Auriga Global Investors, Sociedad de Valores, S.A., Sociedad Unipersonal

Annual Accounts
31 December 2013

Directors' Report
2013

(With Auditors' Report Thereon)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores S.L.
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

Independent Auditors' Report on the Annual Accounts

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

To the Shareholders of
Auriga Global Investors, Sociedad de Valores, S.A., Sociedad Unipersonal

We have audited the annual accounts of Auriga Global Investors, Sociedad de Valores, S.A., Sociedad Unipersonal ("the Company"), which comprise the balance sheet at 31 December 2013, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes. The Directors are responsible for the preparation of these annual accounts in accordance with the financial reporting framework applicable to the entity (specified in note 2 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein. Our responsibility is to express an opinion on these annual accounts taken as a whole, based on our audit. We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain, which requires examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts and evaluating whether their overall presentation, the accounting principles and criteria used and the accounting estimates made comply with the applicable financial reporting framework.

In our opinion, the accompanying annual accounts for 2013 present fairly, in all material respects, the equity and financial position of Auriga Global Investors, Sociedad de Valores, S.A., Sociedad Unipersonal at 31 December 2013, its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework and, in particular, with the accounting principles and criteria set forth therein.

The accompanying directors' report for 2013 contains such explanations as the Directors consider relevant to the situation of Auriga Global Investors, Sociedad de Valores, S.A., Sociedad Unipersonal, its business performance and other matters, and is not an integral part of the annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the annual accounts for 2013. Our work as auditors is limited to the verification of the 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 the Company.

KPMG Auditores, S.L.

(Signed on original in Spanish)

María Eugenia Fernández- Villarán

30 April 2014

AURIGA GLOBAL INVESTORS,
SOCIEDAD DE VALORES, S.A. SOCIEDAD UNIPERSONAL

Balance Sheets

31 December 2013 and 2012

(Expressed in Euros to two decimal places)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Assets	Note	31/12/2013	31/12/2012
Cash in hand and at banks		5,730.58	4,294.19
Financial assets held for trading	5		
Debt securities		2,955,831.00	11,698,602.78
Equity instruments		6,903,028.41	6,252,263.63
Trading derivatives		526,101.44	29,852.69
		10,384,960.85	17,980,719.10
Available-for-sale financial assets	6		
Equity instruments		4,945,399.56	5,337,700.54
Memorandum item: Loaned or pledged		*3,247,548.01*	*3,104,286.15*
		4,945,399.56	5,337,700.54
Loans and receivables	7		
Due from financial intermediaries		57,929,742.65	30,384,360.49
Due from customers		17,260,744.07	11,098,601.31
		75,190,486.72	41,482,961.80
Equity investments	8		
Associates		454,752.16	454,752.16
Property, plant and equipment	9		
For own use		253,822.66	407,526.83
Intangible assets	10		
Other intangible assets		322,444.72	409,603.21
Tax assets			
Deferred	12	18,803.87	-
Other assets	13	1,086,636.95	1,751,306.34
TOTAL ASSETS		92,663,038.07	67,828,864.17

The accompanying notes form an integral part of the annual accounts for 2013.

AURIGA GLOBAL INVESTORS,
SOCIEDAD DE VALORES, S.A. SOCIEDAD UNIPERSONAL

Balance Sheets

31 December 2013 and 2012

(Expressed in Euros to two decimal places)

Equity and Liabilities	Note	31/12/2013	31/12/2012
Financial liabilities held for trading	5	1,900,756.49	-
Financial liabilities at amortised cost	14		
Due to financial intermediaries		28,144,031.41	14,409,266.61
Due to customers		28,343,782.79	20,263,573.75
		56,487,814.20	34,672,840.36
Tax liabilities	12		
Current		-	12,139.19
Deferred		294,810.14	272,237.91
		294,810.14	284,377.10
Other liabilities	13	5,851,767.20	7,851,230.71
Total liabilities		64,535,148.03	42,808,448.17
Equity	15		
Share capital			
Registered share capital		3,000,000.00	3,000,000.00
Reserves		19,911,040.02	18,057,768.84
Profit for the year		4,666,527.29	3,603,271.18
		27,577,567.31	24,661,040.02
Valuation adjustments			
Available-for-sale financial assets	16	550,322.73	359,375.98
Total equity		28,127,890.04	25,020,416.00
Total equity and liabilities		92,663,038.07	67,828,864.17
MEMORANDUM ITEM			
Risk and commitment accounts	17		
Guarantees extended		9,238,244.49	9,116,024.63
Forward security purchase and sale commitments		33,336,871.53	61,180,478.15
Derivative financial instruments		4,106,407.70	1,384,905.00
		46,681,523.72	71,681,407.78
Other off-balance-sheet items	17		
Securities held on deposit		103,534,695.06	336,242,969.96
Portfolios managed		311,500,315.59	239,923,590.65
Other off-balance-sheet items		235,948,458.79	78,128,765.82
		650,983,469.44	654,295,326.43
Total off-balance-sheet items		697,664,993.16	725,976,734.21

The accompanying notes form an integral part of the annual accounts for 2013.

AURIGA GLOBAL INVESTORS,
SOCIEDAD DE VALORES, S.A. SOCIEDAD UNIPERSONAL

Income Statements
for the years ended
31 December 2013 and 2012

(Expressed in Euros to two decimal places)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Note	2013	2012
Interest and similar income	5 and 19	1,683,240.95	916,924.56
Interest expense and similar charges	20	(484,341.94)	(391,249.94)
Interest margin		1,198,899.01	525,674.62
Dividend income	5 and 19	20,780.18	205,246.24
Fee and commission income	21	6,584,548.27	18,841,551.29
Fee and commission expense	21	(4,149,210.63)	(4,852,747.17)
Gains/(losses) on financial assets and liabilities			
Held for trading	5	21,333,138.60	14,351,738.30
Other	6	661,036.40	-
Exchange losses		(23,861.69)	(364,155.45)
Other operating income		121,912.59	94,909.30
Other operating expenses		(273,677.63)	(230,145.33)
Gross margin		25,473,565.10	28,572,071.80
Personnel expenses	22	(13,538,398.67)	(17,660,578.05)
Overheads	23	(4,789,494.99)	(4,468,976.38)
Amortisation and depreciation	9 and 10	(406,472.26)	(401,685.46)
Impairment losses on financial assets (net)			
Loans and receivables	7(e)	-	(900,000.00)
Results from operating activities		6,739,199.18	5,140,831.91
Gains/(losses) on disposal of assets not classified as non-current assets held for sale	10	(74,432.02)	35,160.49
Profit before income tax		6,664,767.16	5,175,992.40
Tax expense	24	(1,998,239.87)	(1,572,721.22)
Profit for the year from continuing operations		4,666,527.29	3,603,271.18
Profit for the year		4,666,527.29	3,603,271.18
Earnings per share (Euros)			
Basic		15.56	12.01

The accompanying notes form an integral part of the annual accounts for 2013.

AURIGA GLOBAL INVESTORS,
SOCIEDAD DE VALORES, S.A. SOCIEDAD UNIPERSONAL

Statements of Changes in Equity for the years
ended 31 December 2013 and 2012

A) Statements of Recognised Income and Expense
for the years ended
31 December 2013 and 2012

(Expressed in Euros to two decimal places)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	2013	2012
Profit for the year	4,666,527.29	3,603,271.18
Other recognised income/(expenses)		
Available-for-sale financial assets		
Revaluation gains/(losses)	933,817.47	601,192.43
Amounts transferred to the income statement	(661,036.40)	631.49
Income tax	(81,834.32)	(180,357.73)
	190,946.75	421,466.19
Total recognised income and expense	4,857,474.04	4,024,737.37

The accompanying notes form an integral part of the annual accounts for 2013.

AURIGA GLOBAL INVESTORS,
SOCIEDAD DE VALORES, S.A. SOCIEDAD UNIPERSONAL

Statements of Changes in Equity for the years ended
31 December 2013 and 2012

B) Statement of Total Changes in Equity for the year ended
31 December 2013

(Expressed in Euros to two decimal places)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Registered share capital	Reserves: Legal reserve	Reserves: Voluntary reserve	Profit for the year	Total shareholders' equity	Valuation adjustments	Total
Balance at 31 December 2012	3,000,000.00	799,730.28	17,258,038.56	3,603,271.18	24,661,040.02	359,375.98	25,020,416.00
Other movements	-	-	-	-	-	-	-
Adjusted balance at 1 January 2013	3,000,000.00	799,730.28	17,258,038.56	3,603,271.18	24,661,040.02	359,375.98	25,020,416.00
Total recognised income and expense	-	-	-	4,666,527.29	4,666,527.29	190,946.75	4,857,474.04
Distribution of dividends	-	-	(1,750,000.00)	-	(1,750,000.00)	-	(1,750,000.00)
Other changes in equity							
Distribution of profit for the year	-	-	3,603,271.18	(3,603,271.18)	-	-	-
Balance at 31 December 2013	3,000,000.00	799,730.28	19,111,309.74	4,666,527.29	27,577,567.31	550,322.73	28,127,890.04

The accompanying notes form an integral part of the annual accounts for 2013.

AURIGA GLOBAL INVESTORS,
SOCIEDAD DE VALORES, S.A. SOCIEDAD UNIPERSONAL

Statements of Changes in Equity for the years ended
31 December 2013 and 2012

B) Statement of Total Changes in Equity for the year ended
31 December 2012

(Expressed in Euros to two decimal places)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

		Reserves					
	Registered share capital	Legal reserve	Voluntary reserve	Profit for the year	Total shareholders' equity	Valuation adjustments	Total
Balance at 31 December 2011	3,000,000.00	799,730.28	15,788,722.59	2,569,315.97	22,157,768.84	(62,090.21)	22,095,678.63
Other movements	-	-	-	-	-	-	-
Adjusted balance at 1 January 2012	3,000,000.00	799,730.28	15,788,722.59	2,569,315.97	22,157,768.84	(62,090.21)	22,095,678.63
Total recognised income and expense	-	-	-	3,603,271.18	3,603,271.18	421,466.19	4,024,737.37
Distribution of dividends	-	-	(1,100,000.00)	-	(1,100,000.00)	-	(1,100,000.00)
Other changes in equity							
Distribution of profit for the year	-	-	2,569,315.97	(2,569,315.97)	-	-	-
Balance at 31 December 2012	3,000,000.00	799,730.28	17,258,038.56	3,603,271.18	24,661,040.02	359,375.98	25,020,416.00

The accompanying notes form an integral part of the annual accounts for 2013.

AURIGA GLOBAL INVESTORS,
SOCIEDAD DE VALORES, S.A. SOCIEDAD UNIPERSONAL

Statements of Cash Flows for the years ended
31 December 2013 and 2012
(Expressed in Euros to two decimal places)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	31/12/2013	31/12/2012
1. Cash flows from operating activities	44,729,890.72	6,568,273.76
Profit for the year	6,664,767.16	5,175,992.40
Adjustments to obtain cash flows from operating activities		
Amortisation and depreciation (+)	406,472.26	401,685.46
Net impairment losses on assets (+/-)	-	1,321,466.19
Other items (+/-)	(1,734,297.49)	(1,563,759.03)
	(1,327,825.23)	159,392.62
Adjusted profit (+/-)	5,336,941.93	5,335,385.02
Net increase/(decrease) in operating assets		
Loans and receivables (+/-)	9,032,324.18	(13,220,187.46)
Financial assets held for trading (+/-)	7,595,758.25	(4,122,566.25)
Available-for-sale financial assets (+/-)	392,300.98	(1,735,275.30)
Other operating assets (+/-)	645,865.52	747,895.59
	17,666,248.93	(18,330,133.42)
Net increase/(decrease) in operating liabilities		
Financial liabilities at amortised cost (+/-)	21,814,973.84	21,194,401.23
Financial liabilities held for trading	1,900,756.49	-
Other operating liabilities	(1,989,030.47)	(2,951.93)
	21,726,699.86	21,191,449.30
Income tax payments (+/-)	-	(1,628,427.14)
2. Cash flows used in investing activities	(240,041.62)	(708,431.99)
Payments (-)		
Equity investments		-
Property, plant and equipment	(18,385.41)	(257,275.92)
Intangible assets	(221,656.21)	(451,156.07)
	(240,041.62)	(708,431.99)
3. Cash flows used in financing activities	(1,750,000.00)	(1,100,000.00)
Dividends and interest on other equity instruments paid (-)	(1,750,000.00)	(1,100,000.00)
4. Effect of exchange rate fluctuations on cash and cash equivalents	-	-
5. Net increase/decrease in cash and cash equivalents (1+2+3+4)	42,739,849.10	4,759,841.77
Cash or cash equivalents at beginning of period	13,329,459.22	8,569,617.45
Cash and cash equivalents at year end	56,069,308.32	13,329,459.22

The accompanying notes form an integral part of the annual accounts for 2013.

