ELSAMEX INTERNACIONAL S.L.U.

FINANCIAL STATEMENTS

2013

No. IT - 0214	Date: 31 March 2014
ACTIVITY:	Audit Report of 2013 Financial Statements
COMPANY:	ELSAMEX INTERNACIONAL, S.L.U
ADDRESS:	C/ San Severo, 18 – 28042 – MADRID PARQUE EMPRESARIAL BARAJAS PARK
COMMISSIONED BY:	The General Meeting
ADDRESSED TO:	The Partner
AUDITED DOCUMENTS:	Financial Statements of year 2013
CARRIED OUT BY AUDITOR:	L.I. Tahoces Escrivá de Romaní No. 22.330 of R.O.A.C Member of the Spanish Institute of Chartered Accountants, which is member of the F.E.E., I.F.A.C. and I.A.S.B.

LAURA I. TAHOCES ESCRIVÁ DE ROMANÍ
Chartered Accountant
No. 22.330 of ROAC
C/ Alcalá, 161
28009-Madrid

AUDIT REPORT ON FINANCIAL STATEMENTS

To the shareholders of Company ELSAMEX INTERNACIONAL, S.L.U

I have audited the Financial Statements of:

ELSAMEX INTERNACIONAL, S.L.U.

which include the Balance Sheet as of 31st December 2013, the Profit and Loss Account, the Statement of Changes in the Equity, the Statement of Cash Flow and the Notes of the fiscal year then ended. The Directors of the Company are responsible for preparing the Financial Statements according to the Regulatory Frame of Financial Information applicable to the Company (as indicated in Note 2 of the attached Report) and in particular with the accounting principles therein contained. My responsibility is to express an opinion on said Financial Statements as a whole, based on the work performed. Except for the facts mentioned in the following paragraph, the work has been conducted in accordance with the rules which regulate the auditing activity in force in Spain, which require the examination by selected tests of the evidence to justify the Financial Statements and the evaluation of whether its presentation, the accounting principles used and the estimates made comply with the Regulatory Frame of Financial Information as applicable.

We could not verify the amount of certain credits that the Company holds with one of its associate companies, as we did not receive a reply to the circularization undertaken, and we could not either carry out alternative tests on said credits, held for an amount of EUR 1.2 million.

IN MY OPINION, except for the effects of those adjustments which could have been considered necessary if we could have verified the above-mentioned, the enclosed Financial Statements of period 2013 express in all significant aspects a fair view of the Shareholders Equity and financial position of ELSAMEX INTERNACIONAL S.L.U as of 31st December 2013 as well as the result of the operations and cash flows corresponding to the annual period ended on that date, in accordance with the

Regulatory Frame of Financial Information applicable and in particular with the accounting principles therein contained.

Without affecting my auditing opinion, I would like to draw the attention to the information provided by the Company in Note 21 on the litigations, typical of the activity of the Company. According to the legal advisor, the effects are difficult to assess and the Directors consider that the final solution will not affect significantly the Financial Statements.

I would like to draw the attention to the information contained in Note 2.4 of the Notes attached, which describes the reasons causing or dispelling doubts on the principle of going concern.

On the other hand, the Partner has expressed its intention to provide financial support if required, for the amount and during the period necessary.

The enclosed Management Report of the period 2013 comprises the explanations that the Directors consider appropriate regarding the situation of the Company, the evolution of their business and other matters, and it is not a part of the Financial Statements. I have verified that the accounting information contained in said Management Report is consistent with the Financial Statements of financial year 2013. My work as Auditor is limited to the verification of the Management Report with the scope mentioned in this paragraph and does not include any review of information other than the information obtained from the accounting records of the Company.

Madrid, 31st March 2014

Laura I. Tahoces Escrivá de Romaní
Chartered Accountant
ROAC No. 22.330

ELSAMEX INTERNACIONAL, S.L.U.

BALANCE SHEET AS AT DECEMBER 31ST 2013

(Euros)

ASSETS	Notes	Year 2013	Year 2012	NET EQUITY & LIABILITIES	Notes	Year 2013	Year 2012
NON-CURRENT ASSETS		**11.155.053**	**11.346.019**	**NET EQUITY**		**7.875.725**	**8.620.047**
Intangible assets	**Note 5**	**2.200.346**	**2.200.914**	***STOCKHOLDERS' EQUITY***	**Note 12**	**8.233.626**	**8.756.760**
Goodwill		2.200.346	2.200.346	**Capital**		**14.310.555**	**14.310.555**
Computer software		-	568	Registered capital		14.310.555	14.310.555
Property, plant and equipment	**Note 6**	**579.220**	**766.671**	**Reserves**		**533.540**	**1.164.960**
Land and buildings		93.882	104.685	Legal and statutory reserves		146.528	146.528
Technical installations and other items		485.338	661.986	Other reserves		387.012	1.018.432
Real state investments	**Note 7**	**346.507**	**406.837**	**Prior period's losses**		**(6.407.563)**	**(6.058.229)**
Buildings		346.507	406.837	Prior period's losses		(6.407.563)	(6.058.229)
Non-current investments in group companies and associates	**Note 8**	**6.460.888**	**6.420.294**	**Profit/(loss) for the year**		**(202.906)**	**(660.525)**
Equity instruments		4.251.213	3.229.708	***VALUATION ADJUSTMENTS***		**(357.901)**	**(136.713)**
Loans to companies		2.209.676	3.190.586	Foreign Exchange Fluctuation Reserve		(357.901)	(136.713)
Non-current investments		**870**	-				
Other financial assets		870	-	**NON-CURRENT LIABILITIES**		**21.329**	**44.607**
Deferred tax assets	**Note 15**	**1.567.222**	**1.551.304**	**Non Current provisions**		**9.309**	**11.170**
				Non-current payables	**Note 14**	**12.020**	**20.302**
				Debt with financial institutions		12.020	11.902
				Other financial liabilities		-	8.400
CURRENT ASSETS		**26.140.301**	**20.908.842**	**Deferred tax liabilities**	**Note 15**	**-**	**13.134**
Inventories		**440.508**	**1.235.430**				
Raw materials and other supplies	**Note 11**	187.558	965.363				
Advances to suppliers		252.949	270.067				
Trade and other receivables	**Note 9**	**16.573.158**	**14.973.758**	**CURRENT LIABILITIES**		**29.398.300**	**23.590.206**
Trade receivables		14.637.848	12.902.822	**Current provisions**	**Note 13**	**97.836**	**-**
Trade receivables from group companies and associates	**Note 19**	484.776	422.431	**Current payables**	**Note 14**	**351.200**	**75.569**
Other receivables		346.448	376.590	Debt with financial institutions		290.884	1.101
Personnel		16.546	23.348	Other financial liabilities		60.316	74.467
Current tax assets	**Note 15**	319.975	422.079	**Group companies and associates, current**	**Note 19**	**24.787.308**	**19.416.653**
Other receivables from Public Entities	**Note 15**	767.565	826.487	**Trade and other payables**		**4.161.848**	**4.097.985**
Current investments in group companies and associates	**Note 19**	**5.797.541**	**2.971.143**	Suppliers	**Note 14**	3.808.805	3.091.423
Other financial assets		5.797.541	2.971.143	Suppliers, group companies and associates	**Note 19**	13.604	16.048
Current investments	**Note 10**	**3.152.888**	**704.739**	Other payables	**Note 14**	-	1.911
Other financial assets		3.152.888	704.739	Personnel(salaries payable)	**Note 14**	144.478	184.528
Prepayments for current assets		**24.448**	**51.598**	Public entities, other	**Note 15**	153.827	769.109
Cash and cash equivalents		**151.758**	**972.174**	Advances from customers	**Note 14**	41.135	34.965
Cash		151.758	972.174	**Current accruals**		**109**	**-**
TOTAL ASSETS+		**37.295.355**	**32.254.861**	**TOTAL EQUITY AND LIABILITIES**		**37.295.355**	**32.254.861**

Notes 1 to 22 of the attached Report form an integral part of the balance sheet as at 31 December 2013

ELSAMEX INTERNACIONAL, S.L.U.

