Annual Report 2015

Barceló
GRUPO

Barceló
GRUPO

CONTENTS

Allegro Cozumel Resort - Cozumel, México

1 Key Indicators 2015-2012

Millions of euros	2015	2014	2013	2012	% DIF. 2015-2014
Turnover	2,480.2	2,056.6	1,936.7	1,547.2	20.6%
Net sales	1,600.5	1,329.7	1,089.1	806.7	20.4%
EBITDA	302.6	216.7	183.3	167.4	39.6%
Profit after taxes	100.2	46.4	25.0	3.5	115.9%
Hotel occupancy (%)	71.8	70.3	70.7	69.9	2.1%
ADR (euros)	69.7	61.0	56.6	55.0	14.3%
RevPAR (euros)	50.0	42.9	40.0	38.5	16.6%
Net Financial Debt	539.4	717.3	847.0	732.9	-24.8%
Net Financial Debt / EBITDA (times)	1.8	3.3	4.6	4.4	-46.1%

Royal Hideaway Playacar - Riviera Maya, México

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Letter from the co-Presidents

Although this report refers to the Barceló Group's business in 2015, we cannot overlook the fact that it has been published in 2016, an important year for the Group because we are celebrating our 85th anniversary. And as has happened on other occasions, we have the feeling that we are on the threshold of a new phase in the history of our company.

We believe that this new phase will see the Spanish hotel industry firmly established as a highly professionalised sector that does not merely seek to sell beds and package tours as in the past, but to provide experiences, and for them to be unforgettable. We need only see how, internationally, Spanish hotel chains are already a global benchmark in the leisure holiday industry, thanks to the model of all-inclusive resort introduced and developed in the Americas, which is admired the world over.

The big advantage we have is that ours is probably one of the economic activities that has the closest, and longest lasting, relations with its customers, and this enables us to get to know them well. The new technologies, the ability to analyse the data obtained, and the creativity to design products and services that are adapted to the needs and tastes of our guests, do the rest. The aforementioned resort model is the result of the investment that we have all made over the years in order to design a kind of holiday that is brimming with sensations, unique facilities and dreams come true.

And so, as you will see from this report, we have reached what in today's terms we could call "Version 2.0" of the hotel concept which, having achieved an excellent and unique prototype such as that of all-inclusive resorts, is now evolving towards a more advanced option: that of theme hotels, which covers a very broad range under one common denominator: all of them "sell" experiences. From the little girl who is able to live her dream of becoming a "princess for a day"; to couples who make a romantic getaway to enjoy "adult-only" hotels, or business women and men, tired of spending time away from home, who can stay at a hotel that provides them with a sense of comfort that is greater than that of their own home.

This has been the focus of our efforts in recent years, particularly in 2015; a year in which we also achieved major milestones such as setting up BAY, Spain's first real estate investment trust focused on hotels, signifying a shift by Barceló Hotels & Resorts towards a strategy, in EMEA, in which management plays a greater role, and there is less emphasis on our profile as a property owner; or the acquisition of the Occidental Hotels & Resorts chain, which has resulted in our consolidation in destinations where we were already present -Mexico, Dominican Republic and Costa Rica-, but also our entry into new markets like Aruba and Colombia, and our focus on a new multibrand strategy (Barceló, Royal Hideaway, Occidental, Allegro…) which will undoubtedly help us to better define each type of product.

Last but not least, in 2015 we were able to reactivate our expansion plans, with net growth year on year of 9 new hotels.

We consider the result of all these actions taken in 2015 to be highly positive: the Barceló Group achieved turnover of 2,480 million euros and net sales of 1,600 million euros (in both cases with growth of over 20 percentage points with respect to the previous year). The EBITDA was 302 million euros (almost 40% more than in 2014), and the Group's net profit topped 100 million euros.

Both the hotel occupancy rate and the average room rate recorded big improvements on 2014 that were particularly significant in the ADR and RevPAR, which were up by 14.3% and 16.6%, respectively.

Lastly, also noteworthy was the substantial reduction in debt achieved by the Group in the year, taking it down to 539 million euros, well below two times the Company's EBITDA.

Thank you very much.

Simón Barceló Tous **Simón Pedro Barceló Vadell**

3 Hotel Division

105
hotels operated under
4 own brands in **18** countries*

(as at 01/03/2016)

32,547
rooms

(as at 01/03/2016)

BY CONTRACT TYPE

CONTINENT	OWNED	LEASED	MANAGED
Europe / North Africa	18	39	9
Latin America and the Caribbean	29	1	9
TOTAL BARCELÓ H & R	**47**	**40**	**18**
Percentage	45%	38%	17%

BY CATEGORY

CONTINENT	5* GL	5*	4*	3*
Europe / North Africa	2	12	49	3
Latin America and the Caribbean	2	27	10	0
TOTAL BARCELÓ H & R	**4**	**39**	**59**	**3**
Percentage	4%	37%	56%	3%

BY SEGMENT

CONTINENT	HOLIDAY RESORT	% / Total	CITY	% / Total
Europe / North Africa	38	58%	28	42%
Latin America and the Caribbean	32	82%	7	18%
TOTAL BARCELÓ H & R	**70**		**35**	
Percentage	67%		33%	

GEOGRAPHICAL DISTRIBUTION

REGION	COUNTRY	NO. OF HOTELS
EUROPE & MEDITERRANEAN BASIN	Germany	1
	Bulgaria	1
	Egypt	2
	Spain	50
	Greece	1
	Italy	4
	Czech Republic	4
	Turkey	1
	Morocco	2
	SUBTOTAL	66
LATIN AMERICA	Aruba	1
	Colombia	1
	Costa Rica	4
	Cuba	2
	Ecuador	1
	Guatemala	1
	Mexico	20
	Nicaragua	2
	Dominican Republic	7
	SUBTOTAL	39
TOTAL		105

(*) Not including 100 hotels operated by Crestline (40%-owned by Barceló Hotels & Resorts) in the United States

4 2015: winds of change in the hotel business

Occidental Cozumel - Cozumel, México

Since the Company was founded 85 years ago, the Barceló Group has always shown how times of crisis can also become times of opportunity. And that, in short, to some extent is what happened in 2015.

A. FOCUS ON MANAGEMENT

Barceló Hotels & Resorts' healthy balance sheet and the good performance of the holiday hotels in Spain, on the one hand; and the chain's intention to divest certain assets after reaching the highest number of hotels it has ever owned, on the other, made it advisable to sign an agreement with the Hispania company to set up what is Spain's first hotel-focused real estate investment trust (REIT), under the name of BAY.

This initiative allowed the Group to reduce the number of rooms under ownership by contributing a total of 16 Spanish hotels to the REIT, while holding a 24% interest in the BAY capital. This operation also had another important impact for the hotel chain: the strengthening of its position as a manager, a role that it now wishes to promote and professionalise still further, if that is possible, both for BAY-owned establishments and for any new hotels that are added in the future.

B. NEW DESTINATIONS AND MULTIBRAND STRATEGY

Another of the opportunities that arose in 2015 was the acquisition of 100% of the Occidental Hotels & Resorts chain. Although this was a complex and lengthy transaction, it was ultimately achieved with excellent results since it contributed to consolidating Barceló's existing operations in some important markets in Latin America and the Caribbean such as Mexico, Dominican Republic and Costa Rica; and it also brought the addition of new destinations such as Aruba and Colombia.

This acquisition will also help the chain put into effect an idea that it has been considering for a long time: that of implementing a new multibrand strategy at its establishments which will enable it to further define the different types of hotels it operates in order to offer more themed products to its increasingly demanding customer base.

Barceló Teguise Beach - Lanzarote, España

In this way, some well-known brands such as Occidental, Allegro and Royal Hideaway, which operated under the umbrella of Occidental Hotels & Resorts, can be enhanced under a new architecture yet to be determined, and can continue to grow thanks to the ambitious investment plan that Barceló has planned for this purpose.

With the acquisition of Occidental Hotels & Resorts the Barceló Group also acquired the Occidental Vacation Club, a pioneer in the time-sharing concept with nearly 30,000 members, which offers a top level holiday product within the chain.

C. RE-ACTIVATING EXPANSION

With the acquisition of Occidental and the opening of the Barceló Teguise Beach (Lanzarote) as an adult-only hotel, Barceló Hotels & Resorts ended 2015 with 32,427 rooms in 18 countries.

This represents a net increase of 9 hotels year on year in what is a clear reactivation of growth that has been harnessed by the recently created Business Development Management Department and is now beginning to bear fruit in the form of a significant increase in the number of projects signed. To date, 10 contracts have been signed (3 in Madrid, 2 in Barcelona, 1 in Tenerife, 1 in Fuerteventura, 1 in Berlin, 1 in Prague and 1 in Panama), which will open their doors between 2016 and 2018.

It is precisely one of these projects that has already been inaugurated in the centre of Madrid, thereby achieving the long-held objective of having a five-star hotel in the heart of Spain's capital city and becoming one of the Company's flagships: the Barceló Emperatriz.

D. RECOVERY TAKES FIRM HOLD

All of the actions taken in 2015 have served to confirm the change of air, which has materialised in the form of brilliant financial results, confirming the return to the path of economic growth.

There were big improvements in both the hotel occupancy rate and the average room rate with respect to 2014, particularly in the case of the ADR -the average daily rate for a room-, which in 2015 rose to 69.70 euros, an increase of 14.3% on the previous year; and the RevPAR – revenue per available room-, which at 50 euros was up by 16.6% in 2015.

At the consolidated level, the Barceló Group obtained turnover of 2,480.2 million euros and net sales of 1,600.5 million euros (up by 20.6% and 20.4% year on year, respectively). The EBITDA was 302.6 million euros (39.6% more than in 2014), and the Group's net profit was 100.2 million euros, an increase of 115.9% on 2014.

Nor must we forget the big reduction in the Group's net financial debt that began in 2014, which in 2015 we succeeded in lowering to 539.4 million euros, giving a ratio of 1.8 times the Company's EBITDA.

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Travel Division

STRATEGIC MODEL

Barceló Viajes is the brand backed by the prestige and strength of the Barceló Group that specialises in marketing travel, leisure and holidays.

After focusing on the travel agency business for more than 80 years, four years ago it began its transformation from a multichannel retail network into an integrated tour operator, and began operating in the wholesale, retail, receptive and air travel markets All of its divisions are clearly focused on total customer satisfaction and on contributing more knowledge, more capability, more innovation and more added value.

Barceló Viajes is not a group of tourism companies, but a vertically integrated tourism company with brands specialising in offering travellers a unique experience adapted to suit their tastes. Its business model is arranged in four areas: retail, wholesale, receptive and air.

With an extensive network of 635 travel agencies, the retail area has a long tradition in the holiday segment, and in 2015 it underwent a process of rebranding, changing the name of its stores from Barceló Viajes to B the travel brand. The retail area also includes the VaiVai brand and the Bthetravelbrand.com and mevoydefinde.com portals. In the corporate segment it operates under the BCD Travel brand, with operations in over 90 countries. In 2015 this brand was joined by Viajes 2.000 (formerly Ilunión Viajes), specialising in travel for persons with disabilities and sustainable tourism, and Barceló Congresos, a professional conference operator. To this must be added the launch of Wäy, a brand specialising in the world of travel for millennials, which confirms the Group's objective of being present in all market niches.

The wholesale area is divided into eight tour operators. There are four general brands - laCuartaIsla, for long-distance travel, Quelónea, Jolidey, for planning and destinations for all types of travellers, and JotelClick, a hotel bed bank open to all agencies with over 100,000 establishments, which are complemented by four specialised brands, the recent addition of Special Tours, operating in the majority of Latin American countries and offering a wide range of tour programmes, LePlan, with programmes exclusively to Disneyland Paris; LeSki with options for skiing, sports and adventure, LeMusik with programmes devoted to the world of music and concerts.

2015 saw the start of receptive business under the Turavia brand, an important step for being at the customers' side while they are travelling so as to assure quality service. Turavia operates at the Group's most strategic destinations.

Since 2013, Barceló Viajes also has its own airline, Evelop, which operates regular and charter flights to holiday destinations, focusing particularly on the Caribbean, the United Kingdom and the Canary Islands. The company has a modern fleet of five aircraft: two Airbus 330-300 for 388 passengers, an Airbus 330-200 for 286 passengers, all three of them for long-haul flights, and two Airbus 320 for medium-haul flights with capacity for 180 passengers. The company also operates in Portugal under the name of Orbest. The air division also includes the ByPlane broker, which provides brokerage services for tourist agencies and airline companies throughout the world.

OUR BRANDS

RETAIL	Our **holiday travel** agency… Barceló Viajes, WÄY by B the travel brand, mevoydefinde.com, B the travel brand, vaivai	…the brand for **corporate travel and events**… BCD travel, 2000 viajes by BCD travel, BCD m&i	…and **conferences** Barceló Congresos
WHOLESALE	Our **general tour operators**… lacuartaisla, Jolidey, QUELÓNEA, Jotelclick	…and **specialised tour operators**… LePlan, LeSki, LeMusik, Special Tours	
AIR	Our **airline** evelop! orbest! …**y broker** byplane air broker	**RECEPTIVE SERVICES** — Our **receptive service** turavia	**GIFT BOXES** — Our **experiences** PlanB!

MANAGEMENT IN 2015

2015 saw the consolidation of the substantial growth experienced by Barceló Viajes over the last few years as a result of the diversification of its business activities and the strength of its sales network. The turnover continued its upward trend, reaching 1,300 million euros in 2015, an increase of 8.5% year on year.

The retail area has grown considerably in recent years, in both the holiday and the corporate and events segments, supported by the consolidation and strength of the sales network in Spain and Portugal. At the close of 2015, there were 635 stores: 302 of them owned, 101 belonging to BCD Travel, 130 franchises, 90 associates and 12 stores in BBVA bank branch offices. This division has three business areas: Holiday, Business Travel & Events, and Conferences.

In May the holiday network underwent a rebranding whereby all of the stores began to operate under the 'B the travel brand' brand as a way of displaying the change in its business approach, in which the central pillar is the focusing of all its processes and services on the end customer.

It also offers its services via multichannel marketing in order to reach the greatest number of people, including those customers who prefer to make their enquiries online, who can use the bthetravelbrand.com or mevoydefinde.com portals to make their purchases.

In 2015 B the travel brand inaugurated two new store concepts, B the travel brand and laCuartaIsla, with a Premium service concept directed at a type of customer who is looking for special travel that is different, and a flagship store under the B the travel brand Xperience brand, with a floor area of around 1,000 m2 and the vocation of becoming the home for the new generation of travellers: everyone who visits the store can be inspired by, learn from, co-create and share experiences with other travellers, in addition to planning and booking their trips and holidays in a unique way.

The year also saw the launch of the WÄY brand directed at the millennial public within B the travel brand. Here they will be able to find and enjoy experiences created exclusively for them. There are no two travellers alike, and we therefore respond to each one of them in accordance with their aspirations and wishes.

In the corporate segment, the balance between a service that is local but also global has resulted in BCD Travel managing a portfolio of nearly 4,000 customers through a structure of 49 outplants and implants, 37 BTCs, as well as 9 incentive and conference offices under the BCD M&I brand. BCD Travel is represented on the GEBTA Spain sectorial platform, of which it is a full member. This year BCD Travel was joined by Viajes 2.000 (formerly Ilunión Viajes), a brand that specialises in the accessible tourism sector and whose workforce is comprised of a high percentage of individuals with some kind of disability, which assists them in their integration into the world of work. In 2015 the professional conference operator Barceló Congresos reached the figure of more than 1,000 conferences organised. Among the main milestones in 2015, the operator expanded its activity to Latin America under the Barceló Congresos Latam brand. This is a strategic market in which the Company was selected to organise more than 25 major events in 2015.

The wholesale division completed its fourth year in operation, with eight brands on the market. Its general tour operators are: Quelónea and Jolidey, which strengthened their positioning in the Balearic Islands, Canary Islands and Caribbean as key destinations, and focused on offering a high quality range to all types of travellers. The flagship brand, LacuartaIsla, celebrated its fourth anniversary with the achievement of extraordinary brand recognition in the wholesale channel as a tour operator offering long- and middle-distance travel for those looking for extraordinary destinations and unique experiences. Jotelclick is an online bed bank with over 100,000 establishments that offers travel agencies a simple tool with prices that are continually updated, specialising in Spanish mainland coastal and island resorts.

The Group's specialist tour operators are LePlan, a brand specialising in travel programmes to Disneyland Paris as the theme park's official distributor; LeSki, a tour operator specialising in ski trips and offering services at the main national and international ski resorts; LeMusik, devoted to the world of music and concerts. And an addition to this portfolio is the acquisition of Special Tours, a brand specialising in the tour world, with a major presence in the Latin American countries.

The main objective of the wholesale division is to offer travellers throughout its range of products values such as: knowledge, reliability, style, flexibility, experience and responsiveness.

During the year, under the Turavia brand, Barceló Viajes began operating in the receptive business, which enables it to accompany and provide service to its customers while they are travelling. Turavia operates in countries such as Mexico (Cancun), Dominican Republic (Punta Cana), Cuba (Havanna) and Mauritius, as well as the Balearic Islands and the Canary Islands. The Group also has its own receptive agencies that operate under the "Vacaciones Barceló" brand in Costa Rica, Mexico and Dominican Republic; as well as the "Vacaciones Barceló" franchisee tour operators in a number of Latin American countries such as Argentina and Ecuador.

After its launch at the end of 2013 the Evelop airline implemented an important expansion plan after becoming a regular airline by going on to the market via online sales through its website www.evelop.com. The Company has added two more long-haul aircraft to its fleet, an Airbus A-330-300 and an Airbus A-330-200. It has also started operating in Portugal under the name of Orbest. The Company continued to strengthen its operations to the Caribbean by increasing the frequency of its flights over the past year and starting to fly for the first time from Lisbon to Punta Cana and Cancun. In Madrid Evelop flies from Terminal 4 and code-shares with Iberia for flights to Cancun. The air division also includes the ByPlane broker, which provides brokerage services for tourist agencies and airline companies throughout the world.

The PlanB! experience gifts programme maintained its market share of 10% with over 110,000 gift boxes sold. The PlanB! range consists of 33 differently-themed gift boxes available at over 3,500 retail outlets throughout Spain.

Sales of this product performed particularly well in the corporate area where it serves as an incentive or a business gift, in which there has been substantial growth. The online channel, with an increase of 25%, also gained ground. The most successful campaigns included those in partnership with the Ybarra, Eroski and Catalunya Caixa brands.

THE VALUE OF A TEAM

The added value of Barceló Viajes is provided by its team of people made up of 2,159 professionals, which was 7% more than in 2014. This rise is due both to the increase experienced in the year and to the introduction of new lines of business.

In 2015 the Company made further progress with the challenge of integrating new professionals who are specialised in different areas. Training has been one of the main tools in taking this process forward and above all is the key to addressing the change in brand of the travel agency network and meeting the challenge presented by customer service in the 21st Century. In support of this challenge there were a total of 127 training activities directed at 2,227 participants, with a total of 25,848 hours of training. The training combined in-person methods with e learning, the latter being the future for the Company's talent development.

The values of Barceló Viajes include employment quality and stability as a key component of the human resources policy. In order to fulfil and support this principle, in 2015 87% of staff had permanent contracts in a workforce made up mainly of women, who accounted for 71% of the total. Equality and work-life balance policies are also among the Group's benchmark values, and reduced hours and/or part-time employment contracts account for 18% of the total.

Barceló Viajes expects all of its team members to be customer-focused and to do their jobs thinking of how to satisfy the needs of travellers at every stage of the travel life-cycle.

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Human Resources

GENERAL WORKFORCE INFORMATION

During the year covered by this report, the overall global workforce recorded very slight growth that was impacted by the constraints of the global crisis; the total average workforce in 2015 was 23,748 employees, a small increase of 0.28% on 2014.

There were two factors that particularly influenced this increase: the first was the acquisition of the Occidental chain in Latin America, which was the determining factor for the increase in the workforce in that region; the second related to the sale of part of the hotels in the United States, leading to a decrease of 2,930 employees in that region. Thus, the end result remained practically flat.

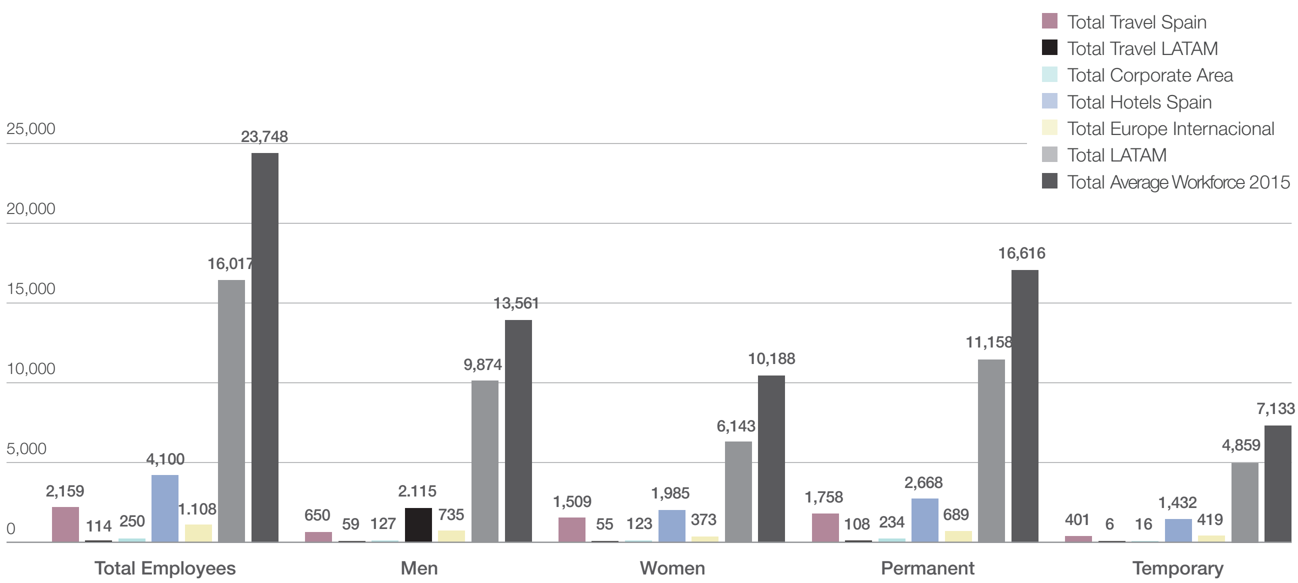
The Travel Division business continued its expansion, with the result that at year end the workforce totalled 2,273 people, an increase of 7% on 2014.

The average workforce of the Hotel Division, including the corporate area, was 21,475 people, a decrease of 0.93% from 2014.

The Group once again honoured its commitment to offer employment opportunities and professional development, including also the second opportunities given to individuals in a situation of social exclusion who, through organisations like the Integra Foundation, were hired in accordance with the targets set by that Foundation for Barceló hotels in Spain: Barcelona: 2; Seville: 7; Balearic Islands: 2 and Valencia: 2; making a total of 13 persons in 2015.