AURIGA GLOBAL INVESTORS,
SOCIEDAD DE VALORES, S.A. SOCIEDAD UNIPERSONAL

Notes to the Annual Accounts

31 December 2013
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

(1) Nature and Principal Activities

Auriga Global Investors, Sociedad de Valores, S.A. Sociedad Unipersonal (hereinafter the Company) was incorporated on 23 March 2007 as Auriga Securities, Sociedad de Valores, S.A. through a public deed before the Madrid notary Mr. Fernando de Roda Lamsfus. The Company's registered office is at Cuesta del Sagrado Corazón, 6-8, Madrid. The Company adopted its current name on 27 February 2012.

The statutory activity of the Company consists exclusively of stock exchange member broker activities authorised by Law 24/1988, which enables it to perform the following investment services:

- Receipt and transmission of orders on behalf of third parties.

- Execution of such orders on behalf of third parties.

- Trading on its own behalf.

- Personalised and discretionary management of investment portfolios, as authorised by the investors. This portfolio management activity also entails the authorised management of stocks and financial assets comprising hedge fund portfolios.

The Company can also render the following ancillary services:

- The deposit and administration of the aforementioned financial instruments, including bookkeeping services for securities represented by book entries.

- Granting of credit facilities or loans to investors to carry out operations involving one or more of the aforementioned financial instruments, provided that the Company intervenes in these operations.

Stock exchange member brokers are regulated by the Spanish Securities Market Act (Law 24/1988 of 28 July 1988) and subsequent amendments, particularly Law 37/1998 of 16 November 1998, Law 44/2002 of 22 November 2002, Law 26/2003 of 17 July 2003, Law 32/2011 of 4 October 2011, Royal Decree 20/2012 of 13 July 2012, Royal Decree 17/2012 of 4 May 2012 and Law 11/2013 of 26 July 2013 and Royal Decree 217/2008 of 15 February 2008 governing the legal framework for investment companies. These regulations establish, inter alia, the following minimum requirements for authorisation to operate as a stock exchange member broker:

a) Activities are limited to those appropriate to the nature of the Company as defined by Law 37/1998 and Royal Decree 217/2008.

b) The Company should be incorporated with limited liability and share capital represented by registered shares.

c) The Company should have minimum share capital of Euros 2 million, which should be fully paid up in cash on incorporation.

d) The Company should comply with the liquidity and solvency ratios established by the Spanish National Securities Market Commission (CNMV).

e) The Company should adhere to an investment guarantee fund in accordance with the terms established by specific regulations.

The Company is part of the Auriga Capital Investments, S.L. Group and its direct Parent is Auriga Capital Investments, S.L., the holding company of the consolidated group in Spain. The registered office of Auriga Capital Investments, S.L. is located at Cuesta del Sagrado Corazón, 6, in Madrid.

(2) Basis of Presentation of the Annual Accounts

(a) Fair view

The accompanying annual accounts have been prepared on the basis of the accounting records of Auriga Global Investors, Sociedad de Valores, S.A. Sociedad Unipersonal on 31 March 2014.

The annual accounts for 2013 have been prepared in accordance with prevailing legislation and CNMV Circular 7/2008 of 26 November 2008, partly amended by CNMV Circular 5/2011 of 12 December 2011, to present fairly the equity and financial position at 31 December 2013 and results of operations, changes in equity and cash flows for the year then ended.

The board of directors consider that the annual accounts for 2013 will be approved with no significant changes.

(b) Comparative information

The balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes thereto for 2013 include comparative figures for 2012, which formed part of the annual accounts approved by the shareholder at the annual general meeting held on 30 April 2013. Certain amounts for 2012 have been reclassified in the accompanying annual accounts to make them comparable with those for the current year and facilitate comparison.

(c) Functional and presentation currency

The figures disclosed in the annual accounts are expressed in Euros, the Company's functional and presentation currency, rounded off to two decimal places.

(d) Critical issues regarding the valuation and estimation of relevant uncertainties and judgements used when applying accounting principles

There have been no changes in the judgements and accounting estimates used by the Company in 2013 compared to the prior year.

Relevant accounting estimates and judgements, and other estimates and assumptions have to be made when applying the Company’s accounting principles to prepare the annual accounts. 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 annual accounts, is as follows:

The most significant estimates used in the preparation of these annual accounts are as follows:

- Estimates to calculate the fair value of the financial instruments held by the Company (see notes 5 and 6).
- Estimates to calculate the bonus payable to Company employees (see note 13).
- Estimates to calculate the income tax expense and deferred tax assets and liabilities (see notes 12 and 24).

Although estimates are calculated by the Company's directors based on the best estimate available at 31 December 2013, future events may require changes to these estimates in subsequent years. The effect on the annual accounts of modifications which, where applicable, result from adjustments to be made in subsequent years are recognised prospectively.

(3) Distribution of Profit

The board of directors will propose to the sole shareholder at the annual general meeting that the profit for the year ended 31 December 2013 be transferred to voluntary reserves.

At their annual general meeting held on 30 April 2013, the shareholder agreed that profit for the year ended 31 December 2012 be taken to voluntary reserves.

Details of non-distributable reserves at 31 December 2013 and 2012 are as follows:

	Euros	
	31/12/2013	31/12/2012
Non-distributable reserves		
Legal reserve	600,000.00	600,000.00

Distributable reserves and profit for the year are not subject to distribution limitations.

(4) Significant Accounting Policies

(a) Foreign currency transactions, balances and cash flows

Foreign currency transactions are translated into Euros using the exchange rates prevailing at the transaction date.

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. Non-monetary assets measured at fair value have been translated into Euros at the exchange rate at the date that the fair value was determined.

Cash flows from foreign currency transactions presented in the statement of cash flows are translated into Euros using the exchange rates prevailing at the transaction date. The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies is recognised separately in the statement of cash flows as effect of exchange rate fluctuations on cash and cash equivalents.

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. However, exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised as foreign exchange translation differences in equity.

The Company uses the exchange rates published by the European Central Bank when translating foreign currency balances into Euros.

Exchange gains or losses relating to monetary financial assets and financial liabilities denominated in foreign currencies are recognised in profit and loss.

Foreign exchange gains or losses relating to non-monetary financial assets and financial liabilities are recognised in conjunction with the change in fair value. Nevertheless, the exchange rate fluctuation component of non-monetary financial assets denominated in foreign currencies classified as available-for-sale and as hedged items in fair value hedges of the component is recognised in the income statement.

(b) Recognition, measurement and classification of financial instruments

Financial assets and financial liabilities are recognised when the Company becomes party to the contract in accordance with the provisions of that contract.

Debt instruments are recognised from the time that a legal right to receive or pay cash arises and derivatives are recognised from the trade date. In general the Company derecognises financial instruments on the date the rewards, risks, rights and duties or the control thereof are transferred to the purchaser.

The Company classifies financial instruments into different categories based on the nature of the instruments and management's intentions on initial recognition.

Financial instruments are presented and measured, depending on their classification, based on the following criteria:

- Financial assets at fair value through profit or loss:
  - Financial assets held for trading comprise securities earmarked for market transactions in the short term, and derivatives other than hedging instruments. These are measured at fair value, recognising net differences with the transaction price in the income statement.

    Financial assets that are not derivatives can be reclassified out of the trading portfolio when they cease to be held for the purpose of being sold or repurchased in the near term, provided that the following circumstances arise:

    * In the event of exceptional circumstances arising from a particular, isolated event not associated with the company, in which case the assets are reclassified to available-for-sale financial assets.

    * The Company has the intention and financial ability to hold the assets until maturity and the assets met the definition of loans and receivables on initial recognition, in which case they are classified as loans and receivables.
  - Other financial assets at fair value through profit or loss comprise hybrid financial assets, jointly-managed assets and hedging derivatives. These are measured at fair value, recognising net differences with the transaction price in the income statement.
- Held-to-maturity investments comprise debt securities with fixed maturity and fixed or determinable cash flows that the Company has decided to hold until maturity. Government debt, bonds and other fixed income securities in the held-to-maturity portfolio are initially recognised at the fair value of the consideration given and are subsequently carried at amortised cost using the effective interest rate.
- Loans and receivables comprise financial assets that are not derivatives, with fixed or determinable cash flows, on which the Company will recover all expenditure incurred. These assets are initially recognised at the fair value of the consideration given, and are subsequently carried at amortised cost using the effective interest rate. Assets purchased at a discount are recognised at the amount disbursed. The difference between the redemption amount and the cash disbursed is recognised as finance income in the income statement over the residual period until maturity.
- Available-for-sale financial assets include those securities not classified in any of the preceding portfolios. These assets are carried at fair value and net differences with the transaction price are recognised in equity until the asset is derecognised, with the profit or loss on disposal taken to the income statement.

- Financial liabilities at fair value through profit or loss:

  - Financial liabilities held for trading comprise securities issued with an intention to repurchase them in the near term, short positions, or which form part of a portfolio of identified financial instruments that are jointly managed, for which there is evidence of a recent pattern of short-term profit-taking, and derivatives other than hedging instruments. These are measured at fair value, recognising net differences with the transaction price in the income statement.

  - Other financial liabilities at fair value through profit or loss comprise hybrid financial instruments that do not form part of the trading portfolio and must therefore be measured at fair value, when the associated financial assets are also measured at fair value through profit or loss. This category also includes jointly managed liabilities and liabilities that may be cancelled by the holder at fair value. These are measured at fair value, recognising net differences with the transaction price in the income statement.

- Financial liabilities at fair value through equity include all financial liabilities associated with available-for-sale financial assets that have been transferred but do not meet the conditions for derecognition. These liabilities are measured at fair value through equity, as are the associated assets.

- Financial liabilities at amortised cost include those securities not classified in any of the preceding portfolios. They are initially recognised at the fair value of the consideration received and subsequently carried at amortised cost, accounting for net differences with the transaction price in the income statement.

The carrying amounts of financial instruments are adjusted with a charge to the income statement when there is objective evidence that an impairment loss has occurred.

(c) Criteria for calculating the fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction. The Company applies the following systematic criteria to determine the fair value of financial assets and financial liabilities:

- The Company first applies the quoted market price in the most advantageous active market to which it has immediate access, adjusted to reflect any difference in the credit risk between instruments traded in that market and the one being valued. The bid price is used for assets purchased or liabilities to be issued and the asking price is used for assets to be purchased or liabilities issued. If the Company has assets and liabilities with offsetting market risks, it uses mid-market prices for the offsetting risk positions and applies the bid or asking price to the net position, as appropriate.

- Where market prices are not available, the Company uses recent transaction prices adjusted to market conditions.

- Otherwise, for most derivatives the Company applies generally accepted valuation techniques that make maximum use of market inputs and rely as little as possible on entity-specific inputs.

(d) Impairment of financial assets

A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event or events have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

- Impairment of financial assets carried at cost or amortised cost

Impairment losses on assets carried at cost reflect the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the present market yield for similar financial assets. These losses are not reversible and are therefore recognised directly against the value of the asset rather than as a valuation allowance.

- Impairment of available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been accounted for in recognised income and expense, the accumulative loss is reclassified from equity to profit or loss when there is objective evidence that the asset is impaired, even though the financial asset has not been derecognised. The impairment loss recognised in the income statement is calculated as the difference between the acquisition cost, net of any reimbursement or repayment of the principal, and the present fair value, less any impairment losses previously recognised in profit or loss for the year.

Impairment losses on investments in equity instruments are not reversible and are therefore recognised directly against the value of the asset rather than as a valuation allowance.

If the fair value of debt instruments increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the increase is recognised in profit and loss up to the amount of the previously recognised impairment loss and any excess is accounted for in recognised income and expense.

(e) Transfer of financial assets

Financial asset transfers are measured as follows:

- When substantially all the risks and rewards are transferred, the financial asset is derecognised and any right or obligation retained or created on the transfer is recognised separately.

- When substantially all the risks and rewards are retained, the financial asset is not derecognised and a financial liability is recognised for an amount equal to the consideration received, which is subsequently measured at amortised cost.

- When substantially all risks and rewards are neither transferred nor retained and the Company does not retain control, the financial asset is derecognised and any right or obligation retained or created through the transfer is recognised. Where the Bank retains control, the financial asset is not derecognised but remains on the balance sheet.

(f) Equity investments

These include equity instruments in subsidiaries and are recognised at acquisition cost, adjusted to take into account any impairment losses when there is objective evidence that the carrying amount of an investment is not recoverable.

The impairment loss reflects the difference between the carrying amount and the recoverable amount, which is the higher of the fair value less costs to sell and the present value of the future cash flows from the investment. Unless better evidence of the recoverable amount of the investment is available, when estimating the impairment of these types of assets, the investee's equity is taken into consideration, corrected for any unrealised gains existing at the measurement date.

Impairment and reversals of impairment are recognised as an expense or income in the income statement. Impairment losses can only be reversed up to the limit of the carrying amount of the investment that would have been disclosed at the reversal date had the impairment not been recognised.

