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**Grusamar Ingeniería
Y Consulting, S.L.U.**
(Single-member Company)

Financial Statements for the year ended
December 31st 2017 along with the
Management Report, and the
Auditor's Report

**FINANCIAL STATEMENTS AUDIT REPORT ISSUED BY AN
INDEPENDENT AUDITOR**

To the Sole Shareholder of GRUSAMAR INGENIERÍA Y CONSULTING S.L. (Sole Shareholder Entity)

Opinion

We have audited the attached Financial Statements of the Company GRUSAMAR INGENIERÍA Y CONSULTING S.L.U. that include the balance sheet as of December 31, 2017, the profit and loss account, the statement of changes in equity, the statement of cash flow and the Notes to the Financials for the year then ended.

In our opinion, the attached Financial Statements express, in all material respects, a true and fair value of the Company's equity and financial position as of December 31, 2017, as well as its results and cash flows for the year then ended, in accordance with the regulatory framework for financial information that results from application (which is identified in Note 2.1 of the Notes) and, in particular, with the accounting principles and criteria contained therein.

Basis of opinion

We have carried out our audit in accordance with the Spanish standard audit regulations. Our responsibilities in accordance with these standards are described in the *Auditor's Responsibility regarding to the audit of the Financial Statements* caption of this report.

We are independent of the Company in accordance with the requirements of ethics, including those of independence, which are applicable to our audit of the Financial Statements in Spain as required by the regulations governing the activity of auditing. In this sense, we have not provided services other than those of the audit of financial statements nor have concurred situations or circumstances that, in accordance with the provisions of the aforementioned regulatory regulations, have affected the necessary independence so that it has been compromised.

We consider that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

Emphasis of matters

Grusamar Ingeniería y Consulting, S.L.U. is a subsidiary of the Group "Elsamex" and, depending on the cash-pooling policy of the Group, the Company provides and receives financial support from those group companies that require it in the extent and period as necessary. At December 31, 2017 the balance presented by the financial statements in respect of credit lines delivered and / or received in respect of this policy is classified in the balance sheet items denominated "Current Investments in Group companies or Associates" or "Current liabilities from Group or Associates companies "as appropriate.



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Key audit matters

The key audit matters are those that, according to our professional judgment, have been considered as the most significant material misstatement risks in our audit of the Financial Statements of the current period. These risks have been addressed in the context of our audit of the Financial Statements as a whole, and in the formation of our opinion on them, and we do not express a separate opinion on those risks. We have determined that there are no significant risks considered in the audit that should be reported.

Other information: Management report

The other information comprises exclusively the management report for the year 2017, whose formulation is the responsibility of the Company's Board of Directors and is not an integral part of the Financial Statements.

Our audit opinion on the Financial Statements does not cover the management report. Our responsibility for the management report, in accordance with what is required by the regulations governing the audit activity, consists of evaluating and reporting on the concordance of the management report with the financial statements, based on the knowledge of the entity obtained in carrying out the audit of the aforementioned financials and without including information other than that obtained as evidence during the same. Likewise, our responsibility is to evaluate and report if the content and presentation of the management report is in accordance with the regulations that result from application. If, according on the work we have done, we conclude that there are material inaccuracies, we are obliged to report it.

Based on the work carried out, as described in the previous paragraph, the information contained in the management report agrees with that in the Financial Statements for the year 2017 and its content and presentation are in accordance with the applicable regulations.

Responsibility of the Board of Directors in relation to the financial statements

The Board of Directors of the Company is responsible for preparing the accompanying Financial Statements, so as to give a true and fair value of the assets, financial position and results of the Company, in accordance with the regulatory framework of financial information applicable to the entity in Spain, and the internal control that they consider necessary to allow the preparation of the Financial Statements free of material misstatement, due to fraud or error.

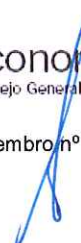
In the preparation of the Financial Statements, the Company's Board of Directors is responsible for assessing the Company's ability to continue as a going concern, revealing, as appropriate, the issues related to the company in operation and using the accounting principle of operating company except the Board of Directors intends to liquidate the company or cease its operations, or there is no other realistic alternative.



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Auditor's responsibility regarding to the audit of the Financial Statements

Our objectives are to obtain reasonable assurance that the Financial Statements taken as a whole are free of material misstatement, due to fraud or error, and to issue an audit report that contains our opinion. Reasonable assurance is a high degree of security, but does not guarantee that an audit carried out in accordance with current auditing regulations in Spain will always detect a material error when it exists. The misstatements may be due to fraud or error and are considered material if, individually or in an aggregate way, it can reasonably be expected to influence the economic decisions that users make based on the Financial Statements.