EMPLOYMENT / WORKFORCE

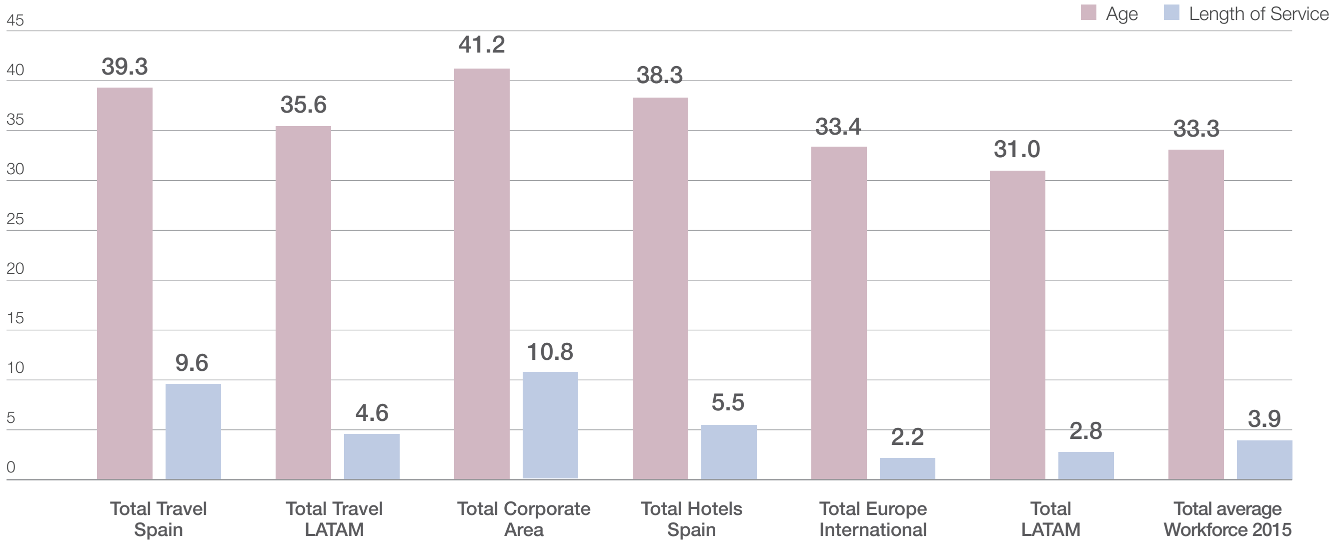
Average Barceló Group workforce by region in 2015



In 2015, 43% of the total of 23,748 employees were women, compared with 46% in 2014. The proportion of employees with permanent contracts also fell, from 75% in 2014 to 70% in 2015. This decrease was mainly due to the fact that the staff of the hotels in the US were not included in the calculation, as indicated above.

Other parameters to be taken into account, which are shown in the following chart, confirm that the average age of employees remained under 35 years (33.3) and the average length of service continued to be less than five years (3.9).

Average Barceló Group workforce by Age and Length of Service in 2015

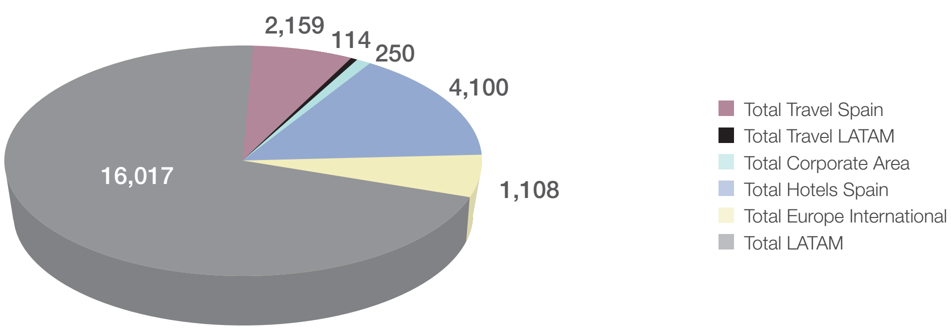


The following chart shows the distribution of the Barceló Group workforce by business areas in 2015.

The Spain Travel Division continued to grow, rising from 8.20% of the total in 2014 to 9.09% in 2015. The Spain Hotel Division showed a similar trend, rising from 16.94% in 2014 to 17.26% in 2015.

The biggest percentage increase was that of LATAM Hotels, which rose from 55.44% of the total to 67.45%, confirming that it continues to be the Group's biggest division.

Average Barceló Group workforce by business and region in 2015



EMPLOYEE SELECTION AND PERFORMANCE

Hotel Management Training Programme

In 2015 we continued to focus efforts on training our managerial talent pool. We have an ambitious programme for attracting talent for our Management Training at Europe's principal hotel management schools. The programme is for young hotel management graduates who have had a variety of practical experiences during the years of their training, are fluent in English and preferably other languages, and who above all have a calling for hotel management.

We gave presentations on our programme at over 16 national and international schools and universities, including, this year, partnership agreements with two Dutch universities. Our aim is to promote the internationalisation of our managerial profiles.

The Management Training programme is very well received at the schools, where we are now acknowledged to be one of the few companies committed to this type of programme.

The programme is designed so that the student can undertake cross-training in every operational and management area of the hotel, and gain an overview of how to supervise all of them. The skills they display during this period are decisive for assessing whether they are subsequently hired. In 2015, 60 future professionals took part in the Management Training programme, and 15 of the students joined the Barceló Development Plan as Hotel Management Assistants, which means they account for 41% of the average staff of Hotel Management Assistants.

MANAGEMENT CAREER

Hotel management assistants follow a set career path when they join Barceló that will also continue while they are deputy managers. The plan established is set out in their Individual Development Handbook, and they will finalise the definition of it with the manager of the hotel where they are to work. This plan is assessed jointly each year by the hotel manager and corporate human resources department using the Individual Professional Development Assessment, and if necessary the career path is redefined in order to achieve the objective set.

In parallel, there is a process for identifying potential that is carried out in both groups to identify the professionals in each of them with high potential for becoming hotel managers in the future, and this helps us to draw the Barceló Talent Map. This enables us to promote each of them at the right time, once they have developed all the necessary skills for the job.

PERFORMANCE ASSESSMENT

Work continued on developing a Model of Competences for the whole organisation and a new model of Performance Assessment. In 2014 we successfully finished designing the key conducts for the hotel management team and how they are graded. In 2015 we continued working on the same lines with the hotel department heads, and we defined all of the competences that Barceló requires them to have so that they can do their job successfully. The Dictionary of Competences has now been completed up to the level of head of department.

This in turn enabled us to include these competences in the new assessment model for heads of department, and to review the content to adapt it to the Company's evolution and requirements.

As usual, the performance assessment was carried out in the last quarter of the year. Each employee is assessed by their line manager in an individual interview, in which their performance during the year is reviewed. In the interview, employees obtain direct feedback about their strengths and areas for improvement, and an action plan is established for them. To facilitate this task, the Employee Portal provides the Decision Matrix, a management tool that helps to establish specific actions for each level of performance, providing support for the line manager to agree and monitor the action to be taken.

WORK CLIMATE

In 2014 we carried out the first B|Opinion Work Climate Survey at all the hotels in the EMEA region. Our aim was to measure the satisfaction and professional motivation of all of the employees.

The objective for 2015 was to implement the action plan arising out of the review of the survey results at each hotel. This step is essential for meeting the objective set in carrying out the Climate Survey to create a stimulating and motivating working environment that fosters commitment, talent development and the achievement of our objectives. The survey produced nearly 700 actions to be taken at the 61 hotels where it was carried out. Most of them (30% of the total) related to communication issues. Also especially significant were the actions concerning training and the improvement of internal procedures.

EMPLOYEE SELECTION

Attracting talent in all of our selection processes is one of our priorities. We have incorporated new employee attraction tools, and also new methods to ensure a perfect fit with the organisation. For this purpose, we ensure that our candidates have the technical competences, but also the personal competences, that will ensure their success in the team. Including a test to assess these competences in the selection process helps us to decide how the most suitable candidate will fit in with the team.

The internal promotion of employees who wish to continue growing as part of Barceló, or are keen to know new areas, is assured by publishing all vacancies on the Employee Portal. In this way we make sure that we give all of our team the opportunity to apply for jobs that motivate them and enable them to progress professionally within the Company.

INTERNSHIPS AT BARCELÓ HOTELS & RESORTS

Continuing to fulfil our commitment to training and promoting young students who wish to become acquainted with the business world and round out their training, our programme of internships in the corporate area was joined this year by 68 people in the different departments.

Upon completion of their internships, six of these students joined the company as employees, accounting for 15% of the total hires in corporate positions in 2015.

The hotels also receive students who are studying the different hotel departments. 711 students had the opportunity to learn about Barceló hotel operations, most of them in jobs in the reception, housekeeping, and food and beverages departments.

TRAINING

The aim of the Barceló Hotels & Resorts training model is based on providing quality training that will foster the key competences required to work in our organisation, as well as the different skills that help employees to perform better in their work.

The main training lines in 2015 were as follows:

B CAMPUS PROGRAMMES

Barceló Campus is a strategic-level training concept that aims to become a systematic, regular and effective environment for improving the skills of our management teams. The programme provides standardised training to our key professionals in specific aspects or subject matters.

The training actions are for hotel managers, deputy hotel managers, and hotel management assistants, and there are two in-person sessions each year for each programme, comprising mainly: the Managerial Development Programme (PDD in Spanish), the Barceló Development Plan (PDB in Spanish), and the Training for Corporate Area Managers.

LAUNCH OF B – WELCOME

B-Welcome is a new corporate training designed to respond to the Group's need for a shared standardised form of induction, providing information to facilitate the integration and adaptation of new employees, and to foster the sense of pride and belonging of the whole workforce.

It is another step forward in the Group's technological modernisation, since it can be carried out from any internet connection over an e-learning platform that makes it easy to learn with practical and intuitive exercises. Its rollout in Spain, between 2015 and the beginning of 2016, comprised three training tools: an e-learning course, supporting videos for in-person training provided by the heads of human resources at the hotels, and supporting printed resources.

This training is arranged in two main modules: information on the Barceló Group with content about the origins, present and future of the Company, and a hotel module detailing the specific characteristics of each hotel, key points about customer service, general Group regulations, and the operation of the Employee Portal.

SER BARCELÓ PROGRAMME

With the aim of standardising how work is done at all the Company's hotels and improving team performance and customer satisfaction, the Ser Barceló [Being Barceló] programme is now a reality.

Introduced in 2012, SER Barceló has been developed and implemented in five departments: Restaurant & Bar, Reception, Housekeeping, Purchasing and MICE. In 2015, it was extended to a further two operational departments:
SER Barceló Kitchen and SER Barceló Spa.

The training of the heads of department provided in the Kitchen and Spa workshops is the first step towards the subsequent implementation at each of the hotels, starting with the individualised training of each of the relevant teams.

At the same time, internal audit training was also provided under the SER Barceló programme. One of the rules of the Ser Barceló system is that the team of auditors who are to perform the hotel audits be selected from the staff of the hotels and relevant departments themselves. In 2015 the auditors for SER Barceló MICE and SER Barceló Purchasing were trained.

This training established the basic auditing guidelines, as well as the requirements and specific characteristics of this area.

CORPORATE PROGRAMME

This involves identifying the cross-cutting requirements of all the Group hotels, and establishing strategic actions to be implemented by accredited suppliers that make it possible to achieve even greater standardisation of the training provided across the Group hotels and departments.

FORMACIÓN

OPERATIONAL PROGRAMME AT HOTELS

Throughout the year, the hotels Human Resources Department continued organising its continuing training plans, which are highly practical as well as operational, and are always closely tailored to meet the requirements identified at each of the Group's hotels in Spain.

CORPORATE SOCIAL RESPONSIBILITY

The graduation ceremony of the 66 Dominican students who were the first to graduate from the Chance project was held on 14 September 2015. This pioneering initiative launched by Barceló Hotels & Resorts and four other Majorcan hotel chains seeks to provide training and employment opportunities to young people at risk of social exclusion from the Dominican resorts of Bávaro and Verón, where these hotel companies have been operating for many years.

The human resources managers of the hotels that the chains have in the area were responsible for selecting the 66 participants, chosen from a total of 200 candidates. The participants have profiles that would have made it difficult for them to get a job in the hotel industry before Chance, and this sector was chosen not only for the direct relationship with the sponsors but also because it is the one that offers the greatest job opportunities in the area. They all attended a hotel management course free of charge, which in partnership with the Dominican Republic's National Institute for Vocational Technical Training (INFOTEP in Spanish) was taught from 25 May to 25 July at the Ann and Ted Kheel Polytechnic in Punta Cana (Dominican Republic).

Over the course of these two months the students were trained in general subjects such as maths, Spanish language, English and humanities, and specialist tourism subjects. They also attended practical and theoretical catering classes. They were then split into three groups and from 3 August to 4 September they gained work experience in the bar, restaurant and kitchen departments of five of the hotels that the five chains have in Bávaro.

After graduating, students who have successfully completed the training will have the opportunity -'the chance' as the Dominicans say, hence the name of the initiative- to put their professional futures on a firm footing.

Chance is the first joint initiative undertaken by Majorcan hotels in the CSR area. After the success of this first Chance experience, the five hotels are already preparing the details to launch the second part of this project with a new group of students to whom they will offer this opportunity.

7 Organisational chart

Barceló Emperatriz - Madrid, España

BOARD OF DIRECTORS

Carmen Barceló Vadell
Simón Pedro Barceló Vadell
Simón Barceló Tous
Guillermo Barceló Tous

CO-PRESIDENTS

Simón Barceló Tous
Simón Pedro Barceló Vadell

CEO EMEA BARCELÓ HOTELS & RESORTS

Raúl González

CEO BARCELÓ VIAJES TRAVEL DIVISION

Gabriel Subías

MANAGEMENT DIRECTORS

Construction & Development Managing Director
Jaime Torrens

Finance Managing Director
Vicente Fenollar

Corporate Managing Director
Javier Abadía

Business Development Managing Director
Jaime Buxó

Hotel Division Managing Director for Central and South America
Juan José Ribas

Hotel Division Managing Director for Mexico
Miguel Ángel Guardado

Hotel Division Managing Director for Dominican Republic
José Torres

Hotel Division Managing Director for Cuba
Juan Antonio Montes

8 Barceló Foundation

A secondary school class at the Queen Sofia of Spain School in Haiti

In 2015, the Barceló Foundation carried out projects and activities within the fields of priority action in the areas of education and training, health, the environment and productive capacity, the arts and in general for the enhancement of people's lives and their holistic development as individuals.

Now with over 25 years' experience, in 2015 the Foundation funded 69 projects in 20 countries in Africa, Latin America and Europe (Spain and France), benefiting over 200,000 people.

Many of the projects were directly implemented by local entities with whom we work in very close partnership. Even so, the Foundation was directly and fully responsible for managing 28 projects, one of which deserves a very special mention: the Farmasol Project (Solidarity Pharmacies) that began in March and has led to the setting up of five pharmacies in Africa, two in Uganda, two in Ethiopia and one in Chad. The project seeks to make it easier for the most disadvantaged populations to access medication: the pharmacies have therefore been set up in centres, health care posts or small hospitals that are already operating and are managed by reputable local entities. The related activities included building or renovating pharmacies and supplying them with the necessary medicines, training staff so that they are able to provide the right information to patients, and at each location a series of informative talks was organised mainly with the aim of providing advice on disease prevention and training for the improvement of health and hygiene.

The Foundation continued to run its Agrosol and Alisol projects. This consisted of the production of root, stem and leaf vegetables at the Son Barceló estate (Felanitx, Majorca), and sheep farming for the production of meat on the land around Formentor, in both cases to provide fresh and perishable food products for donation. Under the Alisol project, 135,000 kilos of fresh food were donated in 2015 to 17 charitable organisations that help to alleviate the hardship experienced by Majorca's neediest families. This year the Foundation also had the collaboration of the Majorcan fisheries marketing organisation OPMallorcamar and fishermen's association, making it possible to include quality fresh fish among the products distributed.

Internationally, the Queen Sofia School in Haiti started its second academic year in 2015. Opened in 2014, the school in La Tremblay, 13 kilometres from Port-au-Prince, was built by the Barceló Foundation. It is run by nuns of the Daughters of Mary, who have great experience in the world of education and manage another 16 schools throughout Haiti.

Dignitaries and organisers of the Joan Pons concert at the Teatro Principal (Palma de Majorca) in aid of the Alisol project.

The Foundation president -fourth from the right- after receiving the Distinction awarded to the Foundation by the Majorcan Tourism Development organisation.

In the area of education 22 projects were undertaken relating to the building of classrooms and the provision of equipment and scholarships to contribute to the schooling and vocational training of girls and young women with limited resources.

In the area of health, the International Medical Assistance Programme (AMI in Spanish), continued to provide medical care, managed directly by the Foundation, in Honduras and Nicaragua In other countries such as Kenya, Cameroon, Rwanda and Ethiopia, projects provided training for specialists and a range of medical care.

In the productive and environmental area, 13 projects were funded, focusing mainly on well-building and activities for agricultural and productive improvement in general.

Lastly, in the field of the arts, there were two solidarity concerts, seven exhibitions, as well as the ongoing guided tours of our headquarters in Palma, the art and environmental workshops for schools at Felanitz, and the sponsorship of the Coral Capela Mallorquina choir, among other activities.

Solidarity pharmacy at the Access Life Care Clinic health centre in Uganda

Pupils at the St. Mary Gimbi Kindergarten in Ethiopia

Media activities included the launch of a monthly newsletter to provide the public with regular news about the work of the Foundation, and the Foundation also maintains a very active presence on social media.

2015 was also a year of recognition, such as that of the Majorcan Tourism Development organisation 'Fomento del Turismo de Mallorca', which bestowed a Distinction on the Barceló Foundation on reaching its 25th anniversary.

The co-founder of the Foundation, Gabriel Barceló, was also awarded the title of "European Citizen of the Year" by the Balearic Association of European Citizens. Also, the Chamber of Commerce, Industry and Tourism of the Dominican Republic in Spain gave an award to the Foundation co-founder and honorary president of Barceló Hotels & Resorts for having opened up the Company's tourism market in the Dominican Republic in the 1980s.

Lastly, according to the "Building Confidence 2015" report published annually by the Spanish commitment and transparency foundation, "Fundación Compromiso y Transparencia", the Barceló Foundation once again was top of the transparency league table for family foundations in Spain, indicating its firm commitment that its communications with civil society be clear, complete and transparent at all times.

With this spirit we renew our commitment and enthusiastic dedication to the work the Foundation has been doing since 1989 in pursuit of its objectives, in the certainty that, to the best of its abilities, the Foundation will continue to contribute to the building of a better society.

Consolidated Annual Accounts

31 December 2015

Barceló

GRUPO

KPMG Auditores, S.L.
Edifici Can Segura
Avda. del Comte de Sallent, 2
07003 Palma de Mallorca

Independent Auditor's Report on the Consolidated Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of
Barceló Corporación Empresarial, S.A.

Report on the Consolidated Annual Accounts

We have audited the accompanying consolidated annual accounts of Barceló Corporación Empresarial, S.A. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position at 31 December 2015 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

Directors' Responsibility for the Consolidated Annual Accounts

The Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of Barceló Corporación Empresarial, S.A. and subsidiaries in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other provisions in the financial reporting framework applicable to the Group in Spain, and for such internal control that they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated annual accounts based on our audit. We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts are free from material misstatement.

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

KPMG Auditores S.L., sociedad española de responsabilidad limitada, y firma miembro de la red KPMG de firmas independientes afiliadas a KPMG International Cooperative ("KPMG International"), sociedad suiza.

Inscrita en el Registro Oficial de Auditores de Cuentas con el nº.S0702, y en el Registro de Sociedades del Instituto de Censores Jurados de Cuentas con el nº.10.
Reg. Mer Madrid, T. 11.961, F. 90, Sec. 8, H. M -188.007, Inscrip. 9
N.I.F. B-78510153

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

Opinion

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of Barceló Corporación Empresarial, S.A. and subsidiaries at 31 December 2015 and of their financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and other applicable provisions of the financial reporting framework applicable in Spain.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated directors' report for 2015 contains such explanations as the Directors of Barceló Corporación Empresarial, S.A. consider relevant to the situation of the Group, its business performance and other matters, and is not an integral part of the consolidated annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the consolidated annual accounts for 2015. Our work as auditors is limited to the verification of the consolidated directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Barceló Corporación Empresarial, S.A. and subsidiaries.

KPMG Auditores, S.L.

(Signed on the original in Spanish)

Joan Manuel Plà Hernàndez

7 April 2016

Barceló
HOTELS & RESORTS

Consolidated Annual Accounts

31 December 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Euros	31/12/15	31/12/14
NON-CURRENT ASSETS	2,102,259,932	1,480,183,264
Goodwill (note 4)	9,272,074	34,794,628
Other intangible assets (note 4)	47,043,925	37,093,153
Property, plant and equipment (note 5)	1,757,526,732	1,222,446,776
Investment property (note 6)	25,501,910	24,303,453
Equity-accounted investees (note 7)	71,535,262	13,062,136
Other non-current financial assets (note 8)	111,195,771	72,753,266
Deferred taxes (note 15)	80,184,258	75,729,852
CURRENT ASSETS	707,640,483	1,081,703,708
Non-current assets held for sale (note 9)	-	438,609,574
Inventories	11,323,356	7,236,458
Trade receivables	156,933,914	125,775,747
Other receivables (note 10)	61,806,579	105,854,908
Tax recoverable	28,880,346	14,515,606
Other current financial assets (note 10)	106,994,414	264,408,141
Cash and cash equivalents (note 10)	326,609,067	113,892,266
Prepaid expenses (note 11)	15,092,807	11,411,008
TOTAL ASSETS	**2,809,900,415**	**2,561,886,972**
EQUITY (note 12)	1,038,430,059	901,336,489
Equity attributable to the Parent	**1,012,935,969**	**900,887,585**
Share capital	10,464,384	10,464,384
Share premium	34,096,515	34,096,515
Reserves	930,632,599	889,055,738
Translation differences	(46,039,924)	(59,124,389)
Cash flow hedges	(16,458,191)	(19,991,392)
Profit attributable to the Parent's shareholders	100,240,586	46,386,729
Non-controlling interests	**25,494,090**	**448,904**
NON-CURRENT LIABILITIES	1,131,856,132	1,012,163,287
Grants (note 13)	387,322	613,817
Non-current provisions (note 14)	61,951,183	28,352,802
Loans and borrowings (note 8)	757,427,552	749,894,401
Other non-current liabilities (note 8)	83,750,009	90,113,007
Deferred taxes (note 15)	181,248,617	143,189,260
Non-current accruals (note 2.21 (g))	47,091,449	-
CURRENT LIABILITIES	639,614,224	648,387,196
Loans and borrowings (note 8)	206,058,918	321,352,977
Trade payables	309,577,409	245,010,637
Other current liabilities (note 10)	87,038,224	72,196,394
Tax payable	34,887,890	8,703,368
Current provisions (note 14)	764,103	859,196
Current accruals	1,287,680	264,624
TOTAL LIABILITIES	**2,809,900,415**	**2,561,886,972**

The accompanying notes form an integral part of the Consolidated Accounts

CONSOLIDATED INCOME STATEMENT

Euros	31/12/15	31/12/14
Operating income (note 16)	1,548,383,977	1,282,037,854
Other operating and finance income (note 16)	58,962,602	55,165,272
Supplies	(553,469,214)	(471,195,019)
Personnel expenses (note 17)	(329,564,237)	(294,004,993)
Depreciation and amortisation and impairment (notes 4, 5 and 6)	(154,311,480)	(105,152,579)
Other expenses (note 18)	(416,558,147)	(349,141,062)
Finance costs	(48,393,934)	(51,045,793)
Exchange gains	1,113,028	2,782,109
Share in profit of associates (note 7)	3,379,319	1,645,191
CONSOLIDATED PROFIT BEFORE INCOME TAX	109,541,914	71,090,980
Income tax (note 15)	(5,036,339)	(13,539,689)
CONSOLIDATED PROFIT FROM CONTINUING OPERATIONS	**104,505,575**	**57,551,291**
LOSS FROM DISCONTINUED OPERATIONS (note 19)	(4,125,896)	(11,105,789)
CONSOLIDATED PROFIT FOR THE YEAR	**100,379,679**	**46,445,502**
Profit attributable to:		
Non-controlling interests	139,093	58,773
SHAREHOLDERS OF THE PARENT	**100,240,586**	**46,386,729**