Subsidiaries are investees that constitute a decision-making unit with the Parent. A decision-making unit is presumed to exist when an entity is a shareholder of another entity and is related to the latter in one of the following situations:

a) It holds the majority of voting rights.

b) It has the authority to appoint or dismiss most members of the governing body.

c) It can avail of the majority of voting rights by virtue of agreements with other shareholders.

d) It has exclusively appointed, with its votes, most of the members of the governing body in office at the date of preparation of the consolidated annual accounts and in the two immediately prior years.

A decision-making unit is also presumed to exist when one or more companies are under sole management by any other means. In particular, this occurs when most members of the governing body of the controlled entity are members of the governing body or senior management of the parent or of another company controlled by the latter.

(g) Fees and commissions, interest and dividend income

- Fees and commissions

Fees and commissions from activities and services rendered during a specific period of time are recognised in the income statement over the duration of the activities or services.

Fees and commissions from activities and services rendered during a period of time that is not specific are recognised in the income statement in line with the stage of completion.

Fees and commissions from a service rendered in a single act are recognised in the income statement when the single act is carried out.

Variable management fees are recognised based on the best estimate at any given time. The Company adjusts these fees, retrospectively if appropriate, when it has access to information on trends in the calculation bases.

- Interest and dividend income

Interest is recognised using the effective interest method.

Dividends from investments in equity instruments are recognised when the Company is entitled to receive them. If the dividends are clearly derived from profits generated prior to the acquisition date because amounts higher than the profits generated by the investment since acquisition have been distributed, the carrying amount of the investment is reduced.

(h) Coverage of credit risk

Valuation allowances are calculated individually for overdue or doubtful debt instruments not measured at fair value through profit or loss, based on ageing, guarantees extended and recovery expectations for these balances.

(i) Financial futures and forward sale and purchase transactions

Financial futures and forward sale and purchase transactions are recognised in the relevant commitment account when contracted and until the position closes or the contract expires, at the effective amount contracted or the nominal amount committed, distinguishing between hedging and non-hedging operations. Funds deposited in respect of the initial margin and additional guarantees are accounted for under assets in due from financial intermediaries.

(j) Options and warrants

Options and warrants over securities are recognised in commitment accounts when contracted and until the position closes or the contract expires, at the committed nominal amount of the underlying items in the sale and purchase agreements, distinguishing between hedging and non-hedging operations. Funds deposited in respect of the initial margin and additional guarantees are accounted for under assets in due from financial intermediaries. Premiums for options and warrants purchased, and premiums deriving from options issued or warrants sold, are recognised in derivatives under assets or liabilities, respectively, at the date the transaction is contracted.

(k) Swaps

Swap transactions are recognised in the relevant commitment account when contracted and until the position closes or the contract expires, at the nominal amount committed, distinguishing between hedging and non-hedging operations.

(l) Hedging operations to reduce risks: Hedge accounting

The Company presents and measures individual hedges (distinguishing between hedged instruments and hedging instruments) based on their classification, using the following criteria:

- Fair value hedges: hedges of the exposure to changes in fair value. The gains or losses attributable to both the hedging instrument and the hedged risk are recognised immediately in the income statement.

- Cash flow hedges: hedges of the exposure to variations in cash flows that is attributable to a particular risk associated with an asset or liability or a forecast transaction. The gain or loss attributable to the portion of the hedging instrument that qualifies as an effective hedge is recognised temporarily under valuation adjustments in equity at the lower of the cumulative gain or loss on the hedging instrument from the inception of the hedge and the cumulative change in the present value of expected future cash flows of the hedged item from the inception of the hedge.

- Hedges of a net investment in a foreign operation: hedges of currency risk of a subsidiary, associate or branch that operates in a different country or currency to that of the Company. The gain or loss attributable to the portion of the hedging instrument that qualifies as an effective hedge is recognised temporarily in equity, until the disposal or derecognition of the instruments, whereupon they are recognised in the income statement. The remaining gain or loss is immediately recognised in profit and loss.

The cumulative gains or losses on each hedge are taken to the income statement in the periods in which the designated hedged items affect the income statement, unless the hedge relates to a forecast transaction that results in the recognition of a non-financial asset or liability, in which case the gains or losses are included in the cost of that asset or liability.

(m) Property, plant and equipment

Property, plant and equipment for own use are measured at cost, less accumulated depreciation and any impairment losses.

Depreciation is provided on a straight line basis over the estimated useful lives of the assets as follows:

	Years of useful life
Installations	5
Information technology equipment	3
Furniture	5
Motor vehicles	3
Other property, plant and equipment	5

Depreciation methods and useful lives of each item of property, plant and equipment are reviewed at least at each year end.

Repairs and maintenance costs that do not improve the related assets or extend their useful lives are recognised in profit and loss when incurred. Only those costs likely to generate future profits are capitalised, provided that the amount of such costs can be estimated reliably.

(n) Intangible assets

Intangible assets are carried at cost, less any accumulated amortisation and impairment.

Repairs and maintenance costs that do not improve the related assets or extend their useful life are recognised in profit and loss when incurred.

The Company assesses whether the useful life of each intangible asset acquired is finite or indefinite. An intangible asset is regarded by the Company as having an indefinite useful life when there is no foreseeable limit to the period over which the asset will generate net cash inflows.

Intangible assets with indefinite useful lives are not amortised, but are instead tested for impairment on an annual basis or whenever there is an indication that the intangible asset may be impaired.

Intangible assets with finite useful lives are amortised by allocating the depreciable amount of an asset on a systematic basis over its useful life, applying the following criteria:

	Amortisation method	Estimated years of useful life
Computer software	Straight-line	3
Other intangible assets	Straight-line	3

The depreciable amount of intangible assets is measured as the cost of the asset, less any residual value.

The Company reviews the residual value, useful life and amortisation method for intangible assets at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

(o) Leases

The Company has rights to use certain assets through lease contracts.

Leases in which the Company assumes substantially all the risks and rewards incidental to ownership are classified as finance leases, otherwise they are classified as operating leases.

- Finance leases

At the commencement of the lease term, the Company 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.

The accounting policies applied to the assets used by the Company under finance lease contracts are the same as those set out in section l) of this note. However, if there is no reasonable certainty at the commencement of the lease that the Company will obtain ownership by the end of the lease term, the assets are fully depreciated over the shorter of the lease term and their useful lives.

- Operating leases

Lease payments under an operating lease, net of incentives received, are recognised as an expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the lease's benefit.

(p) Security deposits

Security deposits paid in relation to lease contracts are measured using the same criteria as for financial assets. The difference between the amount extended and the fair value is classified as a prepayment and recognised in profit and loss over the lease term.

(q) Termination benefits

Termination benefits for involuntary redundancy are recognised as a liability when the Company has a detailed formal plan for the termination and there is a valid expectation among the affected employees that termination will arise either because the plan has already started to be implemented or because its main characteristics have been published.

When termination benefits fall due more than 12 months after the reporting date, they are discounted based on the market yield on high quality corporate bonds.

Termination benefits for voluntary redundancy are recognised when an offer has been made and the Company is without realistic possibility of withdrawal, and are measured based on the number of employees expected to accept the offer.

(r) Provisions

Provisions are recognised when the Company has a present obligation (legal or implicit) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is a pre-tax rate that reflects the time value of money and the specific risks for which future cash flows associated with the provision have not been adjusted at each reporting date.

(s) Tax expense

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

Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for a period.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences, while deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, tax loss carryforwards and unused tax credits. Temporary differences are differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted. The tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised in the balance sheet under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

On 20 December 2011 the Auriga Capital Investments Group submitted an application to the Spanish Ministry of Economy and Finance, notifying the taxation authorities of its decision to avail of the special consolidated tax regime. On 17 February 2012 the taxation authorities notified the Group that it had been assigned the tax group number 298/12. The Company forms part of this consolidated tax group created in fiscal year 2012.

(t) Contributions to the Investment Guarantee Fund

The Company forms part of the Investment Guarantee Fund and makes annual contributions to this fund in compliance with Royal Decree 948/2001 of 3 August 2001 governing investor indemnity systems, amended by Law 53/2002 of 30 December 2002 governing tax, administrative and social measures.

In 2013 and 2012, the Company accrued contributions to the fund of Euros 80,594.88 and Euros 70,920.89, respectively, recognised as other operating expenses in the income statement.

(u) Off-balance sheet customer funds

The Company recognises off-balance sheet customer funds, notably the following, in off-balance sheet items:

- Securities and other financial instruments held on deposit: own or third-party securities and other financial instruments, measured at market value at the reporting date or relevant statement date, for which the Company assumes the custody risk, except for the amount of assets entrusted to other entities for the purposes of custody, management or administration.

- Own or third-party securities and other instruments held by other entities: securities and financial instruments held by the Company or received on deposit from third parties, measured at market value at the reporting date or relevant statement date, for which the Company retains responsibility as custodian and which are entrusted to other entities for the purposes of custody, management or administration.

- Managed portfolios: third-party securities and financial instruments managed by the Company under the terms of the contract signed with each customer, measured at market value at the reporting date or relevant statement date.

(v) Related party transactions

Transactions with Group companies and related parties are recognised at the fair value of the consideration given or received. The difference between this value and the amount agreed is recognised in line with the underlying economic substance of the transaction.

(w) Statement of cash flows

The Company reports its cash flows using the indirect method, using the following expressions and classification criteria:

- Cash flows: inflows and outflows of cash and cash equivalents, the latter being short-term, highly liquid investments subject to a low risk of changes in value.

- Operating activities: typical activities of credit institutions and other activities that cannot be classified as investing or financing.

- Investing activities: the acquisition, sale or other disposal of non-current assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of equity and of liabilities that do not form part of operating activities.

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a maturity of less than three months from the date of acquisition.

The Company recognises cash payments and receipts for financial assets and financial liabilities in which turnover is quick on a net basis in the statement of cash flows. Turnover is considered to be quick when the period between the date of acquisition and maturity does not exceed six months.

In the statement of cash flows, bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are not included as a component of cash and cash equivalents. Bank overdrafts are recognised in the balance sheet as financial liabilities from bank borrowings.

(x) Statement of total changes in equity

This statement therefore shows a reconciliation of the opening and closing carrying amounts of all items comprising equity, grouping movements according to their nature, as follows:

- Reclassifications, reflecting changes in equity due to the adjustment of balances in the financial statements as a result of changes in accounting principles or corrections of errors.

- Income and expenses recognised during the year, comprising the aggregate amount of the items recognised in the statement of recognised income and expense.

- Other changes in fund net assets, comprising the remaining items recognised in fund net assets, such as distribution of profit or application of losses, transactions with own equity instruments, equity-settled payments, transfers between equity items, and any other increases or decreases in fund net assets.

(5) Financial Assets held for Trading

Details of financial assets held for trading at 31 December 2013 and 2012 are as follow:

	Euros	
	31/12/2013	31/12/2012
Debt securities		
Internal portfolio		
Deposit institutions	1,621,717.66	10,485,860.00
Non-financial companies	332,595.00	814,424.50
Regional governments	45,841.32	-
External portfolio	950,282.63	333,000.90
Valuation adjustments		
Accrued interest receivable	5,394.39	65,317.38
	2,955,831.00	11,698,602.78
Shares and equity investments		
Internal portfolio		
Deposit institutions	1,195,906.88	2,033,691.80
Non-financial companies	2,010,034.73	2,661,165.06
External portfolio	3,697,086.80	1,557,406.77
	6,903,028.41	6,252,263.63
Trading derivatives (note 17)	526,101.44	29,852.69
	10,384,960.85	17,980,719.10
In Euros	7,135,401.31	16,408,837.11
Foreign currencies	3,249,559.54	1,571,881.99
	10,384,960.85	17,980,719.10

At 31 December 2013 and 2012 details of debt securities (excluding valuation adjustments) and equity instruments included in the Company's trading portfolio, classified as listed and unlisted financial instruments, are as follows:

	Euros	
	31/12/2013	31/12/2012
Debt securities		
Internal portfolio		
Listed	2,000,153.98	11,300,284.50
External portfolio		
Listed	950,282.63	333,000.90
	2,950,436.61	11,633,285.40
Shares and equity investments		
Internal portfolio		
Listed	3,205,941.61	4,694,856.86
External portfolio		
Listed	3,666,086.80	1,526,406.77
Unlisted	31,000.00	31,000.00
	6,903,028.41	6,252,263.63

The Company did not transfer any financial instruments between portfolios in 2013 or 2012.

