciation and Amortisation	(684,571)	(67,071)	(49,640)	(13,568)	0	(814,851)
Impairment loss on fixed asset disposal	(2,416)	(587)	(6,924)	0	0	(9,927)
Other profits/(losses)	(670)	166	2,031	0	0	1,527
Total expenditure	**(1,769,658)**	**(176,943)**	**(120,790)**	**(47,265)**	**1,465**	**(2,113,191)**
EBITDA	**1,219,736**	**532,784**	**101,180**	**12,960**	**0**	**1,866,662**
Voluntary Separation Plan (VSP)	1,108	88	35	0	0	1,230
Impairment loss on fixed asset disposal	(2,416)	(587)	(6,924)	0	0	(9,927)
Adjusted EBITDA [2]	**1,221,044**	**533,283**	**108,070**	**12,960**	**0**	**1,875,358**
Operating profit/loss	**535,164**	**465,713**	**51,541**	**(608)**	**0**	**1,051,811**
Financial expense	(359,471)	(15,949)	(25,400)	9,733	0	(391,087)
Share in profits obtained by associates	0	0	0	11,716	0	11,716
Pre-tax profit/loss	**175,693**	**449,764**	**26,141**	**20,841**	**0**	**672,440**

[1] *Includes consolidation of Luton Airport from date of assumption of control (51%).*
[2] *Excludes impairments of fixed assets and Voluntary Separation Plan (VSP) provision.*

The airport segment is the main contributor to the Groups EBITDA with 65.1% of total; commercial activity contributed 28.4% and the services outside the terminal segment represented 5.8%. International business, following the purchase of Luton Airport, amounted to 0.7%.

5.1 Airport segment

5.1.1 Aviation activity

The main items of the aviation activity profit and loss account are set out below.

(Thousands of euros)	2013	2014	Variation	% Variation
Ordinary revenue	2,171,357	2,241,536	70,179	3.2%
Other operating income	46,160	63,287	17,127	37.1%
Total recenues	**2,217,517**	**2,304,823**	**87,306**	**3.9%**
Total expenditure (including amortisation)	**(1,849,845)**	**(1,769,658)**	**-80,187**	**-4.3%**
EBITDA	**1,067,541**	**1,219,736**	**152,195**	**14.3%**
Adjusted EBITDA [1]	**1,102,198**	**1,221,044**	**118,846**	**10.8%**
Operating profit/loss	**367,672**	**535,164**	**167,492**	**45.6%**
Financial expense	(220,289)	(359,471)	139,182	63.2%
Share in profits obtained by associates	0	0	0	0.0%
Pre-tax profit/loss	**147,383**	**175,693**	**28,310**	**19.2%**

[1] *Excludes impairments of fixed assets and Voluntary Separation Plan (VSP) excess provision.*

Total revenues from aviation activity increased to €2,304.8 million in 2014, +3.9% compared to 2013. Ordinary revenue reached €2,241.5 million, an increase with respect to the same period of 2013 of 3.2%. This increase reflects the positive growth in traffic in 2014.

With regard to aviation activity capital expenditure, this amounted to €1,769.6 million, down 4.3% with respect to 2013. The decrease was possible due to the cost-saving measures implemented in recent years and the decrease in the volume of investment which, coupled with assets reaching the end of their useful lives, led to lower amortisation.
The above effects have allowed: an improvement in adjusted EBITDA of 10.8% and the posting of a positive operating profit of €535.2 million (+45.6%).

Furthermore, the pre-tax profit/loss for 2014 was €175.7 million, an increase of 19.2% compared with the previous year. The allocation of the provision for late-payment interest for land expropriation due to legal proceedings relating to the expansion of the Adolfo Suárez Madrid-Barajas Airport entailed a financial expense that was much greater than in 2013, a fact that negatively influenced the healthy performance of the profit/loss for the segment.

5.1.2 Commercial activity

One of Aena's main targets is to optimise the commercial revenue deriving from its different lines of business at airports, while at the same time meeting the needs and requests of the various users.
The main items of the commercial activity profit and loss account are set out below.