As part of an audit in accordance with the regulatory rules for auditing accounts in Spain, we apply our professional judgment and maintain an attitude of professional skepticism throughout the audit. As well:

- We identify and address the risks of material misstatement in the 2017 Financial Statements, due to fraud or error, design and apply audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since the fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.
- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate according to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We value if the accounting policies applied are adequate and the reasonableness of the accounting estimates and the corresponding information disclosed by the management.
- We conclude on whether the use, by the Board of Directors, of the accounting principle of the operating company is adequate and, based on the audit evidence obtained, we conclude on whether there is a material uncertainty related to events or conditions that may generate significant doubts about the Company's ability to continue as a going concern basis. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the corresponding information disclosed in the Financial Statements or, if such disclosures are not adequate, that we express an amended opinion. Our conclusions are based on the audit evidence obtained to date from our audit report. However, future events or conditions may cause the Company to cease on a going concern basis.
- We evaluate the overall presentation, structure and content of the 2017 Financial Statements, including the disclosed information, and whether the 2017 Financial Statements represent the underlying transactions and events in a way that manages to express the fair value.
- We obtain sufficient and adequate evidence in relation to the financial information of the entities or business activities within the Company to express an opinion about the Financial Statements. We are responsible for the direction, supervision and performance of the Company's audit. We are solely responsible for our audit opinion.

We communicate with the Company's Management regarding, among other matters, the scope and timing of the audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

Among the significant risks that have been reported to the Board of Directors of the entity, we determine those that have the greatest significance in the audit of the Financial Statements of the current period and that are, consequently, the risks considered most significant.

We describe these risks in our audit report unless legal or regulatory layouts banned publicly disclosing the issue.

April 27th 2018

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



Angel Caballero
Partner (R.O.A.C. N° 17601)



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GRUSAMAR INGENIERIA Y CONSULTING S.L.U.

BALANCE SHEETS AT DECEMBER 31ST, 2017 (Euros)

ASSETS		Notes of the Report	Year 2017	Year 2016	PASIVO		Notes of the Report	Year 2017	Year 2016
NON-CURRENT ASSETS					EQUITY				
Intangible fixed assets		Note 5	2,772,152	3,176,680	OWN FUNDS-		Note 11	4,481,898	4,512,459
Goodwill			680,008	765,009	Capital			4,706,556	4,560,514
Software			10,851	-	Subscribed capital			3,494,897	3,494,897
Research and Development			82,783	329,306	Reserves			1,656,681	1,510,638
Property, plant and equipment		Note 6	62,092	75,447	Legal and statutory			210,297	201,223
Technical installations and other items			62,092	75,447	Other reserves			1,446,384	1,309,415
Non-current investments in group companies and associates		Note 8.1	1,591,879	1,599,743	Prior period's losses			(445,021)	(445,021)
Equity instruments		Note 8.2 and 18	446,952	454,816	Profit/(loss) for the year			25,465	90,741
Loans to companies		Note 9.1	1,144,927	1,144,927	GRANTS, DONATIONS AND LEGACIES RECEIVED			(250,124)	(138,795)
Non-current investments			10,110	6,308	Foreign Exchange Fluctuation Reserve			(250,124)	(138,795)
Other financial assets			10,110	6,308	NON-CURRENT LIABILITY			1,741,173	1,752,943
Deferred tax asset		Note 14	334,429	400,866	Non-current payables	Note 13		11,992	23,748
					Finance lease payables	Note 7.1		11,992	23,748
					Group companies and associates, non-current	Note 13 y 18		1,729,181	1,729,181
CURRENT ASSETS			8,733,848	8,821,638				5,282,929	5,732,915
Inventories			9,009	9,647	CURRENT LIABILITIES			-	-
Advances to suppliers			9,009	9,647	Current provisions	Note 12		77,551	187,585
Trade and other receivables		Note 9.2	7,121,692	7,184,867	Current payables	Note 13		1,127	82,467
Trade receivables			2,588,496	3,806,169	Debt with financial institutions	Note 7.1		11,755	11,523
Trade receivables from group companies and associates		Note 9.2 y 18	4,401,448	3,123,340	Finance lease payables			64,668	93,595
Other receivables		Note 9.2	14,802	74,314	Other financial liabilities			3,061,688	1,365,669
Personnel		Note 9.2	33,148	36,529	Group companies and associates, current	Note 13 y 18		2,143,690	4,179,662
Current tax assets		Note 13	11,442	72,683	Suppliers			892,097	1,303,002
Other credits with Public Administration		Note 13	72,357	71,831	Suppliers, Group companies and associates			453,720	2,002,500
Current investments in group companies and associates		Note 9.2 y 18	750,260	789,477	Sundry creditors			-	-
Other financial assets			750,260	789,477	Personnel	Note 13		39,109	118,062
Current investments		Note 9.2	300,628	376,224	Public entities, other	Note 14		243,058	157,910
Other financial assets			300,628	376,224	Advances from customers	Note 13		515,705	598,187
Prepayments for current assets			2,351	2,697	TOTAL EQUITY AND LIABILITIES			11,506,000	11,998,318
Cash and cash equivalents			549,908	458,725					
Treasury			549,908	458,725					
TOTAL ASSETS			11,506,000	11,998,318					