Details of the effect on the 2013 and 2012 income statements of changes in the fair value of financial assets held for trading, depending to the valuation method used, are as follows:

	Euros	
Valuation method	31/12/2013	31/12/2012
Listed prices in active markets	(106,524.83)	2,795,384.21

Effective interest rates by type of financial asset held for trading at 31 December 2013 and 2012 are as follows:

	Percentage	
	2013	2012
Debt securities	2.38%	5.26%

Details of interest, yield and net gains or losses on financial assets by type of instrument held for trading recognised in the income statements for 2013 and 2012 are as follows:

	Euros					
	2013			2012		
	Interest	Yield	Gains/(losses) on financial assets (net)	Interest	Yield	Gains/(losses) on financial assets (net)
Debt securities	252,195.59	-	17,185,030.45	423,673.41	-	11,396,797.15
Shares and equity investments	-	20,780.18	3,573,605.83	-	205,246.24	2,378,455.43
Trading derivatives	-	-	614,203.78	-	-	391,262.06
Other assets at fair value	-	-	(39,701.46)	-	-	185,223.66
	252,195.59	20,780.18	21,333,138.60	423,673.41	205,246.24	14,351,738.30
	(note 19)	(note 19)		(note 19)	(note 19)	

At 31 December 2013 the fair value of securities loaned or pledged (short positions) is Euros 1,900,756.49, recognised under financial liabilities held for trading in the balance sheet (see note 17). The Group had no securities loaned or pledged at 31 December 2012.

(6) Available-for-sale Financial Assets

Details at 31 December 2013 and 2012 are as follows:

	Euros	
	31/12/2013	31/12/2012
Shares and equity investments		
Internal portfolio		
Unlisted	319,858.94	134,941.00
External portfolio		
Unlisted	4,625,540.62	5,202,759.54
	4,945,399.56	5,337,700.54
In Euros	3,567,406.95	4,156,457.60
Foreign currencies	1,377,992.61	1,181,242.94
	4,945,399.56	5,337,700.54

A breakdown of unlisted shares and equity investments is as follows:

	Euros	
	31/12/2013	31/12/2012
Investment funds	4,625,540.62	4,285,529.09
Equity instruments	317,360.94	1,050,230.45
Gestora del Fondo General de Garantía de Inversiones, S.A.	2,498.00	1,941.00
	4,945,399.56	5,337,700.54

Investment funds and equity instruments are measured and recognised at fair value. The fair value of investment funds is calculated based on the net asset value of the fund provided by the management company at each month end, while the Company considers the best estimate of the fair value of equity instruments to be their carrying amount. The investment in Gestora del Fondo General de Garantía de Inversiones, S.A. is recognised at cost.

At 31 December 2013 and 2012, as a stock exchange member broker, the Company holds 2,498 and 1,941 shares, respectively, in Gestora del Fondo General de Garantía de Inversiones, S.A.

The net change in the fair value of investment funds during 2013 and the accumulated changes since designation of the financial assets at fair value through equity reflect an increase of Euros 238,008.07 and an increase of Euros 550,322.73 (net of tax effect), respectively (an increase of Euros 273,482.55 and an increase of Euros 312,314.66, respectively, at 31 December 2012). This amount is recognised in equity – valuation adjustments at 31 December 2013 and 2012 (see note 16), while the related tax effect is accounted for under deferred tax liabilities (see note 12).

The net change during 2013 in the fair value of the equity instruments held by the Company at 31 December 2013, as well as the accumulated net changes in fair value since designation of the financial assets at fair value through equity, reflect an increase of Euros 415,664.16 and an increase of Euros 0 (net of tax effect) (increase of Euros 147,983.64 and increase of 47,061.32 (net of tax effect) at 31 December 2012). This amount is recognised in equity – valuation adjustments at 31 December 2013 and 2012 (see note 16), while the related tax effect is accounted for under deferred tax assets (see note 12). During 2013 and 2012 the amount transferred to the income statement as a result of the sale of these assets is Euros 462,725.48 and Euros 631.49 (net of tax effect), respectively (see note 16).

On 19 April 2013 the Company acquired 285,714 shares of Qustodian Trust, S.L. for Euros 200,000.00, which have been measured at cost at 31 December 2013.

During 2013, the Company has sold financial assets classified under this category for Euros 1,511,036.40, which is still receivable at 31 December 2013 (see note 7).

On 14 February 2012 the Company acquired 11,301 units in the investment fund Montserrat Global Fund B, with a fair value of Euros 1,377,922.61 and Euros 1,181,242.94 at 31 December 2013 and 2012, respectively.

On 5 June 2012 the Company acquired 266 shares of Acuerdo Investment Car Loans, S.L. for Euros 133,000.00, which have been measured at cost at 31 December 2013 and 2012. During 2013, the Company has received Euros 15,639.06 because the cost of the transaction was finally set at Euros 117,360.94.

On 19 October 2012 the Company acquired 1,048.99 units in the Belgravia Lynx Fund Class A investment fund for Euros 100,000.00. On 30 October 2012 the Company sold all of its units in this fund, incurring a loss of Euros 902.13.

At 31 December 2013 and 2012 the Company has no doubtful assets in this balance sheet caption and has not recognised any valuation allowances in respect of credit risk.

At 31 December 2013 the Company has pledged assets classified under this caption to secure a Euros 3,247,548.01 credit facility (Euros 3,104,286.15 at 31 December 2012).

At 31 December 2013 and 2012 the Company has no assets in this caption that have been conveyed or received on loan.

(7) Loans and Receivables

Details at 31 December 2013 and 2012 are as follows:

	Euros	
	31/12/2013	31/12/2012
Due from financial intermediaries		
Demand deposits	20,663,317.54	17,044,878.80
Receivables from transactions on behalf of the Company pending settlement		
With Systems Company	199,311.89	222,542.05
With other financial intermediaries	514,267.16	707,928.85
Reverse repurchase agreements	35,200,948.31	11,696,633.37
Other receivables	751,370.71	112,377.42
Doubtful trade receivables	1,500,000.00	1,500,000.00
Valuation adjustments		
Accrued interest	527.04	-
Impairment	(900,000.00)	(900,000.00)
	57,929,742.65	30,384,360.49
Due from customers		
Loans and advances for securities transactions	1,837,221.62	866,882.41
Other loans and advances	15,265,650.41	10,088,854.95
Valuation adjustments		
Accrued interest (note 25(a))	157,872.04	142,863.95
	17,260,744.07	11,098,601.31
	75,190,486.72	41,482,961.80
In Euros	60,492,956.40	28,046,386.71
Foreign currencies	14,697,530.32	13,436,575.09
	75,190,486.72	41,482,961.80

Demand deposits

At 31 December 2013 and 2012 demand deposits comprise current account balances with credit institutions at year end, which yielded interest at a rate of between 0.00% and 1.90%.

At 31 December 2013 and 2012 this heading includes balances deposited by the Company on behalf of customers with financial intermediaries totalling Euros 18,293,374.73 and Euros 15,638,889.19, respectively.

Income obtained on demand deposits during 2013 amounts to Euros 358,240.10 (Euros 54,029.81 at 31 December 2012) (see note 19).

Customer deposits with the Company for these transactions are recognised in financial liabilities at amortised cost – due to customers.

(a) Receivables from transactions on behalf of the Company pending settlement

Balances in respect of transactions on behalf of the Company pending settlement were settled in early January of the following year.

(b) Reverse repurchase agreements

At 31 December 2013 and 2012 details of reverse repurchase agreements and movement are as follows:

	Euros	
	31/12/2013	31/12/2012
Opening balance	11,696,633.37	5,400,000.00
Additions	206,206,476.77	1,127,648,095.13
Disposals	(182,702,161.83)	(1,121,351,461.76)
Closing balance	35,200,948.31	11,696,633.37

At 31 December 2013 and 31 December 2012 reverse repurchase agreements yield interest at an annual rate of 0% and 0.1% (0.2% in 2012) and mature on 2 January 2014 and 2 January 2013, respectively. In 2013 the Company has earned income of Euros 606,266.59 on reverse repurchase agreements (Euros 3,369.69 at 31 December 2012) (see note 19), of which Euros 604,711.55 are on transactions with Group companies (see note 25 (a)).

(c) Other receivables

Details at 31 December 2013 and 2012 are as follows:

	Euros	
	31/12/2013	31/12/2012
Clearing and Settlement System of the Barcelona Securities Market	30,000.00	30,000.00
Book-entry and Settlement System of the Valencia Securities Market	10,303.07	10,303.07
Latibex guarantee	30,000.00	30,000.00
Other	681,067.64	42,074.35
	751,370.71	112,377.42

At 31 December 2013 other includes Euros 588,019.36 in loans to Group companies for financial intermediation (see note 25 (a)).

(d) Doubtful trade receivables

Details and movement at 31 December 2013 and 2012 are as follows:

	Euros	
	Balance at 31/12/2013	Balance at 31/12/2012
Cost	1,500,000.00	1,500,000.00
Provision	(900,000.00)	(900,000.00)
	600,000.00	600,000.00

At 31 December 2013 and 2012 this caption includes the estimated fair value calculated by the Company of the recoverability of a credit from a financial intermediary in respect of the settlement of a financial instrument. During 2012 the Company made a Euros 900,000.00 provision for doubtful trade receivables with a charge to the income statement caption "Impairment losses on financial assets (net) – Loans and Receivables".

(e) Loans and advances for securities transactions

At 31 December 2013 this caption includes Euros 493,140.11 in success commissions receivable for intermediation in securities operations (Euros 787,111.88 at 31 December 2012).

(f) Other loans and advances

Details at 31 December 2013 and 2012 are as follows:

	Euros	
	31/12/2013	31/12/2012
Other receivables		
Loans to Group companies (note 25 (a))	10,166,683.55	9,577,009.85
Other	1,511,036.40	-
Advances		
Advances to Group companies (note 25(a))	3,227,930.46	511,845.10
Other advances	360,000.00	-
	15,265,650.41	10,088,854.95

Details and characteristics of these loans to Group companies at 31 December 2013 and 2012 are as follows:

At 31 December 2013:

Company	Currency	Interest rate	Maturity	Euros Loans	Interest	Total
Auriga Holdings, LLC (*) (note 25 (a))	US Dollars	7% (**)	Undetermined	6,655,027.77	157,872.04	6,812,899.81
Auriga Capital Investments, S.L (note 25(a))	US Dollars	-	Less than 1 year	3,511,655.78	-	3,511,655.78
				10,166,683.55	157,872.04	10,324,555.59

At 31 December 2012:

Company	Currency	Interest rate	Maturity	Euros Loans	Interest	Total
Auriga Holdings, LLC (*) (note 25 (a))	US Dollars	7% (**)	Undetermined	5,768,315.79	136,837.26	5,905,153.05
Auriga Capital Investments, S.L (note 25(a))	US Dollars	-	Less than 1 year	3,424,226.55	-	3,424,226.55
Wasabi	US Dollars	8%	23/10/2013	384,467.51	6,026.69	390,494.20
				9,577,009.85	142,863.95	9,719,873.80

(*) This loan takes preference over any distribution of dividends by Auriga Holdings, LLC.
(**) Annual interest payable on 1 March and 1 September each year. Any unpaid interest is added to the principal.

Income obtained on loans and advances with Group companies during 2013 amounts to Euros 453,875.72 (Euros 416,167.31 at 31 December 2012) (see note 19). Other income obtained on loans and advances during 2013 amounts to Euros 0 (Euros 6,026.69 at 31 December 2012).

At 31 December 2013 and 2012 movement in the loan extended to Auriga Holdings, LLC is as follows:

- Prior to 2012 the Company made a contribution of US Dollars 8,000,000.00.

- On 1 March 2012 the Company transferred US Dollars 2,338,820.00 of this loan to its sole shareholder. As a consideration for this operation, the Company obtained a loan from its sole shareholder.

- On 3 April 2012, this contribution was increased by a further US Dollars 512,000.00, under the same terms and conditions as the initial contribution.

- On 3 May 2012, this contribution was increased by a further US Dollars 500,000.00, under the same terms and conditions as the initial contribution.

- On 3 June 2013, this contribution was increased by a further US Dollars 1,000,000.00, under the same terms and conditions as the initial contribution.

On 23 October 2012 the Company also extended a US Dollars 500,000.00 loan to Wasabi Capital SPRL, which was settled in advance in early 2013.

At 31 December 2013 other comprises the amount receivable on the sale of a financial asset, which has been collected in early 2014 (see note 6).

Advances to Group companies at 31 December 2013 includes cash remittances extended to third parties on behalf of Auriga Capital Investments, S.L. of Euros 1,378,898.43 (Euros 511,845.10 at 31 December 2012), as well as an advance to incorporate the Solar Credits Opportunities Fund of Euros 1,849,032.03.

Other advances include Euros 360,000.00, which have been collected by the Company in early 2014.

(8) Equity Investments

Details of this item at 31 December 2013 and 2012 are as follows:

	Euros	
	31/12/2013	31/12/2012
Cost		
Xzerta Mesa Spain, LLC	454,752.16	454,752.16
	(note 25(a))	(note 25(a))

Details of investments in Group companies at 31 December 2013 and 2012, the Company's percentage ownership and the registered office and activities of these Group companies are provided in Appendix I, which forms an integral part of this note.