(Thousands of euros)	2013	2014	Variation	% Variation
Ordinary revenue	552,789	629,418	76,629	13.9%
Other operating income	5,016	13,238	8,222	163.9%
Total revenues	**557,805**	**642,656**	**84,851**	**15.2%**
Total expenditure (including amortisation)	**(199,339)**	**(176,943)**	**-22,396**	**-11.2%**
EBITDA	**424,398**	**532,784**	**108,386**	**25.5%**
Adjusted EBITDA (1)	**429,657**	**533,283**	**103,626**	**24.1%**
Operating profit/loss	**358,466**	**465,713**	**107,247**	**29.9%**
Financial expense	(15,897)	(15,949)	-52	-0.3%
Share in profits obtained by associates	(539)	0	539	100.0%
Pre-tax profit/loss	**342,030**	**449,764**	**107,734**	**31.5%**

(1) Excludes impairments of fixed assets and Voluntary Separation Plan (VSP) provision.

Total revenue from commercial activity increased by 15.2% in 2014 compared with 2013, rising to €642.6 million. Ordinary revenue amounted to €629.4 million (20.5% of the total ordinary revenue) having increased by 13.9% compared with the same period of 2013 (€552.8 million).
This increase is a result of the improvement of the contractual terms of the recent tenders of Duty-Free Shops, and the enlargement and remodelling of the spaces for commercial activity (shops, duty free and eateries).
The detail and analysis of the commercial lines of business (inside the terminal) is set out below:

Commercial Services *(Thousands of euros)*	2013	2014	Variation	% Variation
Leases	30,015	26,917	-3,099	-10.3%
Stores	72,929	69,919	-3,010	-4.1%
Duty-Free Shops	140,925	186,054	45,129	32.0%
Food & Beverage	92,417	112,892	20,476	22.2%
Car Rental	98,529	100,355	1,826	1.9%
Advertising	25,904	27,610	1,706	6.6%
Other commercial revenue (1)	92,070	105,671	13,601	14.8%
Ordinary revenue from commercial services	**552,789**	**629,418**	**76,630**	**13.9%**

(1) Includes Other Commercial Operations, Banking Services, Travel Agencies, Vending Machines, Commercial Supplies, Use of Conference Rooms, and Filming and Recording.

As in the case of aviation activity, the cost cutting policy in place has also been reflected in this activity, generating savings compared to 2013 of €22.4 million, -11.2%.

The increase in revenue and decrease in expenses has resulted in an adjusted EBITDA of €533.2 million, an improvement of 24.1% with respect to 2013.

Net financial expenses improved versus those of 2013 due to the lower level of average debt and the improvement in equity accounted earnings of the holding in RAESA (Corporation in the process of liquidation whose profit/loss in 2013 was negative).

These results have contributed to the improvement of the pre-tax profit/loss that has grown 31.5% to €449.8 million.

This performance was possible thanks to the impact of the various strategies adopted in 2013 designed to increase and refocus the commercial business, the two most important of which were:

- Optimization of commercial space (i.e. redesign of walk-through duty free shops) with a view to taking maximum advantage of passenger traffic.
- Optimization of commercial tenders (i.e. improvement in the commercial mix, adding renowned Spanish and international brands) and the development of promotional and marketing activities.

Duty-Free Shops

In 2014, the activity of the duty-free shops accounted for 29.6% of Aena's commercial activity revenue, with an increase of 32.0% compared to the same period in 2013.

Aena has more than 75 duty-free shops in 26 airports. Almost half of the points of sale are concentrated in the Adolfo Suarez Madrid-Barajas and Barcelona El-Prat airports, amounting to 35 shops. Duty-free shops, with more than 20 walkthrough shops, offer products that fall into the key categories of this duty-free sector: alcoholic beverages, tobacco, perfume and cosmetics, food and others.

To encourage purchases and improve passengers' experience, renovations were carried out in the commercial areas of various airports in order to transform 20 of the main shops of this type into "walkthrough shops".

Stores

In 2014, this business line accounted for 11.1% of the revenue from commercial activity, and its decline of 4.1% compared with the same period in 2013 is primarily due to the reclassification in the revenue accounts of the Gran Canaria, Lanzarote and Tenerife South airports, given that part of the shops' business line became part of the duty-free business line and was no longer reflected in the accounts under the heading of 'shops'.

Food & Beverage

In 2014, food & beverage accounted for 17.9% of the revenue from commercial activity, up by 22.2% compared to 2013.