The accompanying notes form an integral part of the Consolidated Accounts

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
2015 AND 2014

Euros	31/12/15	31/12/14
CONSOLIDATED PROFIT FOR THE PERIOD	100,379,679	46,445,502
Other comprehensive income:		
Items to be reclassified in profit or loss		
Cash flow hedging derivatives	3,861,011	(9,649,469)
Tax effect of cash flow hedges	(327,811)	2,925,840
Translation differences	11,695,608	51,556,893
Other	-	(751,134)
TOTAL COMPREHENSIVE INCOME:	115,608,487	90,527,632
Attributable to the Parent	116,858,252	90,543,017
Attributable to non-controlling interests	(1,249,765)	(15,385)
TOTAL COMPREHENSIVE INCOME:	115,608,487	90,527,632
Attributable to continuing activities	111,366,371	85,726,852
Attributable to discontinued activities	4,242,116	4,800,780

The accompanying notes form an integral part of the Consolidated Accounts

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Euros	Subscribed share capital	Share premium	Legal reserve	Reserves in fully consolidated companies and associates	Other comprehensive income: Translation differences	Other comprehensive income: Cash flow hedges	Profit and loss attributable to the Parent	Total	Non-controlling interests	Total equity
Balance at 1 January 2014	**10,464,384**	**39,096,515**	**2,002,464**	**875,625,586**	**(110,755,441)**	**(12,516,628)**	**25,026,844**	**828,943,724**	**405,027**	**829,348,751**
Total ingresos y gastos reconocidos					51,631,052	(7,474,764)	46,386,729	90,543,017	(15,385)	90,527,632
Distribution of 2013 profit				25,026,844			(25,026,844)			
Dividends		(5,000,000)		(5,113,996)				(10,113,996)		(10,113,996)
Acquisitions from non-controlling interests				(8,511,055)				(8,511,055)	66,611	(8,444,444)
Other				25,895				25,895	(7,349)	18,546
Balance at 31 December 2014	**10,464,384**	**34,096,515**	**2,002,464**	**887,053,274**	**(59,124,389)**	**(19,991,392)**	**46,386,729**	**900,887,585**	**448,904**	**901,336,489**
Total recognised income and expense					13,084,465	3,533,201	100,240,586	116,858,252	(1,249,765)	115,608,487
Distribution of 2014 profit				46,386,729			(46,386,729)			
Dividends				(4,300,000)				(4,300,000)	(1,847,621)	(6,147,621)
Acquisitions from non-controlling interests				(482,745)				(482,745)	(44,958)	(527,703)
Other				(27,123)				(27,123)	69	(27,054)
Business combinations									28,187,461	28,187,461
Balance at 31 December 2015	**10,464,384**	**34,096,515**	**2,002,464**	**928,630,135**	**(46,039,924)**	**(16,458,191)**	**100,240,586**	**1,012,935,969**	**25,494,090**	**1,038,430,059**

The accompanying notes form an integral part of the Consolidated Accounts

CONSOLIDATED STATEMENT OF CASH FLOWS
2015 AND 2014

Euros	2015	2014
OPERATING ACTIVITIES		
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	109,541,914	71,090,980
LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS	(4,125,896)	(11,105,789)
PROFIT BEFORE TAX AND NON-CONTROLLING INTERESTS	105,416,018	59,985,191
Adjustments for:		
- Depreciation and amortisation and impairment (notes 4, 5 and 6)	154,311,480	105,152,579
- Net finance cost	41,500,532	43,533,290
- Loss on share in profit or loss of associates (note 7)	(3,379,319)	(1,645,191)
- Losses on investing activities	(1,586,849)	(3,989,524)
- Provisions (note 14)	30,028,665	1,467,416
-Effect on profits without generating cash flows	(4,100,091)	(102,646)
- Change in receivables and payables and other current accounts	57,812,350	(11,141,326)
- Change in other non-current payables	9,267,992	(2,029,181)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	**389,270,778**	**191,230,608**
INVESTING ACTIVITIES		
- Acquisition of intangible assets (note 4)	(7,911,582)	(5,739,381)
- Acquisition of property, plant and equipment (note 5)	(85,436,282)	(85,393,320)
- Acquisition of interests in associates (note 7)	(29,963,730)	-
- Acquisition of non-controlling interest	(527,703)	(8,444,444)
- Acquisition of investment property (note 6)	-	(5,265,059)
- Acquisition of other non-current financial assets (note 8.1)	(10,524,386)	(7,610,946)
- Acquisition of subsidiaries (note 3.1)	(158,386,375)	-
- Proceeds from disposals of property, plant and equipment, intangible assets and investment property	208,589,316	64,206,248
- Proceeds from disposals of investments (note 7)	122,639,243	-
- Interest received	5,364,113	5,226,412
- Disposal of/proceeds from other current financial assets (note 10.2)	146,292,339	(67,934,535)
TOTAL CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	**190,134,953**	**(110,955,025)**
FINANCING ACTIVITIES		
- Dividends paid (note 12.4)	(11,147,621)	(5,113,996)
- Drawdowns on new loans and borrowings (note 8.2)	578,922,968	337,173,430
- Repayment of loans and borrowings (note 8.2)	(888,711,972)	(380,709,371)
- Interest paid (note 8.2)	(51,052,455)	(48,942,907)
- Other non-current liabilities (Note 8.3)	1,789,663	13,933,215
- Grants and provisions (note 13)	79,503	276,062
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES	**(370,119,914)**	**(83,383,567)**
Effect of exchange rate fluctuations on cash and cash equivalents	3,430,984	(2,499,947)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**212,716,801**	**(5,607,931)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	113,892,266	119,500,197
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**326,609,067**	**113,892,266**

The accompanying notes form an integral part of the Consolidated Accounts

1. ORGANISATION AND DESCRIPTION OF THE GROUP

Barceló Corporación Empresarial, S.A. (hereinafter the Parent) was incorporated with limited liability in Spain on 22 December 1962, as Hotel Hamilton, S.A. The Company adopted its current name on 23 June 2000.

Barceló Corporación Empresarial, S.A. and the subsidiaries listed in Appendix I, which forms an integral part of this note to the annual accounts, comprise the Barceló Group (hereinafter the Group). The Group's principal activities are managing and operating owned, leased or managed hotels, operating travel agencies and tour operators and operating an airline. The Group also undertakes projects relating to the tourism and hotel industries in a wider sense, and holds interest in other companies. In 2015, the Group primarily carried out activities in Spain, the Dominican Republic, Costa Rica, Nicaragua, the United States, Mexico, Guatemala, the Czech Republic, Turkey, Switzerland, Morocco, Portugal, Cuba, Egypt, Italy, Germany and Aruba.

The Group's registered office and head office are located at calle José Rover Motta, 27, Palma de Mallorca (Spain).

2. BASIS OF PRESENTATION AND MEASUREMENT CRITERIA

2.1. BASIS OF PRESENTATION

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of the Parent, Barceló Corporación Empresarial, S.A. and the other companies forming the consolidated Group, duly adjusted to comply with the accounting standards established by IFRS-EU, to give a true and fair view of the consolidated equity and consolidated financial position of Barceló Corporación Empresarial, S.A. and subsidiaries at 31 December 2015, and consolidated results of operations, consolidated cash flows and changes in consolidated equity for the year then ended.

The accompanying consolidated annual accounts for 2015 also include, for each individual caption of the consolidated statement of financial position, the consolidated income statement, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes thereto, comparative figures for the previous period.

The Group adopted IFRS-EU on 1 January 2007 and applied IFRS 1 "First-time Adoption of International Financial Reporting Standards".

The accompanying annual accounts are expressed in Euros, unless otherwise indicated.

These annual accounts are authorised for issue by the board of directors, and subsequently submitted for approval by the shareholders at their annual general meeting and are expected to be approved with no changes.

a. Standards and interpretations approved by the European Union which are applicable in the year

The accounting policies used are consistent with those applied in the prior year, as none of the amendments to standards, or the interpretations that are applicable for the first time this year have had an impact on the Group.

b. Non-applicable standards published

The principal standards and interpretations published to date, which the Barceló Group plans to apply in subsequent years are as follows:

- IAS 19: Defined benefit plans - Employee contributions. Effective for annual periods beginning on or after 1 February 2015.

- Improvements Project applicable to various standards, effective for annual periods beginning on or after 1 February 2015 or 1 January 2016.

At the date these consolidated annual accounts are authorised for issue, the Group is analysing the impact of the application of the aforementioned published standards and interpretations, and estimates that they will not have a significant effect on the Group's consolidated annual accounts.

2.2. SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS REGARDING THE FINANCIAL STATEMENTS

The preparation of the consolidated annual accounts requires management to make judgements, estimates and assumptions that affect the amounts of assets, liabilities, income and expenses. A summary of the items requiring a greater degree of judgement or which are more complex, or where the assumptions and estimates made are significant to the preparation of the consolidated annual accounts, is as follows:

Impairment of goodwill

Impairment testing of goodwill is based on calculations of the value in use applied in the discounted cash flow model. Cash flows are based on the projected results for the next five years. The recoverable amount of goodwill is sensitive to the discount rate, the achievement of the cash flows considered, the assumptions applied and projected growth rates.

Impairment of property, plant and equipment

The Group recognises asset impairment losses when the recoverable amount of the assets is less than their carrying amount.

The recoverable amount is the higher of fair value less costs to sell and value in use. Independent experts were engaged to determine the fair value less costs to sell. Value in use is based on the cash flow discount model, based on estimated projected results, an estimated discount rate and EBITDA multipliers.

For all hotels in Spain that may show signs of impairment, valuations have been performed by independent experts. To perform these independent valuations the appraiser applied the discounted cash flow method with discount rates from 7.33% to 11% and estimated growth rates for the sector. For certain hotels real estate indicators were used to determine recoverable amounts.

Evaluation of the nature of leases

The Group has entered into non-current lease agreements for certain hotels and aircraft as a lessee. Management has determined that based on the terms and conditions of each of the contracts, the Group does not significantly assume the risks and rewards incidental to ownership of the properties. These arrangements are therefore recognised as operating leases.

Deferred tax assets

The Group recognises assets corresponding to all the tax loss carryforwards it expects to offset against future taxable income. Management bases this criterion on judgements and estimates with regards to future estimated results, the years in which profits are expected to be obtained and tax credits will cease to be available for offset and future tax planning strategies.

Note 15 shows details of capitalised and uncapitalised tax losses.

Pension plans and other long-term employment liabilities

The amount of defined benefit employment liabilities at the reporting date is determined based on actuarial calculations. The actuarial calculations are based on a number of judgements and assumptions detailed in note 14.

Provisions

The amount of the provisions recognised under liabilities in the consolidated statement of financial position is based on judgements made by Group management, in accordance with advice from lawyers and external advisors. The amount of these provisions may vary due to new evidence obtained in the future and the discount rates used to determine the present value of these obligations.

Onerous contracts

Provisions for onerous contracts are those derived from various lease contracts and secured management contracts in Spain. These provisions have been calculated by discounting the cash flows estimated by the Group and evaluating the lowest possible cost of the various alternative outflows relating to each of the contracts.

2.3. CONSOLIDATION PRINCIPLES

The accompanying consolidated annual accounts for the Group include the accounts of Barceló Corporación Empresarial, S.A. and its subsidiaries.

The consolidation methods applied are as follows:

- Subsidiaries under the direct or indirect control of the Parent have been fully consolidated from the date on which the Parent took control and will remain consolidated until control ceases. This method consists of aggregating the items corresponding to the assets, liabilities, income and expense and equity generated after control was assumed. All intragroup transactions and balances are eliminated during the consolidation process.

- Associates, over which the Parent holds significant influence, owning between 20% and 50% of share capital, but does not have direct or indirect control, are accounted for using the equity method.

Appendix I includes information on subsidiaries, associates, and entities consolidated as joint operations.

Non-consolidated associates

The Group's 33% interest in the share capital of Rey Sol, S.A. has been excluded from the consolidated Group, as it is understood that the Group does not have significant influence over its financial or operating policies.

Non-controlling interests

Non-controlling interests in subsidiaries are recognised at the proportional part of the equity of the subsidiaries at the date of first consolidation.

Profit and loss and each component of other comprehensive income are allocated to equity attributable to shareholders of the Parent and to non-controlling interests in proportion to their investment, even if this results in a balance receivable from non-controlling interests. Agreements entered into between the Group and non-controlling interests are recognised as a separate transaction.

The increase and reduction of non-controlling interests in a subsidiary in which control is retained is recognised as an equity instrument transaction. Consequently, no new acquisition cost arises in increases nor is a gain recorded on reductions, rather, the difference between the consideration transferred or received and the carrying amount of the non-controlling interests is recognised in the reserves of the investor, without prejudice to reclassifying consolidation reserves and reallocating other comprehensive income between the Group and the non-controlling interests.

2.4. TRANSLATION OF ANNUAL ACCOUNTS OF FOREIGN COMPANIES

Financial statements with a functional currency that is not the Euro are translated based on the following criteria:

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, including comparative amounts, are translated at the closing rate.

- Income statement items have been translated using a weighted average exchange rate for the year.

- The difference between the equity of foreign companies, including the income statement items calculated as previously indicated, translated at the historical exchange rate and the equity position resulting from the translation of assets, rights and obligations at the closing rate for the year are recorded as a positive or negative figure, as appropriate, under equity in the consolidated statement of financial position as translation differences. Cumulative translation differences at the transition date (1 January 2007) have been reclassified to reserves of fully consolidated companies or associates, in accordance with IFRS 1.22. Therefore, translation differences appearing in the consolidated statement of financial position correspond to those generated after this date.

The functional currencies of all the subsidiaries are the official currencies of the countries in which they operate. None of the subsidiaries operate in hyperinflationary economies.

2.5. BUSINESS COMBINATIONS AND GOODWILL

Business combinations are recognised applying the acquisition method. The acquisition date is the date on which the Group obtains control of the acquiree.

The consideration transferred in a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, the equity instruments issued and any consideration contingent on future events or compliance with certain conditions in exchange for control of the business acquired.

The consideration transferred excludes any payment that does not form part of the exchange for the acquired business. Acquisition costs are recognised as an expense when incurred.

At the acquisition date the Group recognises the assets acquired and liabilities assumed (and any non-controlling interest) at fair value. Non-controlling interests in the acquiree are recognised at the proportionate interest in the fair value of the net assets acquired. These criteria are only applicable for non-controlling interests which grant entry into economic benefits and entitlement to the proportional part of net assets of the acquiree in the event of liquidation. Otherwise, non-controlling interests are measured at fair value or value based on market conditions. Liabilities assumed include any contingent liabilities that represent present obligations arising from past events for which the fair value can be reliably measured. The Group also recognises indemnification assets transferred by the seller at the same time and following the same measurement criteria as the item that is subject to indemnification from the acquiree, taking into consideration, where applicable, the insolvency risk and any contractual limitations on the indemnified amount.

Goodwill is initially measured at cost, which reflects the excess of the cost of the combination over the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised directly in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2.6. INVESTMENTS IN ASSOCIATES

Group investments in associates are accounted for using the equity method. An associate is an entity over which the Group does not have control but over which it does have significant influence. Significant influence is the power to participate in the financial and operating decisions of an entity but does not constitute control or joint control over the entity. The existence of potential voting rights that are exercisable or convertible at the end of each reporting period, including potential voting rights held by the Group or other entities, are considered when assessing whether an entity has significant influence.

Equity-accounted investments in associates are recorded in the statement of financial position at cost, with any changes in the net assets of the associate following acquisition of the interest. The excess of the cost of the investment over the Group's share of the fair values of the identifiable net assets is recognised as goodwill, which is included in the carrying amount of the investment. Any shortfall, once the cost of the investment and the identification and measurement of the associate's net assets have been evaluated, is recognised as income when determining the investor's share of the profit or loss of the associate for the year in which it was acquired.

The financial statements of the associate are prepared for the same accounting period as for the Parent. If necessary, adjustments are made to harmonise the accounting policies with those of the Group.

The share in the profits of associates is shown in the income statement. This is the profit attributable to the shareholder in the associate, and is therefore profit after tax and non-controlling interests in the associates' subsidiaries. When a change is recognised directly in the equity of the associate, the Group recognises its share in any change and presents the information, when necessary, in the statement of changes in equity. Unrealised gains and losses arising from transactions between the Group and the associate are eliminated in proportion to the interest in the latter.

Losses of an associate attributable to the Group are limited to the extent of its net investment, except where the Group has legal or constructive obligations or when payments have been made on behalf of the associate. For the purpose of recognising impairment losses in associates, net investments are considered as the carrying amount of the investment after applying the equity method plus any other item which in substance forms part of the investment in the associate. The excess of the losses over the equity investment is applied to the remaining items in reverse order of settlement.

Subsequent profits obtained by those associates for which impairment losses are limited are recognised to the extent of the previously unrecognised losses.

When subsequently measuring the interests, the Group decides whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates. On each reporting date, the Group determines whether there is objective evidence of impairment of the investment in the associate. Impairment is calculated by comparing the carrying amount of the net investment in the associate with its recoverable amount. The recoverable amount is the higher of value in use and fair value less costs to sell. Accordingly, value in use is calculated to the extent of the Group's interest in the present value of estimated cash flows from ordinary operations and the income generated on final disposal of the associate.

2.7. JOINT ARRANGEMENTS

Joint arrangements are those in which there is a contractual agreement to share the control over an economic activity, in such a way that decisions about the relevant activities require the unanimous consent of the Group and the remaining venturers or operators. The existence of joint control is assessed considering the definition of control over subsidiaries.

Joint ventures

Investments in joint ventures are accounted for using the equity method described previously.

Joint operations

For joint operations, the Group recognises the assets, including its share of any assets held jointly, the liabilities, including its share of any liabilities incurred jointly with the other operators, the revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and the expenses, including its share of any expenses incurred jointly, in the consolidated annual accounts.

In sales or contributions by the Group to the joint operation, it recognises the resulting gains and losses only to the extent of the other parties' interests in the joint operation. When such transactions provide evidence of a reduction in net realisable value or an impairment loss of the assets transferred, such losses are recognised in full.

In purchases by the Group from a joint operation, it only recognises the resulting gains and losses when it resells the acquired assets to a third party. However, when such transactions provide evidence of a reduction in net realisable value or an impairment loss of the assets, the Group recognises its entire share of such losses.

The Group's acquisition of an initial and subsequent share in a joint operation is recognised following the same criteria used for business combinations, at the percentage of ownership of each individual asset and liability. However, in subsequent acquisitions of additional shares in a joint operation, the previous share in each asset and liability is not subject to revaluation.

2.8. INTANGIBLE ASSETS

Intangible assets are measured at cost of acquisition or production. The useful life of an intangible asset may be finite or indefinite. Intangible assets with finite useful lives are amortised over their economic useful life, and those with indefinite useful lives are not amortised but are tested for impairment on an annual basis either individually or at the level of the cash generating unit to which they belong.

Other intangible assets mainly comprise:

- Industrial property, licences and similar items, measured at costs incurred and amortised on a straight-line basis over a period of three years.

- Computer software is measured at cost of acquisition and amortised on a straight-line basis over a period of three to five years. Computer software maintenance costs are charged as expenses when incurred.

- Leaseholds: Leaseholds primarily comprise measurement of a lease contract for the Barceló Sants hotel acquired through a business combination prior to the transition to IFRS. The contract is amortised on a straight-line basis over the duration of the lease, ending in 2035.

2.9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is measured at cost of acquisition plus acquisition costs and the finance costs of the debt financing the purchase of the assets until they are operational.

At the date of the transition to IFRS the land relating to certain hotels was revalued, considering its fair value as its deemed cost from the transition date in accordance with IFRS 1.

Valuations of Latin American assets were performed by American Appraisal on 31 December 2008 based on the market price valuation criteria, using the discounted cash flow method with a discount rate of 8% to 10%, considering the investment risk and returns for comparable investments.

The valuations of Spanish assets were performed by Eurovaloraciones, S.A. on 31 December 2008 based on market value criteria, calculating the net present value and residual value. Discount rates of 7% to 10% were applied.

The increase in the deemed cost at the transition date (1 January 2007) of the land, based on the revaluations performed is Euros 254 million. At 31 December 2015 the balance of these revaluations amounts to Euros 145 thousand (Euros 241 thousand at 31 December 2014).

The annual depreciation charge is calculated, distributing the cost of the assets over their estimated useful life, or remaining period of the lease contract, whichever is lower, as follows:

	ESTIMATED YERS OF USEFUL LIFE
Buildings	33 - 50
Technical instalations, machinery, furniture and other items	2,5 - 18

Repairs and maintenance are expensed as incurred.

2.10. INVESTMENT PROPERTY

Investment property reflects the carrying amount of the real estate assets held to generate rental income or capital gains. These assets are measured at cost of acquisition and are depreciated on a straight line basis in accordance with the same criteria as for property, plant and equipment.

2.11. IMPAIRMENT OF NON-FINANCIAL ASSETS SUBJECT TO AMORTISATION OR DEPRECIATION

The Group evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount.

The Group tests goodwill, intangible assets with indefinite useful lives and intangible assets that are not yet ready to enter service for potential impairment at least annually, irrespective of whether there is any indication that the assets may be impaired.

The recoverable amount of the assets is the higher of their fair value less costs of disposal and their value in use.

An asset's value in use is measured based on the future cash flows the Company expects to derive from use of the asset, expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset and other factors that market participants would reflect in pricing the future cash flows the Group expects to derive from the asset. For those assets which do not generate cash inflows that are largely independent, the recoverable amount is determined for the cash generating units to which the assets belong.

In the case of certain hotel assets which due to their individual characteristics include a significant proportion of real estate, market indicators for real estate have been applied to measure their recoverable amount by the Group's internal departments.

In assessing value in use of the hotel assets, the Group performs internal valuations using market-based discount rates. To determine the net selling price, independent experts are engaged to perform valuations.

Impairment losses are recognised for all assets, and where applicable for the cash generating units containing them, when their carrying amount exceeds their corresponding recoverable amount. Impairment losses are recognised in the consolidated income statement.

At the end of each reporting period the Group assesses whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. Impairment losses on goodwill are not reversible. Impairment losses on other assets are only reversed if there has been a change in the estimates used to calculate the recoverable amount of the asset. The increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

2.12. FINANCIAL INSTRUMENTS

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument set out in IAS 32 “Financial Instruments: Presentation”

2.12.1. Financial instruments classified as assets

Financial instruments are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets and hedging derivatives based on the valuation criteria used.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified in other financial asset categories. These assets are initially recognised at fair value, including transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Accrued interest on loans is recognised in the income statement in accordance with the effective interest rate.

Assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those classified as held for trading or which have been designated on initial recognition.

A financial asset is classified as held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term.
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

This heading includes derivatives which are not considered to be hedges. This applies to the put options on the shares in Global Business Travel Spain, S.L. (formerly American Express Barceló Viajes, S.L. (see note 8.1)).

Available-for-sale financial assets

Available-for-sale financial assets are those which are not hedging derivatives and cannot be classified as any other type of financial instrument in assets.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs directly attributable to the acquisition.

After initial recognition, financial assets classified in this category are measured at fair value and any gain or loss is recognised in equity.

When this type of financial asset is disposed of in part or in full or is subject to impairment, the gains or losses recognised in equity are taken to profit or loss for the year.

2.12.2. Financial instruments classified as liabilities

Financial liabilities, including trade and other payables, that are not classified at fair value through profit or loss are initially recognised at fair value less any transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, liabilities classified under this category are measured at amortised cost using the effective interest method.

Financial liabilities at fair value through profit or loss

This heading only includes cash flow derivatives (interest rate swaps) contracted by the Group which do not meet the conditions to be considered hedges and whose fair value is unfavourable for the Group. As their name indicates, they are measured at the reporting date at their fair value through profit or loss.

Loans and payables

Loans and payables comprise payment obligations detailed by amount and date. After initial recognition, loans and payables are measured at amortised cost using the effective interest method. Accrued interest on loans is recognised in the income statement in accordance with the effective interest rate.

