

# **Elsamex Internacional S.L.U.**

Financial statements for the  
year ending on  
31 December 2015  
and Management Report, along with the  
Independent Auditor's Report

## **INDEPENDENT AUDIT REPORT OF FINANCIAL STATEMENTS**

To the Sole Shareholder of ELSAMEX INTERNACIONAL, S.L. (Sole Shareholder Company)

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the Financial Statements of the Company ELSAMEX INTERNACIONAL, S.L. (Sole Shareholder Company), which include the balance sheet as of December 31, 2015, the profit and loss account, the statement of changes in the equity, the statement of cash flow and the notes of the financial year then ended.

#### ***Responsibility of the Directors with regards to the financial statements***

The Directors of the Company are responsible for the preparation of the attached Financial Statements so as to faithfully express the assets, the financial status and the profit and loss account of ELSAMEX INTERNACIONAL, S.L. (Sole Shareholder Company), in compliance with the Regulatory Framework for financial reporting applicable to the Company in Spain, as indicated in Note 2.1 of the attached notes. They are also responsible for the internal control considered necessary to enable the preparation of the Financial Statements free of material inaccuracy due to fraud or mistake.

#### ***Responsibility of the auditor***

Our responsibility is to express an opinion regarding the attached Financial Statements based on our audit report. We have audited in compliance with the Spanish accounts auditing regulations in force. Said regulations require ethics compliance, as well as planning and performance of the audit so as to reasonably ensure that the Financial Statements are free of material inaccuracy.

An audit report requires implementing the procedures to obtain audit evidence regarding the amounts and the information in the financial statements. The chosen procedures depend on the Auditor's decision, including the material inaccuracy risk assessment for the financial statements, due to fraud or mistake. When performing said risk assessments, the Auditor takes into consideration the internal control for the preparation of the Financial Statements by the Directors of the Company, with the goal of designing adequate auditing procedures depending on the circumstances, and not with the goal of expressing an opinion regarding the efficiency of the internal control of the Company. An audit report also includes the assessment of the suitability of the accounting policies applied and the reasonableness of the accounting estimations made by the management, as well as the assessment of the overall presentation of the financial statements.

We consider that we have reached plenty audit evidence to express an opinion.

### ***Opinion***

In our opinion, the attached Financial Statements faithfully express, in all significant aspects, the assets, the financial status of the Company ELSAMEX INTERNACIONAL, S.L. (Sole Shareholder Company) as of December 31, 2015, as well as its profit and loss account and cash flows corresponding to the financial year then ended, in compliance with the applicable Regulatory Framework for financial reporting and, in particular, with the accounting principles and criteria therein.

### ***Highlighted paragraphs***

Without qualifying our audit opinion, we draw attention to what is mentioned in Note 2.4 of the attached Notes, which mentions that the Board of Directors has formulated the accompanying financial statements for the year ended December 31, 2015 following the principle of going concern to understand that the measures and actions detailed in the Business Plan approved by the Directors enable it to continue normal development of the Company and to meet its obligations, also getting results and positive cash flows in the next exercises to recover the asset and offset the deferred tax assets activated.

The Company ELSAMEX INTERNACIONAL, S.L. (Sole Shareholder Company) is a company belonging to the Group "Elsamex" and, depending on the policy of the Group cash-pooling, the Company provides and receives financial support from those companies of the group that require to the extent and period necessary. At December 31, 2015 the balance presented by the financial statements in respect of credit lines delivered and / or received is classified in the balance sheet items denominated "*Short-term investments with group companies*" or "*Current Payable to Group Companies*" as appropriate.

Without qualifying our audit opinion, we draw attention to what is mentioned in Note 21 of the attached Notes, which mentioned the existence of various litigations for and against the Company, where the outcome is uncertain.

The Company undertakes significant transactions with the parent company of the Group due to the usual operations of their business as described in Note 19.1 to the accompanying notes.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The attached management report of financial year 2015 includes the explanations that the Directors of the Company consider appropriate regarding the situation of the Company ELSAMEX INTERNACIONAL, S.L. (Sole Shareholder Company) the evolution of their business and other matters, and it is not an integral part of the financial statements. We have verified that the accounting information therein is consistent with the financial statements of financial year 2015. Our work as auditors 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 ELSAMEX INTERNACIONAL, S.L. (Sole Shareholder Company).

May 10, 2016

CABALLERO AUDITORES, S.L.  
R.O.A.C. n° S-2265

  
Ángel Caballero Antón  
Partner



REA

Registro de  
Economistas  
Auditores

economistas  
Consejo General

Ángel Caballero

Miembro n° 4.925



REA

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ELSAMEX INTERNACIONAL, S.L.U.

BALANCE SHEET AS AT DECEMBER 31<sup>ST</sup> 2015  
(Euros)

ASSETS		Year 2015	Year 2014	Notes	NET EQUITY & LIABILITIES	Year 2015	Year 2014
<b>NON-CURRENT ASSETS</b>							
Intangible assets		11,136,226	11,186,454	Note 5	<b>NET EQUITY</b>		5,183,275
Goodwill		2,200,346	2,200,346		<b>STOCKHOLDERS' EQUITY</b>		7,460,887
Property, plant and equipment		2,200,346	2,200,346	Note 6	Capital		14,310,555
Land and buildings		482,620	538,618		Registered capital		14,310,555
Technical installations and other items		111,067	102,393		Reserves		1,451,985
Real state investments		371,553	436,225	Note 7	Legal and statutory reserves		146,528
Buildings		370,993	358,364		Other reserves		1,005,457
Non-current investments in group companies and associates		370,993	358,364		Prior period's losses		(6,921,660)
Equity instruments		4,694,703	4,694,703	Note 8	Prior period's losses		(6,921,660)
Loans to companies		4,251,213	4,251,213		<b>PROFIT/(LOSS) for the Year</b>		(1,079,893)
Other financial assets		443,490	443,490		<b>VALUATION ADJUSTMENTS</b>		(2,277,612)
Non-current investments		1,767,286	1,767,174		Foreign Exchange Fluctuation Reserve		(2,277,612)
Other financial assets		1,767,286	1,767,174				
Deferred tax assets		1,620,279	1,607,249	Note 15			
					<b>NON-CURRENT LIABILITIES</b>		19,973
<b>CURRENT ASSETS</b>		22,709,252	22,584,365		Non Current provisions		19,973
Inventories		492,578	348,161	Note 11	Non-current payables		-
Raw materials and other supplies		107,875	141,711		Debt with financial institutions		-
Advances to suppliers		384,703	206,450				
Trade and other receivables		15,616,571	14,776,747	Note 9	<b>CURRENT LIABILITIES</b>		28,547,571
Trade receivables		13,362,409	12,842,935		Current provisions		31,205
Trade receivables from group companies and associates		355,497	406,038		Current payables		76,968
Other receivables		408,376	378,912		Debt with financial institutions		3,891
Personnel		13,409	10,081		Other financial liabilities		73,077
Current tax assets		713,222	238,458	Note 15	Group companies and associates, current		23,633,635
Other receivables from Public Entities		763,668	900,323	Note 15	Trade and other payables		4,801,622
Current investments in group companies and associates		4,084,082	5,227,790	Note 19	Suppliers		4,484,459
Other financial assets		4,084,082	5,227,790		Suppliers, group companies and associates		41,318
Current investments		1,550,987	1,307,027	Note 9	Other payables		
Other financial assets		874,151	796,459		Personnel(salaries payable)		66,819
Prepayments for current assets		90,882	128,181		Public entities, other		170,096
Cash and cash equivalents		90,882	128,181		Advances from customers		36,930
Cash					Current accruals		4,141
		33,845,479	33,750,819		<b>TOTAL EQUITY AND LIABILITIES</b>		35,922,035

Notes 1 to 22 of the attached Report form an integral part of the balance sheet as at 31 December 2015

ELSAMEX INTERNACIONAL, S.L.U.