Aena has more than 300 food & beverage establishments (primarily bars, cafes and restaurants). As in the rest of the commercial area, the catering areas are being renovated and improved with the incorporation of new renowned brands. The main activities carried out have been:

- Adolfo Suarez Madrid-Barajas airport: upgrade of the commercial offering, with the gradual addition of more than 40 new establishments awarded to Areas, S.A. in 2013, featuring leading brands such as McDonald's, Kirei Kabuki (the first restaurant in our network), Subway, Rodilla, Burger King, Paul, Mas Q Menos and Starbucks, among others.
- Lanzarote airport: improvement in the variable income component (from 22.6% under the previous lease to 33%).
- Also noteworthy were the renegotiations and improvement in food and beverage offerings at Palma de Mallorca airport, which generated higher variable income, and new developments outside the terminals at Ibiza, Barcelona-El Prat and Alicante-Elche airports.

Car Rental

Car rental services, which in 2014 accounted for 15.9% of commercial revenue, showed revenue growth of 1.9%, mainly due to the increase in the arrivals of international passengers and the incorporation of second brands on the part of the main contractors (Avis, Hertz, Europcar, Atesa and Gold Car).

Advertising

In January 2013, the tender for this activity was awarded in four lots of airports, starting their activity.

In 2014, this activity accounted for 4.4% of the commercial activity revenue, with an increase of 6.6%. In spite of the unfavourable economic conditions in the sector, these revenues have remained virtually stable due to the minimum rent guarantees.

Other commercial revenue

The remainder of the commercial revenue, which comes from the activities of the VIP Lounges, Business Centres, banking services, travel agencies, vending machines, commercial supplies, and filming and recording, has registered growth of 14.8% in 2014 compared with the previous year.

With regard to the income from the VIP Lounges, the positive developments shown here are mainly due to the new pricing strategy, as well as the commercial activities, with new distribution channels and marketing activities that are leading to an increased number of users, which in 2014 increased by 10.8% as a result of the penetration rate.

With regard to revenue from other commercial operations (which in addition to banking services include plastic-wrapping machines, other vending machines, telecommunications services, regulated services and other operations), at the end of 2014 this amounted to €34.1 million, an increase of 15.5% compared with 2013.

5.2 Off-terminal services

Key data for the segment of commercial services outside the terminal is set out below.

(Thousands of euros)	2013	2014	Variation	% Variation
Ordinary revenue	146,178	160,528	14,350	9.8%
Other operating income	3,545	11,803	8,258	232.9%
Total revenue	**149,723**	**172,331**	**22,608**	**15.1%**
Total Expenditure (including amortisation)	**(135,574)**	**(120,790)**	**-14,784**	**-10.9%**
EBITDA	**65,456**	**101,180**	**35,724**	**54.6%**
Adjusted EBITDA (1)	**76,043**	**108,070**	**32,027**	**42.1%**
Operating profit/loss	**14,149**	**51,541**	**37,392**	**264.3%**
Financial expense	(17,984)	(25,400)	-7,416	-41.2%
Share in profits obtained by associates	0	0	0	0.0%
Pre-tax profit/loss	**(3,835)**	**26,141**	**29,976**	**781.6%**

(1) Excludes impairments of fixed assets and Voluntary Separation Plan (VSP) provision.

Commercial services supplied outside the terminals comprise car parks and various assets of an immovable nature, such as land, warehouses, hangars and air cargo. In 2014, total income increased +15.1%, up to €172.3 million. Ordinary revenue reached €160.5 million, an increase of 9.8% compared to the same period in 2013.

Services outside the terminal *(Thousands of euros)*	2013	2014	Variation	% Variation
Parking	89,152	102,601	13,449	15.1%
Land	13,284	13,161	-123	-0.9%
Warehouses and hangars	18,556	19,349	793	4.3%
Cargo Logistic Centres	21,776	21,270	-506	-2.3%
Real Estate Operations	3,410	4,147	737	21.6%
Ordinary revenue from services outside the terminal	**146,178**	**160,528**	**14,350**	**9.8%**

Parking

Its turnover reached €102.6 million in 2014 (63.9% of the revenue from services outside the terminal) with an increase of 15.1% compared with 2013.

These favourable results have been the result, in addition to the improved traffic levels, of the new strategy concerning the integral management of the car parks of 32 airports in the Aena network, expanding the product offer and improving the quality of customer services. Amongst other actions, the dynamic and proactive marketing stand out, where significant efforts have been made in expanding the portfolio of products, incorporating pricing and marketing strategies (communication and promotion), as well as implementing the booking system and reaching agreements with different channels (aggregators, travel agencies, etc.), which has contributed to the achievement of these positive results.