Details of the cost of the investment in Xzerta Mesa Spain, LLC at 31 December 2013 and 2012, the recoverable amount of this investment, the Company's percentage ownership at that date, and equity are provided in Appendix II, which forms an integral part of this note.

(9) Property, Plant and Equipment

Details and movement for the years ended 31 December 2013 and 2012 are as follows:

	Euros			
2013	31/12/2012	Additions	Disposals	31/12/2013
Installations	320,663.82	13,262.64	(4,065.93)	329,860.53
Information technology equipment	212,377.86	5,122.77	(67,569.73)	149,930.90
Furniture	197,865.37	-	(15,522.86)	182,342.51
Motor vehicles	45,106.34	-	(45,106.34)	-
Other property, plant and equipment	33,646.15	-	(6,576.05)	27,070.10
Total property, plant and equipment	809,659.54	18,385.41	(138,840.91)	689,204.04
Installations	(120,715.12)	(65,979.82)	4,065.93	(182,629.01)
Information technology equipment	(102,448.97)	(58,623.80)	67,569.73	(93,503.04)
Furniture	(118,750.58)	(37,792.26)	15,522.86	(141,019.98)
Motor vehicles	(41,614.29)	(3,492.05)	45,106.34	-
Other property, plant and equipment	(18,603.75)	(6,201.65)	6,576.05	(18,229.35)
Total accumulated depreciation	(402,132.71)	(172,089.58)	138,840.91	(435,381.38)
Net property, plant and equipment	407,526.83	(153,704.17)	-	253,822.66

	Euros			
2012	31/12/2011	Additions	Disposals	31/12/2012
Installations	305,848.00	136,931.93	(122,116.11)	320,663.82
Information technology equipment	389,683.86	117,721.61	(295,027.61)	212,377.86
Furniture	283,182.70	-	(85,317.33)	197,865.37
Motor vehicles	45,106.34	-	-	45,106.34
Other property, plant and equipment	46,306.95	2,622.38	(15,283.18)	33,646.15
Total property, plant and equipment	1,070,127.85	257,275.92	(517,744.23)	809,659.54
Installations	(170,924.41)	(71,906.82)	122,116.11	(120,715.12)
Information technology equipment	(295,156.86)	(102,319.72)	295,027.61	(102,448.97)
Furniture	(159,607.14)	(44,460.77)	85,317.33	(118,750.58)
Motor vehicles	(26,398.95)	(15,215.34)	-	(41,614.29)
Other property, plant and equipment	(25,885.71)	(8,001.22)	15,283.18	(18,603.75)
Total accumulated depreciation	(677,973.07)	(241,903.87)	517,744.23	(402,132.71)
Net property, plant and equipment	392,154.78	15,367.05	-	407,526.83

All of the Company’s property, plant and equipment for own use are denominated in Euros at 31 December 2013 and 2012.

At 31 December 2013 and 2012 disposals of property, plant and equipment include items derecognised during the year, which were fully depreciated.

During 2013 the Company has not recognised any gains or losses on disposal of property, plant and equipment (same as at 31 December 2012).

The Company has no fully depreciated items at 31 December 2013 and 2012.

On 25 March 2010 the Company entered into a finance lease contract with a credit institution for a motor vehicle. The total price of the finance lease is Euros 48,464.49, including interest of Euros 3,358.15, payable in 60 monthly instalments. The contract expires on 25 February 2015 and the cost of the purchase option is Euros 800.34. The reference interest rate for the transaction is one-year Euribor plus a spread of 2%, reviewed on a half-yearly basis and set at 3.50% at the latest half-yearly review performed on 2 October 2013 (3.50% at 4 October 2012).

A summary of the liabilities relating to these transactions at 31 December 2013 and 2012 is as follows:

	Euros
Opening balance in 2012	29,700.98
Payments and cancellations in 2012	(8,770.64)
Finance lease payables at 31 December 2012 (note 13)	20,930.34
Payments and cancellations in 2013	(9,102.64)
Finance lease payables at 31 December 2013 (note 13)	11,827.70

At 31 December 2013 and 2012, the Company has no property, plant or equipment with ownership restrictions or which are pledged as collateral.

At 31 December 2013 and 2012, the Company has no commitments to purchase property, plant or equipment from third parties.

In 2013 and 2012 no compensation or indemnities have been received or are expected to be received from third parties for the impairment or decline in value of property, plant and equipment for own use.

The Company has taken out insurance policies to cover the risk of damage to its property, plant and equipment. The coverage of these policies is considered sufficient.

(10) Intangible Assets

Details and movement for the years ended 31 December 2013 and 2012 are as follows:

	Euros			
2013	31/12/2012	Additions	Disposals	31/12/2013
Computer software	642,293.46	221,656.21	(324,062.85)	539,886.82
Total intangible assets	642,293.46	221,656.21	(324,062.85)	539,886.82
Computer software	(232,690.25)	(234,382.68)	249,630.83	(217,442.10)
Total accumulated amortisation	(232,690.25)	(234,382.68)	249,630.83	(217,442.10)
Impairment of computer software	-	(74,432.02)	74,432.02	-
Net intangible assets	409,603.21	(87,158.49)	-	322,444.72

	Euros			
2012	31/12/2011	Additions	Disposals	31/12/2012
Computer software	209,585.39	451,156.07	(18,448.00)	642,293.46
Total intangible assets	209,585.39	451,156.07	(18,448.00)	642,293.46
Computer software	(91,356.66)	(159,781.59)	18,448.00	(232,690.25)
Total accumulated amortisation	(91,356.66)	(159,781.59)	18,448.00	(232,690.25)
Net intangible assets	118,228.73	291,374.48	-	409,603.21

All of the Company’s intangible assets are stated in Euros at 31 December 2013 and 2012.

In 2013 the Company has not incurred any costs for internally developed software or computer programs. In 2012 the Company incurred software or computer program development costs of Euros 267,957.07 that were capitalised as they met recognition criteria.

In 2013 and 2012 the Company incurred no computer software or program development costs that could not be capitalised due to failure to qualify for recognition.

In 2013, disposals of intangible assets include items derecognised during the year, for which the Company recognised an impairment loss of Euros 74,432.02, reflecting the difference between the carrying amount of the derecognised assets and their accumulated amortisation at the date they were derecognised. This loss has been recognised under gains/(losses) on the disposal of assets not classified as non-current assets available for sale in the income statement. In 2012 disposals of intangible assets included items derecognised during the year, which were fully amortised.

The Company has no fully amortised items at 31 December 2013 and 2012.

At 31 December 2013 and 2012 the Company does not possess any intangible assets with ownership restrictions or which are pledged as collateral.

At 31 December 2013 and 2012, the Company has no commitments to purchase intangible assets from third parties.

(11) Operating Leases - Lessee

At 31 December 2013 the Company has leased the two buildings in which it carries out its activities, three apartments and three garage parking spaces under an operating lease (three buildings, one apartment and four garage parking spaces at 31 December 2012).

At 31 December 2013 and 2012 details of the most relevant lease contracts are as follows:

Lease	Expiry / renewal	Penalties
C/ Cuesta del Sagrado Corazón, 6-8 Madrid	31.12.2022	Full payment of contract until expiry date (*)
Office at Avda. Diagonal 468-3ºC (**) Barcelona	1 year/annual	Full payment of contract until expiry date
C/ Gobelas, 19, La Florida, Madrid	1.11.2016	Full payment of contract during the first two years

(*) In the event of early termination of the contract subsequent to 1 December 2015, no penalties will be charged if 6 months' prior notice is given and all the contract terms are met.

(**) The Company has cancelled this lease contract during 2013.

Operating lease instalments have been recognised as an expense for 2013 and 2012 as follows:

	Euros	
	2013	2012
Minimum lease payments (note 23)	426,766.38	465,518.94

At 31 December 2013 the Company has recognised Euros 54,038.11, reflecting lease security deposits, under other assets (Euros 59,152.11 at 31 December 2012) (see note 13).

(12) Tax Assets and Liabilities

Details at 31 December 2013 and 2012 are as follows:

	Euros			
	31/12/2013		31/12/2012	
Tax assets	Current	Deferred	Current	Deferred
Public entities				
Temporary differences (note 24)	-	18,803.87	-	-
Tax liabilities				
Public entities				
Income tax				
Late payment interest	-	-	12,139.19	-
Temporary differences (note 24)	-	58,957.53	-	118,219.63
Revaluation of financial instrument s (note 6)	-	235,852.61	-	154,018.28
		294,810.14	12,139.19	272,237.91

Tax assets and liabilities are denominated in Euros at 31 December 2013 and 2012.

Movement in deferred tax assets and liabilities arising from the revaluation of financial instruments in 2013 and 2012 is as follows:

	Euros	
	Assets	Liabilities
Balance at 31/12/2011	43,252.43	16,642.34
Additions	-	137,375.94
Disposals	(43,252.43)	-
Balance at 31/12/2012	-	154,018.28
Additions	-	280,145.25
Disposals	-	(198,310.92)
Balance at 31/12/2013	-	235,852.61

Deferred tax assets and liabilities for revaluation of financial instruments reflect the effect on the Company's equity of measurement of available-for-sale financial assets. These balances will be realised or reversed in less than 12 months.

At 31 December 2013 and 2012 the Company forms part of the consolidated tax group described in note 4(s), and therefore the current liability in respect of income tax for 2013 and 2012 has been recognised as a payable to the Parent of the consolidated tax group (see notes 13 and 24).

(13) Other Assets and Liabilities

Details at 31 December 2013 and 2012 are as follows:

Other assets	Euros 31/12/2013	Euros 31/12/2012
Commissions and prepaid expenses	110,056.52	132,663.03
Public entities		
Taxation authorities, recoverable VAT	603.55	-
Other items		
Security deposits (note 11)	54,038.11	59,152.11
Shareholders and senior management personnel (notes 25 (a) and (b))	245,258.83	389,720.77
Other	676,679.94	1,169,770.43
	1,086,636.95	1,751,306.34
In Euros	1,086,636.95	1,751,306.34

Other liabilities	Euros 31/12/2013	Euros 31/12/2012
Accrued expenses	1,081,546.00	3,230,460.02
Public entities		
Taxation authorities, tax withholdings on salaries	1,920,928.34	1,713,791.60
Taxation authorities, VAT payable	-	8,233.82
Social Security contributions payable	78,912.28	72,655.11
Finance lease payables (note 9)	11,827.70	20,930.34
Other payables unrelated to securities transactions	2,758,552.88	2,805,159.82
	5,851,767.20	7,851,230.71
In Euros	5,532,021.34	6,889,773.45
Foreign currencies	319,745.86	961,457.26
	5,851,767.20	7,851,230.71

At 31 December 2013 and 2012 these assets and liabilities are on demand, except for finance lease payables.

(a) Shareholders and senior management personnel

At 31 December 2013 and 2012, this item primarily comprises balances receivable from two shareholders of Auriga Capital Investments, S.L.

(b) Other

At 31 December 2013 this item primarily comprises advances of Euros 67,422.56 extended to the cash desk (Euros 891,568.24 at 31 December 2012).

(c) Accrued expenses

At 31 December 2013 and 2012 accrued expenses include Euros 100,000.00 and Euros 1,955,000.00, respectively, reflecting the multi-year bonus accrued from 2008 to 2010, of which a balance of Euros 100,000.00 at 31 December 2013 and 2012 is payable to a former Company shareholder (see notes 25(a) and 25(b)). Euros 100,000.00 is payable at the date these annual accounts were authorised for issue. At 31 December 2013 and 2012 no remuneration is payable to the directors of the Company in respect of services rendered during the 2013 and 2012.

At 31 December 2013 and 2012 this caption also included Euros 792,927.55 and Euros 1,161,400.68, respectively, for monthly variable remuneration payable to employees, which was settled at the beginning of the following year.

(d) Other payables unrelated to securities transactions

Details of these balances at 31 December 2013 and 2012 are as follows:

	Euros	
Item	31/12/2013	31/12/2012
Group companies (note 25(a))		
Fees and commissions for portfolio management and advisory services	198,796.74	931,423.34
Income tax payable to Group companies (notes 24 and 25(a))	1,996,769.33	1,050,869.29
Other liabilities	117,493.79	473,761.41
	2,313,059.86	2,456,054.04
Other	445,493.02	349,105.78
Total other payables unrelated to securities transactions	2,758,552.88	2,805,159.82

At 31 December 2012 other liabilities included Euros 441,470.88 in payments on account made by the sole shareholder on behalf of the Company.

(14) Financial Liabilities at Amortised Cost

Details at 31 December 2013 and 2012 are as follows:

	Euros	
	31/12/2013	31/12/2012
Due to financial intermediaries		
Loans and payables	2,383,510.03	3,489,423.72
Other intermediaries	12,577,474.68	10,919,842.89
Repurchase agreements	13,183,046.70	-
Due to customers		
Transitory balances for securities transactions	26,507,653.54	19,278,053.28
Cash guarantees	1,836,129.25	985,520.47
	56,487,814.20	34,672,840.36

All balances in this caption are denominated in Euros.