Hedging derivatives

The Group has hedging derivatives, primarily in relation to interest rates (interest rate swaps), to hedge fluctuations in Euribor/Libor with regard to a number of variable rate loans. These derivatives contracted by the Group are cash flow hedges. In addition, the Group contracts derivatives to hedge exchange rates and jet fuel prices for its airline business.

These derivative financial instruments are initially measured at fair value. Derivatives are recognised as financial assets if their value is positive and as financial liabilities if their value is negative.

The Group initially formally designates and documents the hedging relationship. Hedge accounting is only applicable when the hedge is expected to be highly effective at the inception of the hedge and in subsequent years in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, throughout the period for which the hedge was designated (prospective analysis), and the actual effectiveness is within a range of 80%-125% (retrospective analysis) and can be reliably measured.

The Group recognises the portion of the gain or loss on the measurement at fair value of a hedging instrument that is determined to be an effective hedge in equity. The ineffective portion and the specific component of the gain or loss or cash flows on the hedging instrument, excluding the measurement of the hedge effectiveness, are recognised with a debit or credit to finance costs or finance income.

Hedge accounting criteria ceases to be applied when the hedging instrument expires or is sold, cancelled or settled, or when the hedging relationship no longer complies with the criteria to be accounted for as such, or the instrument is no longer designated as a hedging instrument. In these cases, the cumulative gains or losses on the hedging instrument that have been recognised in equity are not taken to profit or loss until the forecast transaction or transaction to which the Group has committed affects results. However, if the transaction is no longer considered probable, the accumulated gains or losses recognised in equity are immediately transferred to the consolidated income statement.

2.12.3. Impairment of financial assets

At the end of each reporting period the Group assesses whether there is any objective evidence that its financial assets are impaired. If any such evidence exists, the Group applies the following criteria to determine the amount of any impairment loss:

Financial assets at amortised cost

The impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate. Current investments are not discounted. The amount of the loss is recognised in the result for the year. Specifically, the Group periodically analyses the ageing of receivables to determine whether impairment exists.

The criterion for making the provision for bad debts related to the Group's operating receivables is to provide for 25% of the balances past-due by 180 to 270 days and 50% of the balances past-due by 270 to 365 days and 100% of the balances past-due by more than a year. Balances are written off when there is clear evidence that they are not recoverable. The Group recognises such amounts in an allowance account.

Available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss is reclassified from equity to the income statement. A prolonged or significant decline in the fair value of such assets below their cost is considered objective evidence of impairment. The Group recognises such impairment as a reduction in the value of the corresponding asset.

2.13. CASH AND CASH EQUIVALENTS

The Group considers all investments with an initial maturity of no more than three months which are not subject to risks of changes in value to be cash equivalents.

2.14. LEASES

Classification of leases

Leases in which, upon inception, the Group transfers to third parties substantially all the risks and rewards incidental to ownership of the assets are classified as finance leases. Otherwise they are classified as operating leases.

The Group as lessee

Finance leases

At the commencement of the lease term, the Group recognises finance leases as assets and liabilities at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Initial direct costs are added to the asset's carrying amount. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Interest is expensed using the effective interest method. Contingent rents are recognised as an expense when it is probable that they will be incurred.

Leased assets are depreciated over their useful life.

Operating leases

Operating lease payments are recognised as an expense in the income statement on an accruals basis over the lease term.

The Group as lessor

Finance leases

The Group recognises a receivable in the consolidated statement of financial position for an amount equal to the present value of the minimum lease payments plus the unguaranteed residual value, discounted at the contractual interest rate implicit in the lease. Initial direct costs are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. Finance income is taken to the income statement using the effective interest method.

Operating leases

Operating lease income is recognised in the income statement as it is accrued. Costs directly attributable to the contract are recognised as an increase in the amount of the leased asset and are recognised as an expense over the lease term, applying the same criteria as for the recognition of lease income.

2.15. INVENTORIES

These are the assets which are consumed or sold during the hotels' ordinary activities (food and beverages, gift shops, maintenance) or which are related to gift items or the sales of the Travel division or replacement parts for the airline business. Inventories are measured at the lower of the average weighted price or realisable value.

2.16. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets held for sale

The Group classifies assets as non-current assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, and when the following requirements are met:

- They are available for immediate sale in their current condition, subject to terms that are usual and customary for the sale of such assets.

- Their sale is highly probable.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. These assets are not depreciated, and if necessary the required impairment is recognised so that the carrying amount does not exceed the fair value less costs to sell.

A non-current asset that ceases to be classified as held for sale is valued at the lower of the carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale, and its recoverable amount at the date of reclassification. Any required adjustment to the carrying amount of a non-current asset that ceases to be classified as held-for-sale is included in profit or loss from continuing operations.

Discontinued operations

A discontinued operation is a component of a company that either has been disposed of, or is classified as held for sale, and:

a. Represents a separate major line of business or geographical area of operations;

b. Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or

c. Is a subsidiary acquired exclusively with a view to resale.

For this purpose, a component of an entity is understood to comprise operations or cash flows that can be clearly distinguished, operationally or for financial reporting purposes, from the rest of the entity, such as a subsidiary or business or geographical segment.

The revenues and expenses deriving from this activity are included as a single amount under profit/(loss) from discontinued operations, net of income tax, after deducting the tax effect. This item also includes the profit after tax recognised for the measurement at fair value less costs to sell of the assets or disposal groups of items constituting the discontinued operation.

If the Group ceases to classify a component as a discontinued operation, the results previously disclosed as discontinued operations are reclassified to continuing operations for all years presented.

2.17. INCOME TAX

The income tax expense and tax income for the year comprises current tax and deferred tax.

Current tax reflects the income tax amounts payable in the year.

Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted at the reporting date.

In general, deferred tax liabilities are recognised due to taxable temporary differences, which are differences that will give rise to larger amounts of tax payable or smaller amounts of tax recoverable in future years. A deferred tax asset is recognised when there are deductible temporary differences, tax loss carryforwards or available tax deductions that the Company expects to be able to offset against future taxable profit. For this purpose, a temporary difference is understood to be the difference between the carrying amount of the assets and liabilities and their amount for tax purposes, giving rise to smaller amounts of tax payable or larger amounts recoverable in future years.

Deferred liabilities arising from taxable temporary differences are recognised in all cases, except when:

- They arise from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit.

- They are associated with investments in subsidiaries for which the Group is able to control the timing of the reversal of the temporary difference and it is not probable that the temporary difference will reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences to the extent that:

- It is probable that sufficient taxable income will be available against which the deductible temporary difference can be utilised, unless the differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income;

- The temporary differences are associated with investments in subsidiaries that will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when they are reversed, based on prevailing legislation and tax rates that have been enacted or substantively enacted and reflecting the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets and liabilities.

Current and deferred income tax expense and tax income is recognised in profit or loss. However, if the expense or income is related to items recognised directly in equity, it is also recognised in equity and not in the income statement.

2.18. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are translated at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies have been translated into Euros at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date.

Exchange gains and losses arising on the settlement of foreign currency transactions and the translation into Euros of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2.19. REMUNERATION AND OTHER LONG-TERM EMPLOYMENT LIABILITIES

Defined benefit plans

Defined benefit liabilities recognised in the consolidated annual accounts reflect the present value of defined benefit obligations at the reporting date, less the fair value at that date of plan assets.

In Spain, these defined benefit plans correspond to long-service benefits and retirement benefits related to a number of collective labour agreements in the hospitality sector and the national collective labour agreement for travel agencies.

These commitments are defined benefits and are quantified based on actuarial calculations. Income or expense related to defined benefit plans is recognised as employee benefits expense and is the sum of the net current service cost and the net interest cost of the net defined benefit asset or liability. The remeasurement of the net defined benefit liability or asset is recognised in equity and comprises actuarial gains and losses, the net return on plan assets and any change in the effect of the asset ceiling, excluding any amounts included in net interest on the net defined benefit liability or asset.

Termination benefit

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring that involves the payment of termination benefits.

For termination benefits payable as a result of an employee’s decision to accept an offer, the time when the Group can no longer withdraw the offer of termination benefits is the earlier of when the employee accepts the offer and when a restriction on the Group’s ability to withdraw the offer takes effect.

In the case of involuntary termination benefits, the Group can no longer withdraw the offer when it has communicated to the affected employees or trade union representatives the plan; the actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made; the plan identifies the number of employees whose employment is to be terminated, their job classifications or functions and their locations and the expected completion date; the plan establishes the termination benefits that employees will receive in sufficient detail that employees can determine the type and amount of benefits they will receive when their employment is terminated.

2.20. PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event; it is probable that an outflow of Group resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Provisions for onerous contracts

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

If the Group has a contract that is onerous, the present obligation under the contract are recognised and measured as a provision.

Note 14 shows details of the main contingencies provided for in the statement of financial position.

2.21. REVENUE RECOGNITION

The Group's revenue recognition policies for each revenue area are as follows:

a. Revenues from rendering of services relating to the activity of operating owned and leased hotels: These revenues are recognised on an accrual basis. The Group recognises sales and operating expenses from its owned hotels and from hotels leased from third parties in profit or loss, and assumes the rights and obligations inherent to the hotel business in its own name.

b. Revenues from rendering services in the hotel management activity: These revenues from management fees charged are recognised on an accrual basis.

c. Revenues from rendering services in the activity of operating casinos: These revenues are recognised as the difference between the amount played and the player's winnings, on an accrual basis.

d. Revenues from the travel agency activity: The Travel division primarily carries out an intermediation activity in the sale of travel-related products. Revenues are presented as the margin between the selling price and the cost to sell at the date travel documents are handed over, at which point the risks and rewards are transferred to the customer, irrespective of the date of travel or the date from which the contracted services will be rendered.

e. Revenues from the tour operator activity: Sales and costs of supplies are recognised on the initial date of travel.

f. Revenues from the airline activity: Revenues from air transport services rendered are recognised when the flight takes place.

g. Revenue from the sale of rights of use: Proceeds from sales of rights of use and any related costs are recognised as revenue and expenses over the term of the corresponding contract, between approximately 13 and 25 years. In the first year of the contract, the Group recognises as revenue a percentage of the selling price that is representative of the costs incurred to carry out the sale. The difference between the selling price and the amount recognised as revenue on inception of the contract is recorded as deferred income under non-current accruals in the consolidated statement of financial position.

2.22. NON-REFUNDABLE GRANTS

Capital grants

Monetary grants are measured at the fair value of the amount awarded. They are taken to the income statement in accordance with the estimated useful life of the asset for which the grant is received.

2.23. CLASSIFICATION OF ASSETS AND LIABILITIES AS CURRENT AND NON-CURRENT

Assets and liabilities are classified as current and non-current in the statement of financial position. They are classified as current when they are related to the Group's normal operating cycle and are expected to be sold, consumed, realised or settled during the course of this cycle, they are different to the aforementioned assets and liabilities and their maturity, sale or realisation is expected to occur within the period of one year, they are held for the purpose of being traded or are cash or a cash equivalent asset, unless it is restricted from being used for at least one year. Otherwise, they are classified as non-current assets or liabilities.

3. CHANGES IN THE CONSOLIDATED GROUP

a. Changes in the Consolidated Group in 2015

The following companies were incorporated in 2015:

Barceló Eventos Empresariales, S.L.
Gregal Viagens, Ldta
Altagracia Incoming Services, S.A
Maguey Incoming Services, S.A de CV

The acquisition of 100% of Occidental Hoteles Management, S.L. and subsidiaries was completed in July 2015.

In July 2015 100% of B Travel Turismo Accesible, S.A. (formerly Viajes 2000, S.A.) was also acquired.

In 2015 Barceló Arrendamientos Inmobiliarios, S.L. was wound up.

In October 2015 Hotel Occidental Playa Nacascolo, S.A., the owner of a hotel in Costa Rica, was sold without any effect on the income statement.

In 2015 the Group sold part of Bay Hotels & Leisure, S.A. to Hispania Real SOCIMI, S.A. and ended up holding a 24% interest in this company (see note 9).

In December 2015 Barceló Hotels Canarias, S.L. and Poblados de Vacaciones, S.A. were sold as part of the transaction described in note 9.

b. Changes in the consolidated group in 2014

The following companies were incorporated in 2014:

Bay Hotels & Leisure, S.A.
Vinyes de Formentor, S.L.
Incremovi, S.L.
Energies Renovables de Balears, S.L.U.

In August 2014 BCLO Ocean Bav BV was sold, along with its permanent establishment in the Dominican Republic.

The companies located in the United Kingdom were wound up in 2014.

3.1. BUSINESS COMBINATIONS

The acquisition of 100% of the share capital of Occidental Hoteles Management, S.L. and subsidiaries for Euros 174 million (USD 196 million) was completed in July 2015. Until the acquisition date this Group was the owner of 11 hotel establishments located in the Dominican Republic, Mexico, Costa Rica and Aruba. The acquired business generated revenues of Euros 83.4 million for the Barceló Group from the acquisition date to year end. In the business combination resulting from this acquisition, the assets acquired and liabilities assumed at fair value were as follows:

	THOUSANDS OF EUROS
Non-current assets	624,627
Current assets	95,580
TOTAL ASSETS	**720,207**
Non-current liabilities	375,350
Current liabilities	142,162
TOTAL LIABILITIES	**517,512**

In July 2015 the Group acquired all of the shares of B Travel Turismo Accesible, S.A. (formerly Viajes 2000, S.A.), for Euros 2.9 million, generating goodwill in the consolidated annual accounts of Euros 2.1 million. The fair values of the assets acquired and liabilities assumed through the acquisition of this company are as follows:

	THOUSANDS OF EUROS
Non-current assets	79
Current assets	26,530
Total assets	**26,609**
Non-current liabilities	512
Current liabilities	25,278
TOTAL LIABILITIES	**25,790**

During 2014 no new business combinations occurred.

4. INTANGIBLE ASSETS

4.1 GOODWILL

Details of movement in goodwill in 2015 are as follows:

	Balance at 31/12/2014	Additions	Impairment	Balance at 31/12/2015
Goodwill	34,794,628	6,439,183	(31,961,737)	9,272,074
TOTAL	**34,794,628**	**6,439,183**	**(31,961,737)**	**9,272,074**

In 2015 additions reflect the acquisition of B Travel Turismo Accesible, S.A. (formerly Viajes 2000, S.A.) and various hotel businesses.

Impairment recognised comes from the Travel Division.

Details of movement in goodwill in 2014 are as follows:

	BALANCE AT 31/12/2013	ADDITIONS	BALANCE AT 31/12/2014
Goodwill	34,702,643	91,985	34,794,628
TOTAL	34,702,643	91,985	34,794,628

The balance of goodwill in 2014 was attributable in its entirety to the Travel Division.

Over the course of its history in the hotel and travel agency sectors, the Group has developed a Barceló management model and a set of best practices. This know-how is a significant accumulation of confidential knowledge, technical information, expertise, skills and procedures which enable the Group to improve the operating processes of its hotels, their information systems, resource management and quality and environmental systems, thus optimising their results.

4.2 OTHER INTANGIBLE ASSETS

Details of movement in intangible assets during 2015 are as follows:

	Balance at 31/12/2014	New additions	Additions	Disposals	Translation differences	Transfers	Balance at 31/12/2015
Cost of acquisition							
Patents, licences and similar rights	1,559,274	337,369	405,299	-	(30)	666,987	2,968,899
Leaseholds	27,466,357	42,100	-	(15,000)	-	-	27,493,457
Computer software	44,554,999	16,164,194	5,517,806	(362,756)	(6,490)	72,324	65,940,077
Other intangible assets	7,987,848	10,702,467	2,175,237	(835,270)	(8,692)	1,062,077	21,083,667
	81,568,478	27,246,130	8,098,342	(1,213,026)	(15,212)	1,801,388	117,486,100
Accumulated amortisation							
Patents, licences and similar rights	(1,366,827)	(160,821)	(134,775)	590	471	-	(1,661,362)
Leaseholds	(8,173,095)	(42,100)	(940,875)	12,300	-	-	(9,143,770)
Computer software	(34,523,411)	(15,846,687)	(4,088,059)	360,972	24,191	-	(54,072,994)
Other intangible assets	(411,992)	(5,293,953)	(198,497)	379,891	(39,498)	-	(5,564,049)
	(44,475,325)	(21,343,561)	(5,362,206)	753,753	(14,836)	-	(70,442,175)
CARRYING AMOUNT	37,093,153	5,902,569	2,736,136	(459,273)	(30,048)	1,801,388	47,043,925

Additions are mainly due to the acquisition of the Occidental Group (see note 3).

Details of movement in intangible assets during 2014 are as follows:

	Balance at 31/12/2013	Additions	Disposals	Translation differences	Transfers	Balance at 31/12/2014
Cost of acquisition						
Patents, licences and similar rights	1,558,622	647	-	5	-	1,559,274
Leaseholds	27,466,357	-	-	-	-	27,466,357
Computer software	39,270,981	5,317,427	(249,381)	83,854	132,118	44,554,999
Other intangible assets	6,598,228	434,971	(74,276)	14,495	1,014,430	7,987,848
	74,894,188	5,753,045	(323,657)	98,354	1,146,548	81,568,478
Accumulated amortisation						
Patents, licences and similar rights	(1,321,480)	(45,342)	-	(5)	-	(1,366,827)
Leaseholds	(7,231,595)	(941,500)	-	-	-	(8,173,095)
Computer software	(31,166,724)	(3,371,268)	84,417	(69,836)	-	(34,523,411)
Other intangible assets	(330,117)	(81,861)	-	(14)	-	(411,992)
	(40,049,916)	(4,439,971)	84,417	(69,855)	-	(44,475,325)
CARRYING AMOUNT	34,844,272	1,313,074	(239,240)	28,499	1,146,548	37,093,153

At 31 December 2015 the Group has fully amortised intangible assets amounting to Euros 46.3 million (Euros 29.3 million at 31 December 2014).

5. PROPERTY, PLANT AND EQUIPMENT

Details of movement in property, plant and equipment in 2015 are as follows:

	Balance at 31/12/2014	New additions	Additions	Disposals	Translation differences	Transfers	Balance at 31/12/2015
Cost of acquisition							
Land and natural resources	416,271,455	149,272,336	-	(5,386,567)	5,758,757	(11,625,261)	554,290,720
Buildings	769,340,045	368,469,950	4,335,345	(23,402,026)	8,474,732	2,703,244	1,129,921,290
Technical installations	150,190,690	7,628,945	4,561,831	(1,298,742)	2,109,536	5,755,532	168,947,792
Machinery	47,343,262	3,166,370	1,662,234	(900,801)	2,044,864	2,657,158	55,973,087
Tools	1,099,159	9,548,634	252,737	(581,265)	(3,945)	(3,245,614)	7,069,706
Other installations	34,372,717	7,296,090	5,499,593	(468,759)	175,459	2,979,076	49,854,176
Furniture	162,226,378	8,780,715	6,772,646	(7,287,424)	2,502,260	7,390,415	180,384,990
Information technology equipment	15,816,751	3,627,463	1,710,818	(1,588,600)	141,327	3,034,078	22,741,837
Vehicles	19,355,968	494,253	953,554	(129,898)	1,291,905	731,299	22,697,081
Other property, plant and equipment	25,945,768	2,552,032	3,361,472	(2,648,906)	341,711	7,293,248	36,845,325
Property, plant and equipment under construction	9,353,708	2,591,590	56,795,985	(112,723)	(4,599)	(45,085,240)	23,538,721
	1,651,315,901	**563,428,378**	**85,906,215**	**(43,805,711)**	**22,832,007**	**(27,412,065)**	**2,252,264,725**
Accumulated depreciation							
Buildings	(137,428,982)	(53,644)	(24,116,324)	2,550,453	119,419	4,823,794	(154,105,284)
Technical installations and machinery	(108,092,033)	(2,460,364)	(20,107,155)	920,162	(2,665,380)	4,074,953	(128,329,817)
Other property, plant and equipment	(157,220,246)	(6,502,968)	(22,923,582)	12,691,550	(2,680,572)	(9,362,647)	(185,998,465)
	(402,741,261)	**(9,016,976)**	**(67,147,061)**	**16,162,165**	**(5,226,533)**	**(463,900)**	**(468,433,566)**
Impairment of property, plant and equipment	(26,127,864)	-	(24,400,000)	-	-	24,223,437	(26,304,427)
CARRYING AMOUNT	**1,222,446,776**	**554,411,402**	**(5,640,846)**	**(27,643,546)**	**17,605,474**	**(3,652,528)**	**1,757,526,732**

The main additions reflect the refurbishment of different hotel establishments.

Additions are mainly due to the acquisition of the Occidental Group (see note 3).

The main disposals reflect the sale of the Puerto Plata and Allegro Papagayo hotels (see notes 3 and 16).

Details of movement in property, plant and equipment in 2014 are as follows:

	Balance at 31/12/2013	Additions	Disposals	Translation differences	Transfers	Balance at 31/12/2014
Cost of acquisition						
Land and natural resources	568,737,759	579,030	(15,635,321)	14,418,898	(151,828,911)	416,271,455
Buildings	1,010,118,209	7,277,073	(27,055,342)	26,481,019	(247,480,914)	769,340,045
Technical installations	187,046,390	6,176,199	(652,043)	4,420,040	(46,799,896)	150,190,690
Machinery	53,665,283	1,877,655	(457,017)	2,373,896	(10,116,555)	47,343,262
Tools	1,904,643	68,157	(101,661)	30,021	(802,001)	1,099,159
Other installations	36,602,976	2,351,366	(300,922)	500,772	(4,781,475)	34,372,717
Furniture	204,288,833	8,394,667	(2,177,182)	4,320,380	(52,600,320)	162,226,378
Information technology equipment	16,534,414	1,016,618	(174,851)	190,165	(1,749,595)	15,816,751
Vehicles	19,804,621	34,536	(1,108,619)	874,122	(248,692)	19,355,968
Other property, plant and equipment	29,946,941	3,112,120	(427,663)	583,110	(7,268,740)	25,945,768
Property, plant and equipment under construction	33,566,943	54,651,025	-	159,583	(79,023,843)	9,353,708
	2,162,217,012	**85,538,446**	**(48,090,621)**	**54,352,006**	**(602,700,942)**	**1,651,315,901**
Accumulated depreciation						
Buildings	(184,777,572)	(21,779,319)	1,044,043	(3,048,557)	71,132,423	(137,428,982)
Technical installations and machinery	(132,449,017)	(19,835,841)	528,535	(3,896,939)	47,561,229	(108,092,033)
Other property, plant and equipment	(186,846,500)	(24,953,867)	2,819,575	(4,164,403)	55,924,949	(157,220,246)
	(504,073,089)	**(66,569,027)**	**4,392,153**	**(11,109,899)**	**174,618,601**	**(402,741,261)**
Impairment of property, plant and equipment	-	(26,127,864)	-	-	-	(26,127,864)
CARRYING AMOUNT	**1,658,143,923**	**(7,158,445)**	**(43,698,468)**	**43,242,107**	**(428,082,341)**	**1,222,446,776**

The main additions reflected the refurbishment of the Maya Complex.

The main disposals were the sale of the Barceló Dominican Beach hotel (BCLO Ocean Bav, BV) and the sale of the rest of the Barceló Capella hotel assets, a portion of which was sold in 2013, both located in the Dominican Republic.

In 2014 a number of hotels located in Spain were transferred to non-current assets held for sale (see note 9).

The Group has insurance policies contracted which cover the carrying amount of property, plant and equipment.

The Mexican companies have been consolidated without considering the recorded inflationary effect, in accordance with local accounting standard B10, as it was not considered to be a hyperinflationary economy.

No finance costs have been capitalised during 2015. The Group capitalised finance costs amounting to Euros 0.3 million in 2014. These costs relate to loans which are directly attributable to the acquisition of assets.

At 31 December 2015 the Group has fully depreciated property, plant and equipment amounting to Euros 167.3 million (Euros 103.6 million at 31 December 2014).