In this regard, it is worth noting that the booking system has been positioned as a fundamental business tool, amounting to approximately 370,000 reservations. In addition, the booking system has become the main tool in the face of competitors from outside the terminal, enabling us to position ourselves as a competitive and attractive product. A call centre has also been opened for the receipt and management of reservations at the centralised level.

The introduction of a new business model has made it possible to reverse the ever so negative trend of these past few years, offsetting the competition from other means of transport and the emergence of new car parks in the vicinity of the airports.

Immovable Property (land, warehouses and hangars, cargo logistic centres and real estate operations)

In 2014, revenue from Immovable Property accounted for 36.1% of revenue from outside the terminal and yielded €57.9 million, 1.6% more than in 2013.

5.3 International Segment

Key data for the international activity segment is set out below.

(Thousands of euros)	2013	2014	Variation	% Variation
Ordinary revenue	8,091	46,027	37,936	468.9%
Other operating income	162	630	468	288.9%
Total revenue	**8,253**	**46,657**	**38,404**	**465.3%**
Total Expenditure (including amortisation)	**(6,752)**	**(47,265)**	**40,513**	**600.0%**
EBITDA	**2,125**	**12,960**	**10,835**	**509.9%**
Adjusted EBITDA [1]	**2,125**	**12,960**	**10,835**	**509.9%**
Operating profit/loss	**1,501**	**(608)**	**-2,109**	**-140.5%**
Financial profit/loss	4,370	9,733	5,363	122.7%
Share in profits obtained by associates	5,257	11,716	6,459	122.9%
Pre-tax profit/loss	**11,128**	**20,841**	**9,713**	**87.3%**

[1] Excludes impairments of fixed assets and Voluntary Separation Plan (VSP) provision.

In the analysis of this data, it is necessary to take into account the impact that the takeover of Luton Airport has had on the 2014 figures when exercising the option to purchase 11%.

The Luton Airport consolidation meant a contribution of €9.4 million at EBITDA level. The fair value measurement of the 40% share in Luton Airport has generated a capital gain of €14.6 million (including €2.2 million from forex), which is registered in the financial expense line.

Luton Airport

For accounting purposes, the 40% share in Luton Airport in 2013 was equity accounted, while in 2014, the 51% share was fully consolidated.

Luton's impact in terms of consolidation on the International segment

(Thousands of euros)	2014
Ordinary revenue	38,422
Total Income	**38,422**
Accrued wages and salaries	(11,431)
Other operating expenses	(17,594)
Depreciation and Amortisation	(12,989)
Total expenditure	**(42,014)**
EBITDA	**9,397**
Operating profit/loss	**(3,592)**
Financial expense	(6,550)
Capital gain implemented at fair value 40%	14,615
Share in profits obtained by associates	0
Pre-tax profit/loss	**4,473**

The full consolidation of Luton (as of October 16, 2014) impacted €9.4m at Group EBITDA and €-10.1m at Net Income level (+€4.5m including the capital gain of €14.6m).

Luton (LAOL) has recorded in full year 2014 revenues of €163.2 million (+11.6% year on year) and EBITDA of amounted to €50.7m, 4.3% higher than in the 2013 fiscal year (with traffic growth of +8.1%). The holdco (LLAH III) recorded net losses of €19.7m due to the financial structure of the acquisition and the amortization of the concession agreement.

Another fact to consider in terms of the profit/loss for the segment is the **equity of the investee companies**, the details of which is set out below:

(Thousands of euros)	2013	2014	Variation	% Variation
SACSA	2,203	1,881	-322	-14.6%
AMP	4,754	7,004	2,250	47.3%
AEROCALI	1,678	2,831	1,153	68.7%
LUTON	-3,377	0	3,377	100.0%
RAESA	-539	0	539	100,0%
Total share in profit/(loss) of associates	**4,718**	**11,716**	**6,998**	**148,3%**

Two facts must be considered in previous holdings: on the one hand, the companies' operating results and, on the other, the application of the exchange rates.

As for SACSA, both the profit/loss at the end of 2014 and the exchange rate have led to a decline in income, still less than the income in 2013 by €0.3 million (-14.6%).