(a) Loans and payables

Loans and payables mainly reflect the balance drawn down on credit facilities obtained in 2013 and 2012, as well as bank loans obtained in 2013 and 2012 with the following terms:

- Credit facilities

At 31 December 2013:

Entity	Maturity date	Interest rate	Euros Limit	Euros Amount drawn down
Banco de Valencia (*)	05.01.2014	3-month Euribor + 2.35%	2,500,000.00	-
Bankinter (**)	30.06.2014	12-month Euribor + 3.50%	600,000.00	183,156.17
Banca March	18.12.2014	4.363%	400,000.00	395,000.00
Banca March	17.06.2014	5.25%	300,000.00	295,000.00
				873,156.17

(*) Facility cancelled on 5 January 2014.
(**) Facility renewable automatically in half-yearly periods

At 31 December 2012:

Entity	Maturity date	Interest rate	Euros Limit	Euros Amount drawn down
Banesto	27.04.2013	12-month Euribor + 3.85%	500,000.00	226,000.00
Banco de Valencia	05.01.2013 (*)	3-month Euribor + 2.35%	2,500,000.00	1,575,000.00
Bankinter	30.05.2013	12-month Euribor + 3.75%	600,000.00	600,000.00
Banca March	18.12.2013	5.25%	400,000.00	399,965.78
				2,800,965.78

(*) Policy renewed in 2013 and maturing on 5 January 2014.

- Loans

At 31 December 2013:

Entity	Maturity	Interest rate	Balance at 31/12/2013	Maturity 2014	2015	2016	2017
Banco de Valencia	16.03.2015	6.65%	220,479.31	174,909.35	45,569.96	-	-
Bankinter	26.09.2014	4.04%	800,000.00	800,000.00	-	-	-
Banco Popular	10.03.2017	6.35%	239,874.55	68,626.21	73,109.42	77,885.53	20,253.39
Banco Popular	25.09.2014	5.50%	250,000.00	250,000.00	-	-	-
			1,510,353.86	1,293,535.56	118,679.38	77,885.53	20,253.39

At 31 December 2012:

Entity	Maturity	Interest rate	Balance 31/12/2012	Maturity 2013	2014	2015	2016	2017
Banco de Valencia	16.03.2015	6.65%	384,165.52	163,686.23	174,909.33	45,569.96	-	-
Banco Popular	10.03.2017	6.35%	304,292.42	64,417.88	68,626.20	73,109.42	77,885.53	20,253.39
			688,457.94	228,104.11	243,535.53	118,679.38	77,885.53	20,253.39

At 31 December 2013 and 2012 the interest expense and similar charges amount to Euros 423,838.84 and Euros 305,105.12, respectively (see note 20).

(b) Other intermediaries

At 31 December 2013 other intermediaries primarily comprise an account of Euros 12,556,323.24 with Saxo Bank for the sale and purchase of securities. At 31 December 2012 other intermediaries primarily comprised an account of Euros 3,251,484.25 with Interactive Brokers and an account of Euros 6,669,292.70 with Saxo Bank, for the sale and purchase of securities.

(c) Transitory balances for securities transactions

The majority of transitory balances for securities transactions at 31 December 2013 were settled in early 2014.

At 31 December 2013 this caption includes Euros 25,547.89 payable to Group companies (note 25(a)).

(d) Cash guarantees

At 31 December 2013 and 2012 this item reflects cash balances deposited by customers in financial institutions to maintain the margins established on financial transactions.

(15) Equity

Details of equity and movement during the year are shown in the statement of changes in equity.

(a) Registered share capital

At 31 December 2013 and 2012 the share capital of the Company is represented by 300,000 registered shares of Euros 10 par value each, numbered consecutively from 1 to 300,000 inclusive, subscribed and fully paid. These shares have the same voting and profit-sharing rights.

At 31 December 2013 and 2012 the share capital of the Company is held as follows:

Sole shareholder	Number of shares	Percentage ownership
Auriga Capital Investments, S.L.	300,000	100.00%

At 31 December 2013 and 2012 neither the Company nor any third party operating on its behalf holds any own shares. The Company also extended a loan to a former shareholder to purchase shares.

The Company’s shares are not listed on the stock exchange.

(b) Reserves

(i) Legal reserve

The legal reserve has been appropriated in compliance with article 274 of the Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital. This reserve is not distributable to shareholders and may only be used to offset losses if no other reserves are available.

At 31 December 2013 and 2012 the Company has appropriated to the legal reserve the minimum amount required by law.

(ii) Voluntary reserves

Voluntary reserves are freely distributable.

(iii) Dividends

On 21 May 2013, the Company's sole shareholder approved the distribution of a cash dividend of Euros 1,750,000.00 with a charge to voluntary reserves, which was paid in 2013.

On 15 February 2012, the Company's sole shareholder approved the distribution of a cash dividend of Euros 1,100,000.00 with a charge to voluntary reserves, which was paid in 2012.

(c) Capital adequacy: Capital management

CNMV Circular 12/2008 of 30 December 2008, partly amended by Circular 5/2011 of 12 December 2011 on the solvency of investment firms and their consolidated groups, regulates the capital requirements of these companies and their consolidated groups, how capital should be determined, the different capital self-assessment processes to be implemented by entities and the public information these entities should submit to the market.

This circular completes the adaptation of Spanish legislation to European Community directives 2006/48/EC of the European Parliament and of the Council of 14 June 2006 on the taking-up and pursuit of the business of credit institutions and 2006/49/EC of the European Parliament and of the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions, establishing a common framework, with few exceptions, for investment firms and credit institutions.

Company management has established the following strategic objectives in relation to its capital management:

- Consistently comply with applicable legislation on minimum capital requirements, at both individual and consolidated level.

- Seek maximum capital management efficiency in order for capital consumption to be considered, alongside other return and risk variables, as a fundamental variable in analyses associated with Company decision-making.

- Reinforce the proportion of Tier I capital with respect to Company capital as a whole.

The Company has implemented a number of capital management policies and processes to meet these objectives, with the following main characteristics:

- The Company carries out monitoring and controls that continuously analyse levels of compliance with capital regulations and are equipped with alarms to guarantee, at any given time, compliance with applicable legislation and the coherency of decisions made by the different areas and units of the Company with the objectives set to ensure that minimum capital requirements are met. Contingency plans are also in place to ensure that limits stipulated in applicable legislation are respected. Details of these contingency plans are provided in the Capital Consumption Procedures Manual.

- The impact of the Company's decisions on its capital base and the consumption-return-risk ratio is considered a key decision-making factor in strategic and commercial planning and in the analysis and monitoring of Company transactions. The Company has parameters to serve as guidelines for its decision-making on minimum capital requirements or decisions affecting such requirements.

Consequently, the Company considers capital and the capital requirements established by the aforementioned legislation as a fundamental aspect of its management, which affects the Company's decisions, the analysis of transaction feasibility and the profit distribution strategy of the subsidiaries, etc.

CNMV Circular 12/2008 of 30 December 2008, partly amended by Circular 5/2011 of 12 December 2011, stipulates which items should be considered as capital for compliance with the minimum capital requirements set out in the Circular. For the purposes of the aforementioned Circular, capital is classified as Tier I and Tier II capital (core and supplementary capital). This differs from capital calculated in accordance with Circular 7/2008, as it considers certain items as such and requires other items considered as capital under Circular 7/2008 to be deducted. The investee consolidation and measurement methods to be applied when calculating the minimum capital requirements of the Group differ under prevailing legislation from those applied in the preparation of the consolidated annual accounts of the Group. This situation also leads to differences in the calculation of capital under the two different Circulars.

The capital management of the Company and the Group is in line with CNMV Circular 12/2008 of 30 December 2008, which has been partly amended by Circular 5/2011 of 12 December 2011, in terms of conceptual definitions.

The minimum capital requirements established by CNMV Circular 12/2008 of 30 December 2008, partly amended by Circular 5/2011 of 12 December 2011, are calculated based on the Company's and Group's exposure to credit and dilution risk (based on the assets, commitments and other off-balance sheet items associated with these risks, and in line with their amounts, characteristics, counterparties, guarantees, etc.), counterparty, position and settlement risk relating to items held for trading, exchange rate and raw materials price risk, operational risk and at a ratio of five per mil of the volume of the portfolios managed. The Company is also required to comply with the risk concentration limits set out in the Circular and with internal corporate governance, capital self-assessment and interest rate risk measurement obligations, as well as obligations regarding public information to be issued to the market, also specified in the aforementioned Circular. To guarantee that these objectives are met, the Company has implemented an integrated risk management process based on the above-mentioned policies.

Details of Company capital at 31 December 2013 and 2012 classified as Tier I capital and Tier II capital, calculated in accordance with CNMV Circular 12/2008 of 30 December 2008, partly amended by Circular 5/2011 of 12 December 2011, which, as mentioned previously, reflects consolidated "capital for management purposes", are as follows:

	Euros	
	31/12/2013	31/12/2012
Tier I capital		
Registered share capital	3,000,000.00	3,000,000.00
Own shares	(114,745.66)	(110,185.44)
Reserves	19,911,040.02	18,057,768.84
Intangible assets	(322,444.72)	(409,603.21)
	22,473,849.64	20,537,980.19
Minimum capital requirement (the greater of):		
Two thirds of minimum required capital	1,333,333.33	1,333,333.33
Level of risk assumed	10,632,000.00	12,061,000.00
Overheads	2,607,000.00	2,484,000.00
Portfolios managed	1,558,000.00	1,200,000.00
Total surplus	11,841,849.64	8,476,980.19

At 31 December 2013 and 2012, the capital base of the Company exceeds the requirements of the aforementioned Circular.

(16) Valuation Adjustments

Valuation adjustments comprise the net amount of changes in the fair value of assets classified as available-for-sale, which should be included in the Company's equity, in accordance with note 4(b). These changes are taken to the income statement when the related assets are sold.

Movement in 2013 and 2012 is as follows:

	Euros	
	31/12/2013	31/12/2012
Opening balance	359,375.98	(62,090.21)
Changes in the fair value of investment funds (note 6)	238,008.07	273,482.55
Changes in the fair value of equity instruments (note 6)	415,664.16	147,983.64
Transfers to the income statement due to disposals of equity instruments (note 6)	(462,725.48)	-
Closing balance	550,322.73	359,375.98

(17) Risk and Commitment Accounts and Other Off-balance Sheet Items

Details at 31 December 2013 and 2012 are as follows:

	Euros	
	31/12/2013	31/12/2012
Risk and commitment accounts		
Guarantees extended	9,238,244.49	9,116,024.63
Forward security purchase commitments	16,778,490.81	29,426,603.83
Forward security sale commitments	16,558,380.72	31,753,874.32
Derivative financial instruments		
Security and interest rate futures		
Purchased	3,128,852.70	-
Sold	977,555.00	1,384,905.00
Total risk and commitment accounts	46,681,523.72	71,681,407.78
Other off-balance-sheet items		
Credit facilities available for drawdown (note 14 (a))	2,926,843.83	1,199,034.22
Customer purchase orders pending settlement	1,859,627.36	3,862,570.70
Customer sale orders pending settlement	1,557,912.75	4,162,070.88
Deposit of financial instruments		
Own	1,503,174.32	3,901,463.19
Third-party (note 18(b))	102,031,520.74	332,341,506.77
	103,534,695.06	336,242,969.96
Own and third-party financial instruments held by other entities		
Own	13,295,690.26	19,321,786.38
Third-party	214,407,628.10	49,583,303.64
	227,703,318.36	68,905,090.02
Securities loaned or pledged		
Securities sold (note 5)	1,900,756.49	-
Managed portfolios (note 18(a))		
Investments in listed domestic shares and equity holdings	79,542,864.00	55,846,586.87
Investments in listed domestic fixed income securities	75,716,775.13	56,053,726.38
Investments in listed foreign securities	126,585,948.06	102,539,657.98
Cash with financial intermediaries	29,654,728.40	25,483,619.42
	311,500,315.59	239,923,590.65
Total other off-balance-sheet items	650,983,469.44	654,295,326.43
TOTAL	697,664,993.16	725,976,734.21

Details of the nominal amount of financial instruments included in trading derivatives at 31 December 2013 and 2012, by maturity, fair value and type of instrument, are as follows:

	Euros		
At 31 December 2013	1 year	Total	Fair value
Share/index derivatives			
Official markets			
Futures purchased	2,942,131.95	2,942,131.95	3,128,852.70
Futures sold	944,618.24	944,618.24	977,555.00
	3,886,750.19	3,886,750.19	4,106,407.70

	Euros		
At 31 December 2012	1 year	Total	Fair value
Share/index derivatives			
Official markets			
Futures sold	1,391,067.50	1,391,067.50	1,384,905.00

At 31 December 2013 futures positions had outstanding margins of Euros 526,101.44, which were settled in early 2014. At 31 December 2012 futures positions had outstanding margins of Euros 29,852.69, which were settled in early 2013 (see note 5).