6. INVESTMENT PROPERTY

Investment property reflects the carrying amount of the assets held to generate rental income or capital gains. Details of investment property held by the Group are as follows:

Movement for 2015 is as follows:

	Balance at 31/12/2014	Translation differences	Depreciation	Balance at 31/12/2015
Shopping centres and retail premises in Spain	9,581,934	-	(78,650)	9,503,284
Land in Costa Rica	14,721,519	1,277,107	-	15,998,626
TOTAL	**24,303,453**	**1,277,107**	**(78,650)**	**25,501,910**

Movement for 2014 is as follows:

	Balance at 31/12/2013	Additions	Transfer to ANMV	Translation differences	Depreciation	Balance at 31/12/2014
Shopping centres and retail premises in Spain	16,412,803	5,265,059	(11,673,782)	-	(422,146)	9,581,934
Land in Costa Rica	13,962,783	-	-	758,736	-	14,721,519
TOTAL	**30,375,586**	**5,265,059**	**(11,673,782)**	**758,736**	**(422,146)**	**24,303,453**

In 2014 a number of shopping centres located in Spain were transferred to non-current assets held for sale (see note 9).

The operating income generated for the Group by this investment property in 2015 amounted to Euros 0.1 million (same amount in 2014).

The fair value of these assets does not differ significantly from their carrying amount.

7. EQUITY-ACCOUNTED INVESTEES

Movement in investments in associates in 2015 is as follows:

	Balances at 31/12/2014	Profit/(loss)	Additions	Distribution of dividends	Translation differences	Balances at 31/12/2015
Crestline Hotels & Resorts, LLC	3,517,634	(470,660)		-	(87,550)	2,959,424
Santa Lucía, S.A.	4,271,537	486,878	-	-	-	4,758,415
Global Business Travel Spain, SL.	5,272,965	1,652,899	-	(836,803)	-	6,089,061
Bay Hotels & Leisure, S.A. (note 9)	-	1,710,202	56,018,160	-	-	57,728,362
	13,062,136	**3,379,319**	**56,018,160**	**(836,803)**	**(87,550)**	**71,535,262**

Movement in investments in associates in 2014 is as follows:

	Balances at 31/12/2013	Profit/(loss)	Disposals	Distribution of dividends	Translation differences	Balances at 31/12/2014
Crestline Hotels & Resorts, LLC	2,515,538	606,764	-	-	395,332	3,517,634
Santa Lucía, S.A.	3,765,627	505,910	-	-	-	4,271,537
Turyocio Viajes y Fidelización, S.A.	46,789	-	(46,789)	-	-	-
Global Business Travel Spain, SL.	5,428,364	532,517	-	(687,916)	-	5,272,965
	11,756,318	**1,645,191**	**(46,789)**	**(687,916)**	**395,332**	**13,062,136**

In 2014 the investment in TCA Block 7, LLC and Blacksburg was transferred to non-current assets held for sale (see note 9).

The key indicators from the balance sheets and income statements of associates in 2015 are as follows:

		Currency	Total assets	Equity	Other liabilities	Total liabilities	Total revenues	Net profit/(loss) in local currency	Net profit/(loss) in Euros	Net profit/loss attributable to the Group
Global Business Travel Spain, S.L.	35%	Thousands of Euros	53,697	7,804	45,893	53,697	492,267	4,723	4,723	1,653
Crestline Hotels & Resorts, LLC	40%	Thousands of US Dollars	17,410	6,594	10,816	17,410	130,102	(1,306)	(1,177)	(471)
Santa Lucía, S.A.	50%	Thousands of US Dollars	11,504	11,504		11,504	-	-	-	487
Bay Hotels & Leisure, S.A	24%	Thousands of Euros	598,362	289,062	309,300	598,362	18,524	60,712	60,712	1,710

The key indicators from the balance sheets and income statements of associates in 2014 are as follows:

		Currency	Total assets	Equity	Other liabilities	Total liabilities	Total revenues	Net profit/(loss) in local currency	Net profit/(loss) in Euros	Net profit/loss attributable to the Group
Global Business Travel Spain, S.L.	35%	Thousands of Euros	51,768	5,445	46,323	51,768	450,563	2,363	2,363	533
Crestline Hotels & Resorts, LLC	40%	Thousands of US Dollars	19,380	9,661	9,719	19,380	73,765	833	630	607
Santa Lucía ,S.A.	50%	Thousands of US Dollars	10,372	10,372	-	10,372	-	-	-	506

8. OTHER FINANCIAL ASSETS AND LIABILITIES

8.1. OTHER NON-CURRENT FINANCIAL ASSETS

Details of other non-current financial assets at 31 December 2015 and 2014 are as follows:

	Balances at 31/12/2015	Balances at 31/12/2014
Non-current deposits and guarantees	19,010,759	10,515,588
Assets available for sale	14,107,168	13,711,037
Derivatives	11,445,115	11,144,797
Loans to third parties	21,854,395	36,425,655
Balance receivable on the sale of rights to use rooms and the sale of shares with associated rights	36,728,650	-
Prepayments for non-current assets	8,045,170	-
Other non-current loans	4,514	956,189
	111,195,771	**72,753,266**

Non-current deposits and guarantees

The balance primarily comprises security deposits related to lease contracts for hotels and aircraft. Their fair value is similar to their carrying amount.

Assets available for sale

The balance of financial assets available for sale primarily comprises:

a. A 15% interest in Punta Umbría Turística, S.A., with registered office in Huelva, Spain, for an amount of Euros 11.6 million (Euros 11.4 million in 2014), acquired in 2008. This company owns the Barceló Punta Umbria Resort hotel. The Group does not have significant influence over this company. This interest has been measured considering a selling price agreed within three years for an amount of Euros 12 million.

b. A 33% shareholding in Rey Sol, S.A., over which the Group does not have significant influence, measured at the value of the put option held by the Group, which may be exercised in 2016. The fair value of this put option has been estimated at Euros 1.8 million.

Derivatives

The balance of derivatives primarily comprises the measurement of the put option on the shareholding in Global Business Travel Spain, S.L. for an amount of Euros 11.4 million (Euros 11.1 million in 2014). This put option has been measured considering its sale within three years for an amount of Euros 20 million at a discount rate of 6%. The investment in this entity in combination with the related derivative are considered a hybrid financial instrument. Therefore, the 35% interest in Global Business Travel Spain, S.L. is accounted for using the equity method, due to the significant influence the Group has on the company, and the derivative is measured as the difference between the equity-accounted amount (see note 7), equivalent to its fair value at year end, and the present value of the strike price of the option applying the aforementioned assumptions.

Loans to third parties

The balance of loans to third parties mainly reflects credit facility extended to Punta Umbría Turística, S.A., which owns a hotel subject to a management contract with the Group, including a commitment to cover the former's cash shortfalls, with the hotel pledged as collateral, but junior to the bank debt of Punta Umbría Turística, S.A. The credit facility matures in 2035. The facility accrues interest at a market rate, and is accounted for at its amortised cost. At 31 December 2015 the gross value of the facility is Euros 40.9 million, and an impairment loss of Euros 20.2 million has been recognised in 2015.

Balances receivable on the sale of rights to use rooms and the sale of shares with associated rights

The Group extends financing to customers who purchase rights to use rooms and shares with associated rights. These financing plans are subject to interest at a rate of between approximately 4% and 16%.

8.2. LOANS AND BORROWINGS

At 31 December 2015, loans and borrowings by nature and maturity are as follows:

	2015	
	Non-current maturities	Current maturities
Personal loans	200,833,152	183,074,211
Mortgage loans	441,442,464	19,846,466
Credit facilities	115,151,936	-
Interest	-	3,138,241
TOTAL BANK DEBT	**757,427,552**	**206,058,918**

At 31 December 2014, loans and borrowings by nature and maturity are as follows:

	2014	
	Non-current maturities	Current maturities
Personal loans	252,261,044	192,555,288
Mortgage loans	392,540,598	71,700,466
Credit facilities	77,051,502	49,234,337
Finance leases (note 21.2)	28,041,257	1,163,450
Interest	-	6,699,436
Total bank debt	**749,894,401**	**321,352,977**

At 31 December 2015 the Group has contracted mortgage loans in foreign currency of USD 423 million (USD 242.9 million at 31 December 2014).

Loans and borrowings which accrue interest at a floating rate, are pegged to Euribor or Libor, with a market-rate spread.

Credit facilities maturing in the short term are periodically renewed, accruing interest at a floating rate of Euribor plus a market-rate spread (except a limit of Euros 5 million that accrue interest at a fixed rate). All of these loans, borrowings and credit facilities are denominated in Euros. The limits on current credit facilities for 2015 and 2014 are Euros 119.5 million and Euros 199.1 million, respectively.

Credit facilities maturing in the long term accrue interest at a floating rate of Euribor plus a market-rate spread (except a limit of Euros 14.2 million that accrue interest at a fixed rate). All of these loans, borrowings and credit facilities are denominated in Euros. The limit on non-current credit facilities for 2015 is Euros 118.3 million (Euros 90.2 million in 2014).

Mortgage loans at 31 December 2015, of which an amount of Euros 461.3 million is outstanding, are secured by land and buildings owned by Group companies with a carrying amount of Euros 940.3 million, which are recognised under property, plant and equipment. At 31 December 2014 the outstanding amount of the mortgage loans was Euros 464.2 million and the carrying amount of the assets pledged as collateral, recognised under property, plant and equipment and non-current assets held for sale, was Euros 1,155.7 million.

All the loans and borrowings are pegged to a floating market rate, except for an amount of Euros 88.5 million which bears interest at a fixed rate (Euros 142.2 million in 2014). Their fair value is similar to their carrying amount.

The Barceló Group has received loans of Euros 49.8 million (Euros 161.4 million in 2014) from Spain's Official Credit Institute (ICO), broken down as follows:

(Millions of Euros)	2015	2014
Official Credit Institute Renove Plan	1.1	3.6
Official Credit Institute Liquidity	-	3.0
Official Credit Institute Futures	-	0.8
Official Credit Institute International	-	34.3
Official Credit Institute Business growth	-	0.8
Official Credit Institute Investment	-	-
Official Credit Institute Companies and entrepreneurs	48.7	118.9
	49.8	**161.4**

8.3. OTHER NON-CURRENT LIABILITIES

Details are as follows:

	2015	2014
Guarantees and deposits	3,302,476	17,200,692
Non-current loans	63,922,743	60,109,285
Other non-current liabilities	4,083,988	-
Derivatives	12,289,923	12,700,924
Other	150,879	102,106
TOTAL OTHER NON-CURRENT FINANCIAL LIABILITIES	**83,750,009**	**90,113,007**

At 31 December 2015 the balance of non-current loans includes loans of Euros 12.6 million extended by Fundación Barceló (the same amount at 31 December 2014), which bear interest at rates of 4% to 5% and loans extended by various members of the Barceló family for an amount of Euros 51.3 million (Euros 47.5 million at 31 December 2014). This balance includes a loan in foreign currency for an amount of US Dollars 3.7 million (US Dollars 3.7 million at 31 December 2014).

The fair value of these loans is similar to their carrying amount. These loans are renewed annually and are presented as non-current due to the lenders' express acceptance of their extension.

Derivatives correspond to the non-current portion of the fair value of the cash flow derivatives (interest rate swap) for an amount of Euros 12.3 million (Euros 12.7 million in 2014), all of which are classified as a hedge. In 2014 Euros 0.7 million were not considered as a hedge (see note 8.5).

8.4. MATURITIES OF FINANCIAL LIABILITIES

Details by maturity of non-current financial liabilities at 31 December 2015 are as follows:

	2017	2018	2019	2020	2021 and rest
Personal loans	94,284,526	48,038,231	19,560,781	38,949,614	
Mortgage loans	20,316,581	44,025,615	54,923,323	90,668,103	231,508,842
Credit facilities	115,151,936	-	-	-	-
TOTAL BANK DEBT	**229,753,043**	**92,063,846**	**74,484,104**	**129,617,717**	**231,508,842**
Guarantees and deposits					3,302,476
Non-current loans	63,922,743	-	-	-	-
Other non-current liabilities	4,083,988		-	-	-
Derivatives	12,024,858	231,832	46,569	(13,336)	0
Other financial liabilities	150,879	-	-	-	-
TOTAL OTHER NON-CURRENT LIABILITIES	**80,182,468**	**231,832**	**46,569**	**(13,336)**	**3,302,476**

Details by maturity of non-current financial liabilities at 31 December 2014 are as follows:

	2016	2017	2018	2019	2020 and rest
Personal loans	110,299,158	51,818,212	36,042,443	24,629,769	29,471,463
Mortgage loans	65,350,846	60,726,503	62,565,983	57,763,316	146,133,950
Credit facilities	77,051,501	-	-	-	-
Finance lease	4,558,142	4,558,142	4,558,142	4,558,142	9,808,689
TOTAL BANK DEBT	**257,259,647**	**117,102,857**	**103,166,568**	**86,951,227**	**185,414,102**
Guarantees and deposits	-	-	-	-	17,200,692
Non-current loans	60,109,285	-	-	-	-
Derivatives	4,726,864	2,973,366	1,986,575	1,324,741	1,689,378
Other financial liabilities	102,106	-	-	-	-
TOTAL OTHER NON-CURRENT LIABILITIES	**64,938,255**	**2,973,366**	**1,986,575**	**1,324,741**	**18,890,070**

8.5. FINANCIAL INSTRUMENTS

Financial assets	Equity instruments		Loans, derivatives and others		Total	
	2015	2014	2015	2014	2015	2014
Non-current financial assets						
Assets at fair value through profit or loss	-	-	11,445,115	11,144,797	11,445,115	11,144,797
Assets available for sale	14,107,168	13,711,037			14,107,168	13,711,037
Loans and receivables	-	-	85,643,488	47,897,432	85,643,488	47,897,432
	14,107,168	13,711,037	97,088,603	59,042,229	111,195,771	72,753,266
Current financial assets						
Loans and receivables	-	-	292,745,567	463,691,032	292,745,567	463,691,032
Hedging derivatives	-	-	2,393,595	14,055,217	2,393,595	14,055,217
	-	-	295,139,162	477,746,249	295,139,162	477,746,249
TOTAL	14,107,168	13,711,037	392,227,765	536,788,478	406,334,933	550,499,515

The Euros 14.1 million of financial assets available for sale mainly correspond to the Group's interest in a company which owns a hotel (see note 8.1).

Current financial assets include trade receivables, other receivables and other current financial assets, less the amounts receivable from public entities.

Financial liabilities	Total	
	2015	2014
Non-current liabilities		
Hedging derivatives	12,289,923	12,445,824
Liabilities at fair value through profit or loss	-	255,099
Loans and payables	824,803,648	827,306,484
	837,093,571	840,007,407
Current financial liabilities		
Hedging derivatives	12,138,717	27,022,967
Liabilities at fair value through profit or loss	-	437,314
Loans and payables	553,727,463	589,059,907
	565,866,180	616,520,188
TOTAL	1,402,959,751	1,456,527,595

The Group has hedging derivatives (interest rate swaps) in Euros with a notional amount at 31 December 2015 of Euros 71.7 million and US Dollars 106.3 million (Euros 308.8 million and US Dollars 139.8 million at 31 December 2014), whose fair value at 31 December 2015 amounts to Euros 2,402 thousand (Euros 18,686 thousand at 31 December 2014). These contracts expire between December 2016 and October 2020 and the contracted fixed interest rate ranges between 0.130% and 2.14% on Euribor (between 0.213% and 2.9% at 31 December 2014). In addition, the Group has hedging derivatives on exchange rates and jet fuel prices, with a net fair value payable at 31 December 2015 of Euros 19,633 thousand (Euros 6,728 thousand at 31 December 2014).

Details by maturity of the notional amounts at 31 December 2015 are as follows:

Expiry	Notional
2015	169,307,209
2016	127,212,958
2017	112,012,958
2018	107,212,958
2019	102,412,958

Details by maturity of the notional amounts at 31 December 2014 are as follows:

Expiry	Notional
2014	423,457,087
2015	361,077,492
2016	265,799,103
2017	204,268,401
2018	141,050,863
2019	92,782,216
2020	31,163,224

The Group has recognised hedging derivatives at fair value through changes in equity. Non-hedging derivatives have been recognised in the income statement, at their fair value. In both cases, the discounted cash flow valuation method was applied.

8.6. ASSETS AND LIABILITIES AT FAIR VALUE

The Group classifies measurements at fair value using a hierarchy which reflects the significance of the inputs used in measurement, in accordance with the following levels:

a. quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 input).

b. inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2 input), and

c. inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3 input).

Details of the assets and liabilities measured at fair value and the hierarchy in which they are classified are as follows:

	Level 2	
	2015	2014
Derivatives - assets		
- Exchange rate	2,393,595	10,878,571
- Fuel	-	3,176,646
Financial assets at fair value through profit or loss	11,445,115	11,144,797
Equity instruments in other companies	13,417,905	13,025,080
TOTAL ASSETS	**27,256,615**	**38,225,094**
Derivatives - liabilities		
- Interest rate	(2,401,795)	(19,377,916)
- Exchange rate	(9,091)	(5,278,884)
- Fuel	(22,017,755)	(15,504,406)
TOTAL LIABILITIES	**(24,428,641)**	**(40,161,206)**

9. ASSETS AND LIABILITIES RELATED TO NON-CURRENT ASSETS HELD FOR SALE

Details are as follows:

	2015	2014
Assets - Spain	-	438,609,574
	-	438,609,574

Non-current assets held for sale in 2014, recognised at their carrying amount, reflected the following investments:

- In 2014 Barceló Hotels Canarias, SL signed a sale and purchase agreement for the Barceló Santiago hotel with a Chinese foreign investment group, subject to compliance with certain conditions (obtaining authorisation from the Chinese government, among others), which expired in July 2015. The transfer took place in July 2015.

- Hotel establishments in Spain, as a result of the transaction described below.

In April 2015 the Barceló Group signed an investment contract with Hispania Real SOCIMI, S.A.U. (Hispania) as investor, in accordance with which, Barceló Group entities were required to contribute certain hotel buildings and businesses to Bay Hotels & Leisure, S.A. (hereinafter BAY) (see note 7), which in turn are leased to the Barceló Group. These contributions were carried out through different corporate transactions, which, once completed, and certain conditions met, enabled the entry of Hispania as the Company's majority shareholder.

On 11 June 2015 the shareholders of the companies involved approved the following corporate transactions:

- The spin off to the Company of the economic unit and branch of activity involving the holding and management of leased real estate assets of Barceló Corporación Empresarial, S.A. (hereinafter BCE).

- The spin off to the Company of the economic unit and branch of activity involving the holding and management of leased real estate assets and the non-monetary contribution of real estate assets of Grupo Turístico Barceló, S.L. (hereinafter GTB).

- Non-monetary contribution of certain hotel assets owned by Barceló Hoteles Mediterráneo, S.L. (hereinafter BHM).

Through their spin off from BCE, BAY has acquired the Barceló Cabo de Gata, Barceló Isla Cristina, Barceló Jandía Mar and Barceló Jandía Playa hotels. Through their non-monetary contribution from BHM, BAY has acquired the Barceló Pueblo Menorca, Barceló Pueblo Ibiza, Barceló Ponent Playa, Barceló Hamilton and Barceló Cala Viñas hotels. Through their spin off from GTB, BAY has acquired retail premises, three apartment blocks, a spa and sports facilities and an administrative concession to operate the marina located on the island of Fuerteventura.

On 15 October 2015 the Group sold to Hispania 80.5% of the shares it held in BAY for Euros 122.6 million.

BAY also subsequently acquired 100% of the share capital of BHC and PDV for Euros 138.6 million and Euros 14.3 million, respectively. Through this transaction, the Group sold the Barceló Castillo Beach Resort, Hotel Barceló Fuerteventura Thalasso Spa, Hotel Barceló Lanzarote, Hotel Barceló las Margaritas and Hotel Barceló Pueblo Park hotels, and the Fuerteventura shopping centre.

On 10 December 2015 the Group increased its interest in BAY to 24%, making an additional outlay of Euros 30.0 million.

Tax disclosures required by prevailing legislation are included in the individual annual accounts of the companies involved.

The effect of this transaction on consolidated profits before tax is Euros 2.3 million.

10. OTHER CURRENT ASSETS AND LIABILITIES

The fair value of all current financial assets and liabilities is considered to be the same as the amortised cost, as the maturity date of the assets and liabilities is close to year end.

10.1. OTHER RECEIVABLES

Details are as follows:

	Balance at 31/12/2015	Balance at 31/12/2014
Receivables	15,879,747	76,228,023
Advances to creditors	10,324,032	7,422,780
Tax receivables	13,582,935	8,709,918
Taxation authorities, VAT recoverable	8,145,295	3,841,306
Withholdings and payments on account	8,867,516	5,741,322
Receivables from related parties (note 20)	5,007,054	3,911,559
TOTAL	**61,806,579**	**105,854,908**

10.2. OTHER CURRENT FINANCIAL ASSETS

Details are as follows:

	Balance at 31/12/2015	Balance at 31/12/2014
Deposits	97,479,180	240,011,113
Security deposits and other guarantees	6,359,266	8,888,960
Interest receivable	762,373	1,452,851
Derivatives	2,393,595	14,055,217
TOTAL	**106,994,414**	**264,408,141**

Deposits primarily reflect fixed-term deposits with financial institutions maturing 3 to 12 months from the date of arrangement and a return pegged to Euribor or Libor. Of the total amount of deposits, Euros 52.2 million is pledged as collateral for loans (Euros 100.2 million in 2014).

The pledged deposits are freely available for repayment of debt.

10.3. CASH AND CASH EQUIVALENTS

At 31 December 2015 the balance of bank accounts is Euros 254.4 million, and the remainder comprises bank deposits maturing in less than three months. At 31 December 2014, the balance amounted to Euros 113.9 million.

As established in articles 42.bis, 42 ter and 52 bis of the General Regulations on Tax Management and Inspection Actions and Procedures, the Parent has the required entries in its accounts to comply with the obligation to declare its assets and rights located abroad, in accordance with the Eighteenth Additional Provision of the General Tax Law 58/2003 of 17 December 2003, the General Regulations on Tax Management and Inspection Actions and Procedures, developing the Shared Regulations for Procedures for Applying Taxes, approved by Royal Decree 1065/2007 of 27 July 2007.

The accounting balances of the bank accounts belonging to foreign subsidiaries of Barceló Corporación Empresarial, S.A. controlled by individuals with powers of attorney who are resident in Spain for tax purposes are duly recognised and identified in their respective individual accounts and are included in the preparation of the accompanying consolidated annual accounts.

10.4. OTHER CURRENT LIABILITIES

Details are as follows:

	Balance at 31/12/2015	Balance at 31/12/2014
Spanish taxation authorities	31,093,916	17,272,291
Social Security	5,714,455	4,767,529
Salaries payable	18,293,931	14,872,838
Other payables	19,436,900	775,378
Guarantees and deposits received	360,305	2,048,077
Hedging derivatives (note 8.5)	12,138,717	27,460,281
Dividends	-	5,000,000
TOTAL	**87,038,224**	**72,196,394**

11. PREPAYMENTS

This heading includes payments of amounts which have not yet been accrued and primarily reflects prepayments of hotel rent and insurance.

12. EQUITY

12.1. SHARE CAPITAL

At 31 December 2015 and 2014 share capital is represented by 10,464,384 registered shares of Euros 1 par value each, subscribed and fully paid. All shares are of the same type, have the same rights and are not quoted on the stock exchange.

12.2. SHARE PREMIUM

The share premium is freely distributable.

12.3. RESERVES

Legal reserve

Spanish companies are obliged to transfer a minimum of 10% of the profits for the year to a legal reserve until this reserve reaches an amount equal to at least 20% of the share capital. This reserve is not distributable to shareholders and may only be used to offset losses if no other reserves are available. Under certain conditions it may be used to increase share capital provided that the balance left on the reserve is at least equal to 10% of the nominal value of the total share capital after the increase.