As for AMP and Aerocali, the year-on-year improvement of equity is due to an improvement in their results and an exchange rate higher than that recorded in 2013.

With regard to Luton Airport, as previously discussed, the acquisition of 11% in 2014 has led to consolidation by full consolidation and not by the equity method.

All of the above, coupled with the management of Aena International, whose operating profit/loss led to an increase in EBITDA in 2014, compared with 2013, of €1.4 million, has brought about an improvement in the pre-tax profit/loss for this segment of 87.3%, +€9.7 million (€20.8 million in 2014 compared to €11.1 million in 2013).

6. HUMAN RESOURCES

Generally speaking, initiatives implemented in recent years were consolidated in 2014. These focused on optimising the size of the workforce, improving efficiency in the organisation and managing human resources and professional development initiatives, as well as controlling expenditure.
The management of Aena's human resources was marked by the following relevant issues:

6.1 Effective segregation of Aena S.A. and ENAIRE

Aena has been operating effectively as an airport services operator and management company since 8 June 2011, in accordance with Royal Decree Law 13/2010 of 3 December.

The new airport services management and operation model was implemented gradually, in various stages and with various organisational frameworks based on cost and efficiency criteria.

In July 2014, following the announcement by the Council of Ministers on 13 June of private capital inflows of up to 49% of Aena's capital, the segregation of Aena's and ENAIRE's organisational structures and human resources was completed, granting both businesses independence of operation and discontinuing the Corporate Units which as departments had supported both companies.

6.2 Workforce details

At 31 December 2014, the total number of employees of the Aena Group, including Aena Internacional staff, was 7,247, which represents a 1% decrease compared to staffing levels at 31 December 2013. As a result of the measures adopted in recent years, the current workforce is in keeping with our new business outlook.

Equality

Of the total number of Aena employees, 65% are men and 35% are women. These percentages change if we take into account only executive and line-management posts within the organisation, 44% of which are held by women.

6.3 Reduction in staff costs

Implementation of the robust austerity policy was continued during 2014. This, together with strict control over staff costs, made it possible to maintain levels of expenditure on Overtime, and reduce travel costs by 6% compared to 2013.

6.4 Recruitment and training

In terms of staff **recruitment**, two Internal Recruitment - Restricted Procedure campaigns were conducted in 2014, the development and co-ordination of which were handled simultaneously. Both began on 5 May 2014 and ended in December of that year. These campaigns had different aims, and were targeted at:

Qualified Staff at Grades A and B, with 29 posts on offer, for which there were 396 applications in total.

Staff at Grades C to F, with 146 posts on offer, for which there were 500 applications in total.

In terms of **Professional Development and Talent Management:**

- Aena's first Mentoring Programme, "Leaders Developing Leaders" began in January 2014, as a strategy for knowledge management, professional development and a driver for change. At 31 December, it had 44 participants.
- Aena continued its programme of Talent identification and management in collaboration with all its units.
- The Ministry of Public Works' "Empowering Young People Plan" was also continued, with a total of 38 students undertaking work experience.

In terms of **training**, the beginning of 2014 coincided with the implementation of the *Sistema Integral de Gestión de la Formación* (Integrated System for Training Management, or SIGIF), a new integrated SAP-HR software system that provides a greater level of control over training undertaken by Aena staff, as well as automating and optimising certain processes associated with the management of training.

During 2014, the total number of hours' training undertaken by Aena employees amounted to 162,239 hours (41,704 hours for management and 120,535 hours for operational staff). Training was delivered to 6,374 individuals (1,078 line managers and 5,296 operational staff) of an average workforce of 7,283, or 88% of the total.

7. PROCUREMENT

7.1 General procurement

Between January and December 2014 the total amount awarded by Aena amounted to €315.5 million (excluding taxes). Contracts awarded centrally represented 87.0% of this volume (€274.5 million), compared to 13.0% (€41.1 million) awarded locally by the airports.

The breakdown of contracts awarded according to their nature is as follows (in millions of euros):

Centralised investment

Works 50.5
Utilities 20.0
Assistance, consultancy and services 10.2

Centralised expenses

Works 0.19
Utilities 88.8
Assistance and services 104.7

Decentralised investment:

Works 15.8
Utilities 7.5
Assistance, consultancy and services 0.64

Decentralised expenses:

Works 3.2
Utilities 5.7
Assistance and services 8.3

7.2 Commercial procurement

In 2014 the total volume of contracts awarded in relation to leases for commercial activity amounted to €29.0 million (excluding taxes) for the first annual period of the contract.