**INCOME STATEMENT FOR THE PERIOD ENDED DECEMBER 31<sup>ST</sup> 2015**

(Euros)

	Notes	Year 2015	Year 2014
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>	<b>Note 17 a)</b>		<b>7.596.454</b>
Sales			147.128
Services rendered			7.449.326
<b>Supplies</b>	<b>Note 17 b)</b>		<b>(5.004.862)</b>
Raw material and other consumables used			(1.539.665)
Subcontracted works			(3.465.197)
<b>Other operating income</b>			<b>5.357</b>
Non-trading and other operating income			5.357
<b>Personnel expenses</b>	<b>Note 17 c)</b>		<b>(1.103.263)</b>
Salaries and wages			(922.881)
Employee benefits expense			(180.382)
Provision variance			-
<b>Other operating expenses</b>	<b>Note 17 e)</b>		<b>(1.257.859)</b>
External services			(1.236.335)
Taxes			(6.723)
Losses, impairment and changes in trade provisions			-
Other operating expenses			(14.801)
<b>Amortisation and depreciation</b>	<b>Note 5,6 y 7</b>		<b>(114.731)</b>
<b>Impairment and gains/(losses) on disposal of fixed assets</b>			<b>-</b>
Gain/(losses) on disposal and others			-
<b>Other profit/(loss)</b>			<b>(2.728)</b>
<b>PROFIT/(LOSS) FROM OPERATIONS</b>			<b>118.368</b>
<b>Finance income</b>			<b>108.215</b>
Marketable securities and other financial instruments			108.215
- Group companies and associates	<b>Note 19</b>		108.088
- Other			127
<b>Finance expenses</b>			<b>(1.173.123)</b>
Group companies and associates	<b>Note 19</b>		(1.166.487)
Other			(6.636)
<b>Exchange gains/(losses)</b>			<b>(4.404)</b>
<b>NET FINANCE INCOME/(EXPENSE)</b>			<b>(1.069.312)</b>
<b>PROFIT/(LOSS) BEFORE INCOME TAX</b>			<b>(950.944)</b>
Income tax expenses	<b>Note 15</b>		(129.049)
<b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>			<b>(1.079.993)</b>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>			<b>(1.079.993)</b>

Notes 1 to 22 of the attached Report form an integral part of the profit and loss account as at 31 December 2015

ELSAMEX INTERNACIONAL, S.L.U.

**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED DECEMBER 31<sup>ST</sup>, 2015**  
**A) STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE PERIOD ENDED DECEMBER 31<sup>ST</sup>, 2015**  
 (Euros)

	Notes	Year 2015	Year 2014
<b>PROFIT AND LOSS FOR THE PERIOD (I)</b>			
Income and expenses recognised directly in equity	Note 12.4		(1.079.993)
Foreign exchange fluctuations			(1.608.520)
<b>TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (II)</b>			(1.608.520)
<b>TOTAL TRANSFERS TO THE PROFIT AND LOSS ACCOUNT (III)</b>			-
<b>TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)</b>			<b>(2.688.513)</b>

Notes 1 to 22 of the attached Report form an integral part of the assigned income and expenditure in relation to accounting period 2015

ELSAMEX INTERNACIONAL, S.L.U.

STATEMENT OF CHANGE IN THE NET WORTH OF THE YEAR ENDED DECEMBER 31<sup>ST</sup>, 2015

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
<b>CLOSING BALANCE FOR PERIOD 2012</b>		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		-	(320.229)	311.191	-	(311.191)	(320.229)
<b>CLOSING BALANCE FOR PERIOD 2013</b>		14.310.555	844.731	(6.407.564)	(202.906)	(669.092)	7.875.724
Total recognise income and expense		-	-	-	(1.079.993)	-	(1.079.993)
Prior period's profit/(loss) distribution		-	-	(202.906)	202.906	-	-
Other changes in net equity		-	307.254	(311.190)	-	-	(3.936)
<b>CLOSING BALANCE FOR PERIOD 2014</b>		14.310.555	1.151.985	(6.921.660)	(1.079.993)	(669.092)	6.791.795

Notes 1 to 22 of the attached Report form an integral part of the statement changes in total net worth relating to period 2015



ELSAMEX INTERNACIONAL, S.L.U

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31<sup>ST</sup>, 2015

(Euros)

	Notes	Year 2015	Year 2014
<b>CASH FLOW FOR OPERATING ACTIVITIES (I)</b>			1.265.111
Profit/(loss) for the period before tax		(950.944)	1.184.043
Adjustments for:			1.184.043
- Amortisation and depreciation (+)	Notas 5,6 y 7		114.731
- Valuation allowances for impairment losses (+/-)		-	-
- Proceeds from disposals of fixed assets (+/-)		-	-
- Finance income (-)		(108.215)	(108.215)
- Finance expenses (+)		1.173.123	1.173.123
- Exchange gains/(losses) (+/-)		4.404	4.404
<b>Changes in operating assets and liabilities</b>			2.152.793
- Inventories (+/-)			92.347
- Trade and other receivables (+/-)			1.714.894
- Other current assets (+/-)			(202.259)
- Trade and other payables (+/-)			639.774
- Other current liabilities (+/-)			(62.598)
- Other non-current assets and liabilities (+/-)			(29.363)
<b>Other cash flows from operating activities</b>			(1.120.781)
- Interest paid (-)			(1.173.123)
- Interest received (+)			108.215
- Income tax received (paid) (+/-)			(55.873)
<b>CASH FLOW FOR INVESTING ACTIVITIES (II)</b>			1.759.757
Payments for Investments (-)			(8.253)
- Group companies and associates			-
- Property, plant and equipment			(87.811)
- Other financial assets			79.557
Proceeds from sale of investments (+)			1.768.010
- Group companies and associates	Nota 8		1.766.185
- Intangible assets			-
- Property, plant and equipment			1.825
<b>CASH FLOW FOR FINANCING ACTIVITIES (III)</b>			(1.439.925)
Proceeds and payments for financial liability instruments			(1.439.925)
- Group companies and associates			(1.153.673)
- Debt with financial institutions			(286.252)
- Other debts			-
<b>EFFECT OF EXCHANGE RATE FLUCTUATIONS (IV)</b>			-
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)</b>			1.584.943
Cash and cash equivalents at beginning of period			151.758
Cash and cash equivalents at end of the period			128.181

Notes 1 to 22 of the attached Report form an integral part of the statement changes in total net worth relating to period 2015

## **Elsamex Internacional S.L.U.**

Notes for the  
year ending  
31 December 2015

### **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 22 June 2011, the Company was declared as a sole shareholdership, and it was renamed as Elsamex Internacional S.L.U. The sole shareholder 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 develops its activities in Spain and in different regions of South America through its branches in Ecuador, Colombia and the Dominican Republic.