INCOME STATEMENT FOR THE PERIOD ENDED DECEMBER 31ST 2013

(Euros)

	Notes	Year 2013	Year 2012
CONTINUING OPERATIONS			
Revenue	**Note 17 a)**	**12.152.593**	**6.498.911**
Sales		151.643	726.117
Services rendered		12.000.951	5.772.794
Supplies	**Note 17 b)**	**(6.146.479)**	**(2.629.110)**
Raw material and other consumables used		(3.640.310)	(1.809.521)
Subcontracted works		(2.506.169)	(819.589)
Other operating income		**6.979**	**80.302**
Non-trading and other operating income		6.979	80.302
Personnel expenses	**Note 17 c)**	**(1.382.034)**	**(1.266.568)**
Salaries and wages		(1.106.236)	(1.064.316)
Employee benefits expense		(177.962)	(202.252)
Provision variance		(97.836)	-
Other operating expenses	**Note 17 e)**	**(4.418.222)**	**(2.232.805)**
External services		(2.757.145)	(2.166.885)
Taxes		(11.928)	(65.921)
Losses, impairment and changes in trade provisions		(1.633.049)	-
Other operating expenses		(16.100)	-
Amortisation and depreciation	**Note 5,6 y 7**	**(55.565)**	**(153.385)**
Impairment and gains/(losses) on disposal of fixed assets		**-**	**4.795**
Gain/(losses) on disposal and others		-	4.795
Other profit/(loss)		**-**	**(428)**
PROFIT/(LOSS) FROM OPERATIONS		**157.272**	**301.711**
Finance income		**45.754**	**1.836**
Marketable securities and other financial instruments		45.754	1.836
- Group companies and associates	**Note 19**	45.232	1.621
- Other		522	216
Finance expenses		**(1.052.391)**	**(1.351.502)**
Group companies and associates	**Note 19**	(1.031.745)	(1.342.601)
Other		(20.646)	(8.901)
Exchange gains/(losses)		**14.904**	**(6.264)**
NET FINANCE INCOME/(EXPENSE)		**(991.734)**	**(1.355.929)**
PROFIT/(LOSS) BEFORE INCOME TAX		**(834.462)**	**(1.054.218)**
Income tax expenses	**Note 15**	631.556	393.693
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**(202.906)**	**(660.525)**
PROFIT/(LOSS) FOR THE PERIOD		**(202.906)**	**(660.525)**

Notes 1 to 22 of the attached Report form an integral part of the profit and loss account as at 31 December 2013

ELSAMEX INTERNACIONAL, S.L.U.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED DECEMBER 31ST, 2013
A) STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE PERIOD ENDED DECEMBER 31ST, 2013

(Euros)

	Notes	Year 2013	Year 2012
PROFIT AND LOSS FOR THE PERIOD (I)		**(202.906)**	**(660.525)**
Income and expenses recognised directlyin equity		**(221.188)**	**(171.258)**
Foreign exchange fluctuations	**Note 12.4**	(221.188)	(171.258)
TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (II)		**(221.188)**	**(171.258)**
TOTAL TRANSFERS TO THE PROFIT AND LOSS ACCOUNT (III)		-	-
TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)		**(424.094)**	**(831.783)**

Notes 1 to 22 of the attached Report form an integral part of the assigned income and expenditure in relation to accounting period 2013

ELSAMEX INTERNACIONAL, S.L.U.

STATEMENT OF CHANGE IN THE NET WORTH OF THE YEAR ENDED DECEMBER 31ST ,2013

B) STATEMENT OF CHANGES IN TOTAL NET WORTH

(Euros)

	Notes	Capital	Reserves	Prior period's losses	Profit/ (loss) for the period	Adjustments for changes in value	TOTAL
CLOSING BALANCE FOR PERIOD 2011		**14.310.555**	**1.164.960**	**(3.467.487)**	**(2.279.552)**	**34.545**	**9.763.021**
Total recognise income and expense		-	-	-	(660.525)	(171.258)	**(831.783)**
Prior period's profit/(loss) distribution		-	-	(2.279.552)	2.279.552	-	**-**
Other changes in net equity		-	-	(311.191)	-	-	**(311.191)**
CLOSING BALANCE FOR PERIOD 2012		**14.310.555**	**1.164.960**	**(6.058.230)**	**(660.525)**	**(136.713)**	**8.620.047**
Total recognise income and expense		-	-	-	(202.906)	(221.188)	**(424.094)**
Prior period's profit/(loss) distribution		-	-	(660.525)	660.525	-	**-**
Other changes in net equity		-	(631.420)	311.191	-	-	**(320.229)**
CLOSING BALANCE FOR PERIOD 2013		**14.310.555**	**533.540**	**(6.407.564)**	**(202.906)**	**(357.901)**	**7.875.724**

Notes 1 to 22 of the attached Report form an integral part of the statement changes in total net worth relating to period 2013

ELSAMEX INTERNACIONAL, S.L.U

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31ST , 2013

(Euros)

	Notes	Year 2013	Year 2012
CASH FLOW FOR OPERATING ACTIVITIES (I)		**(1.289.014)**	**(240.177)**
Profit/(loss) for the period before tax		**(834.462)**	**(1.054.218)**
Adjustments for:		**2.778.183**	**1.504.519**
- Amortisation and depreciation (+)	**Notas 5,6 y 7**	55.565	153.385
- Valuation allowances for impairment losses (+/-)		1.633.049	(4.795)
- Proceeds from disposals of fixed assets (+/-)		97.836	-
- Finance income (-)		(45.754)	(1.836)
- Finance expenses (+)		1.052.391	1.351.502
- Exchange gains/(losses) (+/-)		(14.904)	6.264
Changes in operating assets and liabilities		**(1.677.687)**	**271.758**
- Inventories (+/-)		794.922	194.105
- Trade and other receivables (+/-)		(3.338.782)	6.698.349
- Other current assets (+/-)		27.150	(491.381)
- Trade and other payables (+/-)		863.327	(6.122.949)
- Other current liabilities (+/-)		(22.443)	(17.953)
- Other non-current assets and liabilities (+/-)		(1.861)	11.587
Other cash flows from operating activities		**(1.555.048)**	**(962.237)**
- Interest paid (-)		(1.052.391)	(1.357.766)
- Interest received (+)		45.754	1.836
- Income tax received (paid) (+/-)		(548.411)	393.693
CASH FLOW FOR INVESTING ACTIVITIES (II)		**(5.484.438)**	**(1.249.202)**
Payments for investments (-)		**(5.824.395)**	**(1.249.857)**
- Group companies and associates		(3.384.942)	(1.223.863)
- Property, plant and equipment		9.566	-
- Other financial assets		(2.449.019)	(25.994)
Proceeds from sale of investments (+)		**339.957**	**655**
- Group companies and associates	**Nota 8**	330.910	-
- Intangible assets		-	655
- Property, plant and equipment		9.047	-
CASH FLOW FOR FINANCING ACTIVITIES (III)		**5.953.036**	**2.248.272**
Proceeds from and payments for equity instruments		**-**	**(482.450)**
- Redemption of equity instruments (-)		-	(482.450)
Proceeds and payments for financial liability instruments		**5.953.036**	**2.730.721**
- Group companies and associates		5.663.253	3.114.605
- Debt with financial institutions		289.783	(120.348)
- Other debts		-	(263.535)
EFFECT OF EXCHANGE RATE FLUCTUATIONS (IV)		-	-
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		**(820.416)**	**758.892**
Cash and cash equivalents at beginning of period		972.174	213.282
Cash and cash equivalents at end of the period		151.758	972.174

Notes 1 to 22 of the attached Report form an integral part of the statement changes in total net worth relating to period 2013

Elsamex Internacional S.L.U.

Notes for the
year ending
31st December 2013

1. Incorporation and activity

Incorporation

The Company was incorporated on 28th December 2001 under the name Elsamex Internacional, S.L., as a limited liability company for an indefinite period of time. Its corporate offices are in calle San Severo 18, Madrid. The Company develops its activities in the national and international markets.

On 22nd June 2011, the Company was declared as single-member, and it was renamed as Elsamex Internacional S.L.U. The sole owner is Elsamex S.A.

Corporate Purpose

The purpose of the Company is:

a. The drafting of projects, quality control and technical management of all types of public or private works, including industrial, agricultural, civil engineering, railway and roads projects, anywhere in the world.

b. The technical support, business counselling and management and administration of all kinds of companies, enterprises or businesses; the transfer of technology of any kind of product or construction system, anywhere in the world.

c. The purchase, sale and lease of construction or building materials, vehicles and machinery, anywhere in the world.

d. The subscription, acquisition, holding and transfer of shares and stakes in the equity of any type of civil or trade company, both civil or trading companies, national or international, on its own behalf, and excluding the activities regulated by the Law on Investment Funds and Capital Markets.

e. The provision of informative, administrative, communication and maintenance services, especially heating, air-conditioning, domestic hot water (DHW), plumbing, electricity, low-voltage, fire protection, conservation, cleaning or performance of works, providing or not providing materials, on their own or on third party's behalf.

f. The performance of any type of public works, of construction, agriculture, livestock, forest and industrial projects, commissioned by both private or public companies and bodies, as well as the manufacturing and supply of any type of product or merchandise required for the performance of these activities in Spain and abroad.

g. The promotion, purchase and sale, leasing, construction and renovation of all types of real estate, excluding all activities for which special requirements are required by Law and not fulfilled by the Company If required by Law, any activity subject to the holding of some sort of professional title shall be carried out by a person holding said required title.

h. The management and administration of securities representing the equity of non-resident companies in Spanish territory.

These activities could also be indirectly performed by the Company, totally or partially, through the holding of shares in other company or companies engaging in analogous activities.

The Company is part of Elsamex Group, whose parent company is Elsamex, S.A., with corporate address in calle San Severo, 18, Madrid; this is the company that prepares the consolidated financial statements. The consolidated financial statements of Elsamex Group for period 2013 have been prepared by the Directors in the meeting of the Board of Directors held on 28th March 2014. The consolidated financial statements for period 2012 were approved at the General Shareholders' Meeting of Elsamex, S.A., held on 5th June 2013, and they were deposited in the Companies Registry of Madrid. In turn, Elsamex Group is controlled by an international group whose controlling company is "Infrastructure Leasing & Financial Services Limited (IL&FS)", with business address in Bombay [Mumbai] (India) Bandra – Kurla Complex.