The breakdown of amounts relating to commercial lease contracts awarded during the period, by line of business, is as follows:

Line of business	Nº files	Amount (1st annual period) *Thousands of euros*	% amount
Travel agencies	3	96.3	0.3%
Aircraft maintenance and hangarage	4	753.1	2.6%
Car rental	2	611.6	2.1%
Car parking	7	-	0.0%
Leasing of warehouses	1	-	0.0%
Leasing of hangars	3	2,204.4	7.6%
Leasing of offices, premises and counters	2	-	0.0%
Land leases	2	-	0.0%
Bars and restaurants	7	1,473.5	5.1%
Cargo	1	51.3	0.2%
Passenger services	1	363.9	1.3%
Telecommunications concessions	1	-	
Machinery	6	37.4	0.1%
Other real estate operations	1	530.1	1.8%
Other passenger services	7	377.5	1.3%
Advertising	1	-	0.0%
VIP lounges	3	-	0.0%
Finance services	12	1,343.9	4.6%
Shops under the normal tax regime	67	20,072.0	69.2%
Luxury shops	2	1,092,624	3.8%
TOTAL	**133**	**29,007,617**	**100.0%**

8. CORPORATE RESPONSIBILITY

The Aena Corporate Responsibility Policy permits the unification and strengthing of its identity, culture and behaviour patterns and serves as a tool for guiding its actions in economic, social, environmental and ethical issues across the whole Company. Up to 31 December 2014, Aena continued with the line of work based on the results obtained in previous years, including:

- Reporting on the corporate responsibility performance of Aena Aeropuertos through the publication of the 2013 Corporate Responsibility Report, verified externally by Aenor and the Global Reporting Initiative (GRI), and graded B+.
- Helping to strengthen the positioning and corporate reputation of Aena by publicising the corporate values internally through the monthly CR Bulletin, the Aena Magazine, etc.
- Active participation in external benchmarking activities with the main institutions of reference in matters of corporate responsibility.
- Submitting for recognition the good practices implemented by Aena in the area of sustainability.

8.1 Economic performance

Aena has continued working to put the new airport management model into practice, showcasing Aena as a leading supplier of efficient, quality services with the capacity for international presence.

Likewise, it remains committed to including responsibility criteria in its trade relations with third parties, promoting transparency and market competition. The offer of a varied selection of quality products that takes into account the needs and expectations of its interest groups while providing added value to the airport facilities, continues to be a management maxim.

8.2 Environmental performance

For Aena, as a leading provider of air transport services, the search for sustainability is essential in areas such as ensuring the compatibility of airport operations and the development of airport facilities with the local environment, reducing the emission of greenhouse gases, minimising the impact of noise pollution, as well as everything related to the promotion of initiatives which increase energy efficiency and the use of renewable energies. This is all in keeping with the Company's strategic objectives and its Environmental and Energy Policy.
In the area of environmental performance, the following actions are worthy of mention:

- Soundproofing Plans. Throughout 2014, 1,031 homes and buildings for sensitive uses have been soundproofed, making a total of 19,219 properties insulated from noise since the beginning of the NIP in 2000.
- Evaluation of the environmental impact of planning projects and instruments.
- Acoustic and atmospheric evaluations. Creation of action plans in connection with the airports' Noise Easements and renewal of their Airport Carbon Accreditation certification.
- Management of the quality of soil and underground water of the airports in the Aena network.
- Action relating to energy efficiency and renewable energy, in accordance with the Energy Saving and Efficiency Plan.
- Development and implementation of the Integrated Quality and Environmental Management System, which makes it possible to control and monitor all processes from an integrated perspective, providing a single certification.