The Company is part of Elsamex Group, whose parent company is Elsamex, S.A., with corporate address in San Severo, 18, Madrid; this is the company that prepares the consolidated financial statements. The consolidated financial statements of Elsamex Group for period 2015 have been prepared by the Directors in the meeting of the Board of Directors held on 16 March 2016. The consolidated financial statements for period 2014 were approved at the General Shareholders' Meeting of Elsamex, S.A., held on 30 June 2015, and they were deposited in the Business 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***

These 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.

### ***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 preparing the attached abridged financial statements estimates were made by the Company's Directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. 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 4.11).
- The calculations for works certified in advance and works pending certification.

Although these estimates were made on the basis of the best information available at 2015 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 in recurring losses during the last financial years, which have meant a significant reduction in shareholders' equity, and there is a negative working capital. 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 any doubts about the capacity of the Company to continue as going concern. These reasons are the financial support of the Sole Shareholder, having formalised during financial year 2015 a participating loan amounting to EUR 7.5 Mn to rebalance the asset position, 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 2016 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; an increase in the sales of the subsidiaries of the Company; clients search outside the Group; works management in all types of market; it includes obtaining a positive EBITDA from 2017, 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 2014 is presented alongside the information for financial year 2015 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 2015 no changes in accounting principles have arisen with regards to the principles applied in the accounting period 2014.

### ***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 2014.

### ***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 11). 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.

	Euros
<b>Distribution basis:</b>	
Profit and loss (Loss)	(2,790,169)
	<b>(2,790,169)</b>
<b>Distribution:</b>	
To negative results from previous periods	(2,790,169)
	<b>(2,790,169)</b>

The Company shall have a restricted reserve equal to 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, 5% of said goodwill. If there was no profit, or this was insufficient, unrestricted reserves will be used.

### **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. The book value of said units will be compared with their recoverable amount, which is the highest of either the net fair value of cost to sell or the use value. When appropriate, value adjustments for impairment will be recognized.

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 for the next 10 years 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. The possible capital gains that could result from the disposition of some of the shares in subsidiaries of the Company through assessments made by third parties have also been considered. The main hypotheses for the assessment of the impairment test of the Goodwill are:

- Annual increases of 5% in Elsamex Portugal's sales with a progressive annual increase of the gross margin up to 25%.
- An annual increase of 5% of Inteval, maintaining the gross margin at 12%.
- Annual increases of 10% in the sales of the Mexican Companies during the next financial years and of 5% in the following ones, with a progressive annual increase of the gross margin up to 23%.

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:

	2017	2018	2019	2020	2021-2026
Discount Rate	3.5%	3.5%	3.5%	3.5%	3.5%

During 2015 there have not been any value adjustments for impairment.

Any value adjustments for impairment acknowledged as goodwill may 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, as well as the branches included in the balance sheet, 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	10-25
Machinery	12
Computer equipment	25
Transport items	12

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 debts 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. However, the functional currency of the company's branches is the functional currency of the countries where the Company operates through its branches (Dominican Peso mainly). 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 on profits) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

The current tax expense is the amount payable by the Company as a result of tax on profits 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 either the Company or its branches participate.

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 31 December 2015 and 2014 are:

Concepts	Euros	
	2015	2014
Total Assets	170,665	275,999
Non-current assets	-	-
Current assets	170,665	275,999
Net amount turnover	-	86,796

Name of Joint Venture:	Percentage participation	Euros
		Sales
Romana Sucursal Dominicana	100%	-
Conservación Grupo Sur	100%	-
Consorcio Josel Sadis	34%	-
Consorcio. Carreteras del Sur	60%	-
Consorcio Internariño	50%	-
		-

#### 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 directors and executive 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 and its branches carry out all their operations with entities linked to market values. In addition, transfer prices set in operations 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.

## 5. Intangible assets

The movements occurring under this heading of the balance sheet during accounting periods 2015 and 2014 are the following:

Financial Year 2015

	31/12/2014	Conversion differences	31/12/2015
Cost:			
Goodwill	2,200,346	-	2,200,346
Computer software	3,222	365	3,587
	2,203,567	365	2,203,932
Accumulated Amortization:			
Computer software	(3,222)	(365)	(3,587)
	(3,222)	(365)	(3,587)
<b>Net value</b>	<b>2,200,346</b>	<b>-</b>	<b>2,200,346</b>

Financial Year 2014

	31/12/2013	Conversion differences	31/12/2014
Cost:			
Goodwill	2,200,346	-	2,200,346
Computer software	2,838	384	3,222
	2,203,184	384	2,203,567
Accumulated Amortization:			
Computer software	(2,838)	(384)	(3,222)
	(2,838)	(384)	(3,222)
<b>Net value</b>	<b>2,200,346</b>	<b>-</b>	<b>2,200,346</b>

The impairment test performed on the Goodwill upon closing of the financial year has been explained further in Note 4.1.

As of 31 December 2015 the Company had the following investments in intangible fixed assets located abroad:

Description	Country	Euros		
		Book Value (gross)	Accumulated depreciation	Net value
Computer software	Ecuador	3,587	(3,587)	-

Upon closing of financial years 2015 and 2014 the Group held elements of intangible fixed assets fully amortised for a value of EUR 3,587 and EUR 3,222, respectively.