2. Presentation principles for the financial statements

2.1 Financial Information Framework applicable to the Company

The financial statements have been carried out by the Directors in accordance with the financial information framework applicable to the Company, established in:

a) Code of Commerce and other additional mercantile legislation.

b) General Accounting Plan, approved by Royal Decree 1514/2007, and sector adaptations.

c) Mandatory regulations approved by the Institute of Accounting and Accounts Auditing in the development of the General Accounting Plan and complementary rules.

d) Other applicable Spanish accounting regulations.

2.2 True and fair view

The attached financial statements have been obtained from the Company's account registers and are presented in accordance with the financial information framework described in Note 2.1, so as to show a true view of the assets, the financial situation, the results of the Company and the cash flows during the corresponding period. These financial statements, which have been prepared by the Company Directors, will be submitted for the approval of the Sole Shareholder, and are expected to be approved without any amendment. The financial statements for period 2012 were approved by the Sole Shareholder on 5th June 2013.

2.3 Non-obligatory accounting principles applied

Non-obligatory accounting principles have not been applied. In addition, the Directors have prepared these financial statements taking into consideration all the obligatory accounting principles and standards of application that have a significant effect on said financial statements. There is not any obligatory accounting principle that has not been applied.

2.4 Critical aspects of valuation and estimation of uncertainty

In the preparation of the attached financial statements estimations have been used that have been made by the Company's Directors in order to evaluate some of the assets, liabilities, income, expenditure and commitments that appear in them. Basically these estimations refer to:

- The useful life of the intangible and tangible assets (see Notes 4.1 and 4.2)

- The evaluation of possible losses by impairment of certain assets (see Notes 4.1, 4.2, 4.4 and 4.5).

- The calculation of supplies (see Note 4.4).

- The calculation of works certified in advance and works pending certification.

Although these estimates were made on the basis of the best information available at 2013 year-end, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

The Company has incurred losses which meant a significant reduction in shareholders' equity, and there is a negative working capital of a significant amount. These reasons question the continuance of the accounting principle of the operating company, and in consequence, the capacity of the Company to settle its assets and liabilities for the amounts and according to the classification found on the attached balance sheet, which was prepared assuming that such activity will continue. There are several reasons which contribute to reduce or eliminate doubts about the capacity of the Company to continue operating as company. These reasons are the financial support of the sole shareholder, as well as the possibility of reducing expenses without decreasing the operating capacity of the Company, as it can be inferred from the budget for year 2014 and the business plan approved by the Company's Directors. Said Business Plan is based on certain ideas and trends of the market, namely: a market expansion plan focused on specific market niches; clients search outside the Group; works management in all types of market; it includes obtaining enough revenues to reach a positive result in 2014, as well as generating positive cash flows in the same period.

2.5 Comparative information

The information contained in these notes to the financial statements concerning financial year 2012 is presented alongside the information for financial year 2013 only for comparative purposes.

2.6 Grouping of entries

Certain items in the balance sheet, income statement, statement of changes in equity and statement of cash flows are grouped together to facilitate their understanding; however, whenever the amounts involved are significant, the information is broken down in the related notes to the financial statements. There are not any equity items entered in two or more entries.

2.7 Changes in accounting principles

During the accounting period 2013 no changes in accounting principles have arisen with regards to the principles applied in the accounting period 2012.

2.8 Correction of errors

In the preparation of the attached financial statements no significant error has been detected that might involve the recalculation of the amounts included in the financial statements of the accounting period 2012.

2.9 Consolidated financial statements

Pursuant to current legislation, which requires to submit financial statements for each company, these financial statements refer exclusively to the stand-alone statements of Elsamex Internacional S.L.U., and do not intend to present the consolidated statements of the Company with its dependent company (see Note 9). The Company is exempted from the obligation to present consolidated financial statements by virtue of the requirements established for this purpose in article 43.2 of the Code of Commerce and Royal Decree 1159/2010 on the Preparation of Consolidated Financial Statements, as it belongs to a group of companies whose parent company presents consolidated financial statements in the Companies Registry of Madrid.

3. Distribution of profits

The Company's directors will propose to the Sole Shareholder to apply the loss of the period to negative results in previous years.

4. Accounting standards and measurement bases

The principal accounting standards and measurement bases used by the Company in the preparation of their financial statements, in accordance with those set out by the General Accounting Plan, were the following:

4.1 Intangible assets

As a general rule, intangible assets are recognised initially at acquisition or production cost. They are subsequently measured at cost less any accumulated amortization and any accumulated impairment losses, if applicable. These assets are amortised over their years of useful life.

a) Goodwill:

The Company recognises in this heading a goodwill already existing at the date of transition to the General Accounting Plan, approved by Royal Decree 1514/2007. The goodwill is recognized at its net accounting value at 1st January 2008, that is, at its cost less the accumulated amortization and impairment recognized at said date, according to accounting standards in force at that moment.

The amount of the goodwill is the excess of the cost of the business combination over the fair value of the identifiable assets acquired less the fair value of the liabilities assumed.

The goodwill, pursuant to accounting standards and measurement bases of the General Accounting Plan approved by Royal Decree 1514/2007, is not subject to amortization. Cash-generating units or cash-generating groups of units to which goodwill has been allocated will be subject, at least once a year, to the impairment test; when appropriate, value adjustments for impairment will be recognized. During 2013 there have not been any value adjustments for impairment.

If an impairment loss has to be recognised for a cash-generating unit to which all or part of an item of goodwill has been allocated, the carrying amount of the goodwill relating to that unit is written down first. If the loss exceeds the carrying amount of this goodwill, the carrying amount of the other assets of the cash-generating unit is then reduced, on the basis of their carrying amount, down to the limit of the highest of the following values: fair value less costs to sell; value in use; and zero.

Said value in use was determined by using the updated expected discounted cash flows of shares in Companies in India and Portugal, and branches in Dominican Republic and Colombia. These are jointly considered as the cash-generating unit to which the goodwill was allocated. A discount rate before taxes has been applied, which shows the value of money over time and considering the specific risks associated to the asset, depending on the year in which they were generated. These were the discount rates applied for the time horizon analysed below:

	2014	2015	2016	2017
Discount Rate	8.7%	8.7%	8.7%	8.7%

During 2013 there have not been any value adjustments for impairment.

Any value adjustments for impairment acknowledged as goodwill will not revert in subsequent years.

b) Computer software:

The Company enters in this account the costs incurred in the acquisition and development of computer programs. The maintenance cost for the IT applications is entered in the profit and loss account for the period in which they are incurred. Amortization of the IT applications is done by applying the linear method over a term of between 4 and 5 years.

4.2 Property, plant and equipment

The assets grouped under this heading are valued by their acquisition price or cost of production and subsequently reduced by the corresponding accrued amortization and losses through impairment, should there be any.

If there are indications of loss of value, the Company estimates by means of the “Impairment test” the possible losses of value that reduce the redeemable value of said assets to an amount below their book value.

The Company amortizes property, plant and equipment following the linear method, applying annual amortization percentages calculated depending on the estimated years of useful life of the respective assets, in accordance with the following detail:

	Percentage
Other installations, tools and furniture	10-15
Computer equipment	25
Transport items	15

The expenses for conservation and maintenance of Property, plant and equipment elements are allocated to the profit and loss account of the period in which they are incurred. However, the amounts invested in improvements that contribute to increasing the capacity or efficiency or to expanding the useful life of said assets are registered as a higher cost.

4.3 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. The rest of leases are classified as operating leases.

When the Company is the lessee – Finance lease

In finance leases in which the Company acts as the lessee, the cost of the leased assets is presented in the balance sheet, based on the nature of the leased asset, and, simultaneously, a liability is recognised for the same amount. This amount will be the lower of the fair value of the leased asset and the present value, at the inception of the lease, of the agreed minimum lease payments, including the price of the purchase option, when it is reasonably certain that it will be exercised. The minimum lease payments do not include contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor. The total capital charge of the contract is allocated to the profit and loss account for the period in which it is accrued, the effective interest rate method being applied. Contingent rent is recognised as an expense for the period in which it is incurred.

Leased assets are depreciated, based on their nature, using similar criteria to those applied to the items of property, plant and equipment.

When the Company is the lessee – Operating lease

Expenditure arising from operating lease agreements is charged on the profit and loss statement in the year in which they accrue.

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

4.4 Financial Instruments

4.4.1 Financial assets

Classification –

Financial assets of the Company are classified in the following categories:

a) Loans and items receivable: financial assets originating in the sale of goods or in the provision of services through the Company's trading operations, or those that do not have a commercial origin, are not equity instruments or derivatives and the charges of which are a fixed or specific amount and are not negotiated in an active market.

b) Investments in the equity of the companies of the group, associates and multi-group: those companies considered to be part of the group are those connected to the Company through a relationship of control, and associated companies are those over which the Company exerts significant influence. In addition, within the multi-group category those companies are included over which, under an agreement, control is exercised in conjunction with one or more partners.

Initial recognition-

Financial assets are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs.

Subsequent measurement –

Loans and receivables are measured at amortized cost.

Investments in the group's companies, associates and multi-group are valued by their cost, reduced, if required, by the amount accrued from the corrections to value through impairment. These corrections are calculated as the difference between their book value and the amount redeemable, this being understood as the larger amount between their reasonable value minus the costs of sale and the actual value of the future cash flow resulting from the investment. Unless there is better evidence of the amount redeemable, the net equity of the participating entity is taken into consideration, corrected by the capital gains implied on the date of valuation (including any goodwill there may be).