Voluntary reserves (other reserves)

The voluntary reserve is freely distributable.

Reserves in fully consolidated companies and associates

This heading includes the contribution to consolidated equity of the profits generated by Group companies since their incorporation. As indicated in note 2.4, accumulated translation differences to the date of the transition to IFRS have also been classified under this heading.

Other non-distributable reserves

- The goodwill reserve has been appropriated for certain subsidiaries in compliance with article 273.4 of the Revised Spanish Companies Act, which requires companies to transfer profits equivalent to 5% of goodwill to a non-distributable reserve until this reserve reaches an amount equal to the goodwill recognised in the annual accounts of the individual companies which form part of the consolidated Group. In the absence of profit, or if profit is insufficient, freely distributable reserves should be used. At 31 December 2015 the amount allocated to this reserve is Euros 7 thousand (Euros 1,624 thousand at 31 December 2014).

- The capitalisation reserve. Income Tax Law 27/2014 introduced as of 2015, article 25 regulating the capitalisation reserve. This article stipulates the possibility of reducing taxable income to 10% of the increase in an entity's capital and reserves, provided that a number of requirements, including the following, are met:

  a. That the amount of the increase in the entity's capital and reserves is maintained for a period of five years from the close of the tax period to which this reduction pertains, unless the entity has incurred accounting losses.

  b. That a reserve be allocated, equivalent to the amount of the decrease, which should be reflected on the balance sheet as a separate heading and will be non-distributable during the period forecast in the preceding point.

12.4. DISTRIBUTION OF DIVIDENDS

The directors will propose to the shareholders that the Parent distribute dividends for 2015 of Euros 14 million.

On 29 May 2015 the shareholders of the Parent proposed the distribution of Euros 4.3 million in 2015 with a charge to reserves, which were paid in June 2015.

In accordance with the approved minutes to the meetings held on 30 May 2014 and 18 December 2014, the shareholders of the Parent agreed the distribution of dividends amounting to Euros 5 million with a charge to the share premium and Euros 5 million with a charge to reserves, respectively. The dividends approved on 18 December 2014 were paid in 2015.

12.5. NON-CONTROLLING INTERESTS

The most significant non-controlling interests are mainly held by Deansfield Company, Ltd and Desarrollo Flamenco Riviera SA de CV.

13. GRANTS

Capital grants were primarily extended to acquire or build hotel assets, recognising the profit or loss according to the useful life of the subsidised asset.

Movement in 2015 is as follows:

	Balances at 31/12/2014	Additions	Taken to income statement	Balances at 31/12/2015
Grants	613,817	79,503	(305,998)	387,322
	613,817	79,503	(305,998)	387,322

Movement in 2014 is as follows:

	Balances at 31/12/2013	Additions	Taken to income statement	Balances at 31/12/2014
Grants	440,401	276,062	(102,646)	613,817
	440,401	276,062	(102,646)	613,817

14. PROVISIONS

14.1. NON-CURRENT PROVISIONS

Movement in provisions in 2015 is as follows:

	Balances at 31/12/2014	New Additions	Additions	Disposals	Transferred to current	Financial effect	Translation differences	Balances at 31/12/2015
Provisions for long-service benefits	7,480,617	635,604	772,982	(417,951)	3,105,901	-	181,497	11,758,650
Provisions for liabilities	18,554,317	-	30,787,612	(2,144,370)	-	-	(44,483)	47,153,076
Non-current provisions for assets	797,822	-	788,874	-	-	-	-	1,586,696
Non-current provisions for onerous contracts	1,520,046	-	1,787,946	(2,135,201)	172,174	107,796	-	1,452,761
	28,352,802	635,604	34,137,414	(4,697,522)	3,278,075	107,796	137,014	61,951,183
Current provisions for onerous contracts	859,196	-	317,478	(240,397)	(172,174)	-	-	764,103
TOTAL PROVISIONS	29,211,998	635,604	34,454,892	(4,937,919)	3,105,901	107,796	137,014	62,715,286

Movement in provisions in 2014 is as follows:

	Balances at 31/12/2013	Additions	Disposals	Transferred to current	Financial effect	Translation differences	Balances at 31/12/2014
Provisions for long-service benefits	5,694,668	2,121,603	(335,654)	-	-	-	7,480,617
Provisions for liabilities	15,579,921	4,623,829	(1,664,106)	-	-	14,673	18,554,317
Non-current provisions for assets	1,125,950	-	(328,128)			-	797,822
Non-current provisions for onerous contracts	2,999,571	-	(1,746,111)	(150,454)	417,040	-	1,520,046
	25,400,110	6,745,432	(4,073,999)	(150,454)	417,040	14,673	28,352,802
Current provisions for onerous contracts	1,161,626	-	(452,884)	150,454	-	-	859,196
TOTAL PROVISIONS	26,561,736	6,745,432	(4,526,883)	-	417,040	14,673	29,211,998

14.1.1. Commitments with employees

The provision for long-service benefits covers the accrued liability of these commitments, as established in a number of collective labour agreements in the Spanish and Mexican hospitality sector and the national collective labour agreement for travel agencies.

Long-service benefits in Spain:

Under prevailing employment legislation in Spain for hospitality companies, Group companies in Spain with this activity are obliged to pay employees who have completed a specific length of service an amount equivalent to a number of monthly salary instalments in cash, in accordance with the worker's length of service and age at the end of their employment relationship. These long-service benefits are calculated based on the basic salary and the worker's personal supplements. The collective labour agreement for travel agents in Spain also regulates retirement benefits, subject to an agreement between the worker and the company. In 2015 and 2014 the required provisions have been recognised for this purpose, based on the terms of the corresponding collective labour agreements. The liabilities relating to defined benefit obligations are measured based on actuarial calculations. The method used for this calculation in 2015 was the projected unit credit method using the PER2000P tables, applying an interest rate of 1.81% and a salary increase of 1.5% and an employee turnover assumption. The provision for this commitment amounts to Euros 7.8 million at the end of 2015 (Euros 7.5 million in 2014).

14.1.2. Provisions for liabilities

Provisions for liabilities cover the potential repayment of grants and miscellaneous risks and contingencies arising from the Group's operations and litigation. In 2015 the Group recognised a provision for guarantees extended to Bay Hotels & Leisure, S.A. (see notes 7 and 9) of Euros 24.6 million.

14.1.3. Onerous contracts

Provisions for onerous contracts are those derived from various lease contracts in Spain. These provisions have been calculated by discounting the cash flows estimated by the Group and evaluating the lowest possible cost of the various alternative outflows relating to each of the contracts.

14.2. Current provisions

The balance of provisions at 31 December 2015 amounts to Euros 764 thousand and corresponds to the current portion of the provision for onerous contracts (Euros 859 thousand at 31 December 2014).

15. TAXES

Companies file annual income tax returns. The profits of Spanish companies, determined in accordance with tax legislation, are subject to a tax rate of 28% in 2015. Other Group companies are subject to nominal income tax rates of 19% to 40%, with the exception of companies domiciled in Switzerland, which are subject to an income tax rate of approximately 8.5%. Certain deductions may be made from the resulting tax amount.

Since 1 January 2008, certain Spanish Group companies have filed consolidated income tax returns. Under this tax regime, the taxable income of Group companies is not determined by the Group's consolidated accounting profit, but by the taxable income of the Group companies, determined as for individual tax returns, eliminating those results in the individual taxable income of each Group company that originate from intragroup transactions and including results which were eliminated in prior periods which are understood to have been realised by the Group in the tax period.

The Spanish Group companies have tax loss carryforwards available for offset against future taxable income in an amount of Euros 509 million. Due to the tax reform which entered into force on 1 January 2015, these tax loss carryforwards will be available for offset for an indefinite period. At 31 December 2015, of the aforementioned amount, tax losses amounting to Euros 115.5 million have been capitalised (Euros 139.3 million in 2014), resulting in a deferred tax asset of Euros 28.9 million (Euros 38.2 million in 2014). Recovery of other tax losses is not considered probable in the short term.

Furthermore, Spanish Group companies have various unused deductions, generated in prior years and in 2015, for a total of Euros 4.2 million (Euros 4.2 million in 2014), broken down as follows:

- Euros 1.5 million corresponding to the deduction for reinvestment of extraordinary profit of Barceló Hoteles Mediterráneo, SL, which will become statute barred in 2021;

- Euros 2.6 million corresponding to the deduction for technological innovation, which will become statute barred in 2033;

At 31 December 2015, of the total unused deductions, deferred tax assets have been recognised in an amount of Euros 4 million (Euros 4 million in 2014).

Corporate Income Tax Law 27/2014 of 27 November 2014 provides for a change in the tax rate from 30% to 28% for tax periods beginning 1 January 2015, and from 28% to 25% for tax periods starting on or after 1 January 2016. Consequently, pursuant to recognition and measurement standard 13, the deferred tax assets and liabilities have been measured at the standard tax rates that are expected to apply at the moment of their reversal.

Foreign subsidiaries of the Group in the United States and Germany have significant tax loss carryforwards. Details of taxation in countries which are significant to the Group are shown below.

- In the Dominican Republic, Group companies are subject to the higher of one of the following two taxes: (i) Asset Tax, at 1% of total assets less investments in shares, prepaid tax and rural properties, or (ii) Income Tax on taxable income based on accounting profit with various tax and accounting adjustments, at a rate of 27%. It should be noted that the Dominican companies Hotelera Bávaro, S.A. and Inversora Internacional Hotelera, S.R.L. have reached specific agreements with the Dominican Directorate-General for Taxation (DGII) (i.e., APA).

- Group companies resident in Mexico in 2015 are subject to Income Tax on accounting profit adjusted for fiscal inflationary effects on monetary assets and liabilities and impairment, at a rate of 30%..

- In the United States, Group companies are subject to income tax, at a rate of 40%, on profits, determined in accordance with prevailing tax legislation (federal tax of 34% and state tax of 6%). In 2015, tax losses amount to Euros 13.9 million – including both ordinary losses and capital losses – which can be offset against future profits in the twenty years following that in which they were generated (which will prescribe as of 2029).

- In Germany, tax losses which may be offset in future years amount to Euros 9 million, with no time limit on offsetting. These losses have not resulted in the recognition of deferred tax assets.

In accordance with prevailing Spanish legislation, taxes cannot be considered definitive until they have been inspected and agreed by the taxation authorities or before the inspection period of four years has elapsed. At 31 December 2015 the Spanish Group companies have open to inspection by the taxation authorities all main applicable taxes since 1 January 2012 (1 January 2011 for income tax). The exceptions are:

- Inmuebles de Baleares, S.L. which is open to inspection for income tax for 2006.

- Barceló Corporación Empresarial, S.A. which is open to inspection for income tax for 2006.

The Group is involved in judicial review proceedings for the following Spanish companies for which assessments have been contested:

COMPANY	YEAR	TAX	STATUS OF CLAIM
Inmuebles de Baleares, S.L.	2006	Income tax	Central Economic and Administrative Tribunal (TEAC) (appeal)
Barceló Corporación Empresarial, S.A.	2006	Income tax	Spanish National High Court

At the date these consolidated annual accounts were authorised for issue, the subsidiary Alisios Tours, S.L is under inspection for value added tax for 2013 and 2014.
Apart from those mentioned in the accompanying consolidated annual accounts, the Group's general management and its advisors do not expect any material liabilities to arise as a result of any of these cases.

The relationship between the tax expense and accounting profit/loss for the year from operations is as follows:

	2015	2014
PROFIT FROM CONTINUING OPERATIONS	109,541,914	71,090,980
LOSS FROM DISCONTINUED OPERATIONS	(4,125,896)	(11,105,789)
PROFIT BEFORE INCOME TAX	**105,416,018**	**59,985,191**
Profit of equity-accounted investees	3,379,319	1,645,191
Profit of fully consolidated companies	102,036,699	58,340,000
Parent tax rate	**28%**	**30%**
Tax expense at rate applicable to Parent	**28,570,276**	**17,502,000**
At other tax rates	(532,107)	8,003,571
Permanent differences (non-deductible expenses and non-taxable income)	(54,528,974)	(5,402,366)
Deductions generated in the year - capitalised or applied	(3,791,768)	(6,096,997)
Deductions applied in previous years - not capitalised	(10,278)	(54,151)
Differences due to change in tax rate from 30% to 28%/25%	4,456,007	(4,419,450)
Tax losses from prior years, not capitalised and applied	(567,773)	(2,303,204)
Uncapitalised tax losses for the year	980,121	40,184
Uncapitalised temporary differences	928,850	(3,960,060)
Tax expense from prior years	5,954,372	(5,714,305)
Consolidation adjustments	23,288,554	16,004,593
Other	289,059	(60,126)
Accounting expense	**5,036,339**	**13,539,689**
Continuing operations	5,036,339	13,176,351
Discontinued operations (note 19)	-	363,338

The Group has recognised the tax effect of the decrease in taxable income related to the capitalisation reserve of Euros 6,798 thousand as a negative permanent difference, and considers allocating the corresponding reserve for the aforementioned amount, as indicated in note 12.

Deferred tax assets and liabilities

A breakdown of deferred tax assets and liabilities and movement during 2015 are as follows:

	Balances at 31/12/2014	New additions	Profit/(loss)	Translation differences	Valuation adjustments	Balances at 31/12/2015
Onerous contracts	665,272	-	(40,594)	-	-	624,678
Impairment of equity instruments	9,313,343	-	(9,158,389)	-	-	154,954
Start-up expenses	141,035	-	(56,535)	(1,642)	-	82,858
Tax deductions	4,039,080	-	3,086,043	-	-	7,125,123
Tax losses	45,765,666	2,207,271	(12,707,852)	671,728	-	35,936,813
Property, plant and equipment and intangible assets	874,273	-	2,986,425	(301,010)	-	3,559,688
Hedging derivatives	5,774,949	-	-	-	(327,811)	5,447,138
Provisions, impairment and other	-	-	9,183,332	-	-	9,183,332
Advances from customers	-	2,756,707	2,681,711	-	-	5,438,418
Time Share	-	3,123,509	(389,454)	-	-	2,734,055
Other	9,156,234	1,771,199	(174,364)	(855,868)	-	9,897,201
Total deferred tax assets	**75,729,852**	**9,858,686**	**(4,589,677)**	**(486,792)**	**(327,811)**	**80,184,258**
Onerous contracts	2,877,444	-	(2,877,444)	-	-	-
Intangible assets	4,885,682	-	(406,372)	-	-	4,479,310
Property, plant and equipment	126,808,858	72,710,479	(33,596,839)	(959,763)	-	164,962,735
Impairment of equity instruments	4,600,640	-	(2,006,738)	-	-	2,593,902
Hedging derivatives	476,231	-	-	-	-	476,231
Time Share	-	3,166,046	545,633	-	-	3,711,679
Other	3,540,405	38,342	1,446,013	-	-	5,024,760
Total deferred tax liabilities	**143,189,260**	**75,914,867**	**(36,895,747)**	**(959,763)**	**-**	**181,248,617**
Net deferred tax	**(67,459,408)**	**(66,056,181)**	**32,306,070**	**472,971**	**(327,811)**	**(101,064,359)**

A breakdown of deferred tax assets and liabilities and movement during 2014 are as follows:

	Balances at 31/12/2013	Profit/(loss)	Translation differences	Reclassifica-tions	Valuation adjustments	Balances at 31/12/2014
Onerous contracts	1,248,359	(583,087)	-	-	-	665,272
Impairment of equity instruments	24,862,907	(15,549,564)	-	-	-	9,313,343
Start-up expenses	247,164	(108,954)	2,825	-	-	141,035
Tax deductions	7,201,395	(3,162,315)	-	-	-	4,039,080
Tax losses	51,476,964	(5,742,862)	31,564	-	-	45,765,666
Property, plant and equipment and intangible assets	2,640,345	(1,904,584)	138,512	-	-	874,273
Hedging derivatives	2,422,878	-	-		3,352,071	5,774,949
Other	10,167,342	3,403,088	(240,622)	(4,173,574)	-	9,156,234
Total deferred tax assets	100,267,354	(23,648,278)	(67,721)	(4,173,574)	3,352,071	75,729,852
Onerous contracts	-	2,877,444	-	-	-	2,877,444
Intangible assets	8,092,986	(3,207,304)	-	-	-	4,885,682
Property, plant and equipment	145,264,617	(20,053,522)	1,597,763	-	-	126,808,858
Impairment of equity instruments	11,786,047	(7,185,407)	-	-	-	4,600,640
Hedging derivatives	-	-	-	-	476,231	476,231
Other	7,996,227	(232,259)	11	(4,173,574)	(50,000)	3,540,405
Total deferred tax liabilities	173,139,877	(27,801,048)	1,597,774	(4,173,574)	426,231	143,189,260
Net deferred tax	**(72,872,523)**	**4,152,770**	**(1,665,495)**	**-**	**2,925,840**	**(67,459,408)**

Deferred tax liabilities for property, plant and equipment reflect the recognition at fair value of property, plant and equipment acquired through business combinations and at the deemed cost of land owned by the Group at the transition date to IFRS.

Income tax expense

	2015	2014
Current tax expense	37,342,407	17,692,459
Deferred tax income	(32,306,068)	(4,152,770)
Total gasto impuestos sobre ganancias	**5,036,339**	**13,539,689**

16. OPERATING INCOME AND OTHER OPERATING AND FINANCE INCOME

16.1. OPERATING INCOME

This balance reflects the revenues from hotel services and management, the Travel division's travel intermediation and tour operator travel sales and the airline activity. The amounts corresponding to the Travel division (intermediation, tour operator and airline) for 2015 and 2014 are Euros 576.9 million and Euros 490.0 million, respectively. The amounts corresponding to hospitality in 2015 and 2014 are Euros 971.4 million and Euros 792.0 million, respectively.

In 2015, operating income by geographical market is as follows: Euros 1,060.5 million in Spain, Euros 0.1 million in the US, Euros 397.4 million in Latin America and Euros 90.4 million in the remaining areas. In 2014 operating income was as follows: Euros 888.4 million in Spain, Euros 1.2 million in the US, Euros 312.0 million in Latin America and Euros 80.4 million in the remaining areas.

16.2. OTHER OPERATING AND FINANCE INCOME

In 2015, finance income included under this heading amounted to Euros 6.9 million, of which Euros 1.3 million was generated by bank deposits, Euros 1.3 million derived from loans to third parties and Euros 0.8 million comprised dividends received from Global Business Travel Spain, S.L.

In 2015, extraordinary income included Euros 3.6 million from the sale of the Puerto Plata hotel.

In 2014, finance income included under this heading amounted to Euros 7.5 million, of which Euros 2.6 million was generated by bank deposits, Euros 3.2 million derived from loans to third parties and Euros 0.7 million comprised dividends received from Global Business Travel Spain, S.L.

In 2014, extraordinary income included Euros 3.9 million from the sale of the Capella hotel.

17. PERSONNEL EXPENSES

The breakdown of personnel expenses at 31 December 2015 and 2014 is as follows:

	2015	2014
Salaries and wages	247,521,813	219,441,273
Termination benefits	6,098,819	3,959,256
Social Security	56,532,083	52,964,705
Other employee benefits expenses	19,411,522	17,639,759
	329,564,237	**294,004,993**

The average number of employees in the Group, by category, is as follows:

	2015	2014
Engineers, graduates and managers	3,792	3,238
Skilled workers	10,948	9,408
Assistants	6,815	5,661
	21,555	**18,307**

At 31 December 2015 and 2014, the distribution of employees by gender is as follows:

	2015	2014
Male	11,858	9,688
Female	9,154	7,653
	21,012	**17,341**

The Company's board of directors comprises four members, three of whom are male and one female.

18. OTHER EXPENSES

Details of other operating expenses are as follows:

	2015	2014
Leases and royalties	67,706,121	65,670,060
Repairs and maintenance	37,259,914	28,968,749
Independent professional services	23,083,669	13,515,538
Insurance premiums	10,879,146	7,588,647
Advertising and publicity	54,718,855	34,507,537
Utilities	55,889,176	54,982,479
Other	167,021,266	143,908,052
	416,558,147	**349,141,062**

19. DISCONTINUED OPERATIONS

During August 2013 the Group disposed of 60% of its interest in the hotel management activity in the US, and in March 2014 the sale of all the Group's hotels and joint ventures in the US was agreed (Crestline). Consequently, the Group's profits or losses from these activities in 2015 and 2014 are presented in the consolidated income statement as a discontinued operation.

The 2015 and 2014 income statements for discontinued operations are as follows:

	UK		CRESTLINE		TOTAL	
Income statement - discontinued operations	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Operating income	-	-	-	7,324,250	-	7,324,250
Other operating and finance income	-	-		194,909	-	194,909
Operating expenses and other operating expenses	-	-	(4,125,896)	(14,031,389)	(4,125,896)	(14,031,389)
Finance costs	-	-	-	(716,391)	-	(716,391)
Exchange losses	-	(3,513,830)	-		-	(3,513,830)
LOSS BEFORE TAX		(3,513,830)	(4,125,896)	(7,228,621)	(4,125,896)	(10,742,451)
Income tax		-	-	(363,338)	-	(363,338)
LOSS AFTER INCOME TAX		**(3,513,830)**	**(4,125,896)**	**(7,591,959)**	**(4,125,896)**	**(11,105,789)**

The losses from discontinued operations detailed above are attributable to the shareholders of the Parent.

20. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The main transactions undertaken by the Parent or subsidiaries with related companies are as follows:

	2015		2014	
	Associates	Joint ventures	Associates	Joint ventures
Income	4,345,233	4,008,083	4,075,477	6,306,550
Expenses	(11,353,000)	-	-	-
Total	**(7,007,767)**	**4,008,083**	**4,075,477**	**6,306,550**

All transactions with related parties are carried out at arm's length.

Details of balances for commercial transactions with related parties are as follows:

	Balance at 31/12/2015	Balance at 31/12/2014
Other non-current financial assets	4,116,480	-
Trade receivables	909,099	-
Other receivables	5,007,054	3,911,559
Other non-current liabilities	(3,794,093)	-
Trade payables	(10,809,000)	-
Total	**(4,570,460)**	**3,911,559**

Note 8.3 provides details of the balances with Fundación Barceló and the members of the Barceló family. The finance cost associated with these liabilities amounted to Euros 2.3 million in 2015 and was Euros 2.3 million in 2014.

21. LEASES

21.1. OPERATING LEASES

The Group has operating leases through which it is committed to pay certain fixed instalments and, in some cases, variable instalments depending on its turnover or operating margin. Most of these instalments are increased on a yearly basis based on the CPI. The most relevant issues deriving from the different leases, presented by type of contract or region, as well as their minimum future payments, are detailed below.

Hotel leases in Europe and Africa:

Future payments for the next five years and until the termination date of the lease contracts of the minimum lease payments are as follows at 31 December 2015:

	Spain	Turkey	Germany	Italy	Prague	Total
2016	54,211,682	1,652,748	2,565,142	5,566,667	647,429	64,643,668
2017 - 2020	258,470,983	-	17,285,055	15,605,824	4,629,060	295,990,922
2021 onwards	744,852,245	-	82,501,900	6,588,911	8,632,636	842,575,692
Total Euros	**1,057,534,910**	**1,652,748**	**102,352,097**	**27,761,402**	**13,909,125**	**1,203,210,282**

At 31 December 2015 in Spain, the Group has 39 hotels leased under contracts (of which 16 hotels are from the transaction with Bay described in note 9). One of these contracts expires in 2055 and the remaining expiry dates range between 2016 and 2040, including all possible extensions stipulated in the contracts. The majority of rental expenses are reviewed on an annual basis depending on the CPI and certain hotels have variable rental clauses linked to the EBITDA they generate.

The Group has leased two hotels in Germany with contracts which expire in 2018 and 2032. The rent consists of a fixed minimum amount plus a percentage of the hotel's EBITDA which varies depending on the year and compliance with certain conditions.