## 6. Property, plant and equipment

The movements occurring under this heading of the balance sheet during periods 2015 and 2014, as well as the most significant information affecting this section are as follows:

Financial Year 2015

	Euros					
	Balance at 31/12/2014	Increases (Allocations)	Transfers	Conversion Differences Adjustments	Write-offs	Balance at 31/12/2015
<b>Gross value:</b>						
Land and buildings	102,393	-	-	8,675	-	111,067
Technical installations and machinery	2,603,403	-	-	92,948	(213,602)	2,482,749
Other installations, tools and furniture	31,914	-	-	(2,675)	-	29,240
Equipment for information processing	103,287	293	-	621	-	104,201
Vehicles	688,312	-	-	46,030	-	734,342
	3,529,309	293	-	145,598	(213,602)	3,461,598
<b>Accumulated Amortization:</b>						
Technical installations and machinery	(2,296,397)	(58,995)	(5,947)	(50,620)	196,871	(2,215,089)
Other installations, tools and furniture	(26,572)	(1,836)	5,947	2,137	-	(20,323)
Equipment for information processing	(79,941)	(4,206)	-	(229)	-	(84,377)
Vehicles	(587,781)	(34,010)	-	(37,398)	-	(659,189)
	(2,990,691)	(99,047)	-	(86,111)	196,871	(2,978,989)
<b>Property, plant and equipment</b>	<b>538,618</b>	<b>(98,754)</b>	<b>-</b>	<b>59,488</b>	<b>(16,731)</b>	<b>482,620</b>

Reductions in financial year 2015 correspond to the disposition of machinery to third parties. The positive net result amounts to EUR 2,821 registered in section "Other results" in the attached profit and loss account.

Financial Year 2014

	Euros					
	Balance at 31/12/2013	Increases (Allocations)	Transfers	Conversion Differences Adjustments	Write-offs	Balance at 31/12/2014
<b>Gross value:</b>						
Land and buildings	93,882	-	-	8,511	-	102,393
Technical installations and machinery	2,506,776	764	-	96,489	(626)	2,603,403
Other installations, tools and furniture	30,545	1,898	-	(529)	-	31,914
Equipment for information processing	98,653	1,106	-	4,008	(480)	103,287
Vehicles	636,133	2,598	-	50,300	(719)	688,312
	3,365,989	6,366	-	158,779	(1,825)	3,529,309
<b>Accumulated Amortization:</b>						
Technical installations and machinery	(2,182,375)	(70,440)	(6,434)	(37,148)	-	(2,296,397)
Other installations, tools and furniture	(31,996)	(2,401)	6,197	1,628	-	(26,572)
Equipment for information processing	(41,617)	(5,411)	-	(32,913)	-	(79,941)
Vehicles	(530,781)	(16,926)	237	(40,311)	-	(587,781)
	(2,786,769)	(95,178)	-	(108,744)	-	(2,990,691)
<b>Property, plant and equipment</b>	<b>579,220</b>	<b>(88,812)</b>	<b>-</b>	<b>50,035</b>	<b>(1,825)</b>	<b>538,618</b>

As of 31 December 2015 the Company had the following investments in tangible fixed assets located abroad:

Description	Country	Euros		
		Book Value (gross)	Accumulated depreciation	Net value
Land and buildings	Dominican R.	552,831	(70,771)	482,060
Technical installations and machinery and vehicles	Dominican R.	1,711,633	(1,392,355)	319,278
Other installations, tools, furniture and others	Dominican R.	70,749	(56,327)	14,422
Technical installations and machinery and vehicles	Ecuador	87,048	(65,632)	21,416
Other installations, tools, furniture and others	Ecuador	12,987	(9,078)	3,908
Technical installations and machinery and vehicles	Colombia	101,933	(99,815)	2,118
Other installations, tools, furniture and others	Colombia	44,665	(35,810)	8,855
<b>Total</b>		<b>2,581,845</b>	<b>(1,729,788)</b>	<b>852,057</b>

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 2015 and 2014 is the appropriate.

At the close of periods 2015 and 2014 the Company had fully amortized property, plant and equipment elements still in use to the value of 1,470,984 Euros and 1,312,995 Euros, respectively.

## 7. Real Estate Investment

The movements occurring in this heading of the attached balance sheet during periods 2015 and 2014 are the following:

### Financial Year 2015

	Euros			
	31/12/2014	Dif. Exchange and adjustments	Increases (Allocations)	31/12/2015
<b>Gross value:</b>				
Real Estate Investment	407,261	34,503	-	441,764
	407,261	34,503	-	441,764
<b>Accumulated ortization:</b>				
Land and buildings	(48,897)	(4,142)	(17,731)	(70,771)
	(48,897)	(4,142)	(17,731)	(70,771)
<b>Real Estate Investment</b>	<b>358,364</b>	<b>30,360</b>	<b>(17,731)</b>	<b>370,993</b>

### Financial Year 2014

	Euros			
	31/12/2013	Dif. Exchange and adjustments	Increases (Allocations)	31/12/2014
<b>Gross value:</b>				
Real Estate Investment	373,411	33,850	-	407,261
	373,411	33,850	-	407,261
<b>Accumulated Amortization:</b>				
Land and buildings	(26,904)	(2,440)	(19,553)	(48,897)
	(26,904)	(2,440)	(19,553)	(48,897)
<b>Real Estate Investment</b>	<b>346,507</b>	<b>31,410</b>	<b>(19,553)</b>	<b>358,364</b>



The real estate investments are mainly related to two apartments acquired in lieu of payment and located in Playa Bávaro (Dominican Republic). These assets are kept in the balance sheet in order to obtain profits in their sale, even though they are occasionally used by the staff of the Company.

## 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 2015 and 2014 is shown below in EUR:

Financial Year 2015

Investee	Address	Activity	% Participatio n	Euros			
				Amount	Equity		
					Corporate Capital	Reserves	Result
Inteval 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	2,453,197	1,048,976
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	57,810	60,306
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	217,560	(76,344)
Elsamex Portugal Engenharia 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	1,076,088	78,668
Yala Construction CO. Private Ltd.	C/A254 nº6 block Mahipalpur New Delhi (India) 1100.37	Construction	96.00 <sup>(1)</sup>	926,635	967,084	876,053	(88,336)
Elsamex India Private Ltd	C/A254 nº6 block Mahipalpur New Delhi (India) 1100.37	Construction	99.15 <sup>(1)</sup>	336,480	337,227	1,389,851	(49,821)
Consortio 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	2,515,686	(65,156)
Vias y Construcciones, S.R.L.	Avenida 27 de febrero nº272, Edificio J.P., La Julia, Santo Domingo DN, Dominican Republic	Construction	50.00	-	-	65,657	(22,424)
				<b>4,280,424</b>			

(1) Even though as of 31 December 2015 the shareholdership of these Indian companies was held by Elsamex S.A. according to the audited annual accounts, according to the purchase deed, the shareholdership was assigned to Elsamex Internacional S.L.U. This assignment is currently being legalised by the Company.

(2) Financial Year 2014

Investee	Address	Activity	% Participatio n	Euros			
				Amount	Equity		
					Corporate Capital	Reserves	Result
Inteval 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	1,450,759	1,002,438
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	25,916	31,894
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	279,385	(61,825)
Elsamex Portugal Engenharia 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	964,448	113,149
Yala Construction CO. Private Ltd.	C/A254 nº6 block Mahipalpur New Delhi (India) 1100.37	Construction	96.00 <sup>(1)</sup>	926,635	967,084	695,899	180,154
Elsamex India Private Ltd	C/A254 nº6 block Mahipalpur New Delhi (India) 1100.37	Construction	99.15 <sup>(1)</sup>	336,480	337,227	1,296,733	93,118
Consortio 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	874,113	1,641,573
Vías y Construcciones, S.R.L.	Avenida 27 de febrero nº272, Edificio J.P., La Julia, Santo Domingo DN, Dominican Republic	Construction	50.00	-	-	84,319	(18,661)
				<b>4,280,424</b>			

(1) Even though as of 31 December 2014 the shareholdership of these Indian companies was held by Elsamex S.A. according to the audited annual accounts, according to the purchase deed, the shareholdership was assigned to Elsamex Internacional S.L.U.