At least at the close of each period the Company tests financial assets not measured at fair value through profit or loss for impairment. Objective evidence of impairment is considered to exist when the recoverable amount of the financial asset is lower than its carrying amount. When it occurs, this impairment is entered in the profit and loss account.

The Company derecognises a financial asset when it expires or when the rights to the cash flows from the financial asset have been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred.

However, the Company does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received, in transfers of financial assets in which substantially all the risks and rewards of ownership are retained.

4.4.2 Financial liabilities

Financial liabilities are those debits and items payable that the Company has and which originate in the purchase of goods and services through the Company's trading operations, and also those which do not have a commercial origin and cannot be considered as derivative financial instruments.

Accounts payable are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist.

4.4.3 Equity instruments

An equity instrument represents a residual sharing in the Company Equity once all liabilities have been deducted.

Capital instruments issued by the Company are entered in the net equity for the amount received, net of issuing costs.

4.5 Stock

Inventories are measured at the lower of acquisition or production cost and net realisable value. Trade discounts, rebates, other similar items and interest included in the face value of the related payables are deducted in determining the costs of purchase.

Production cost includes the costs of direct materials and, where applicable, direct labour and production overheads.

Net realisable value is the estimated selling price less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The cost of inventories is assigned by using the weighted average cost formula.

The Company makes the appropriate value corrections, entering them as a cost in the profit and loss account when the net realisable value of the stock is lower than its acquisition price (or than its cost of production).

Also grouped under this heading are advance payments to suppliers for services to be received.

4.6 Transactions in currency other than Euro

The Company's functional currency is the Euro. Consequently, operations in currencies other than Euro are considered as foreign currency and entered in accordance with the exchange rates prevailing on the dates of the operations.

At the close of the period, the monetary assets and liabilities denominated in foreign currency are converted by applying the exchange rate on the date of the balance sheet. The profits or losses shown are directly allocated to the profit and loss account for the period in which they occur.

4.7 Corporate tax

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

Current tax expense is the amount payable by the Company as a result of tax settlements for a given year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, as well as tax loss carryforwards from prior years effectively offset in the current year, reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, as well as the negative tax bases pending compensation and the credits for tax credit not fiscally applied. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit nor taxable profit, and except for those associated with investments in subsidiaries, associates and joint ventures in which the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets, on the other hand, are only recognised to the extent that it is considered probable that the Company will have sufficient taxable profits in the future against which it will be possible to recover them.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised directly in net equity.

By decision of the Sole Shareholder on 26th December 2011, it was chosen to tax in the Corporate Tax through the tax consolidation regime in accordance with Chapter VII of Title VII of the Corporate Tax Act since October 1st 2007; the parent Company Elsamex S.A. is responsible for filing and paying the Corporate Tax of the tax group. For this reason, at the end of the financial year the payable or receivable balances for the Corporate Tax are included classified in deposit accounts with companies of the group at short term.

4.8 Environment

Assets of environmental nature are those used long-term in the Company's activity. Their main purpose is the minimization of environmental impact and the protection and improvement of the environment, including the reduction or elimination of future pollution.

Due to its nature, the Company's activity does not have a significant environmental impact.

4.9 Joint ventures (Joint business)

The Company's financial statements include the effect of the proportional integration of the Joint Ventures in which it participates.

Temporary joint ventures (UTE's) have been incorporated under each heading of the balance sheet, the profit and loss account and the statement of cash flows, using the method of proportional consolidation, according to the percentage of participation of the Company.

The main figures that the Joint Ventures contribute to the balance sheet and the profit and loss account for the accounting periods ending on 31st December 2013 and 2012 are:

Concepts	Euros	
	2013	2012
Total Assets	**734,895**	**817,144**
Non-current assets	9,046	10,087
Current assets	725,849	807,057
Net amount turnover	174,054	97,395

Name of Temporary Union of Company:	Participation	Sales (Euros)
Consorcio Josel Sadis	34%	-
Consorcio Carreteras del Sur	60%	-
Consorcio Internariño	50%	174,054
		174,054

4.10 Revenue and expenditure

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes, incorporated interests or similar items.

In order to adjust revenues in the period in which they are accrued, the Company adopts the principle of provisioning the revenues of projects in progress at year-end, in accordance with their level of advancement, notwithstanding the date of issue of the invoice.

The estimations used in calculating the level of advancement include the effect that the margin of certain liquidations under process might have, and that the Company estimates at the moment as reasonably achievable.

The account "Clients by works or services pending certification or invoice", included in the heading "Clients by sales and provision of services" of the asset of the balance sheet, represents the difference between the amount of the contract work executed, including the adjustment to registered margin by applying the level of advancement, and that certified until the date of the balance sheet.

If the amount of the production at origin of a work is below the amount of the certifications issued, the difference is contained in heading "Advances Clients" of liabilities in the balance sheet.

The interest received from financial assets is included using the effective interest rate method. In any case, the interest on financial assets accrued after the date of acquisition are recognized as income on the profit and loss account.

The rest of the revenues are accounted for at the time of transfer of the ownership of the goods or services provided to the customer.

4.11 Provisions and contingencies

In preparing the financial statements, the Company Directors differentiate between:

a) Provisions: credit balances covering present obligations arising from past events, whose cancellation will probably cause an outflow of resources, although they are uncertain in their amount and/or timing of cancellation.

b) Contingent liabilities: possible obligations arising as a consequence of past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events, not wholly within the Company’s control and which are not reasonably calculable.

The financial statements include all the provisions regarding which it is considered that the probability of having to meet the obligation is very high. Contingent liabilities are not included in the financial statements, but the information about them can be found in the report notes, provided they are not considered as very unlikely.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences; adjustments made to provisions are recognised as a financial cost on an accrual basis.

Compensation receivable from a third party at the time the obligation is settled, provided that there are no doubts as to whether this reimbursement should be made, is entered as a credit, unless there is a legal link by which the risk part has been externalised and under which the Company is not obliged to respond. In this situation, the compensation will be taken into account for the purpose of estimating the amount of the related provision that should be recognised.

4.12 Termination benefits

Under current legislation, the Company is required to pay termination benefits to employees terminated under certain conditions. Therefore, termination benefits that can be reasonably quantified are recognised as an expense in the year in which the decision to terminate the employment relationship is taken. The accompanying financial statements do not include any provision in this connection, since no situations of this nature are expected to arise.

4.13 Principles used in transactions between related parties

One party is considered linked to another when one of them or a group acting together exercises or has the power to exercise, directly or indirectly or in accordance with agreements between shareholders or participants, control over another or has significant influence over the other in the making of financial or operational decisions.

In any case, related parties are:

a) Companies which are considered to be a company of the group, associate or multi-group, in accordance with article 42 of the Commercial Code.

b) Natural persons who, directly or indirectly, hold participation in the voting rights of the Company, or in its dominant entity, to enable them to exercise a significant influence over one or another. Close relatives of these natural persons are also included.

c) The key staff of the Company or of its dominant entity, understood as the natural persons with authority and responsibility over the planning, management and control of the Company's activities, either directly or indirectly, including the administrators and managers. Close relatives of these natural persons are also included.

d) Companies over which any of the persons mentioned in b) and c) above can exercise a significant influence.

e) Companies that share any director or manager with the Company; except in case this person does not have any significant influence in the financial and management policies of the Company.

f) Persons who are considered as close relatives of the Company administration's agent, if this person is a legal person.

g) The pension plans for the employees of the Company or of any other which is a party linked to this.

For the purposes of this rule, close relatives are understood to be those who could exercise influence in, or be influenced by, this person in his/her decisions relating to the Company. These include:

a) The spouse or person with an analogous relationship;

b) The ascendants, descendants and siblings and the respective spouses or persons with an analogous relationship;

c) The ascendants, descendants and siblings of the spouse or persons with an analogous relationship;

d) Persons for whom the spouse or person with an analogous relationship is responsible for or persons with an analogous relationship;

The Company carries out all its operations with entities linked to market values. In addition, transfer prices are adequately supported so that the Company Directors consider that there are not any significant risks related to this aspect from which liabilities for future consideration could be derived. The Company has prepared the documentation required in article 16 of the Consolidated Text of the Corporate Tax Act and its Regulations in order to withstand transfer prices applied in the transactions between linked entities.

5. Intangible assets

The movements occurring under this heading of the balance sheet during accounting periods 2013 and 2012 are the following:

Financial Year 2013

Euros				
	31-12-2012	Conversion differences	Additions	31/12/2013
Cost:				
Goodwill	2,200,346	-	-	2,200,346
Computer software	2,963	(125)	-	2,838
	2,203,309	(125)	-	2,203,184
Accumulated Amortization:				
Computer software	(2,395)	101	(544)	(2,838)
	(2,395)	101	(544)	(2,838)
Net value	**2,200,914**	**(24)**	**(544)**	**2,200,346**

Financial Year 2012

Euros				
	31/12/2011	Conversion differences	Additions	31/12/2012
Cost:				
Goodwill	2,200,346	-	-	2,200,346
Computer software	3,021	(58)	-	2,963
	2,203,367	(58)	-	2,203,309
Accumulated Amortization:				
Computer software	(1,798)	35	(632)	(2,395)
	(1,798)	35	(632)	(2,395)
Net value	**2,201,569**	**(23)**	**(632)**	**2,200,914**

The impairment test performed on the Goodwill is analysed in Note 4.1.