The Group has leased a hotel in Turkey with a contract which expires in 2016. The rent is fixed and pre-established.

The Group has leased two hotels in Prague with contracts that expire in 2026 and 2027.

The Group has leased four hotels in Italy with contracts expiring from 2018 to 2023.

Details at 31 December 2014 are as follows:

	Spain	Turkey	Germany	Egypt	Italy	Prague	Total
2015	27,148,426	2,044,228	2,838,854	264,681	5,839,659	648,556	38,784,404
2016 - 2019	107,832,113	2,896,575	12,233,007	1,140,546	21,311,276	2,794,714	148,208,231
2020 onwards	289,024,131	-	51,398,302	1,629,043	11,720,758	6,685,735	360,457,969
Total Euros	**424,004,670**	**4,940,803**	**66,470,163**	**3,034,270**	**38,871,693**	**10,129,005**	**547,450,604**

Aircraft leases

The aircraft leases in force at 31 December 2015 expire in 2019 (MSN833 Airbus A330-343), 2017 (MSN3758 Airbus A320-214), 2021 (MSN5642 Airbus A320), and 2025 (MSN1691 Airbus A320).

At the 2015 year end, the Group has arranged the following minimum lease payments, in accordance with the contracts currently in force, without taking into account any joint expenses passed on, future increases based on the CPI, or future renegotiations of the agreed rent:

	USD
2016	26,706,477
2017 – 2020	81,942,858
2021 onwards	58,033,773
Total	**166,683,108**

The equivalent value in Euros of payment commitments at 31 December 2015 is Euros 153.1 million at the year-end exchange rate.

At the 2014 year end, the Group had arranged the following minimum lease payments, in accordance with the contracts currently in force, without taking into account any joint expenses passed on, future increases based on the CPI, or future renegotiations of the agreed rent:

	USD
2015	15,950,292
2016 – 2019	26,421,168
2020 onwards	5,936,247
Total	**48,307,707**

The equivalent value in Euros of payment commitments at 31 December 2014 is Euros 39.8 million at the year-end exchange rate.

21.2. FINANCE LEASES

The carrying amount of property, plant and equipment acquired through finance lease contracts is as follows:

	2015	2014
Land and buildings		
Cost	-	22,708,862
Accumulated depreciation	-	(814,544)
Installations, furniture and fittings		
Cost	-	1,147,576
Accumulated depreciation	-	(407,425)
	-	**22,634,469**

During the current year, the hotel establishments included in the aforementioned finance lease contract have been transferred to Bay Hotels & Leisure, S.A. as part of the transaction described in note 9.

A reconciliation between the total amount of future minimum payments and their present value at 31 December is as follows:

	2015		2014	
	Future minimum payments	Present value	Future minimum payments	Present value
Less than one year	-	-	3,692,908	1,163,450
One to five years	-	-	15,718,227	6,973,508
Over five years	-	-	24,446,337	21,067,751
	-	**-**	**43,857,472**	**29,204,709**

The finance lease contract has the following characteristics:

- The lease term is 10 years and ends on 15 June 2021.
- The discount rate or finance cost of the operation is 8.5%.
- Maintenance expenses are borne by the lessee.
- The purchase option amounts to Euros 18,150,000.
- There are no contingent rents.

22. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group is exposed to credit risk, interest rate risk, currency risk and liquidity risk in the normal course of business. The main financial risks to which the Group is exposed are interest rate risk and currency risk. Group management reviews and authorises the risk management policies, as explained below:

Credit risk:

Most of the financial instruments exposed to credit risk are trade receivables. Such receivables are generated by the sale of services to customers. The Group's policies aim to mitigate this risk by setting a credit limit based on the customer's volume and creditworthiness. The approval of the managers of each hotel and each travel agency is required in order to increase the initially established credit limit. Each hotel regularly reviews the ageing of trade receivables and balances which could be doubtful. The Group provides for potential losses based on an assessment by management of the customer's financial position, payment history and debt ageing. Historically, losses deriving from this risk are within the range expected by management, which is immaterial.

Moreover, in order to minimise a possible negative influence from the payment behaviour of our debtors, the Group has entered into credit insurance policies which render prevention services. In order to grant such insurance, the insurance company performs a solvency study of the customers and if the cover is accepted, it guarantees the collection of the insured credit in the event of non-payment. The insurance company manages collection and if the process is unsuccessful it will pay the indemnity within a predetermined period.

Currently, there are no unusually high risk concentrations. The Company's maximum exposure to risk is the carrying amount.

Credit risk deriving from other financial assets, which include cash balances and current deposits, arises from the failure of a counterparty (financial institutions) to respond to these balances, with a maximum risk equivalent to the carrying amount of these instruments included in cash and cash equivalents and other current financial assets, for an amount of Euros 433.6 million in 2015 (Euros 378.3 million in 2014).

The balance of the bad debt provision at 31 December 2015 amounted to Euros 48.1 million. At 31 December 2014, the balance amounted to Euros 32.8 million. Provisions for receivables recognised in 2015 amount to Euros 4.6 million (Euros 3.4 million in 2014).

The ageing of past-due receivables at year end in thousands of Euros is as follows:

	2015	2014
Less than 90 days	56,158	36,521
More than 90 days and less than 180	3,707	9,932
More than 180 days and less than 360	3,464	1,287
More than 360 days	11,432	6,496
	74,761	**54,236**

The criterion for making the provision for bad debts related to the Group's operating receivables is to provide for 25% of the balances past-due by 180 to 270 days and 50% of the balances past-due by 270 to 365 days and 100% of the balances maturing after more than a year. Balances are written off when there is clear evidence that they are not recoverable.

Market risk:

Interest rate risk:

The risk of changes in market interest rates mainly has an effect on variable-rate debt.

At 31 December 2015 if the interest rates during the period had been 50 basis points lower, with all other variables held constant, profit before taxes for the year would have been increased by Euros 3,513 thousand. On the contrary, if the variable interest rate had been 50 basis points above the existing rates, with all other variables held constant, profit before taxes would have been decreased by Euros 3,513 thousand.

At 31 December 2014 if the interest rates in the period had been 50 basis points lower, with all other variables held constant, profit before taxes for the year would have been increased by Euros 2,495 thousand. On the contrary, if the variable interest rate had been 50 basis points above the existing rates, with all other variables held constant, profit before taxes would have been decreased by Euros 2,495 thousand.

The Group has signed interest rate hedge contracts to cover fluctuations in Euribor. See note 8.5.

Currency risk - hotels division:

As the Group has a large volume of investments in hotels located abroad, its consolidated results could be affected by fluctuations in exchange rates. The interest generated by borrowings is denominated in a currency which is similar to that of the cash flows generated by hotel operations, essentially the Euro, in such way that it is considered a hedge for costs deriving from loans, sales and purchases.

The income statements of the hotels located in countries where the local currency is not the Euro are affected by the exchange rates with the US Dollar and Euro. The sensitivity analysis of the income statement for 2015 and 2014 is based on the profit/loss before taxes in the local currency of the most relevant countries by turnover, calculating the net effect of a variation of 5% and 10% (both above and below) in each currency.

The sensitivity analysis for 2015 is as follows:

VARIATION %	USA and Latin America	Other
+10%	6,401,590	(23,654)
+5%	3,032,332	(11,205)
-5%	(2,743,539)	10,138
-10%	(5,237,665)	19,354

The sensitivity analysis for 2014 is as follows:

VARIATION %	USA and Latin America	Other
+10%	3,285,143	72,954
+5%	1,556,120	34,557
-5%	(1,407,919)	(31,266)
-10%	(2,687,844)	(59,690)

Currency risks and fuel risk - Travel division:

In the Travel division, primarily in the airline business, hedges are contracted for exchange rates with the US Dollar and for fuel prices. These hedges are contracted based on the required coverage of future flights sold by season, based on the charter-based model applied by the Group, thus guaranteeing their effectiveness. The coverage of total requirements is 75% to 85%.

Liquidity risk:

The Group manages its exposure to liquidity risk by ensuring the availability of sufficient cash to meet its payment obligations in the normal course of business, without incurring unacceptable losses which could impair the Group's reputation.

The Group reviews its liquidity requirements according to cash budgets, taking into account the maturity dates of payables and receivables and projected cash flows. In general, the Group has sufficient liquidity to cover the operating expenses deriving from the customers' hotel stays, including debt servicing; but excluding the impact caused by extreme circumstances which cannot be reasonably anticipated, such as natural disasters. The Group's consolidated statement of financial position shows positive working capital at 31 December 2015 of Euros 68.0 million (Euros 433.3 million at 31 December 2014).

Capital management:

The Group manages its capital to maintain an adequate debt ratio which ensures financial stability, looking for investments with optimal rates of return with the aim of generating a greater stability and profitability for the Group.

As can be observed in the statement of financial position, most of the debt is non-current. These ratios show that capital management follows prudent criteria since the cash flows expected for the coming years and the Group's equity position will cover the debt service.

23. GUARANTEES WITH THIRD PARTIES AND CONTINGENT ASSETS AND LIABILITIES

Royal Mediterránea, S.A., in which the Group holds a non-controlling interest, has bank loans on which the Group has extended a guarantee of Euros 69 million. The counter-guarantees extended by Royal Mediterránea in favour of the Group will cover potential repayments to be made by the Barceló Group should Royal Mediterránea be unable to meet its financial commitments.

A hotel owned by the Group is affected by the regularisation process regarding town planning being undertaken by Marbella Town Council. Considering the review of the current urban development legislation, the application of previous rulings is not considered possible.

Moreover, the Group has certain litigation underway, from which no loss or liability is expected to arise.

24. LATE PAYMENTS TO THIRD PARTIES

In accordance with the second final provision two of Law 31/2014, which amends Law 15/2010 of 5 July 2010, details of the average supplier payment period for 2015 are as follows:

	2015
Average payment period for suppliers (in days)	53.83
Transactions paid ratio	51.38
Transactions payable ratio	85.52
Total payments made	**712,155,872**
Total payments outstanding	**30,061,390**

Pursuant to the Spanish Accounting and Auditing Institute (ICAC) resolution of 29 January 2016 on disclosures in the notes to the annual accounts on the average payment period for suppliers in commercial transactions, no comparative information relating to this new requirement will be presented, as the annual accounts are considered opening annual accounts for this sole purpose with regard to application of the principle of uniformity and the comparability requirement.

25. ENVIRONMENTAL ISSUES

The Parent's directors consider that the environmental risks deriving from the Group's activity are minimal and adequately covered and that no additional liabilities will arise therefrom. The Group has not incurred any expenses or received any environment-related grants during 2015 or 2014.

26. INFORMATION ON ADMINISTRATORS AND DIRECTORS

In 2015 remuneration paid to the members of the board of directors of the Parent and the Group's senior management personnel, in allowances, salaries and wages, amounted to a total of Euros 0.7 million and Euros 1.1 million, respectively. In 2014 remuneration paid to the members of the board of directors of the Parent and the Group's senior management personnel amounted to Euros 0.6 million and Euros 0.7 million, respectively. In 2015 and 2014 the members of the board of directors extended loans to the Group amounting to Euros 25.4 million and Euros 23.9 million, respectively, remunerated at the average interest rate of the Group's bank debt (see notes 8.3 and 20). At 31 December 2015 and 2014 the Company has no pension or similar obligations with the members of the Parent's board of directors or with senior management personnel.

The directors of the Parent and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

27. OTHER INFORMATION

The fees accrued by the Parent's auditors, KPMG, for professional audit services during the years ended 31 December 2015 and 2014 amounted to Euros 778 thousand (Euros 322 thousand invoiced by KPMG in Spain) and Euros 487 thousand (Euros 299 thousand invoiced by KPMG in Spain), respectively. In addition, Euros 14 thousand was invoiced for other assurance services (in both 2015 and 2014). Fees for professional audit services accrued by other audit firms during the years ended 31 December 2015 and 2014, amounted to Euros 92 thousand and Euros 81 thousand, respectively.

These amounts comprise the total fees for the 2015 and 2014 audits, irrespective of the date of invoice.

Furthermore, companies associated with the audit firms invoiced Euros 169 thousand for other services in 2015 (Euros 131 thousand by companies associated with KPMG and Euros 38 thousand by other companies associated with other audit firms) and Euros 46 thousand for other services in 2014 (Euros 15 thousand by companies associated with KPMG and Euros 31 thousand by companies associated with other audit firms).

APPENDIX I
CONSOLIDATED GROUP AT 31 DECEMBER 2015

Company	Registered office	Activity	Audited company / Auditor	Percentage of direct ownership	Percentage of indirect ownership	Consolidation method	Holding company
2 Dsp S.R.O.	Rep. Checa	Holding co.	Other		100.00	Fully consolidated	Unión Hotelera Barceló, S.L.
Aerosens, S.L.	Spain	Air ticket broker	No		100.00	Fully consolidated	Viajes Barceló, S.L.
Alisions Tours, S.L.	Spain	Tour operator	KPMG		100.00	Fully consolidated	Travelsens, S.L
Allegro Club de Vacaciones, SRL	Dominican Rep.	Time share	KPMG		100.00	Fully consolidated	Occidental Hoteles Management, SL
Allegro Marketing España, S.L.	Spain	Marketing	No		100.00	Fully consolidated	Allegro Resorts Marketing Corporation
Allegro Palm Beach, NV	Aruba	Hotel business	KPMG		100.00	Fully consolidated	Holding Administrative Hotelier Limited and others
Allegro Resorts Marketing Corporation	USA	Marketing	KPMG		100.00	Fully consolidated	Occidental Hoteles Management, SL
Allegro Vacation Club Aruba, NV	Aruba	Time share	No		100.00	Fully consolidated	Occidental Hoteles Management, SL
Altagracia incoming services, SRL	Dominican Rep.	Travel agency	No		100.00	Fully consolidated	Travelsens, S.L y others
Asesoría y Servicios Cozumel, SA de CV	Mexico	Personnel services	KPMG		100.00	Fully consolidated	Occidental Ampersand Holding, SARL and others
Asesoria y Servicios Playa, SA de CV	Mexico	Personnel services	KPMG		100.00	Fully consolidated	Occidental Ampersand Holding, SARL and others
Asesoría y Servicios Riviera, SA de CV	Mexico	Personnel services	KPMG		74.00	Fully consolidated	Occidental Ampersand Holding, SARL
Asesoría y Servicios Royal, SA de CV	Mexico	Personnel services	KPMG		100.00	Fully consolidated	Hotel Royal Playacar, SA de CV and others
Asociados Corp San José S.A.	Costa Rica	Holding co.	No		100.00	Fully consolidated	Hotel Trading Internacional, Inc
Auxiliair, S.L.	Spain	Holding co.	No		100.00	Fully consolidated	Grubarges Inversión Hotelera, S.L.
Barceló Arrendamientos Hoteleros, S.L.	Spain	Hotel trade	KPMG		100.00	Fully consolidated	Grupo Turístico Barceló, S.L.
Barceló Arrendamientos Turísticos, S.L.	Spain	Hotel trade	KPMG		100.00	Fully consolidated	Unión Hotelera Barceló, S.L.
BCD Travel Group, S.L.	Spain	Travel agency	No		100.00	Fully consolidated	Viajes Barceló, S.L.
Barceló Business, S.A.	Spain	Retailer	No	37.39	62.61	Fully consolidated	Barceló Business World, S.L.
Barceló Cologne GMBH	Germany	Hotel trade	Other		100.00	Fully consolidated	Grundstrückgesellschaft Hamburg Gmbh
Barceló Condal Hoteles, S.A.	Spain	Hotel trade	KPMG	56.60	43.40	Fully consolidated	Barceló Corporación Empresarial, S.A. and others
Barceló Crestline Corporation	USA	Holding co.	No		100.00	Fully consolidated	BCE BCC LLC
Barceló División Central, S.L.	Spain	Management services	KPMG		100.00	Fully consolidated	Viajes Barceló, S.L.
Barceló Expansión Global, S.L.	Spain	Dormant	No		100.00	Fully consolidated	Unión Hotelera Barceló, S.L.
Barceló Experience, S.L.	Spain	Travel agency	No		100.00	Fully consolidated	Viajes Barceló, S.L.
Barceló Explotaciones Hoteleras Canarias, S.L.	Spain	Hotel trade	KPMG		100.00	Fully consolidated	Unión Hotelera Barceló, S.L.
Barceló Explotaciones Hoteleras Mediterráneo, S.L.	Spain	Hotel trade	KPMG		100.00	Fully consolidated	Unión Hotelera Barceló, S.L.
BLO Eventos Empresariales, S.L.	Spain	Hotel trade	No	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.
Barceló Gestión Global S.L.	Spain	Management co.	No		100.00	Fully consolidated	Inversiones Turística Global, S.L.
Barceló Gestion Hotelera Grecia, LTD	Greece	Management co.	No		100.00	Fully consolidated	Barceló Gestión Hotelera, S.L.
Barceló Gestión Hotelera Maroc SARL	Morocco	Management co.	No		100.00	Fully consolidated	Barceló Gestión Hotelera, S.L.
Barceló Gestión Hotelera, S.A.	Guatemala	Hotel trade	Other	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.
Barceló Gestión Hotelera, S.L.	Spain	Management co.	KPMG	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.
Barceló Gestión Hoteles Italia, SRL	Italy	Hotel trade	Other		100.00	Fully consolidated	Barceló Gestión Hotelera, S.L.
Barceló Gestión Hoteles Roma S.R.L	Italy	Management co.	Other		100.00	Fully consolidated	Barceló Gestión Hoteles Italia, SRL
Barceló Gestión Tunisie SARL	Tunisia	Management co.	No		99.00	Fully consolidated	Barceló Gestión Hotelera, S.L.
Barcelo Grundstrück Berlín GMBH&CO KG	Germany	Dormant	Other	5.00	95.00	Fully consolidated	Barceló Corporación Empresarial, S.A.
Barceló Hospitality USA INC	USA	Dormant	No		100.00	Fully consolidated	Barceló Gestión Hotelera, S.L.
Barceló Hotels Mediterráneo, S.L.	Spain	Hotel trade	KPMG		100.00	Fully consolidated	Barceló Hotels Spain, S.L.
Barceló Hotels Spain, S.L.	Spain	Holding co.	No		100.00	Fully consolidated	Grupo Turístico Barceló, S.L.
Barceló Egypt LLC	Egypt	Hotel trade	Other		100.00	Fully consolidated	Barceló Arrendamientos Hoteleros. SL
Barceló Raval, S.L	Spain	Hotel trade	KPMG		100.00	Fully consolidated	Grupo Turístico Barceló, S.L.
Barceló Resorts, S.L.	Spain	Holding co.	KPMG	22.75	77.25	Fully consolidated	Grubarges Inversión Hotelera, S.L. and others
Barceló Servicios Turísticos, SA	Guatemala	Hotel services	Other	98.00	2.00	Fully consolidated	Barceló Corporación Empresarial, S.A. and others
Barceló Switzerland, S.A.	Switzerland	Holding co.	No	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.
Barceló Títulos y Valores, S.L.	Spain	Holding co.	No	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.
Barceló Turismo y Congresos, S.L.	Spain	Holding co.	No		100.00	Fully consolidated	Viajes Barceló, S.L.
Barceló Turizm Otelcilik Limited	Turkey	Hotel trade	Other		100.00	Fully consolidated	Barceló Gestión Hotelera, S.L.
Barceló Verwaltungs Gbhm	Germany	Hotel trade	Other	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.
Bávaro Holding Limited	United Kingdom	Holding co.	No		100.00	Fully consolidated	Turavia Holding Limited
BCC Derek Hotel Minority Holding LLC	USA	Dormant	No		100.00	Fully consolidated	Barceló Crestline Corporation
BCC International, Inc.	USA	Dormant	No		100.00	Fully consolidated	Barceló Crestline Corporation
BCC TWOL, LLC	USA	Dormant	No		100.00	Fully consolidated	Barceló Crestline Corporation
BCE BCC LLC	USA	Holding co.	No	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.
BCLO Brisa Punta Cana, BV	Netherlands	Holding co.	KPMG		100.00	Fully consolidated	BCLO Manzana, BV
BCLO Flamenco, BV	Netherlands	Holding co.	KPMG		100.00	Fully consolidated	BCLO Puerto Playa Holding, BV
BCLO Grubarges Hotels, BV	Netherlands	Holding co.	No		100.00	Fully consolidated	BCLO Portfolio Holding, BV