8.3 Social performance

The development of good practices in recent years together with the establishment of collaboration agreements with social entities has permitted, within the scope of our interest groups, the consolidation of solidarity projects that benefit groups in risk of social exclusion. Up to 31 December 2014, the following initiatives are worthy of note:

Within the scope of the internal social dimension:

- Development of the policy for the reconciliation of work and family life: 1,323 services were provided under the Employee Service Programme (PAE).
- Consolidation of the Integrated Assistance Programme (guidance, counselling, referral to social resources and "health protocols" or services within the contexts of birth, death, disability, ageing parents and geographic mobility).
- Programme for the Treatment and Prevention of Addictive Behaviour, and programmes on Emotional Support and Health Education
- Social Assistance Programme: more than 11,200 grants have been processed and approved for employees' or their children's studies, summer camps, disabilities, health, etc.

Within the scope of the external social dimension:

Aena remains committed to integrating sustainability values into its corporate management and relationship with its interest groups, adapting its business strategies to favour the promotion of improvements in the communities with which it interacts and society in general, especially less favoured social groups.

- Services to Persons with Reduced Mobility (PRM). At 31 December 2014, assistance had been given on more than 1,100,000 occasions, and the highest levels of quality maintained.
- Celebration of Days of Solidarity and Cultural Days: Involvement with more than 10 social entities such as special employment centres, employment agencies and organisations promoting fair trade.
- Empowerment of the "Solidarity Spaces" project, implementing it at thirteen of the network's airports and rolling out awareness campaigns in large organisations such as Unicef, Intermon-Oxfam and Aldeas Infantiles. The total number of uses/days in 2014 was 1,023, with an annual average occupancy of 51.28%.
- Co-operative framework between Aena and the Despegando Capacidades platform which promotes the integration of disabled people in cultural and leisure activities, employment and life projects. This platform comprises 7 social organisations: The Groups Amás and Danza Down, APSURIA, AFANIAS, Fundación Capacis, Atenpace and APMIB. In order to demonstrate and raise the profile of the social activities, initiatives and social integration that these organisations promote, the 4th Solidarity Event was held in December at Adolfo Suarez Madrid-Barajas airport, with the support of the Despegando Capacidades platform and other guest social organisations.

8.4 Partnerships

In matters of Corporate Responsibility, Aena is working to keep pace with other companies, and, if possible, to lead from the front. With the aim of exchanging and spreading good practice in sustainability, whilst contributing to making its products and services known, in 2014 Aena strengthened its collaboration with some of the leading associations and organisations in this field, such as Forética, Club de Excelencia en Sostenibilidad and Fundación Corresponsables, which are associated with the Spain's large public and private corporations.
Likewise, collaboration has continued with representatives of the sector for the promotion of education, the environment, science, employee training, the promotion of culture, sport, solidarity, etc.

9. TRAFFIC OUTLOOK FOR 2015

In accordance with the latest figures published by the Institute for Tourism Studies for January 2015, the number of foreign tourists visiting Spain increased 3.6% compared to the same period last year, reaching 3.2 million, thus reinforcing the trend of 2014, which demonstrated a record number of foreign tourists visiting Spain, at nearly 65 million.

This same source confirms that 79.7% of foreign tourists who visited Spain in 2014 arrived by air, which represents a increase of 6.3% compared to last year.

This data confirms the upward trend in traffic which started in the last months of 2013 and which produced fifteen months of consecutive growth in the Aena airport network as a whole (from November 2013 to January 2015) after a downward trend of 22 consecutive months, and which results in an increase of 4.5% in passenger volumes by December 2014, compared to 2013. Particularly noteworthy in 2014 were the changes in Adolfo Suárez Madrid-Barajas and Barcelona-El Prat airports, with cumulative growth of 5.3% and 6.7% respectively. For their part, tourist airports in the Aena network are registering significant increases (Malaga-Costa del Sol +6.4%, Alicante +4.4%, Canary Island airports +6.9%).

Data gathered to February 2015 confirms this trend, with an increase of 5.7% in passenger numbers throughout the whole of Aena's network of airports in Spain.
In short, both the performance of international tourism and the data on passenger traffic in the Aena network, which in turn are closely linked to the global economic cycle, confirm a change in traffic trends in the network, which confirms the future recovery of air traffic.

10. EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred between 31 December 2014 and the date of drawing up these consolidated financial statements other than the events listed below:

1) On 23 January 2015, the Council of Ministers approved the sale of 49% of AENA through an Initial Public Offering, and the prospectus was registered with the National Stock Market Commission (CNMV) on 23 January 2015. Shares in Aena S.A. were initially listed on the Spanish continuous market, on the four Spanish stock exchanges, on 11 February 2015.