At 31st December 2013, the Company had the following intangible assets investments located abroad:

Description	Country	Accounting value (gross)	Accumulated amortization	Net value
Computer software	Ecuador	2,838	(2,838)	-

At the close of 2013, the Company had fully amortized intangible assets amounting to 2,838 Euros.

6. Property, plant and equipment

The movements occurring under this heading of the balance sheet during periods 2013 and 2012, as well as the most significant information affecting this section are as follows:

Financial Year 2013

	Euros				
	31/12/2012	Additions	Conversion differences	Disposals	31/12/2013
Gross Value:					
Land and buildings	104.685	-	(10.803)	-	93.882
Technical installations, machinery and vehicles	3.363.034	1.952	(311.037)	(9.046)	3.144.903
Other installations, tools and furniture	133.286	7.614	(13.696)	-	127.204
	3.601.005	9.566	(235.535)	(9.046)	3.365.989
Accumulated Amortisation:					
Technical installations, machinery and vehicles	(2.751.547)	(34.653)	92.683	9.046	(2.684.471)
Other installations, tools and furniture	(82.787)	(5.227)	(14.284)	-	(102.298)
	(2.834.334)	(39.880)	78.399	9.046	(2.786.769)
Total net book value	**766.671**	**(30.315)**	**(157.136)**	**-**	**579.220**

Financial Year 2012

	Euros				
	31/12/2011	Additions	Conversion differences	Disposals	31/12/2012
Gross Value:					
Land and buildings	109.640	-	(4.955)	-	104.685
Technical installations, machinery and vehicles	3.389.357	68.246	(80.473)	(14.096)	3.363.034
Other installations, tools and furniture	126.428	5.740	1.121	-	133.286
	3.625.422	73.986	(84.307)	(14.096)	3.601.005
Accumulated Amortisation:					
Technical installations, machinery and vehicles	(2.657.302)	(130.200)	33.382	2.573	(2.751.547)
Other installations, tools and furniture	(78.850)	(12.144)	8.207	-	(82.787)
	(2.736.152)	(142.344)	41.589	2.573	(2.834.334)
Total net book value	**889.267**	**(68.358)**	**(42.718)**	**(11.523)**	**766.671**

At 31 December 2013 the Company had the following investments in property, plant and equipment elements located abroad:

Description	País	Gross Value	Accumulated Amortisation	Net book value
Land & buildings	Dominican Republic	93.882	-	93.882
Technical installations, machinery and vehicles	Dominican Republic	1.626.205	(1.215.781)	410.424
Other installations, tools and furniture	Dominican Republic	59.229	(42.003)	17.226
Technical installations, machinery and vehicles	Ecuador	68.193	(40.600)	27.593
Other installations, tools and furniture	Ecuador	9.749	(4.885)	4.864
Technical installations, machinery and vehicles	Colombia	131.263	(109.828)	21.435
Other installations, tools and furniture	Colombia	57.516	(55.308)	2.208
Total		**2.046.038**	**(1.522.215)**	**577.633**

The Company applies the exchange rate at close to the immovable assets of the subsidiaries located abroad expressed in an operating currency other than the Euro. The difference that arises with respect to the amount by which they are included in the Company's equity, is accounted directly against the net equity, given that the entries denominated in operating currency are not converted into Euros in the short term and, consequently, will not affect the Company's cash flow.

The Company takes out insurance policies to cover the possible risks to which its property, plant and equipment elements are subject. The Company Directors consider that the coverage of these risks on 31 December 2013 and 2012 is the appropriate.

At the close of periods 2013 and 2012 the Company had fully amortized property, plant and equipment elements still in use to the value of 1,312,995 Euros and 1,305,962 Euros, respectively.

7. Real Estate Investment

The movements occurring in this heading of the attached balance sheet during periods 2013 and 2012 are the following:

Financial Year 2013

	Euros			
	31/12/2012	Conversion Differences and adjustments	Increases (Allocations)	31/12/2013
Gross value:				
Real Estate Investment	417,246	(43,835)	-	373,411
	417,246	(43,835)	-	373,411
Accumulated Amortization:				
Land and buildings	(10,409)	(1,354)	(15,141)	(26,904)
	(10,409)	(1,354)	(15,141)	(26,904)
Real Estate Investment	**406,837**	**(45,189)**	**(15,141)**	**346,507**

Financial Year 2012

	Euros		
	31/12/2011	Increases (Allocations)	31/12/2012
Gross value:			
Real Estate Investment	-	417,246	417,246
	-	417,246	417,246
Accumulated Amortization:			
Land and buildings	-	(10,409)	(10,409)
	-	(10,409)	(10,409)
Real Estate Investment	**-**	**406,837**	**406,837**

Real estate investments of the Company correspond to 2 apartments acquired in exchange of receivables located in Playa Bavaro (Dominican Republic). These assets are kept in the balance sheet in order to obtain profits in their sale or lease.

8. Long-term investments with Group companies and associates

8.1. Equity instruments

The detail of shares in Group companies, multi-group and associate companies and the most relevant information for periods 2013 and 2012 is shown below:

Financial Year 2013

				Euros			
					Equity		
Investee	Address	Activity	% Participation	Amount	Corporate Capital	Reserves	Result
Intevial Gestao Integral Rodoviaria, S.A.	Edif.Atlas II Av.José Gomes Ferreira,11, 11495-139 Alges (Portugal)	Construction	100.00	2,210,698	1,400,000	410,269	1,040,490
ESM Mantenimiento Integral de S.A. de CV	Presidente Masaryk,61 piso 7 Colo.Chapultepec Morales CP 11570 deleg.Miguel Hidalgo (Mexico)	Construction	29.99	173,847	345,689	31,872	(5,956)
Mantenimiento y Conservación de Vialidades S.A. de C.V.	Mauricio Garces 855, Frac. La Joya 76180 Querétaro (Mexico)	Construction	64.00	381,686	594,553	392,862	(113,477)
Elsamex Portugal Engheneria e Sistemas de Gestao, S.A.	Rua Quinta das Romeiras Edif.Eduardo Vian,104 6º 1495-236 Alges (Portugal)	Consulting	70.00	251,078	350,000	812,516	151,931
Yala Construction CO. Private Ltd.	C/A254 nº6 block Mahipalpur New Delhi (India) 1100.37	Construction	96.03	926,635	967,084	365,722	342,183
Elsamex India Private Ltd	C/A254 nº6 block Mahipalpur New Delhi (India) 1100.37	Construction	99.15	336,480	337,227	428,682	868,051
Consorcio de Obras Civiles, S.R.L.	Avenida 27 de febrero nº272, Edificio J.P., La Julia, Santo Domingo DN, Dominican Republic	Construction	34.00	-	2,011	867,644	6,469
Vías y Construcciones, S.R.L.	Avenida 27 de febrero nº272, Edificio J.P., La Julia, Santo Domingo DN, Dominican Republic	Construction	50.00	-	-	66,090	18,229
				4,280,424			

Financial Year 2012

Investee	Address	Activity	% Particip ation	Euros			
				Amount	Equity		
					Corporate Capital	Reserves	Result
Intevial Gestao Integral Rodoviaria, S.A.	Edif.Atlas II Av.José Gomes Ferreira,11, 11495-139 Alges (Portugal)	Construction	100.00	1,560,698	750,000	(656,627)	1,066,896
ESM Mantenimiento Integral de S.A. de CV	Presidente Masaryk,61 piso 7 Colo.Chapultepec Morales CP 11570 deleg.Miguel Hidalgo (Mexico)	Construction	29.00	173,847	345,689	10,016	22,648
Mantenimiento y Conservación de VialidadesS.A. de C.V.	Mauricio Garces 855, Frac. La Joya 76180 Querétaro (Mexico)	Construction	64.00	381,686	594,553	258,337	134,524
Elsamex Portugal Engheneria e Sistemasde Gestao, S.A.	Rua Quinta das Romeiras Edif.Eduardo Vian,104 6º 1495-236 Algesn (Portugal)	Consulting	70.00	251,078	350,000	806,126	6,390
Yala Construction CO. Private Ltd.	C/A254 nº6 block Mahipalpur New Delhi (India) 1100.37	Construction	88.78	555,130	967,084	441,938	63,057
Elsamex India Private Ltd	C/A254 nº6 block Mahipalpur New Delhi (India) 1100.37	Construction	99.15	336,480	337,227	(72,539)	501,221
Consorcio de Obras Civiles, S.R.L.	Avenida 27 de febrero nº272, Edificio J.P., La Julia, Santo Domingo DN, Dominican Republic	Construction	34.00	-	2,011	-	829,115
Vías y Construcciones, S.R.L.	Avenida 27 de febrero nº272, Edificio J.P., La Julia, Santo Domingo DN, Dominican Republic	Construction	50.00	-	-	311,191	(245,102)
				3,258,919			

Additionally, the Company owns 23.44% of the investment in company “Elsamex Road Technology Company LTD”, located in China. Said investment was purchased for an amount of 352,243 Euros; at 2012 and 2013 year-end, this is totally written-off.