Company	Registered office	Activity	Audited company / Auditor	Percentage of direct ownership	Percentage of indirect ownership	Consolidation method	Holding company
BCLO Huatulco Hotels, BV	Netherlands	Holding co.	No		100.00	Fully consolidated	BCLO Portfolio Holding, BV
BCLO Karmina Hotels, BV	Netherlands	Holding co.	No		100.00	Fully consolidated	BCLO Portfolio Holding, BV
BCLO Kukulcán Hotels, BV	Netherlands	Holding co.	No		100.00	Fully consolidated	BCLO Portfolio Holding, BV
BCLO Lucía, BV	Netherlands	Holding co.	No		100.00	Fully consolidated	BCLO Portfolio Holding, BV
BCLO Ocean, BV	Netherlands	Holding co.	No		100.00	Fully consolidated	Barceló Resorts, SL
BCLO Portfolio Holding, BV	Netherlands	Holding co.	No		100.00	Fully consolidated	Barceló Resorts, SL
BCLO Puerto Plata Holding, BV	Netherlands	Holding co.	No		100.00	Fully consolidated	Barceló Resorts, SL
BCLO Tucancun Beach BV	Netherlands	Holding co.	No		100.00	Fully consolidated	BCLO Portfolio Holding, BV
BCLO Vallarta Hotels, BV	Netherlands	Holding co.	No		100.00	Fully consolidated	BCLO Portfolio Holding, BV
BCO Huatulco, SRL de CV	Mexico	Hotel trade	KPMG		100.00	Fully consolidated	BCLO Huatulco Hotels, BV
BCO Kuckulcán, SRL de CV	Mexico	Hotel trade	KPMG		100.00	Fully consolidated	BCLO Kukulcán Hotels, BV
BCO Lucía, SRL de CV	Mexico	Holding co.	KPMG		100.00	Fully consolidated	BCLO Lucía, BV
BCO Mismaloya, SRL de CV	Mexico	Hotel trade	KPMG		100.00	Fully consolidated	BCLO Vallarta Hotels, BV
BCO Resorts Manzanillo, SRL de CV	Mexico	Hotel trade	KPMG		100.00	Fully consolidated	BCLO Karmina Hotels, BV
BCO Tucancún, SRL de CV	Mexico	Hotel trade	KPMG		100.00	Fully consolidated	BCLO Tucancún Beach, BV
B Travel Turismo Accesible S.A.	Spain	Travel agency	KPMG		100.00	Fully consolidated	Viajes Barceló, S.L.
Caribbean Hotels Agency, S.A.	Switzerland	Trade co.	Other		100.00	Fully consolidated	Grubarges Inversión Hotelera, S.L.
Casino Mar, S.A.	Dominican Rep.	Casino	No		100.00	Fully consolidated	Hotelera Bávaro, S.A.
CC Leasing IM Corporation	USA	Dormant	No		100.00	Fully consolidated	Barceló Crestline Corporation
CC Technology Square, LLC	USA	Dormant	No		100.00	Fully consolidated	CCMP Leasing Corporation
CCC Stratford LLC	USA	Dormant	No		100.00	Fully consolidated	Barceló Crestline Corporation
CCMH Courtyard I, LLC	USA	Dormant	No		100.00	Fully consolidated	Barceló Crestline Corporation
CCMH Residence Inn, LLC	USA	Dormant	No		100.00	Fully consolidated	Barceló Crestline Corporation
CCMP Leasing Corporation	USA	Dormant	No		100.00	Fully consolidated	Barceló Crestline Corporation
CHPT Leasing LLC	USA	Dormant	No		100.00	Fully consolidated	Barceló Crestline Corporation
CHRS International Tour Promotion Limited	Malta	Distribution	KPMG		100.00	Fully consolidated	Holding Administrative Hotelier Limited
CHRS Pacific Limited	Malta	Distribution	KPMG		100.00	Fully consolidated	Holding Administrative Hotelier Limited
CHRI Blacksburg HGI	USA	Dormant	No		100.00	Fully consolidated	Barceló Crestline Corporation
CHRI Virginia Beach Hotel	USA	Dormant	No		100.00	Fully consolidated	Barceló Crestline Corporation
Control Hotel Reservation System Promoçoes Hoteleiras LDA LTD	Malta	Distribution	KPMG		100.00	Fully consolidated	Holding Administrative Hotelier Limited
Corporación Algard, S.A.	Costa Rica	Hotel trade	Other		100.00	Fully consolidated	Grupo Turístico Barceló, S.L. and others
Corporación Vonderball, S.A.	Costa Rica	Management co.	Other		100.00	Fully consolidated	Barceló Gestión Hotelera, S.L.
Cozumel Villages, SA de CV	Mexico	Hotel business	KPMG		100.00	Fully consolidated	Occidental Ampersand Holding, SARL and others
Cranberry Dominica, S.A.	Dominican Rep.	Hotel business	No		100.00	Fully consolidated	Occidental Hoteles Management, SL
CSB Stratford, LLC	USA	Idle	No		100.00	Fully consolidated	CCC Stratford, LLC
Deansfield Company Limited	Malta	Distribution	KPMG		73.97	Fully consolidated	Holding Administrative Hotelier Limited
Desarrollo Flamenco Riviera, SA de CV	Mexico	Hotel business	KPMG		73.96	Fully consolidated	Occidental Ampersand Holding, SARL
Diamonds Hotels Cozumel, SA de CV	Mexico	Hotel business	KPMG		100.00	Fully consolidated	Occidental Ampersand Holding, SARL and others
Diamonds Hotels Nuevo Vallarta, SA de CV	Mexico	Hotel business	KPMG		100.00	Fully consolidated	Village Resorts México, S de CV and others
Diamonds Hotels Playacar, SA de CV	Mexico	Hotel business	KPMG		100.00	Fully consolidated	Occidental Ampersand Holding, SARL and others
Dondear Viajes, S.L.	Spain	Travel agency	No		100.00	Fully consolidated	Viajes Barceló, S.L
Energies Renovables de Balears, S.L.	Spain	Hotel trade	No		100.00	Fully consolidated	Barceló Hotels Mediterráneo, S.L.
Escalatur Viagens, Lda.	Portugal	Travel agency	No		100.00	Fully consolidated	Barceló Business World, S.L.
Evelop Airlines, S.L.	Spain	Airline	KPMG		100.00	Fully consolidated	Viajes Barceló, S.L
Expansión Inversora Global, S.L.	Spain	Dormant	No		100.00	Fully consolidated	Barceló Expansión Global, S.L.
Expansión Turística Barceló, S.L.	Spain	Holding co.	No	0.09	99.91	Fully consolidated	Unión Hotelera Barceló, S.L., and others
Flamenco Tenerife Inmobiliaria y Obras, S.L.	Spain	Dormant	No		75.00	Fully consolidated	Occidental Hoteles Management, SL
Flamingo Bávaro, S.L.	Spain	Holding co.	No		100.00	Fully consolidated	Flamingo Cartera S.L.
Flamingo Cartera S.L.	Spain	Holding co.	No	99.08	0.92	Fully consolidated	Barceló Corporación Empresarial, S.L. and others
Formentor Urbanizadora, S.A.	Spain	Holding co.	No	43.26	56.74	Fully consolidated	Barceló Corporación Empresarial, S.A. and others
Gran Hotel Aranjuez, S.L.	Spain	Hotel trade	KPMG		100.00	Fully consolidated	Barceló Hotels Mediterráneo, S.L.
Gregal Viagens, Ltda.	Portugal	Travel agency	No		100.00	Fully consolidated	Escalatur Viagens, Lda. and others
Grubar Hoteles, S.L.,	Spain	Holding co.	No		100.00	Fully consolidated	Expansión Turística Barceló, S.L.
Grubarges Gestión Hotelera Integral, S.A.	Spain	Management co.	No		100.00	Fully consolidated	Grubar Hoteles, S.L., and others
Grubarges Gestión Hotelera Mexicana, S.A.	Mexico	Management co.	KPMG		100.00	Fully consolidated	Grubarges Gestión Hotelera Integral, S.A.
Grubarges Inv. Hoteleras Mexicanas SRL de CV	Mexico	Hotel trade	KPMG		100.00	Fully consolidated	BCLO Grubarges Hotels, BV
Grubarges Inversión Hotelera Canarias, S.L.	Spain	Dormant	No		100.00	Fully consolidated	Grubarges Inversión Hotelera, S.L.
Grubarges Inversión Hotelera, S.L.	Spain	Trade co.	KPMG		100.00	Fully consolidated	Grubar Hoteles, S.L., and others
Grundstrückgesellschaft Hamburg Gmbh	Germany	Hotel trade	Other	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.

Company	Registered office	Activity	Audited company / Auditor	Percentage of direct ownership	Percentage of indirect ownership	Consolidation method	Holding company
Grupo Turístico Barceló, S.L.	Spain	Hotel trade	KPMG	0.30	99.70	Fully consolidated	Unión Hotelera Barceló, S.L., and others
HFP Hotel Owner I, LLC	USA	Dormant	No		100.00	Fully consolidated	Hotel Four Pack, LLC
HFP Hotel Owner II, LLC	USA	Dormant	No		100.00	Fully consolidated	Hotel Four Pack, LLC
Holding Administrative Hotelier Limited	Malta	Parent	KPMG		100.00	Fully consolidated	Occidental Ampersand Holding, SARL
Hotel Assets Holding Limited	Malta	Time share	KPMG		100.00	Fully consolidated	Holding Administrative Hotelier Limited
Hotel Campos de Guadalmina S.L.	Spain	Hotel trade	KPMG		100.00	Fully consolidated	Unión Hotelera Barceló, S.L.
Hotel De Badaguas, S.L.	Spain	Hotel trade	No		100.00	Fully consolidated	Barceló Hotels Mediterráneo, S.L.
Hotel El Toyo, S.L.	Spain	Hotel trade	KPMG		100.00	Fully consolidated	Barceló Hotels Mediterráneo, S.L.
Hotel Four Pack, LLC	USA	Idle	No		100.00	Fully consolidated	Barceló Crestline Corporation
Hotel Isla Cristina. S.L	Spain	Hotel trade	KPMG		100.00	Fully consolidated	Unión Hotelera Barceló, S.L.
Hotel Montelimar, S.A.	Nicaragua	Hotel trade	No	1.00	98.00	Fully consolidated	Bávaro Holding Limited
Hotel Royal Playacar, SA de CV	Mexico	Hotel business	KPMG		100.00	Fully consolidated	Occidental Royal Holding, SARL and others
Hotel Trading Internacional Inc	Panama	Idle	No		100.00	Fully consolidated	Barceló Switzerland, S.A.
Hotelera Bávaro S.A.	Dominican Rep.	Hotel trade	KPMG		100.00	Fully consolidated	Grupo Turístico Barceló, S.L. and others
Incremovi, S.L.	Spain	Hotel trade	No		100.00	Fully consolidated	Barceló Hoteles Spain, S.L. and others
Inmobiliaria Formentor, S.A.	Spain	Hotel trade	KPMG	36.89	63.11	Fully consolidated	Barceló Corporación Empresarial, S.A., and others
Inmuebles de Baleares S.L.	Spain	Holding co.	No	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.
Inmuebles en Desarrollo y Proyección, S.A.	Spain	Holding co.	No		100.00	Fully consolidated	Inmuebles de Baleares, S.L.
Inversiones Turísticas Globales, S.L.	Spain	Dormant	No		100.00	Fully consolidated	Barceló Expansión Global, S.L.
Inversora Internacional Hotelera, SRL	Dominican Rep.	Hotel business	KPMG		100.00	Fully consolidated	Occidental Ampersand Holding, SARL
Jack Tar Villages Resorts de México, SA de CV	Mexico	Dormant	KPMG		100.00	Fully consolidated	Occidental Hoteles Management, SL and others
JTV RMx Limited	Malta	Dormant	KPMG		100.00	Fully consolidated	Occidental Hoteles Management, SL and others
Las Glorias del Golfo de Cortés, SA de CV	Mexico	Personnel services	KPMG		100.00	Fully consolidated	Village Resorts México, S de CV and others
Las Glorias del Pacífico, SA de CV	Mexico	Personnel services	KPMG		100.00	Fully consolidated	Village Resorts México, S de CV and others
Leplansens Tours, S.L.	Spain	Tour operator	No		100.00	Fully consolidated	Travelsens, S.L
Maguey Incoming Services, S.L de C.V.	Mexico	Travel agency	No		100.00	Fully consolidated	Travelsens, S.L. and others
Marina Punta Piedra Amarilla, S.A	Costa Rica	Hotel trade	Other		100.00	Fully consolidated	Grupo Turístico Barceló, S.L, and others
Mestský dvur, sro	Czech Rep.	Holding co.	No		100.00	Fully consolidated	Unión Hotelera Barceló, S.L
Monitoreo Maya, SA de CV	Mexico	Hotel services	KPMG		100.00	Fully consolidated	Promotora QVB, SA de CV and others
Montecastillo Sport Catering, S.L.	Spain	Hotel trade	KPMG		100.00	Fully consolidated	Inmuebles de Baleares, S.L.
Naugolequi, S.L.	Spain	Dormant	No		100.00	Fully consolidated	Inmobiliaria Formentor, S.A.
Naviera Tambor, S.A.	Costa Rica	Shipping company	Other		100.00	Fully consolidated	Marina Punta Piedra Amarilla, S.A
Occidental Ampersand Holding, SARL	Luxembourg	Parent	No		100.00	Fully consolidated	Occidental Hoteles Management, SL
Occidental Hoteles Costa Rica, SA	Costa Rica	Management co.	No		100.00	Fully consolidated	Occidental Hoteles Management, SL
Occidental Hoteles Management, SL	Spain	Parent	KPMG	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.
Occidental Royal Holding, SARL	Luxembourg	Parent	No		100.00	Fully consolidated	Occidental Hoteles Management, SL
Occidental Smeralda, SA	Costa Rica	Hotel business	KPMG		100.00	Fully consolidated	Occidental Ampersand Holding, SARL
Occidental Vacation Club Costa Rica, SA	Costa Rica	Time share	No		100.00	Fully consolidated	Occidental Hoteles Management, SL
Occifitur Dominicana, SRL	Dominican Republic	Hotel business	KPMG		100.00	Fully consolidated	Occidental Hoteles Management, SL
OGP Tour Corporation Limited	Malta	Distribution	KPMG		100.00	Fully consolidated	Standard Reservation Limited
Orbest, SA	Portugal	Airline	KPMG		100.00	Fully consolidated	Viajes Barceló, SL and others
OWM Overseas World Marketing Limited	Malta	Distribution	KPMG		100.00	Fully consolidated	Holding Administrative Hotelier Limited
Parque Embajador, SRL	Dominican Rep.	Dormant	KPMG		100.00	Fully consolidated	Occidental Hoteles Management, SL
Poblados de Bávaro S.L.	Spain	Holding co.	No	0.11	99.89	Fully consolidated	Grupo Turístico Barceló, S.L, and others
Promoción de Inversiones Hoteleras, SA	Spain	Dormant	No		100.00	Fully consolidated	Occidental Hoteles Management, SL
Promotora QVB, SA de CV	Mexico	Holding co.	KPMG		100.00	Fully consolidated	Grubarges Inversión Hotelera, S.L.
Quiroocan, SA de CV	Mexico	Hotel trade	KPMG		100.00	Fully consolidated	Promotora QVB, SA de CV and others
Restaurante Lina CxA	Dominican Rep.	Hotel trade	KPMG		100.00	Fully consolidated	Bávaro Holding Limited
Servicios, Asesoría y Sistemas, D.H., SA de CV	Mexico	Personnel services	KPMG		100.00	Fully consolidated	Occidental Ampersand Holding, SARL and others
Servicios de Personal de Hoteleria SRL de CV	Mexico	Personnel services	KPMG		100.00	Fully consolidated	BCO Tucancún, SRL de CV
Servicios de Construcciones Maya, SRL de CV	Mexico	Personnel services	KPMG		100.00	Fully consolidated	Quiroocan, SA de CV
Servicios Hoteleros de Manzanillo SRL de CV	Mexico	Personnel services	KPMG		100.00	Fully consolidated	BCO Resorts Manzanillo, SRL de CV
Servicios Hoteleros de Huatulco SRL de CV	Mexico	Personnel services	KPMG		100.00	Fully consolidated	BCO Huatulco, SRL de CV
Servicios Hoteleros de Ixtapa SRL de CV	Mexico	Personnel services	KPMG		100.00	Fully consolidated	Grubarges Inv. Hoteleras Mexicanas SRL de CV
Servicios Hoteleros de Vallarta SRL de CV	Mexico	Personnel services	KPMG		100.00	Fully consolidated	BCO Mismaloya, SRL de CV
Servicios Hoteleros Kukulkan SRL de CV	Mexico	Personnel services	KPMG		100.00	Fully consolidated	BCO Kuckulcán, SRL de CV
Sextante Viajes, S.L.	Spain	Travel agency	No		100.00	Fully consolidated	Viajes Barceló, S.L.
Standard Global Intercom Limited	Malta	Distribution	KPMG		100.00	Fully consolidated	Holding Administrative Hotelier Limited
Standard Reservation Limited	Malta	Parent	KPMG		100.00	Fully consolidated	Occidental Royal Holding, SARL

Company	Registered office	Activity	Audited company / Auditor	Percentage of direct ownership	Percentage of indirect ownership	Consolidation method	Holding company
Sunsea Place Ltd	Malta	Hotel business	KPMG		100.00	Fully consolidated	Holding Administrative Hotelier Limited
Tagredo Investments SRL	Dominican Rep.	Dormant	KPMG		100.00	Fully consolidated	Occidental Ampersand Holding, SARL
Tenedora Inmobiliaria El Salado, SRL	Dominican Rep.	Real estate agency	No		99.00	Fully consolidated	Restaurante Lina, CxA
Títulos Bávaro, S.L.	Spain	Holding co.	No		100.00	Fully consolidated	Poblados de Bávaro S.L.
Trapecio S.A.	Dominican Rep.	Holding co.	No		100.00	Fully consolidated	Grupo Turístico Barceló, S.L, and others
Travelsens, S.L	Spain	Tour operator	KPMG		100.00	Fully consolidated	Viajes Barceló, S.L.
Turavia Holding Limited	United Kingdom	Holding co.	No		100.00	Fully consolidated	Turavia International Holidays, S.L.
Turavia International Holidays, LTD	United Kingdom	Holding co.	No		100.00	Fully consolidated	Unión Hotelera Barceló, S.L.
Turiempresa CxA	Dominican Rep.	Hotel trade	KPMG		98.80	Fully consolidated	Trapecio S.A.
Unión Hotelera Barceló, S.L.,	Spain	Holding co.	KPMG	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.
Unión Inversora Global, S.L.	Spain	Dormant	No		100.00	Fully consolidated	Barceló Expansión Global, S.L.
Vacaciones Barceló CR, S.A.	Costa Rica	Travel agency	Other		100.00	Fully consolidated	Corporación Algard, S.A.
Vacaciones Barceló México, S.A.	Mexico	Travel agency	KPMG		100.00	Fully consolidated	Viajes Barceló, S.L., and others
Vacaciones Barceló, SA	Dominican Rep.	Travel agency	No		100.00	Fully consolidated	Viajes Barceló, S.L., and others
Viajes Barceló, S.L.	Spain	Travel agency	KPMG	100.00		Fully consolidated	Barceló Corporación Empresarial, S.A.
Viajes Interopa, S.A.	Spain	Travel agency	KPMG		100.00	Fully consolidated	Viajes Barceló, S.L.
Village Resorts México, S de CV	Mexico	Parent	KPMG		100.00	Fully consolidated	Occidental Ampersand Holding, SARL and others
Vinyes de Formentor, S.L.	Spain	Hotel trade	No		100.00	Fully consolidated	Inmobilizaria Formentor, S.A.

Associates							
Company	**Registered office**	**Activity**	**Audited company / Auditor**	**Percentage of direct ownership**	**Percentage of indirect ownership**	**Consolidation method**	**Holding company**
Crestline Hotels & Resorts, LLC	USA	Management co.	Other		40.00	Equity accounted	Barceló Crestline Corporation and Subsidiaries
Santa Lucía, S.A.	Cuba	Dormant	Other		50.00	Equity accounted	Unión Hotelera Barceló, S.L.,
Global Business Travel Spain, S.L.	Spain	Travel agency	KPMG		35.00	Equity accounted	Viajes Barceló SL
Bay Hotels & Leisure, S.A.	Spain	Holding co.	Other		24.00	Equity accounted	Barceló Hotels Mediterráneo, S.L.
Joint operations							
Mundo Social AIE	Spain	Travel agency	Other		50.00	Proportionate consolidation	Viajes Barceló, S.L.
UTE Mundo Senior IV	Spain	Travel agency	No		50.00	Proportionate consolidation	Viajes Barceló, S.L.
UTE Mundo Senior V	Spain	Travel agency	No		50.00	Proportionate consolidation	Viajes Barceló, S.L.
Ocio y Turismo Novotours AIE	Spain	Travel agency	Other		50.00	Proportionate consolidation	Viajes Barceló, S.L.

The financial information of the joint ventures and economic interest groupings included in the consolidated Group at 31 December 2015 and 2014 are detailed below (in Euros):

	2015	2014
Non-current assets	378,721	765,147
Current assets	30,199,457	36,801,001
Total assets	**30,578,179**	**37,566,148**
Equity	4,146,719	5,841,761
Non-current liabilities	-	-
Current liabilities	26,431,459	31,724,386
Total liabilities	**30,578,179**	**37,566,148**

CONSOLIDATED DIRECTORS' REPORT

The Barceló Group obtained a **consolidated net profit of Euros 100.2 million in 2015** (Euros 46.4 million in 2014). All of the Group's divisions have increased their profits with respect to the prior year.

All commitments with financial institutions regarding the payment of interest and repayment of the principal were duly met in 2015. Additionally, the closing balance sheet has a positive cash position of Euros 433.6 million (cash and cash equivalents and other current financial assets).

Based on this **balance sheet position, and positive working capital of** Euros 68 million, we are confident of continuing to meet our financial commitments, enabling us to grow in all the divisions of the Barceló Group. The net financial debt is down with respect to the prior year, dropping to 1.8 times EBITDA compared to 3.3 times in the prior year.

In 2015 transactions have been carried out that will boost our future **growth** and improve our profits in the **Hotel Division**: the acquisition of Occidental and the creation of the SOCIMI Bay. The **Travel Division**: the acquisition of Viajes 2000 and the addition of a new A330 aircraft for the Group's airline company (Evelop)..

1. MILESTONES FOR 2015

1.1. HOTEL ACTIVITY

In 2015 the **Group managed a total of 32,427 rooms** in 101 hotels located in Latin America, the United States of America, Europe and North Africa.

Of this total number, **14,562 rooms are Group-owned**, 11,826 are leased and 6,039 are under management.

In 2015 the Group has contributed a total of 16 vacation hotels and two shopping centres to the **SOCIMI BAY**. The hotels are located in the main tourist areas in the Canary Islands, the Balearic Islands and Andalusia, with a combined total of 6,097 rooms. The Group holds a 24% interest in the Socimi and has signed long-term lease contracts. We consider this agreement to be very strategic as it is essential to the Group's growth in the main tourist areas in Spain.

In 2015 the Group acquired 100% of the **Occidental Group**. As a result, the Group has absorbed the personnel and 11 owned hotels (4,011 rooms). These hotels are located in strategic areas in Mexico, the Dominican Republic, Costa Rica and Aruba. The transaction was signed on 31 July 2015.

During the year, the **Barceló Group continued to refurbish its hotels to raise our standards of quality and be able to** offer our clients modern, comfortable and environmentally-friendly establishments.

In Spain, Europe and North Africa occupancy was 71.48% compared with 69.16% the prior year, while the total RevPAR was Euros 89.8 versus Euros 80.9 in the prior year.

In Latin America occupancy was 72.1%, in line with the prior year, and the total RevPAR was US Dollars 150.2, up 4% in the prior year.

In short, the results of the hotel activity improved in all the geographical areas in which we operate in 2015

1.2. TRAVEL ACTIVITY

At the end of 2015 **the Group has a network of over 685 travel agencies**, including own offices and franchises. This year the Group changed its brand strategy to Travel Brand's B brand, which is reaping very positive results. In business travel, the BCD Travel brand is used.

The Travel Division holds a 35% interest in **Global Business Travel Spain** (formerly American Express/Barcelo Viajes), for the joint management of the corporate travel business. The results of this Joint Venture have been very positive in 2015.

The **Tour operator area** is specialised in different travel products and options, particularly the following products and brands: Quelónea and Jolidey, Lacuartaisla, Leplan, Le Musik, LeSki, Jolidey, Jotelclick.

The airline company **Evelop**, with a fleet of four aircraft, two A-330 for long-haul flights to the Caribbean and two A-320 aircraft for mid-haul flights. The airline renders services to tour operators of the Barceló Group and other European operators, specifically the Scandinavian and UK markets.

Growth In 2015 the Group acquired Viajes 2000, it undertook to purchase Special Tours, expected to be completed in the first half of 2016, and a new A330 aircraft was added to Evelop's fleet. These transactions are very positive for the Travel Division, add more value and are a clear sign that t**he Group also backs the growth of the Travel business.**

2. CONSOLIDATED PROFIT OF THE GROUP

The **net consolidated profit** of the Group **was positive in an amount of Euros 100.2 million compared with Euros 46.4 million the prior year.**

Profits have risen in all the business areas particularly in Latin America, as a result of the investments made in previous years and the acquisition of the hotels of the Occidental Group in 2015.

Gross **revenues** amount to Euros 2,480.2 million compared with Euros 2,056.6 million in the prior year, representing an increase of 20.6%.

In 2015 noteworthy are the **acquisition of the Occidental Group**, the creation of the **Socimi** and the new investments and **improvements made to our hotels during the year** (in excess of Euros 90 million), as well as the acquisitions of the Travel Division. We are confident that these improvements will reap higher returns in the coming years.

The robustness of the consolidated balance sheet is reflected in **the cash position of Euros 433.6 million** (positive working capital of Euros 68 million) which will allow the Group to meet its commitments without any difficulties in 2016, and reduce its net financial debt.

3. OUTLOOK FOR 2016

We foresee an improvement in all the geographical regions in which we operate in 2016. The data for the first few months of 2016 reflect an improvement in occupancy, tariffs and RevPAR for the entire year.

Our goal for 2016 is to obtain EBITDA of approximately Euros 326 million and net profit of Euros 125 million.

This improvement will be the result of better management and transactions and investments made in 2015.

The robustness of our balance sheet will afford us access to attractive investment projects and to continue to grow in the divisions of the Group.

4. OTHER INFORMATION

The Group's risk management policies are established to identify and analyse the risks faced by the Group, define appropriate risk limits and controls and to control risks and comply with limits. Risk management policies and procedures are reviewed regularly so that they reflect changes in market conditions and the Group's activities.

The Group's Audit Committee supervises how management controls compliance with the Group's risk management procedures and policies and reviews whether the risk management policy is suitable considering the risks to which the Group is exposed.

The Group's financial risk management policies and objectives are explained in note 22 of the consolidated annual accounts.

Neither the Parent nor the subsidiaries hold any own shares or Parent own shares, nor did they carry out any research and development activities during 2015.

No events have taken place subsequent to the reporting period which could affect the 2015 consolidated annual accounts.