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 2014 and 2015 year-end, this is totally written-off.

The detail of the Provision for written-off investments of Group companies at 31 December 2015 and 2014 is the following:

Investee	Euros	
	31/12/2015	31/12/2014
Elsamex India Private Ltd	9,554	9,554
ESM Mantenimiento Integral de S.A. de CV	19,657	19,657
	<b>29,211</b>	<b>29,211</b>

#### 9. Long and short-term financial assets

The breakdown of the Company's financial assets is the following at the close of the periods 2015 and 2014:

	Euros	
	2015	2014
Group companies credits (Note 19)	443,490	443,490
Other financial assets with third parties	1,767,286	1,767,174
<b>Total Long-term financial assets</b>	<b>2,210,776</b>	<b>2,210,664</b>
<b>Customers for sales and provisions of services:</b>		
Customers	13,362,409	12,842,935
Delinquent Customers	845,403	845,403
Impairment of value of credits for commercial operations	(845,403)	(845,403)
	<b>13,362,409</b>	<b>12,842,935</b>
<b>Other financial assets in group companies (Note 19):</b>	<b>3,573,109</b>	<b>5,227,790</b>
<b>Clients, group companies and associate companies (Note 18)</b>	<b>355,497</b>	<b>406,038</b>
<b>Other debtors</b>	<b>408,376</b>	<b>378,912</b>
<b>Other financial assets with third parties</b>	<b>1,550,987</b>	<b>1,307,027</b>
<b>Total Short-term financial assets</b>	<b>19,250,378</b>	<b>20,162,702</b>

## **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**

The movements in this heading of the attached balance sheet during periods 2015 and 2014 are the following:

Financial Year 2015

	Euros			
	31/12/2014	Additions	Withdrawals	31/12/2015
Raw materials and other provisions	141,711	918,532	(952,368)	107,875
Advances to suppliers	206,450	178,253	-	384,703
<b>Total</b>	<b>348,161</b>	<b>1,096,785</b>	<b>(952,368)</b>	<b>492,578</b>

The stock located outside of Spain as of closing of financial years 2015 and 2014 is:

Country	Euros	
	31/12/2015	31/12/2014
Dominican R.	85,024	99,896
Colombia	14,751	18,355
<b>Total</b>	<b>99,775</b>	<b>118,251</b>

## **12 Shareholders' Equity**

### **12.1 Share capital**

At the close of period 2015 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%
	<b>100%</b>

### **12.2 Legal reserve**

In accordance with the Corporations Act, an amount equal to 10% of the period's profit must be allocated to the legal reserve until this 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 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 2014 and 2015, against unrestricted reserves.

### **12.4 Conversion differences**

The movements in this heading of the attached balance sheet during periods 2015 and 2014 are the following:

Financial Year 2015

	Euros			
	31/12/2014	Additions	Transfers	31/12/2015
Conversion differences	(2,277,612)	539,976	615,745	(1,121,891)
<b>Conversion differences</b>	<b>(2,277,612)</b>	<b>539,976</b>	<b>615,745</b>	<b>(1,121,891)</b>

## Financial Year 2014

	Euros			
	31/12/2013	Additions	Transfers	31/12/2014
Conversion differences	(669,092)	562,696	(2,171,216)	(2,277,612)
<b>Conversion differences</b>	<b>(669,092)</b>	<b>562,696</b>	<b>(2,171,216)</b>	<b>(2,277,612)</b>

The conversion differences for periods 2015 and 2014 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 due to exchange rate variations in said countries.

### 12.5 Equity Situation

Pursuant to article 363 of the Corporate Enterprises Act, a corporate enterprise shall be dissolved due to losses that reduce its equity to an amount lower than one half of the share capital, except where the capital is increased or decreased as required and application for insolvency protection is not warranted.

In accordance with article 36 of the Spanish Code of Commerce, for the purposes of distribution of profit, for mandatory reduction of the share capital and mandatory dissolution due to losses, the net assets shall be considered the amount classified as such to the criteria to prepare the annual accounts, increased by the amount of the share capital underwritten but not called, as well as the amount of the face value and issue premiums, or share capital undertakings underwritten, which is registered on the books as a liability. Also for said purposes, adjustments for changes in value resulting from hedging instruments of cash flow hedges pending to be attributed to the profit and loss statement shall not be considered as net assets.

Moreover, in compliance with Law 16/2007 dated 4 July, participating loans are considered assets for the purposes of reducing and liquidating Companies. In this regard, on 17 December 2015 the Company signed a participating loan contract with its Sole Shareholder (Elsamex, S.A.) amounting to EUR 7,500,000, registered in section "Long-term debts with Group companies and associates" of the balance sheet attached, with the following terms and conditions:

- 1) Amortisation subject to a future profit obtained according to the Company's business plan.
- 2) Interest in two parts:
  - 2.1 A fixed annual rate of Euribor + 1.75% of the amount drawn.
  - 2.2 A variable rate of 2% subject to an increase based on the positive results obtained before tax.

In consequence, upon closing of financial year 2015 the Company is in process of dissolution in compliance with Article 36 of the Corporation Law. Moreover, Note 2.4 includes all key aspects with regards to the future business plan expected to be continued by the Management of the Company in the following financial year, which are financially supported by the Sole Shareholder.

### 13. Provisions

The changes in the provisions in the balance sheet during this financial year are as follows:

#### *Long-term provisions*

Year 2015

	Euros		
	31/12/2014	Additions	31/12/2015
Variable remuneration	19,973	7,101	27,074
	<b>19,973</b>	<b>7,101</b>	<b>27,074</b>

Year 2014

	Euros		
	31/12/2013	Additions	31/12/2014
Variable remuneration	9,309	10,664	19,973
	<b>9,309</b>	<b>10,664</b>	<b>19,973</b>

#### *Short-term provisions*

Year 2015

	Euros				
	31/12/2014	Additions	Adjustments	Write-offs	31/12/2015
Variable remuneration	31,206	-	-	(28,929)	2,277
	<b>31,206</b>	-	-	<b>(28,929)</b>	<b>2,277</b>

Year 2014

	Euros				
	31/12/2013	Additions	Adjustments	Write-offs	31/12/2014
Variable remuneration	97,836	12,157	(24,500)	(54,287)	31,206
	<b>97,836</b>	<b>12,157</b>	<b>(24,500)</b>	<b>(54,287)</b>	<b>31,206</b>