Financial instruments held on deposit and own and third-party financial instruments held by other entities reflect the Company's own and customer securities deposited in the Company or with other custodians at 31 December 2013 and 2012, which were recognised at market value at those dates.

Details of own and third-party securities held by the Company or other entities are as follows:

	Euros	
	31/12/2013	31/12/2012
Derivatives	(696,925.80)	12,692,982.50
Variable income securities	304,300,864.73	359,813,554.08
Fixed income securities	27,634,074.49	32,641,523.40
	331,238,013.42	405,148,059.98

(18) Off-Balance Sheet Customer Funds

(a) Portfolios managed

At 31 December 2013 and 2012 details of managed portfolios, by tranche, are as follows:

	Euros					
	31/12/2013			31/12/2012		
Tranche in thousands of Euros	Number of contracts	Equity	Fees and commissions December 2013	Number of contracts	Equity	Fees and commissions December 2012
60	-	-	-	-	-	-
61-300	-	-	-	1	200,103.00	-
301-600	-	-	-	-	-	-
601-1,500	-	-	-	-	-	-
1,501-6,000	3	10,497,267.73	6,369.18	4	14,068,791.07	9,085.66
More than 6,000	12	301,003,047.86	166,600.59	9	225,654,696.58	115,697.01
	15	311,500,315.59	172,969.77	14	239,923,590.65	124,782.67
		(note 17)			(note 17)	

At 31 December 2013 the Company manages the portfolios of five resident and ten non-resident collective investment undertakings (three resident and ten non-resident collective investment undertakings at 31 December 2012).

(b) Custody of customer securities held on deposit

At 31 December 2013 and 2012 details of customer assets in custody of the Company are as follows:

	Euros			
	31/12/2013		31/12/2012	
Tranche in thousands of Euros	Number of customers	Asset value	Number of customers	Asset value
60	1,024	9,915,400.91	133	2,154,571.59
61-300	157	20,900,354.82	29	3,456,527.94
301-600	25	10,778,653.80	7	2,652,267.25
601-1,500	15	13,811,995.44	15	14,834,177.24
1,501-6,000	7	15,107,468.14	4	11,162,655.37
More than 6,000	1	31,517,647.63	1	298,081,307.40
	1,229	102,031,520.74	189	332,341,506.77
		(note 17)		(note 17)

(19) Interest and Similar Income

Details at 31 December 2013 and 2012, based on the nature of operations, are as follows:

Interest and similar income	Euros	
	2013	2012
Financial intermediaries		
Demand deposits (note 7 (a))	358,240.10	54,029.81
Resident individuals Other	12,662.95	19,684.34
Non-resident individuals Other (notes 7(g) and 25(a))	453,875.72	416,167.31
Monetary assets and government debt (note 7(c))	606,266.59	3,369.69
Other fixed income securities (note 5)	252,195.59	423,673.41
	1,683,240.95	916,924.56
Dividend income		
Dividends from shares and equity investments (note 5)	20,780.18	205,246.24

Non-resident individuals include interest accrued on the Company’s contribution to the Group entity Auriga Holdings, LLC (see notes 7(g) and 25(a)) translated to Euros at the exchange rate at each month end.

(20) Interest Expense and Similar Charges

Details at 31 December 2013 and 2012, based on the nature of operations, are as follows:

Interest expense and similar charges	Euros	
	2013	2012
Financial intermediaries		
Other (note 14)	423,838.84	305,105.12
Other interest	60,503.10	86,144.82
	484,341.94	391,249.94

(21) Fee and Commission Income and Expense

Details of fee and commission income and expense in 2013 and 2012, by nature, are as follows:

Fee and commission income	Euros	
	2013	2012
Processing and execution of customer orders for securities sales and purchases		
Variable income transactions	2,997,244.04	3,038,525.73
Fixed income transactions	37,385.47	12,027,704.80
Derivative transactions	1,122,490.98	620,685.18
Deposit and book entry of securities	70,008.15	77,714.88
Portfolio management	2,288,029.55	3,064,778.43
Other fees and commissions	69,390.08	12,142.27
	6,584,548.27	18,841,551.29
Fee and commission expense		
Securities transactions	(331,237.14)	(98,788.68)
Derivative transactions	(101,385.64)	(36,062.14)
Fees and commissions paid to markets and clearing and settlement systems	(2,527,262.90)	(2,860,973.95)
Guarantees for collective market guarantee fund	(81,631.72)	(97,715.59)
Fees and commissions paid to representatives and other entities	(440,274.90)	(705,277.00)
Other fees and commissions	(667,418.33)	(1,053,929.81)
	(4,149,210.63)	(4,852,747.17)

At 31 December 2013 fee and commission expense - other fees and commissions include Euros 584,252.54 in commissions paid to Group companies (Euros 995,349.94 at 31 December 2012) (see note 25 (a)).

(22) Personnel Expenses

Details of personnel expenses for 2013 and 2012 are as follows:

	Euros	
	2013	2012
Salaries and wages	12,525,959.21	16,685,362.08
Employee benefits expense		
Social Security payable by the Company	751,514.37	675,525.76
Termination benefits	37,328.63	99,431.09
Training expenses	12,856.38	24,284.98
Other personnel expenses	210,740.08	175,974.14
	13,538,398.67	17,660,578.05

At 31 December 2012 termination benefits included Euros 91,013.07 in severance pay for the termination of a member of the Company's senior management (see note 25 (a)).

Distribution of Company employees, by category and gender, is as follows:

	Annual average	31/12/2013			Annual average	31/12/2012		
	2013	Male	Female	Total	2012	Male	Female	Total
Management	1	-	1	1	2	-	1	1
Technicians	72	56	22	78	67	48	20	68
Clerks	-	-	-	-	1	-	1	1
	73	56	23	79	70	48	22	70

(23) Overheads

Details at 31 December 2013 and 2012 are as follows:

	Euros	
	2013	2012
Rental of buildings and installations (note 11)	426,766.38	465,518.94
Communications	1,083,438.71	1,028,515.06
Information technology systems	35,327.99	90,436.96
Utilities	54,967.30	67,136.95
Repairs and maintenance	293,082.82	218,910.86
Advertising and publicity	403,368.97	159,804.60
Entertainment and staff travel expenses	212,542.84	236,538.99
Governing bodies (note 25(b))	855,000.00	175,000.00
Outsourced administrative services	31,025.47	41,357.28
Other independent professional services	676,939.72	1,302,666.60
Contributions and taxes	570,822.83	548,010.55
Other	146,211.96	135,079.59
	4,789,494.99	4,468,976.38

At 31 December 2013 this caption includes Euros 48,240.14 payable to Group companies (Euros 475,874.26 in 31 December 2012) (note 25(a)).

(24) Taxation

The standard rate of tax is 30%, which may be reduced by certain credits and deductions.

A reconciliation of accounting profit for 2013 and 2012 with the taxable income expected to be declared by the Company following approval of the 2013 annual accounts, and with the 2012 tax return, respectively, is as follows:

	Euros	
	2013	2012
Profit before income tax	6,664,767.16	5,175,992.40
Permanent differences	1,446.07	153,938.71
Taxable accounting income	6,666,213.23	5,329,931.11
Temporary differences:		
Originating in current year	62,679.58	(171,128.84)
Reversal of prior years	197,540.33	221,933.12
Taxable income	6,926,433.14	5,380,735.39
Tax at 30%	2,077,929.94	1,614,220.62
Deductions	(3,914.43)	(46,474.61)
Net income tax	2,074,015.51	1,567,746.01
Withholdings and payments on account	(77,246.18)	(516,876.72)
Income tax payable	1,996,769.33	1,050,869.29
	(note 13)	(note 13)

The income tax expense is calculated as follows:

	Euros	
	2013	2012
Taxable accounting income at 30%	1,999,863.97	1,598,979.33
Deductions	(3,914.43)	(46,474.61)
Deduction for international double taxation	2,290.33	20,380.17
Adjustments to income tax for the prior year	-	(163.68)
	1,998,239.87	1,572,721.22

Temporary differences reflect the difference between amortisation and depreciation for accounting purposes and tax-deductible amortisation and depreciation. Movement in deferred tax assets and liabilities arising from temporary differences in 2013 and 2012 is as follows:

	Euros						
	31/12/2011	Additions	Disposals	31/12/2012	Additions	Disposals	31/12/2013
Assets							
Monetisation amortisation/depreciation limit	-	-	-	-	18,803.87	-	18,803.87 (note 12)
Liabilities							
Accelerated amortisation/depreciation	133,460.92	51,338.65	(66,579.94)	118,219.63	-	(59,262.10)	58,957.53 (note 12)

In accordance with current legislation, taxes cannot be considered definitive until they have been inspected by the taxation authorities or before the inspection period of four years has elapsed. At 31 December 2013 the Company has open to inspection by the taxation authorities all the main applicable taxes since 1 January 2010. The directors do not expect that any significant additional liabilities would arise in the event of an inspection.

(25) Related Parties

(a) Balances and transactions with Group companies

At 31 December 2013 and 2012, in addition to the amounts indicated in note 15 on equity, the Company has the following payables to and receivables from Group companies:

	Euros					
	31/12/2013			31/12/2012		
	Parent	Group companies	Total	Parent	Group companies	Total
Assets						
Loans and receivables						
Other loans (note 7(d) and 7 (g))	3,511,655.78	7,400,919.17	10,912,574.95	3,424,226.55	5,905,153.05	9,329,379.60
Advances (note 7(g))	1,378,898.43	1,849,032.03	3,227,930.46	511,845.10	-	511,845.10
Equity investments (note 8)	-	454,752.16	454,752.16	-	454,752.16	454,752.16
Shareholders and senior management personnel (note 13(a))	-	245,258.83	245,258.83	-	389,720.77	389,720.77
	4,890,554.21	9,949,962.19	14,840,516.40	3,936,071.65	6,749,625.98	10,685,697.63
Liabilities						
Due to customers (note 14(c))	25,547.89	-	25,547.89			
Other liabilities (note 13(d))	1,996,769.33	316,290.53	2,313,059.86	1,524,630.70	931,423.34	2,456,054.04
Multi-year bonus (note 13(c))	-	100,000.00	100,000.00	-	100,000.00	100,000.00
	2,022,317.22	416,290.53	2,438,607.75	1,524,630.70	1,031,423.34	2,556,054.04

Income and expenses deriving from the Company's transactions with related parties are as follows:

	Euros					
	2013			2012		
	Parent	Group companies	Total	Parent	Group companies	Total
Income						
Interest and similar income (notes 7(c), 7(g) and 19)	-	1,058,587.27	1,058,587.27	-	416,167.31	416,167.31
Interest on other loans	-	-	-	-	11,417.51	11,417.51
	-	1,058,587.27	1,058,587.27	-	427,584.82	427,584.82
Expenses						
Fee and commission expense (note 21)	-	584,252.54	584,252.54	-	995,349.94	995,349.94
Overheads (note 23)	-	48,240.14	48,240.14	-	475,874.26	475,874.26
Personnel expenses (note 22)	-	-	-	-	91,013.07	91,013.07
	-	632,492.68	632,492.68	-	1,562,237.27	1,562,237.27

(b) Information on the Company's directors and senior management personnel

The members of the board of directors received remuneration of Euros 855,000.00 in 2013 and Euros 175,000.00 in 2012 (see note 23).

At 31 December 2013 Euros 245,258.83 are receivable from former shareholders and members of senior management) (Euros 389,720.77 at 31 December 2012) (see note 13 (a)).

At 31 December 2013 and 2012 the Company has no pension obligations with former or current board members.

At 31 December 2013 and 2012 distribution of the board members by gender is as follows:

Male	Female	Total
3	1	4

In 2013 the members of the Company's board of directors accrued remuneration of Euros 1,050,535.61 (Euros 438,593.51 in 2012). At 31 December 2013 and 2012 an amount of Euros 100,000.00 is payable to a former shareholder in respect of the multi-year bonus mentioned in note 13 (c).

(c) Investments and positions held by directors in other companies

Details of interests held by the directors in companies with identical, similar or complementary statutory activities to that of the Company, as well as positions held and functions and activities performed in these companies, are as follows:

Director	Company	% ownership	Position
Mr Alfredo Jiménez Fernández	Bankinter Gestión de Activos, S.A., Sociedad Gestora de Instituciones de Inversión Colectiva	-	Director
Mr Iñigo Resusta Covarrubias	-	-	-
Ms Rosa Serda Rodriguez	-	-	-
Mr Enrique Martinavarro Ferrer	-	-	-

Parties related to the director	Company	% ownership	Position
Private individual	EBN Banco de Negocios S.A.	-	Chairman
	Finanduero S.V.,S.A.	-	Chairman
	Caja España Mediación, Operador de Banca de Seguros vinculado, S.A.	-	Chairman
	Unión Duero Compañía de Seguros Generales, S.A.	-	Chairman
	Grupo de Negocios Duero, S.A.		Director
	Inmocaja, S.A.	-	Director
	Invergestión Sociedad de Inversiones y Gestión S.A.		Director
	Unión del Duero Compañía de Seguros de Vida, S.A.		Director

(26) Environmental Information

The directors of the Company consider that the environmental risks deriving from its activity are minimal and adequately covered and that no additional liabilities will arise therefrom. The Company did not incur any expenses or receive any environment-related grants during the years ended 31 December 2013 and 2012.