The detail of the Provision for written-off investments of Group companies at 31 December 2013 and 2012 is the following:

Investee	Euros	
	31-12-13	31-12-12
Elsamex India Private Ltd	9,554	9,554
ESM Mantenimiento Integral de S.A. de CV	19,658	19,658
	29,212	**29,212**

8.2. Credits to Group companies

The details are as follows:

	Euros	
	2013	2012
Long-term credits to group companies and associate companies	2,209,676	3,190,556

The decrease in the balance is due to the cancellation in 2013 of part of the credit granted to Intevial, amounting to 980,910 Euros, which was partially capitalized in 650,000 Euros and repaid for the remaining amount.

9. Short-term financial assets

The breakdown of the Company's financial assets is the following at the close of the periods 2013 and 2012:

	Euros	
	2013	2012
Customers for sales and provisions of services:		
Customers	14,637,848	12,902,822
Delinquent Customers	845,403	472,354
Impairment of value of credits for commercial operations	(845,403)	(472,354)
	14,637,848	12,902,822
Other financial assets in group companies (Note 19):	5,797,541	2,971,143
Clients, group companies and associate companies (Note 18)	484,776	422,431
Other debtors	346,448	376,590
Other financial assets	3,152,888	704,739
Total	**24,419,501**	**17,377,725**

During the period, the Company has increased the provision of Delinquent Customers in 373,049 Euros (see Note 16 e).

10. Information on the nature and level of risk of financial instruments

The Management of the financial risks of the Company is centralized in Financial Management, which has established the necessary mechanisms to control exposure to variations in the interest rates, as well as to the credit and liquidity risks. The main financial risks that impact on the Company are mentioned below:

a) Credit risk:

In general, the Company holds its treasury and equivalent liquid assets in financial bodies with a high credit level.

In addition, it must be pointed out that, despite the fact that it maintains a significant volume of operations with a significant number of customers, the solvency of most of them is guaranteed as they are largely Public Bodies, and therefore there is no high credit risk with third parties.

b) Liquidity risk:

In order to guarantee the liquidity and to be able to fulfil all the payment commitments deriving from its activity, the Company relies on the Treasury shown in its balance, as well as on short-term financial investments which are detailed in Note 9.

c) Market risk:

Both the Treasury and the short-term financial investments of the Company are exposed to the interest rate risk, which could have an adverse effect on the financial results and on the cash flow. Therefore, the Company has a policy of investing in financial assets which are almost not exposed to interest rate risks.

The Company is subject to exchange risk; this risk is mainly focused in the contracting of works through subsidiaries in Latin America and South East Asia, denominated in the local currency of the country.

11 Stock

Financial Year 2013

	Euros			
	31/12/2012	Additions	Withdrawals	31/12/2013
Raw materials and other provisions	965,363	6,002,604	(7,155,525)	187,558
Net value	**965,363**	**6,002,604**	**(7,155,525)**	**187,558**

Financial Year 2012

	Euros			
	31-12-2011	Additions	Withdrawals	31-12-2012
Raw materials and other provisions	1,428,722	7,475,448	(7,938,807)	965,363
Net value	**1,428,722**	**7,475,448**	**(7,938,807)**	**965,363**

Inventories located abroad at the end of years 2013 and 2012 was:

	Euros	
Country	31-12-2013	31-12-2012
Dominican R.	100,606	912,249
Colombia	20,611	23,607
Total	**121,217**	**935,856**

12 Shareholders' Equity

12.1 Share capital

At the close of period 2013 the Company's share capital amounted to 14,310,555 Euros, represented by 2,862,111 shares of 5 Euros nominal value each, all of the same class, in accordance with the following detail:

	% Participation
Elsamex S.A.	100%
	100%

12.2 Legal reserve

In accordance with the Consolidated Text of the Spanish Corporations Act, an amount equal to 10% of the period's profit must be allocated to the legal reserve until it reaches, at least, 20% of the share capital. Such reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for that purpose.

12.3. Goodwill Reserves

Pursuant to article 273.4 of the Consolidated Text of the Spanish Corporations Law, in the distribution of the results of each period a restricted reserve consequence of the goodwill that appears on the assets of the balance must be made available, using to that end a part of the profit representing, at least, five percent of said goodwill. If there was no profit, or this was insufficient, unrestricted reserves will be used.

In accordance with the paragraph above, an amount of 110,018 Euros was allocated to the Goodwill reserve in 2012 and 2013, against unrestricted reserves.

12.4 Conversion differences

Financial Year 2013

	Euros			
	31/12/2012	Additions	Withdrawals	31/12/2013
Conversion differences	(136,713)	-	(532,379)	(669,092)
Conversion differences	**(136,713)**	**-**	**(532,379)**	**(669,092)**

Financial Year 2012

	Euros			
	31/12/2011	Additions	Withdrawals	31/12/2012
Conversion differences	34,546	45,252	(216,511)	(136,713)
Conversion differences	**34,546**	**45,252**	**(216,511)**	**(136,713)**

The conversion differences for periods 2013 and 2012 are brought about integrally by the impact of the inclusion in the Company's balance sheet of balances coming from the inclusion of Company's subsidiaries in Ecuador, Dominican Republic and Colombia.

13. Provisions

The movement of the provisions of the balance sheet during the year is as follows. During year 2012 there was no balance or movements.

Year 2013

	Euros		
	31/12/2012	Allocation	31/12/2013
Performance related pay	-	97,836	97,836
	-	**97,836**	**97,836**

14. Financial liabilities

The Company's financial liabilities are itemized as follows at close of years 2013 and 2012:

Debit and items payable

	Euros	
	2013	2012
Long-term financial liabilities:		
Debts with credit institutions	12,020	11,902
Other financial liabilities	8,400	8,400
Total long-term financial liabilities	**20,420**	**20,302**
Short-term financial liabilities:		
Short-term debts:		
Debts with credit institutions	290,884	1,101
Other financial liabilities	51,916	74,468
	342,800	**75,569**
Debts with group companies (Note 18):	**24,787,308**	**19,416,653**
Trade creditors and other accounts payable:		
Suppliers	3,808,805	3,091,423
Sundry creditors	-	1,911
Personnel	144,478	184,528
	3,953,283	**3,277,862**
Advances clients	**41,135**	**34,965**
Total short-term financial liabilities	**29,124,526**	**22,805,049**

Debts with credit institutions

The detail on debts with credit institutions and their expirations at 2013 year-end is as follows:

			Expiration		
Company	Bank liabilities	Currency	2014	2015	2016
Banesto (Spain)	Bank reconciliations	Euros	288,248	-	-
Bank BHD (Dominican Republic)	Bank reconciliations	Dominican Pesos	2,637	-	-
Bank Pichincha (Ecuador)	Loan	United States Dollars	-	-	12,020
			290,884	**-**	**12,020**

15. Public Administrations and fiscal situation

The composition of this section of the attached balance sheet at 31st December 2013 and 2012 is as follows:

	Euros			
	2013		2012	
	Balances Debtors	Balances Creditors	Balances Debtors	Balances Creditors
Deferred tax assets	1,567,222	-	1,551,304	-
Deferred tax liabilities	-	-	-	13,134
Long-term balances with Public Administrations	**1,567,222**	**-**	**1,551,304**	**13,134**
Public Treasury, debtor for VAT, IGIC, IPSI	763,631	-	739,350	-
Public Treasury, debtor for Corporate Tax	319,975	-	422,079	-
Public Treasury, debtor for other concepts	3,934	-	76,138	-
Public Treasury, creditor for VAT, IGIC	-	94,537	-	85,577
Public Treasury, withholdings Income Tax (IRPF)	-	35,742	-	37,163
Public Treasury, creditor for Corporate Tax	-	8,825	-	621,463
Social Security institutions payable	-	14,723	-	24,906
Short-term balances with Public Administrations	**1,087,541**	**153,827**	**1,237,566**	**769,109**

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations period has expired. At close of period 2013 the Company has not any ongoing inspection. The Directors consider that the above-mentioned tax obligations have been adequately settled. Therefore, in the event of a fiscal inspection and considering there were any disagreements in the usual prevailing interpretation because of the fiscal treatment granted to operations, future resulting liabilities, if any, would not significantly affect these abridged financial statements.

Value Added Taxes

By decision of the Sole Shareholder's Meeting on 26th December 2011, it was chosen to tax in the Value Added Tax through the tax consolidation regime in accordance with Chapter IX of Title IX of the Value Added Tax Act since 1st January 2008; the parent Company, Elsamex S.A., is responsible for filing and paying the Value Added Tax of the tax group. For this reason, at the end of the period the payable or receivable balances for the Value Added Tax are included classified in current accounts with group companies.

Tax on Profits

By decision of the Sole Shareholder on 26th December 2011, it was chosen to tax in the Corporate Tax through the tax consolidation regime in accordance with Chapter VII of Title VII of the Corporate Tax Act since 1st October 2007; the parent Company, Elsamex, S.A., is responsible for filing and paying the Corporate Tax of the tax group. For this reason, at the end of the financial year the payable or receivable balances for the Corporate Tax are included classified in current accounts with group companies.