#### 14. Financial liabilities

The Company's financial liabilities are itemized as follows at close of years 2015 and 2014:

##### Debit and items payable

	Euros	
	2015	2014
<b>Non-current financial liabilities:</b>		
Long-term debts with Group companies and associates (see Note 12.5)	7,500,000	-
<b>Total long-term financial liabilities</b>	<b>7,500,000</b>	<b>-</b>
<b>Current financial liabilities:</b>		
<b>Short-term debts-</b>		
Debts with credit institutions	18,688	3,891
Other financial liabilities	36,326	73,077
	<b>55,014</b>	<b>76,968</b>
<b>Debts with group companies (Note 18):</b>	<b>17,622,683</b>	<b>23,633,635</b>
<b>Trade creditors and other accounts payable-</b>		
Suppliers	4,152,993	4,484,459
Personnel	60,992	68,819
Advances Clients	214,493	36,930
	<b>4,428,478</b>	<b>4,590,208</b>
<b>Total short-term financial liabilities</b>	<b>22,106,175</b>	<b>28,300,811</b>

##### Debts with credit institutions

The detail on debts with credit institutions and their expirations upon closing of financial years 2015 and 2014 is as follows:

##### Financial Year 2015

Company	Bank liabilities	Original currency	Euros		
			Expiration		
			2016	2017	2018
AMEX card (Spain)	Conciliation in current account	Euros	17,443	-	-
Bank BHD (Dominican Republic)	Conciliation in current account	Dominican Pesos	1,245	-	-
			18,688	-	-



Financial Year 2014

Company	Bank liabilities	Original currency	Euros		
			Expiration		
			2015	2016	2017
La Caixa (Spain)	Conciliation in current account	Euros	2,744	-	-
Bank BHD (Dominican Republic)	Conciliation in current account	Dominican Pesos	1,147	-	-
			3,891	-	-

#### 15. Public Administrations and fiscal situation

The composition of this section of the attached balance sheet at 31 December 2015 and 2014 is as follows:

	Euros			
	2015		2014	
	Balances Debtors	Balances Creditors	Balances Debtors	Balances Creditors
Deferred tax assets	1,620,279	-	1,607,249	-
Liabilities due to deferred tax	-	-	-	-
<b>Long-term balances with Public Administrations</b>	<b>1,620,279</b>	<b>-</b>	<b>1,607,249</b>	<b>-</b>
Public Treasury, debtor for VAT, IGIC, IPSI	763,658	-	763,316	-
Public Treasury, debtor for Corporate Tax	614,849	-	238,458	-
Public Treasury, debtor for other concepts	98,373	-	3,693	-
Public Treasury, creditor for VAT, IGIC	-	74,612	-	97,199
Public Treasury, withholdings Income Tax (IRPF)	-	24,550	133,314	43,682
Tax payable, Corporate Tax	-	6,326	-	10,737
Social Security institutions payable	-	11,645	-	18,478
<b>Short-term balances with Public Administrations</b>	<b>1,476,880</b>	<b>117,133</b>	<b>1,138,781</b>	<b>170,096</b>

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 2015 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 2015

	Euros	
	Share Payable	Revenue/(Expense)
Results before tax	(3,572,309)	1,000,247
Temporary differences:		
Amortization limit	159,339	-
Permanent differences:		
Adjustment due to permanent establishments abroad	626,388	(175,389)
Adjustments to base	163,645	(90,436)
<b>Taxable base (Tax result)</b>	<b>(2,622,937)</b>	<b>734,422</b>
Gross tax accrued (28% of the taxable base)	-	734,422
Last year's corporation tax adjustment and taxes for branches	-	47,719
Withholdings	2	-
<b>Corporate tax receivables of Consolidated Group</b>	<b>2</b>	<b>-</b>
<b>(Expense) Income due to Corporate Tax</b>	<b>-</b>	<b>782,141</b>

Financial Year 2014

	Euros	
	Share Payable	Revenue/(Expense)
Results before tax	(950,944)	285,283
Temporary differences:		
Amortization limit	139,702	-
Permanent differences:		
Adjustment due to permanent establishments abroad	863,553	(259,065)
Exemption	(21,000)	-
Adjustments to base	3,276	5,316
<b>Taxable base (Tax result)</b>	<b>34,587</b>	<b>31,534</b>
Gross tax accrued (30% of the taxable base)		31,534
Last year's corporation tax adjustment and taxes for branches		(144,213)
Deductions		(16,370)
<b>Corporate tax receivables of Consolidated Group</b>	<b>10,376</b>	
<b>(Expense) or Income due to Corporate Tax</b>		<b>(129,049)</b>

Temporary differences originated in financial year 2015 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. Royal Decree 4/2004, of 5 March, regarding Corporate Tax.

#### **Deferred tax assets**

The detail of the balance of Assets for deferred tax on profits upon closing of financial years 2015 and 2014 is as follows:

	Euros	
	Balance at 31/12/2015	Balance at 31/12/2014
Temporary differences in accounting amortisation	92,298	79,267
Tax credits due to negative tax bases	1,527,981	1,527,982
<b>Total deferred tax assets</b>	<b>1,620,279</b>	<b>1,607,249</b>

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.

The movements have been as follows:

	Euros			
	Balance at 31/12/2014	Increase	Decrease	Balance at 31/12/2015
Assets for deferred tax on Profits	1,607,249	13,030	-	1,620,279

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

At the close of year 2015, the details of negative tax bases (capitalized or not capitalized) pending use is as follows:

	Amount (EUR)
Year 2007	4,614,826
Year 2008	24,196
Year 2009	78,857
Year 2011	2,167,467
	<b>6,885,346</b>

In compliance with the law in force, fiscal losses of a financial year may be offset, for tax purposes, against the profits of tax periods in future financial years for an indefinite period of time. 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 2011 to 2015 open to inspection for Corporate Tax and for the other taxes.

As of 31 December 2015 there are deductions pending application corresponding to deductions due to double taxation amounting to EUR 9,617.

At close of period 2015 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**

As of 31 December 2015 there are contingencies of the Company and the branches due to ongoing legal procedures with third parties amounting to a total of EUR 8.1 Mn. The Company is being advised by independent professionals who have stated that there are virtually no possibilities of the sentences being unfavourable for the Company, so the future outflow of funds would not be material.