(27) Audit Fees

KPMG Auditores, S.L., the auditors of the annual accounts of the Company, and other companies related to the auditors as defined in the fourteenth additional provision of legislation governing the reform of the financial system, have invoiced the Company fees and expenses for professional services during the years ended 31 December 2013 and 2012, as follows:

	Euros	
	2013	2012
Audit services	42,750.00	42,750.00
Other advisory services	19,950.00	19,950.00
	62,700.00	62,700.00

Audit services detailed in the above table include the total fees for the 2013 and 2012 audits, irrespective of the date of invoice.

(28) Customer Service Department

In 2007 the Company implemented the appropriate measures to comply with the requirements and obligations set out in Ministry of Economy Order ECO/734/2004 of 11 March 2004 on customer service departments and the financial institution ombudsman.

During 2013 four complaints have been received, one of which has been resolved in favour of the Company and the other three have been settled with the customers. One complaint was received in 2012, which was resolved in favour of the Company.

(29) Representatives

At 31 December 2013 Auriga Global Investors, Sociedad de Valores, S.A. operates with six representatives authorised to deal directly with customers in the name and on behalf of the Company, to carry out transactions pertaining to securities dealers (five representatives at 31 December 2012). Details of these representatives have been deposited with the Spanish National Securities Market Commission (CNMV).

Details at 31 December 2013 are as follows:

- Arganzón, S.L. (*)
- Ana María González-Elipe Rosales (*)
- Horizon Capital, S.L. (*)
- Sistemas de Trading Futuros, S.L. (*)
- Mega Cuadro, S.A.
- SDC Markets Forex, S.L.

(*) Representatives with powers of attorney at 31 December 2012.

Mujitivos, S.L. ceased to be an authorised representative of the Company in 2013.

(30) Risk Management Policy

In 2013 risk exposure of the Company's capital has performed as follows in comparison with the prior year:

- An increase in fixed income activity which has led to a greater number of transactions, with the associated rise in counterparty and settlement risk. These risks are now inherent in the activity, alongside legal and operational risk.
- An increase in variable income transactions on the Company's own behalf.

The measures adopted in 2012 to control the level of risks inherent in fixed income intermediation activity were maintained in 2013:

- Avoid accumulation of transactions pending settlement with a single counterparty.
- Avoid accumulation of transactions pending settlement, depending on the issuer.
- Avoid transactions in which the issuer and purchaser are the same institution.

Most transactions are settled by Euroclear on the third day after their arrangement and the counterparties at which this business is aimed are institutional, mainly financial institutions such as Spanish and international credit institutions (primarily banks and savings banks), management companies of collective investment undertakings, pension funds, social welfare mutual companies and insurance companies.

The fixed income trading desk receives orders directly from counterparties and has a telephone recording system in place. This system is managed by a software application which compiles and classifies calls received by or made from each trading desk workstation. From their workstation each operator can, at any time, listen again to calls received or made during the day. In the event of doubt or discrepancy, these calls are made available to the counterparty. Otherwise, for Bloomberg trading, an electronic file of these calls is kept for a full trading year.

Identification of the counterparty placing the order is the responsibility of the fixed income trading desk operator who receives or makes the call. As there is ongoing contact, and each trading desk operator has their own assigned customers, identification is usually carried out orally by telephone and with caller line identification. Transactions are confirmed by the middle office department.

Each operator keeps a record of all sale and purchase transactions, including the following data:

- Transaction date
- Time
- Issuer
- Nominal
- Cash
- Substance
- Price
- Customer name (counterparty)

The transaction log book is filed in the middle office.

The transaction forms completed by the trading desk have a pre-defined format. The form should also include the identification code of the customer requesting the transaction and the operator performing the transaction.

AURIGA lists reference prices for the sale and purchase of different fixed income assets on the Bloomberg screen, providing market operators with a source of information in markets that, on occasions, lack liquidity.

AURIGA seeks out entities in the market that are interested in selling or purchasing the same type of fixed income security.

The trading desk operator contacts the counterparty to negotiate the transaction over the telephone. If a price agreement is reached, the transaction is confirmed.

Once the transaction has been agreed, the trading desk operator introduces the details of the transaction into the electronic record book of transactions. There is a single book for the entire trading desk, which constitutes a daily record of all transactions carried out by the fixed income trading desk.

The operator also includes details of the transaction on the form:

- Counterparty
- Code and name of the security
- Date contracted and value date
- Nominal, cash and rate
- Transaction number (provided by the seller)
- Transaction code
- Specific settlement instructions

The form is sent to the middle office for the transaction to be confirmed with the counterparty.

The middle office department is located alongside the fixed income trading desk, enabling instantaneous transaction verification.

When a transaction is carried out, the middle office operator verifies the accuracy of the data included in the transaction record book and transaction form with the counterparty.

In the event of incomplete, confusing or erroneous data, the middle office completes the forms so that these reach the back office with all data confirmed and complete.

Once the transaction has been confirmed the form is sent to the settlement entity.

The settlement entity continuously monitors the transaction matching and in the event of any differences resulting in the order introduced by the counterparty not reconciling with the order introduced by the settlement entity, the latter contacts the middle office to clarify these differences with the counterparty.

The financial gain on these transactions reflects the margin between the purchase and sale of the assets. There are no additional fees or commissions, except those paid to the settlement entity.

The technical equipment AURIGA uses to carry out its operations basically comprises telephones connected to the central recording device, Bloomberg and microcomputing systems with in-house calculation and valuation tools (using spreadsheets).

All the risks inherent in books kept by the Company on its own behalf are regulated by the respective procedures manuals, which determine the type of asset or instrument for which operations are authorised, as well as the maximum open volumes, stop losses and stop trading. In all cases the non-reinvestment principle and the policy of not applying average exchange rates when the open position is incurring losses are applicable.

The diversification policy is also applicable to this activity, as the Company has kept around 15 open books operating in different derivative and cash markets, most of which operate during the day. On very few occasions is the position not closed at the end of the session.

(31) Late Payments to Suppliers. "Reporting Requirement", Third Additional Provision of Law 15/2010 of 5 July 2011

Details of late payments to suppliers are as follows:

	Payments made and outstanding at the reporting date			
	2013		2012	
	Amount	%	Amount	%
Within maximum legal period (60 days in 2013 and 75 days in 2012)	10,630,464.14	97.47%	7,537,912.91	96.88%
Other	275,792.15	2.53%	242,625.20	3.12%
Total payments for the year	10,906,256.29	100.00%	7,780,538.11	100%
Weighted average late payment days (> 60/75 days)	46	-	85	-
Late payments exceeding the maximum legal period at the reporting date	90,876.18	3.33%	19,047.62	0.68%

(32) Events after the Reporting Period

On 29 January 2014 the Company acquired 2,000 shares of Meet With Success S.L. for Euros 2,000.00. On 28 February 2014, the Company subscribed a Euros 500,000.00 capital increase of this company by acquiring 500,000 shares. The Company holds a 66.66% interest in this company at the date these annual accounts were authorised for issue.

On 25 February 2014, the Spanish National Securities Market Commission requested that the Company provide the minimum documentation required to perform a supervisory visit during 2014.

On 28 March 2014 the Company approved its subscription of the share capital increase of General Universal Business S.L. by acquiring 600,000 shares for Euros 600,000.00, reaching a percentage ownership of 33.28% in the capital of this company.

Besides the matters mentioned in these notes to the annual accounts, no other significant events occurred between 31 December 2013 and 31 March 2014, the date on which the directors authorised the annual accounts for issue, which should be included in the accompanying annual accounts.

Appendix I

AURIGA GLOBAL INVESTORS, SOCIEDAD DE VALORES, S.A.,
SOCIEDAD UNIPERSONAL

Details of Investments in Group companies

31 December 2013 and 2012

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

	Registered office	Percentage ownership	Principal activity	Listed
Xzerta Mesa Spain, LLC	546 Fifth avenue, 9th Floor, New York	24.95%	Holding of units in a fund that has an indirect investment in a building in Arizona	No

This Appendix forms an integral part of note 8 to the annual accounts for 2013, in conjunction with which it should be read.

AURIGA GLOBAL INVESTORS, SOCIEDAD DE VALORES, S.A.,
SOCIEDAD UNIPERSONAL

Valuation of Investments in Group Companies

31 December 2013
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

		US Dollars				Euros		
	Percentage ownership	Share capital	Reserves	Net profit for the year	Capital and reserves	Recoverable amount of the investment	Cost of the investment	Impairment
Xzerta Mesa Spain, LLC *	24.95%	2,405,000.00	304,362.86	251,891.00	2,961,253.86	535,735.51	454,752.16	-

31 December 2012

		US Dollars				Euros		
	Percentage ownership	Share capital	Prior years' losses	Net profit for the year	Capital and reserves	Recoverable amount of the investment	Cost of the investment	Impairment
Xzerta Mesa Spain, LLC *	24.95%	2,405,005.00	(22,775.86)	327,138.72	2,709,362.86	512,434.51	454,752.16	-

* *Unaudited figures at 31 December 2013 and 2012*

This Appendix forms an integral part of note 8 to the annual accounts for 2013, in conjunction with which it should be read.

AURIGA GLOBAL INVESTORS,
SOCIEDAD DE VALORES, S.A., SOCIEDAD UNIPERSONAL

Directors' Report

2013
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

After highly tense moments endured prior to the summer of 2012, which were mainly because of the acute European debt crisis, we have witnessed a gradual recovery of the fixed income market throughout 2013, particularly peripheral country bonds, with prices progressively rising. The drop in interest rates, as well as in the risk premium, encouraged foreign investors to set their sights back on Spain, especially on the sovereign debt market.

The first signs of recovery were the appearance of speculators acquiring assets at knock-down prices, and then later, in early 2013, more conservative investors (real money) started to join in and the trading desks of banks showed greater interest in Spanish treasury bills, pushing prices even higher and improving the transparency and liquidity in this market.

Before the summer of 2013, the restructuring of the Spanish banking sector was completed with the compulsory conversion into shares of the subordinated debt of entities which represented a greater risk to the financial stability of the country. With the conclusion of this process, the entities have been reasonably cleaned up and freed of toxic property assets that posed the greatest risks, which were transferred to Spain's bad bank (SAREB).

Auriga's desk has played a leading role in this market, consolidating its reputation in channelling funds and providing liquidity, enabling a large number of financial institutions to take positions in Spanish treasury bills and therefore take advantage of the aforementioned rally. Three types of assets have played a major role in this movement: mortgage bonds, bonds issued by autonomous governments and treasury bonds (senior, subordinated and securitisations).

In the variable income markets, 2013 saw a change in the austerity measures that have ruled over them since the beginning of the sovereign debt crisis in the Eurozone. The central banks have also kept their expansionary monetary policies resulting in record highs in the major global indices.

The performance of the European variable income markets during 2013 had a positive impact on the institutional and retail banking businesses, the latter recording significant growth. The increase in the number of new customers of the brand name "ClickTrade" is noteworthy, as well as the rise in derivative transactions of retail customers in a bullish market. The introduction of new taxes in certain variable income markets of several European countries has had a negative effect on trading.

In its variable income contracting, the Company has upheld its policy of continuously monitoring risks and results and there have been no noteworthy incidents. The year has been satisfactory.

The primary objective of the management area for 2013 was to consolidate the funds launched in previous years. All UCITS funds have recorded very good results, thus meeting expectations, particularly Auriga Investors – Montserrat Global Fund with an annual yield of 22.60% and Auriga Investors – Belgravia Lynx with 20.91%. Two other funds recorded an annual yield of over 10% and the two most conservative funds recognised a yield of around 4%. Among alternative funds, worthy of note is the performance of SIF Armada Capital Lynx, which has recorded an annual yield of 106.39%. The Company was managing a total of Euros 311 million at year end.

The goal for 2014, the year in which most of the funds will reach two years since their launch, is the active marketing of the fund to institutional customers.

The Company has upheld its policy implemented in prior years of actively participating in forums organised by different market institutions to discuss the legislative changes being introduced in Europe, and which will without doubt be applicable to the Spanish domestic market.

The Company has liaised continuously with the CNMV throughout the year.

During 2013 the Company has obtained authorisation from the CNMV to render financial instrument placement and issue insurance services.

The Company did not carry out any research or development activities in 2013, nor did it acquire any own shares during the year. However, the Company has extended a loan to a former shareholder to purchase shares.