Accounting reconciliation and taxable base result

The reconciliation between accounting result and taxable base of the Corporate Tax is as follows:

Financial Year 2013

	Euros	
	Share Payable	Expense
Earnings before taxes	(834,462)	(250,338)
Permanent differences:		
Expenses/Income non-tax deductible/attributable	(1,501,309)	(450,393)
Expenses/Income from previous years non-deductible/attributable	(320,230)	(96,069)
Temporary differences:		
Decreases	-	-
Taxable base (Tax result)	**(2,656,001)**	**(796,800)**
Gross tax accrued (30% of the taxable base)	-	(796,800)
Adjustment Corporate Tax previous year	-	165,244
Deductions	-	-
Corporate tax receivables of Consolidated Group	**(802,336)**	-
Corporate tax expenses	-	**(631,556)**

Financial Year 2012

	Euros	
	Tax payable	Expense
Earnings before taxes	(1,054,218)	316,265
Permanent differences:		
Expenses/Income from previous years non-deductible/attributable	(258,093)	77,428
Taxable base (Tax result)	**(1,312,311)**	**393,693**
Gross tax accrued (30% of the taxable base)	**-**	(393,693)
Corporate tax receivables of Consolidated Group	**(937,431)**	-
Corporate tax expenses		**(393,693)**

Temporary differences originating in previous years arise because, during year 2008, the Company decided to include in equal parts in the taxable base of the Corporate Tax, and during the first three tax periods, accounting adjustments recognized in Equity due to the first application of the new General Accounting Plan.

Temporary differences originating in the year 2008 arise as a result of the different consideration, for accounting and tax purposes, of the expenditure recorded by the Company during the period of technical amortization of the properties and rights of use from financial leases, by application of Royal Decree 4/2004 of 5 March, of Corporate Tax.

Deferred tax assets

The detail of the balance of Assets for deferred tax on profits during periods 2013 and 2012 is as follows:

	Euros	
	Balance at 31-12-2013	Balance at 31-12-2012
Temporary Differences (withholding taxes):		
Originated in previous years due to application of new General Accounting Plan	37,357	32,356
Tax credits due to negative tax bases	1,529,864	1,518,948
Total deferred tax assets	**1,567,221**	**1,551,304**

The movements have been as follows:

	Euros			
	Balance at 31-12-2012	Increase	Decrease	Balance at 31-12-2013
Assets for deferred tax on Profits	1,551,304	15,918	-	1,567,222

Increases are due to deferred assets generated by the limit on amortization applied as expense of the period.

At the close of year 2013, the maturity of negative tax bases (capitalized or not capitalized) pending use is as follows:

	Amount	Maturity
Year 2007	4,614,826	Year 2023
Year 2008	24,196	Year 2024
Year 2009	78,857	Year 2025
Year 2011	2,167,467	Year 2027
	6,885,346	

In accordance with current legislation, fiscal losses of a period may be offset, for tax purposes, against the profits of tax periods that end in the immediate 15 following years. However, the final amount to be offset by these fiscal losses may be amended in consequence of the comparison of the accounting periods in which they occur.

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations period has expired. The Company has periods 2009 to 2012 open to inspection for Corporate Tax and from 2010 to 2013 for other taxes.

At close of period 2013 the Company has not any ongoing inspection. The Company's directors consider that the aforementioned taxes have been settled correctly and that, therefore, even if discrepancies arose with respect to its interpretation of current legislation in its tax treatment of transactions, any potential liabilities, should they arise, would not have a material effect on the accompanying financial statements.

16. Contingent Liabilities

At 31st December 2013, the Company has been granted several guarantees demanded in order to contract with Public Bodies for an amount of 1,000 Euros in final guarantees.

17. Revenue and expenditure

a) *Net turnover amount*

The distribution of net turnover for periods 2013 and 2012, by business categories and by geographical markets, is as follows:

Division	Euros	
	2013	2012
Services and sales to third parties	8,930,594	5,496,237
Provision of services to Group companies (Note 18)	3,221,999	1,002,674
	12,152,593	**6,498,911**

The distribution of net turnover for periods 2013 and 2012 by geographical markets is as follows:

Geographical markets	Euros	
	2013	2012
Spain	2,272,526	494,576
Rest of Europe	40,582	302,054
Dominican Republic	7,835,607	3,778,231
Colombia	338,660	654,715
Ecuador	433,308	648,953
Rest of the world	1,231,910	620,381
Total	**12,152,593**	**6,498,911**

b) *Purchases*

The breakdown of this section of the profit and loss account for the accounting period ending on 31th December 2013 and 2012 is as follows:

	Euros	
	2013	2012
Purchase of other materials	3,640,310	1,809,521
Works carried out by other companies	2,062,282	247,314
Works carried out by Group companies (Note 18)	443,887	572,275
	6,146,479	**2,629,110**

The breakdown of purchases in years 2013 and 2012 by geographical markets is as follows:

Geographical markets	Euros 2013	Euros 2012
Spain	801,292	1,018,577
Rest of Europe	2,928	2,591
Dominican Republic	5,079,588	1,090,584
Colombia	64,546	242,912
Ecuador	147,459	234,413
Rest of the world	50,666	40,034
Total	**6,146,479**	**2,629,110**

c) Personnel expenditure

The breakdown of the "Personnel expenditure" entry in the profit and loss account at 31st December 2013 and 2012 is as follows:

	Euros 2013	Euros 2012
Wages, salaries and similar expenses	1,204,072	1,064,316
Employer social security costs	177,962	202,252
Total	**1,382,034**	**1,266,568**

The average number of persons employed during accounting periods 2013 and 2012, broken down into categories, is as follows:

Categories	2013	2012
Management	3	-
Technical personnel and middle management	40	54
Administration personnel	23	17
Unqualified personnel	21	37
Total	87	112

Among which, the following are employed by Company branches abroad:

Categories	2013	2012
Management	3	4
Technical personnel and middle management	31	47
Administration personnel	21	16
Unqualified personnel	21	36
Total	76	103

In accordance with the requirements of Art. 260.9 of the Capital Corporation Law, distribution by gender is shown for the end of the period for the Company's personnel, broken down by category for the accounting periods 2013 and 2012:

	2013		2012	
Categories	**Men**	**Women**	**Men**	**Women**
Senior Management	2	1	3	1
Technical personnel and middle management	28	8	38	8
Administration personnel	14	9	7	9
Unqualified personnel	19	2	36	1
Total	**63**	**20**	**84**	**19**

Among which, the following are employed by Company branches abroad:

	2013		2012	
Categories	Men	Women	Men	Women
Senior Management	2	1	3	1
Technical personnel and middle management	23	4	35	4
Administration personnel	13	8	7	8
Unqualified personnel	19	2	35	1
Total	57	15	80	14

e) Other operating expenses

The detail for this section of the attached profit and loss account for accounting periods 2013 and 2012 is as follows:

	Euros	
	2013	2012
Leases and royalties	356,143	127,934
Repairs and maintenance	131,824	230,751
Independent professional services	267,415	224,682
Transport	375,216	137,016
Insurance premiums	84,956	142,414
Bank services and other similar	16,444	27,688
Publicity, advertising and public relations	630	-
Supplies	6,832	20,492
Other services	1,517,685	1,255,907
Other taxes	11,928	65,921
Losses, degradation and supplies variation (see Note 9.2).	1,633,049	-
Other current management expenses	16,100	-
	4,418,222	**2,232,805**

In the heading "Losses, impairment and change in allowances" of the profit and loss account, the Company has recognized losses for impairment in 2013 amounting to 373,049 Euros, representing an increase in the provision for impairment of credit for commercial operations, see Note 9. Additionally, the same heading of the attached profit and loss account has registered losses from non-recoverable bad debts amounting to 1,260,000 Euros, representing a decrease in the customers account for the same amount.

During periods 2013 and 2012, the fees for account auditing services and other services provided by the auditor of the Company until March 2013, Mr. Bernardo Tahoces, have been as follows:

Description	Euros	
	2013	**2012**
Auditing Services	12,000	24,185
Total professional services	**12,000**	**24,185**

During 2013, the fees for account auditing services and other services provided by the auditor of the Company since March 2013, Ms. Laura Tahoces, have been as follows:

Description	Euros
	2013
Auditing Services	12,196
Total professional services	**12,196**

18. Environmental aspects

In view of the main business activities carried out by the Company, it does not have any significant responsibilities, expenses, assets or provisions or contingencies of an environmental nature in relation to the equity, financial situation and results. For this reason, they are not included in the specific breakdowns in this report.

The Company's Directors consider that there are no contingencies related to the protection and improvement of the environment and do not consider it necessary to enter any resource to the provision for risks and expenses of an environmental nature as at 31st December 2013 and 2012 in the financial statements.