2) The listing of the Company on the stock exchange, as explained above, via the IPO of 49% of Aena S.A.'s capital, meant that the Parent Entity, ENAIRE's holding in Aena S.A. fell to 51%, compared to its previous holding of 100%.

In accordance with the tax regulations in force (art. 59.2 of Law 27/2014 on Corporation Tax), and with effect from 1 January 2015, Aena S.A. and its subsidiaries withdrew from the tax consolidation group headed by ENAIRE.

The dissolution of this tax group means that, for taxation purposes, the tax assets and liabilities of the group led by ENAIRE must be assigned to each of the individual Companies that were part of the group. These assets and liabilities have already been recorded in the accounts.

3) In respect of the expropriation proceedings arising from Ordinary Procedure Nº 66/2011, it is stated that:

a. On 15 January 2015, Aena was notified of Ruling Nº 2/2015 of 8 January 2015 of the High Court of Justice in Madrid (TSJ), which partially upheld the administrative appeal lodged by various interested parties against the Ministry of Public Works Order dated 12 November 2010, which expressly dismissed the appeal against the implied rejection of the request to revalue the expropriated land.

b. On 3 February 2015, Aena submitted a statement pointing out an error in this ruling and seeking its correction, which resulted in the TSJ making a clarification order dated 11 February 2015, in which the Court clarified that it is not necessary for the Expropriation Board to decide on revaluation as this is not going ahead and that this ruling could be appealed.

As this ruling is not final, and as significant uncertainties still remain in respect of this and other related proceedings, as described in Note 20, it is considered necessary to retain the provision allocated to these cases.

4) On 30 January 2015, the Extraordinary General Shareholders Meeting of Sociedad Restauración de Aeropuertos Españoles, S.A (in liquidation) approved the final liquidation balance sheet, a complete report on the liquidation transactions, and a proposal for dividing the remaining assets and proceeds of liquidation between the shareholders, resulting in payment of liquidation proceeds in the amount of €697,000 on 16 March 2014.

5) The government of the Canary Islands lodged administrative appeal nº 2/05/2015 with the Administrative Litigation Chamber of the Supreme Court against the Council of Ministers' agreement of 11 July 2014, extended by the Council of Ministers' agreement of 23 January 2015, on the authorisation granted to ENAIRE to initiate the sale of up to 49% of the share capital in AENA. In the extension of this administrative appeal, the Government of the Canary Islands sought interim measures to exclude airports of general interest situated in the Canary Islands from the fixed assets making up the assets of Aena and to include information relating to the lodging of the appeal in Aena S.A.'s IPO prospectus.

ENAIRE considered (and this was notified to the CNMV as a Significant Event on 10 February) that there was no legal basis for this request for interim measures and that if the claim of the Government of the Canary Islands was successful, this should in no way affect AENA's ownership or management of the relevant airports (the remit for which is reserved for the State).

6) On 23 March 2015, 13 notifications were received from the Central Economic-Administrative Tribunal, withdrawing all of the corresponding economic-administrative claims submitted by the companies Ryanair, Avianca, Tarom and Korean, against the increase in Public Service Benefits as set out in the General State Budget Act for 2012. None of the Companies listed had submitted withdrawals prior to those referred to in Note 25.

PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONSOLIDATED DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2014

On 24 March 2015, in accordance with the requirements of article 253 of the Corporate Enterprises Act and article 37 of the Code of Commerce, the Board of Directors of the company Aena S.A. has prepared the consolidated Financial Statements and the consolidated Directors' Report for the financial year to 31 December 2014, which comprise the attached documents that precede this statement.

Position	Name	Signature
Chairman:	José Manuel Vargas Gómez	
Director:	María Victoria Marcos Cabero	
Director:	Pilar Arranz Notario	
Director:	Jesús Fernández Rodríguez	
Director:	Juan Miguel Báscones Ramos	
Director:	Tatiana Martínez Ramos e Iruela	
Director:	Rodrigo Madrazo García de Lomana	
Director:	José María Araúzo González	
Director:	The Children's Investment Fund Management (UK) LLP represented by Christopher Anthony Hohn	
Director:	Simón Pedro Barceló Vadell	
Director:	Eduardo Fernández-Cuesta Luca de Tena	
Director:	Juan Ignacio Acha-Orbea Echeverría	
Secretary (non-Director):	Almudena Salvadores García	