As of 31 December 2015, 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 2015 and 2014, by business categories is as follows:

Division	Euros	
	2015	2014
Services and sales to third parties	1,999,189	4,068,751
Provision of services to Group companies (Note 19)	609,987	3,527,703
	<b>2,609,176</b>	<b>7,596,454</b>

The distribution of net turnover for periods 2015 and 2014 by geographical markets is as follows:

Geographical Markets	Euros	
	2015	2014
Spain	430,004	3,022,657
Rest of Europe	206,520	310,346
Dominican Republic	282,083	2,647,862
Colombia	545	110,935
Ecuador	465,091	487,381
Rest of world	1,224,933	1,017,273
<b>Total</b>	<b>2,609,176</b>	<b>7,596,454</b>

**b) Purchases**

The breakdown of this section of the profit and loss account for periods 2015 and 2014 is as follows:

	Euros	
	2015	2014
Purchase of other materials	1,054,726	1,539,665
Works carried out by other companies	945,775	3,465,197
<b>Total</b>	<b>2,000,501</b>	<b>5,004,862</b>

The breakdown of purchases in years 2015 and 2014 by geographical markets is as follows:

Geographical Markets	Euros	
	2015	2014
Spain	398,841	589,357
Rest of Europe	133,963	495,931
Dominican Republic	265,423	2,797,965
Colombia	2,682	31,102
Ecuador	187,295	234,025
Rest of world	1,012,297	856,482
<b>Total</b>	<b>2,000,501</b>	<b>5,004,862</b>

**c) Personnel expenditure**

The breakdown of the "Personnel expenditure" entry in the profit and loss account as of 31 December 2015 and 2014 is as follows:

	Euros	
	2015	2014
Wages, salaries and similar expenses	761,356	922,881
Employer social security costs	695,845	180,382
<b>Total</b>	<b>1,457,201</b>	<b>1,103,263</b>

The average number of persons employed during accounting periods 2015 and 2014, broken down into categories, is as follows:

Categories	2015	2014
Managers	2	2
Technical personnel and middle management	25	14
Administration personnel	7	7
Unqualified personnel	5	10
<b>Total</b>	<b>39</b>	<b>33</b>

Out of which, these are used by the foreign branches of the Company:

Categories	2015	2014
Technical personnel and middle management	21	6
Administration personnel	6	6
Unqualified personnel	5	10
<b>Total</b>	<b>32</b>	<b>22</b>

In accordance with the requirements of Art. 260.9 of the Capital Corporation Law, distribution by sex is shown for the end of the period for the Company's personnel, broken down by category for the closing of accounting periods 2015 and 2014:

Categories	2015		2014	
	Men	Women	Men	Women
Managers	2	-	2	-
Technical personnel and middle management	21	4	7	7
Administration personnel	3	4	2	5
Unqualified personnel	4	1	10	-
<b>Total</b>	<b>30</b>	<b>9</b>	<b>21</b>	<b>12</b>

Out of which, these are used by the foreign branches of the Company:

Categories	2015		2014	
	Men	Women	Men	Women
Technical personnel and middle management	20	1	4	2
Administration personnel	3	3	2	4
Unqualified personnel	4	1	10	-
<b>Total</b>	<b>27</b>	<b>5</b>	<b>16</b>	<b>6</b>

	Euros	
	2015	2014
Leases and royalties	65,885	59,200
Repairs and maintenance	55,233	22,458
Independent professional services	185,896	280,751
Transport	184,814	224,197
Insurance premiums	31,917	30,949
Bank services and other similar	18,786	13,002
Publicity, advertising and public relations	-	2,396
Supplies	2,780	6,518
Other services	915,949	596,864
Other taxes	6361	6,723
Other current management expenses	5,066	14,801

	1,472,687	1,257,859
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The detail for this section of the attached profit and loss account for accounting periods 2015 and 2014 is as follows:

During financial years 2015 and 2014, the fees for account auditing services and other services provided by the auditor of the Company have been as follows:

Description	Euros 2015	Euros 2014
Auditing Services	20,000	80,000
Other verification services	-	-
<b>Total auditing and related services</b>	20,000	80,000
Other services	350	8,000
<b>Total professional services</b>	<b>20,350</b>	<b>88,000</b>

#### **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 31 December 2015 and 2014 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 2015 and 2014 between the Company and Elsamex Group companies is as follows:

Financial Year 2015:

	Euros													
	Accounts receivable					Accounts payable			Income		Expenditure			
	Short-term credits to Group companies (Note 9)	Clients, group companies and associate companies (Note 9)	Other short-term financial assets in group companies (Note 9):	Suppliers, group companies and associate companies (Note 14)	Short-term debts with Group companies and associates (Note 14)	Services provided	Services received and staff expenses	Expenditure	Interests Group	Income				
VCS Enterprise Ltd	125,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Elsamex Road Technologies, Co. Ltd	318,490	-	-	-	-	-	-	-	-	-	-	-	-	-
Ciesm-Intevia S.A.	-	-	40,017	10,966	550,040	17,535	354,233	19,330	-	-	-	-	-	-
Intevial Gestao Integral Rodoviaria, S.A.	-	-	1,000	13,604	300,000	-	-	-	-	-	-	-	-	-
Grusamar Albania SHPK	-	80,503	105,921	-	-	191,420	-	-	-	-	-	-	-	-
Elsamex India Privated LTD	-	73,840	-	-	-	-	-	-	-	-	-	-	-	-
Elsamex Portugal Engenharia e Sistemas de Gestao	-	201,154	153,138	-	-	-	-	-	-	-	-	-	-	-
Yala Construccion CO. Private Ltd. (India)	-	-	-	-	-	81,520	-	-	-	-	-	-	-	-
ESM Mantenimiento Integral de S.A. de CV	-	-	-	-	115,275	38,485	-	-	-	-	-	-	-	-
Mantenimiento y Conservacion de Viales S.A. de CV	-	-	-	-	137,793	-	-	-	-	-	-	-	-	-
Control 7,S.A	-	-	-	4,514	14,395	-	1,246,450	392	-	-	-	-	-	-
Elsamex, S.A.	-	-	-	-	15,275,119	188,716	-	1,128,128	-	-	-	-	-	-
Elsamex Maintenance Services Limited	-	-	-	-	-	92,311	-	-	-	-	-	-	-	1,195
Señalización de viales e Imagen, S.A.U.	-	-	24,283	-	-	-	-	-	-	-	-	-	-	308
Atenea Seguridad y Medio Ambiente, SA,	-	-	6,174	-	-	-	-	-	-	-	-	-	-	-
Grusamar Ingeniería y Consulting, S.L.	-	-	-	-	299,567	-	-	-	-	-	-	-	-	-
Alcantarilla Fotovoltaica, S.L.U	-	-	-	-	-	-	-	-	-	-	-	-	-	71
Beasolaria, S.L.U	-	-	-	-	-	-	-	-	-	-	-	-	-	13
Area de Servicios Coiros, S.L.U	-	-	-	-	-	-	-	-	-	-	-	-	-	121
Area de Servicios Punta Umbría, S.L.U	-	-	-	-	-	-	-	-	-	-	-	-	-	82
Grusamar-Elsamex Ecuador	-	-	36,408	-	31,891	-	-	-	-	-	-	-	-	-
Ciesm-Intevia, S.A.U Dominican Republic branch	-	-	-	-	898,862	-	-	-	-	-	-	-	-	-
Vias y Construcciones, S.R.L	-	-	747,194	-	-	-	-	-	-	-	-	-	-	-
Consortio de Obras Civiles, S.R.L	-	-	2,458,974	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>443,490</b>	<b>355,497</b>	<b>3,573,109</b>	<b>29,084</b>	<b>17,622,683</b>	<b>609,987</b>	<b>1,600,683</b>	<b>1,147,850</b>	<b>1,790</b>	<b>1,790</b>	<b>1,600,683</b>	<b>1,147,850</b>	<b>1,790</b>	<b>1,790</b>