19. Operations with related parties

19.1 Balances and transactions with group companies

The detail of the balances and transactions made during accounting periods 2013 and 2012 between the Company and Elsamex Group companies is as follows:

Financial Year 2013:

	Euros							
	Accounts receivable		Accounts payable		Income	Expenditure	Interests Group	
	For services rendered	Credits	For services rendered	Loans	Services provided	Services received	Expenditure	Income
Ciesm-Intevia S.A.	-	-	-	4,462,649	-	180,504	138,165	-
Intevial Gestao Integral Rodoviaria, S.A.	-	40,017	-	-	(649)	-	-	-
Grusamar Albania SHPK	-	1,000	13,604	-	-	-	-	-
Elsamex India Privated LTD	90,874	105,921	-	-	-	-	-	-
Elsamex Portugal Engenharia e Sistemas de Gestao	192,748	-	-	-	426,128	-	-	35,000
Yala Construcion CO. Private Ltd. (India)	201,154	153,138	-	-	-	-	-	-
ESM Mantenimiento Integral de S.A. de CV	-	-	-	254,331	178,092	-	-	-
Mantenimiento y Conservacion de Viales S.A. de CV	-	105	-	-	30,643	-	-	-
Control 7,S.A	-	-	-	352,943	-	-	17,492	-
Elsamex S.A.	-	249,022	-	19,717,386	137,653	1,326,535	867,850	-
Señalización de viales e Imagen, S.A.U.	-	22,225	-	-	-	-	-	1,120
Atenea Seguridad y Medio Ambiente, SA,	-	152,609	-	-	350,000	-	-	9,112
Grusamar Ingeniería y Consulting, S.L.	-	1,551,766	-	-	2,100,132	-	8,239	-
Elsamex S.A Sucursal Honduras	-	307,787	-	-	-	-	-	-
Consorcio Ecuador	-	40,178	-	-		-	-	-
Ciesm-Intevia Dominicana	-	1,716,328	-	-	-	-	-	-
Viacon consol.Dominicana	-	1,358,325	-	-	-	-	-	-
Conciviles consol.Dominicana	-	99,122	-	-	-	-	-	-
TOTAL	**484,776**	**5,797,541**	**13,604**	**24,787,308**	**3,221,999**	**1,507,039**	**1,031,745**	**45,233**

Financial Year 2012:

	Euros							
	Accounts receivable		Accounts payable		Income	Expenditure	Interests Group	
	For services rendered	Credits	For services rendered	Loans	Services provided	Services received	Expenditure	Income
Ciesm-Intevia, S.A	-	-	-	2,538,936	28,501	204,372	189,588	-
Intevial Gestao Integral Rodoviaria, S.A.	-	297,689	-	-	200,635	-	-	
Grusamar Albania SHPK	-	1,000	-	-	-	-	-	-
Elsamex sucursal Dominicana S.L.	14,968	2,138,065	-	-	14,968	-	-	-
Elsamex India Privated LTD	90,874	105,921	-	-	179,548	-	-	-
Elsamex Portugal Engheneria e Sistemas de Gestao , S.A.	78,455	-	-	-	75,949	-	-	-
Yala Construction CO. Private Ltd.(India)	209,693	153,138	-	-	69,630	-	-	-
ESM Mantenimiento Integral de S.A. de CV	-	-	-	313,353	97,804	-	-	-
Mantenimiento y Conservación de Vialidades S.A. de CV	-	105	-	-	155,632	-	-	-
Control 7, S.A.	-	-	-	323,451	-	-	17,297	-
Elsamex S.A.	-	-	-	15,413,245	176,185	624,888	1,084,077	-
Señalización de viales e Imagen, S.A.U.	-	21,105	-	-	-	-	-	1,621
Atenea Seguridad y Medio Ambiente, S.A.	-	-	-	244,003	-	-	18,684	-
Grusamar Ingeniería y Consulting, S.L.	-	-	-	434,275	3,821	780	32,955	-
Elsamex S.A Sucursal Colombia	28,441	-	16.048	149,390	-	-	-	-
Elsamex S.A Sucursal Honduras	-	176,165	-	-	-	-	-	-
Elsamex S.A Sucursal Ecuador Rdos.	-	77,955	-	-	-	-	-	-
TOTAL	**422,431**	**2,971,143**	**16,048**	**19,416,653**	**1,002,674**	**830,040**	**1,342,601**	**1,621**

The Company has included in its accounts throughout period 2013 the amount of 607,118 Euros for structure expenses allocated by the parent company.

19.2 Remuneration to the Board of Directors and Senior Management

During periods 2013 and 2012, no amount has been incurred for allowances or remunerations of any kind in favour of the Company's Directors. Also, there is not any kind of loan advance, life insurance, pension plan or benefit for any other concept.

There is no senior management in the Company. The managers of the Group, Elsamex, carry out the management of this Company. Elsamex, S.A. invoiced to the Company in period 2013 a total amount of 385,500 Euro for direction and administration services (423,027 Euro in period 2012).

19.3 Detail of shares in companies with similar activities and performance of the Administrative Body of similar activities on their own or another's behalf

Pursuant to Article 229.2 and 3 of the Spanish Corporate Law, in order to reinforce corporate transparency, it is informed that at the close of accounting periods 2013 and 2012 the members of the Board of Directors of Elsamex Internacional, S.L.U. have not held shares in companies with the same, analogous or complementary type of activity of the corporate purpose of the company. Similarly, no activities have been carried out or are being carried out, on their own or another's behalf, with the same, analogous or complementary type of activity of the Company's corporate purpose, except for those activities which the company may carry out in other Group companies.

20. Payments to suppliers

Below, the information required by the Additional Third Disposition of Law 15/2010 of 5 July is detailed.

	PAYMENTS MADE AND PENDING PAYMENT AT THE CLOSE DATE OF THE BALANCE SHEET			
	2013		2012	
	Amount	% (a)	Amount	%
Within the maximum legal term (b)	423,358	38.30%	358,581	38.00%
Rest	682,140	61.70%	592,529	62.00%
Total payments of the year	**1,105,498**		**951,110**	
PMPE (days) of payments	137		69	
Postponements that at closing date exceed the maximum legal term	95,514		247,605	

Data contained in the chart above on payments to suppliers refer to those which, by nature, are commercial creditors by debts with suppliers of goods and services, so they include data related to the item "Suppliers" of the current liabilities of the balance sheet.

The excess pondered average term (PMPE) of payments has been calculated as the quotient formed in the numerator by adding the products of each payment to suppliers made in the period with a deferment above the legal term of payment and the number of days of deferment which exceeds the term, and in the denominator the total amount of payments made in the period with a deferment above the legal term of payment.

The maximum legal term of payment applicable to the Company for period 2013 according to Law 3/2004 of 29 December, which establishes measures against delinquency in commercial operations, is 60 days.

21. Other information

The Company has the normal litigations inherent to its activities. The Legal Advisor claims they are difficult to estimate, although the Directors consider that, in case these litigations materialized, they would not affect considerably the Financial Statements, taken as a whole.

22. Subsequent Events

After the close of the period, and until the date of preparation of these financial statements, no significant subsequent events have occurred that should be mentioned.

Elsamex Internacional S.L.U.

Management Report for the

financial year ending on

31 December 2013

Sales figures for year 2013 are as follows:

* With Joint Ventures and Subsidiaries .... 12.2 million Euros

By sectors, 57% of sales correspond to Roads; 21% correspond to Hydraulic Works; 16% to Chemical and Oil works; and the other 6% to infrastructures and buildings.

Sales by activity during the year: 62% in Construction; 18% in Sale of Products and Technology Transfer; 16% in Infrastructure Maintenance; and 4% in Engineering and Consulting.

The work portfolio for the coming years stands at 26.9 million Euro. Said portfolio is divided in: 23.2 million Euros in Dominican Republic; 2.3 million Euros in Colombia and Ecuador; and 1.4 million Euros in Mexico.

International expansion has continued; there is large potential in Mexico, Abu Dhabi, Colombia, Ecuador, Peru, Angola, Mozambique and Balkans.

To summarize, the aforementioned suggests that the results of this year could be well improved in 2014.

Subsequent Events

At the date of preparation of this Management Report, there have not been any significant subsequent facts which may affect the Financial Statements for year 2013.

Activities concerning research and development

The Company does not carry out any research and development activities.

Operations with Company shares

During the year there has not been any sale or purchase of Company shares in the Group.

Company use of financial instruments

The management of the financial risks of the Group is centralized in the Financial Direction, which has established the necessary mechanisms to control exposure to variations in the interest rates, as well as to the credit and liquidity risks. The main financial risks that have an impact on the Group are mentioned below:

a) Credit risk:

In general, the Company holds its treasury and equivalent liquid assets in financial bodies with a high credit level.

In addition, it must be pointed out that, despite the fact that it maintains a significant volume of operations with a significant number of customers, the solvency of the majority of them is guaranteed as they are largely Public Bodies and so there is no high credit risk with third parties.

b) Liquidity risk:

In order to guarantee liquidity and to be able to fulfil all the payment commitments resulting from its activity, the Company relies on the Treasury shown in its balance, as well as on short-term financial investments which are detailed in Note 9 of the attached Notes.

c) Market risk:

Both the Treasury and the financial debt of the Company are exposed to the interest rate risk, which could have an adverse effect on the financial results and on the cash flow. Therefore the Company follows the policy of investing in financial assets that are practically not exposed to interest rate risks and uses derivative financial instruments to cover the risks to which its activities, operations and future cash flows are exposed. On the other hand, the financial instruments used have been chosen for the solidity of their financial worth and the issuing institutions.

PROCEDURE FOR PREPARATION OF FINANCIAL STATEMENTS AND MANAGEMENT REPORT

In compliance with the provisions established in the Corporations Act, the Board of Directors of Elsamex Internacional, S.L.U. prepared on 28th March 2014 the Financial Statements and Management Report for period 2013, in 37 pages. These Financial Statements will be submitted for the approval of the Sole Shareholder.

Fernando Jaime Bardisa Jordá	Ramchand Karunakaran	Mukund Sapre
George Cherian	José Luis González Romero	