Financial Year 2014:

	Euros																
	Accounts receivable					Accounts payable					Income	Expenditure	Interest Group	Income			
	Short-term credits to Group companies (Note 9)	Clients, group companies and associate companies (Note 9)	Other short-term financial assets in group companies (Note 9):	Suppliers, group companies and associate companies (Note 14)	Short-term debts with Group companies and associates (Note 14)	Services provided	Services received	Expenditure									
2014																	
VCS Enterprise Ltd	125,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Elsamex Road Technologies, Co. Ltd	318,490	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ciesm-Intevia S.A.	-	-	-	13,144	126,228	-	-	-	-	-	31	142,759	119,674	-	-	-	-
Intevial Gestao Integral Rodoviaria, S.A.	-	-	40,017	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grusamar Albania SHPK	-	-	1,000	13,604	-	-	-	-	-	-	-	14,570	-	-	-	-	-
Elsamex India Privated LTD	-	61,089	105,921	-	-	-	-	-	-	-	125,224	-	-	-	-	-	-
Elsamex Portugal Engenharia e Sistemas de Gestao	-	143,795	-	-	-	-	-	-	-	-	154,189	-	-	-	-	-	-
Elsamex S.A.- Abu Dhabi branch	-	-	-	14,570	-	-	-	-	-	-	9,653	-	-	-	-	-	21,000
Elsamex Colombia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yala Construcion CO. Private Ltd. (India)	-	201,154	153,138	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ESM Mantenimiento Integral de S.A. de CV	-	-	-	-	-	-	-	-	-	-	106,584	-	-	-	-	-	-
Mantenimiento y Conservacion de Viales S.A. de CV	-	-	105	-	-	-	-	-	-	-	6,110	-	-	-	-	-	-
Control 7,S,A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Elsamex, S.A.	-	-	-	-	-	-	-	-	-	-	3,185,336	1,429,532	13,883	1,032,930	-	-	1,068
Señalización de viales e Imagen, S.A.U.	-	-	23,293	-	-	-	-	-	-	-	-	-	-	-	-	-	6,000
Atenea Seguridad y Medio Ambiente, SA,	-	-	6,000	-	-	-	-	-	-	-	-	-	-	-	-	-	80,020
Grusamar Ingenieria y Consulting, S.L.	-	-	107,005	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grusamar, S.L. - Colombia branch	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Elsamex S.A Honduras branch	-	-	126,042	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Elsamex S.A., Haiti branch	-	-	271,483	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Consorcio Elsamex- Grusamar Ecuador	-	-	6,886	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ciesm-Intevia, S.A.U Dominican Republic branch	-	-	1,442,292	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vias y Construcciones, S.R.L	-	-	678,569	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Consorcio de Obras Civiles, S.R.L	-	-	2,266,022	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Elsamex S.A.- Ecuador branch	-	-	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-

TOTAL	443,490	406,038	5,227,790	41,318	23,633,635	3,527,703	1,586,860	1,166,487	108,088
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The Company has included in its accounts throughout period 2015 the amount of 43,257 Euros for structure expenses allocated by the parent company.

### 19.2 Remuneration to the Board of Directors and Senior Management

During periods 2015 and 2014, 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 financial year 2015 a total amount of 27,911 Euro for direction and administration services (43,402 Euro in period 2014).

### 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 2015 and 2014 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			
	2015		2014	
	Amount	% (a)	Amount	% (a)
Within the maximum legal term (b)	560,307	30%	449,200	23.75%
Rest	1,283,350	70%	1,442,072	76.25%
<b>Total payments of the year</b>	<b>1,843,657</b>		<b>1,891,272</b>	
PMPE (days) of payments	109		108	
Postponements that at closing date exceed the maximum legal term	287,143		370,069	

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 2015 according to Law 3/2004 of 29 December, which establishes measures against delinquency in commercial operations, is 60 days.

## 21. Other information

Both the Company and its branches have the normal litigations inherent to their activities, both with clients (mainly International Public Organisations) and suppliers. The Legal Advisor claims they are difficult to estimate, although the Directors consider that, in case these litigations materialized, they would not affect the Financial Statements significantly, taken as a whole.

## 22. Currency other than Euro

The detail of balances and most significant transactions in foreign currency, valued at the exchange rate at close and average exchange rate, respectively, are the following for periods 2015 and 2014:

	Euros	
	2015	2014
<b>Balances:</b>		
Accounts receivable	17,283,005	16,354,217
Other assets	853,158	895,965
Accounts payable	12,387,945	11,400,854
Other liabilities	523,389	614,138
<b>Transactions:</b>		
Sales and provision of services	627,715	3,122,909
Purchases and services received	778,691	3,330,615

## 23. 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

year ending on

31 December 2015

## **Development of business and Company situation**

Sales figures for year 2015 are as follows:

\* With Joint Ventures and Subsidiaries ..... 2.61 million Euros

Sales by activity during the year: 59% in Sale of Products and Technology Transfer; 20% in Infrastructure Maintenance; and the remaining 21% in other services.

International expansion has continued; there is large potential in Paraguay, Colombia, Ecuador, Peru, Angola, Mozambique and the Balkans.

To summarize, the aforementioned suggests that the results of this year could be well improved in 2016.

## **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 2015.

## **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:

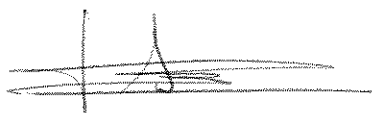
In order to guarantee liquidity and to be able to fulfil all the payment commitments resulting from its activity, the Company relies on the Treasury shown in its balance, as well as on short-term financial investments which are detailed in Note 9 of the attached Notes.

c) Market risk:

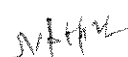
Both the Treasury and the financial debt of the Company are exposed to the interest rate risk, which could have an adverse effect on the financial results and on the cash flow. Therefore the Company follows the policy of investing in financial assets that are practically not exposed to interest rate 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**

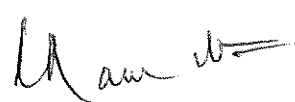
In compliance with the provisions established in the Corporations Act, the Board of Directors of Elsamex Internacional, S.L.U. prepared on March 16<sup>th</sup> 2016 the Financial Statements and Management Report for period 2015. These Financial Statements will be submitted for the approval of the Sole Shareholder.



\_\_\_\_\_  
Fernando Jaime Bardisa Jordá



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Mukund Sapre



\_\_\_\_\_  
Ramchand Karunakaran



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David Rivas López