The Notes 1 to 22 described in the attached Report form an integral part of the balance sheet at 31st December 2017



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GRUSAMAR INGENIERIA Y CONSULTING S.L.U.

INCOME STATEMENT FOR THE PERIOD ENDED DECEMBER 31ST, 2017

(Euros)

	Notes of the Report	Year 2017	Year 2016
CONTINUED OPERATIONS			
Turnover	Nota 16.a	8.603.377	9.278.453
Provision of services		8.603.377	9.278.453
Supplies	Nota 16.b	(2.045.916)	(2.828.214)
Consumption of raw materials and other consumables		(92.683)	(75.570)
Works carried out by other companies		(1.953.233)	(2.752.643)
Other income		23.823	18.480
Accessory incomes and other of current management		23.823	18.480
Personnel expenses	Nota 16.c	(4.511.411)	(4.339.712)
Wages, salaries and similar		(3.294.391)	(3.368.150)
Social charges		(1.217.020)	(971.563)
Other exploitation expenses	Note 16.d	(1.533.056)	(1.640.988)
Outside services		(1.327.859)	(1.595.270)
Taxes		(73.521)	(25.598)
Losses, impairment and variation of provision for trade operations		(101.112,03)	-
Other operating expenses		(30.565)	(20.120)
Amortization of fixed assets	Note 5 y 6	(360.421)	(349.029)
Other income/(losses)		(77.379)	19.756
EXPLOITATION RESULT		99.018	158.747
Financial income		124.364	79.121
From shares in equity instruments		51.679	21.102
- In group companies and partners	Note 18	51.679	21.102
From negotiable values and other financial instruments		72.685	58.019
- From group companies and partners	Note 18	67.753	57.970
- From third parties	Note 18	4.932	49
Financial expenses		(195.717)	(116.592)
For debt with group companies and partners		(182.946)	(99.491)
For debts with third parties		(12.771)	(17.101)
Exchange differences		(2.322)	3.157
Impairment and result due due to disposal of financial instruments		28.226	-
FINANCIAL RESULT		(45.449)	(34.313)
RESULT BEFORE TAXES		53.569	124.434
Income tax	Note 14	(28.103)	(33.693)
RESULT OF THE YEAR FROM CONTINUED OPERATIONS		25.465	90.741
PROFIT OF THE YEAR		25.465	90.741

The Notes 1 to 22 described in the attached Report form an integral part of the loss and profit account corresponding to year 2017



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GRUSAMAR INGENIERIA Y CONSULTING S.L.U.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED DECEMBER 31ST, 2017 A) STATEMENT OF RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD ENDED DECEMBER 31ST, 2017 (Euros)

	Year 2017	Year 2016
RESULT OF THE LOSS AND PROFIT ACCOUNT (I)	25.465	90.741
Prior period's adjustment	-	-
Foreing exchange variances	(111.329)	(195.860)
TOTAL INCOMES AND EXPENSES DIRECTLY CHARGED ON NET EQUITY (II)	(111.329)	(195.860)
TOTAL TRANSFERS TO LOSS AND PROFIT ACCOUNT (III)	-	-
TOTAL RECOGNIZED INCOMES AND EXPENSES (I+II+III)	(85.864)	(105.119)

The Notes 1 to 22 described in the attached Report form an integral part of the statement of recognized incomes and expenses corresponding to year 2017



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GRUSAMAR INGENIERIA Y CONSULTING S.L.U.

STATEMENT OF CHANGE IN NET WORTH OF THE YEAR ENDED DECEMBER 31ST, 2017

B) STATEMENT OF CHANGES IN TOTAL NET WORTH

(Euros)

	Capital	Reserves	Neg. results Previous year	Result of the year	Adjustments for changes in value	TOTAL
FINAL BALANCE OF YEAR 2016	3.494.897	1.517.853	(445.021)	6.284	57.065	4.631.078
Application of profit 2015	-	6.284	-	(6.284)	-	-
Other changes in net assets	-	(13.499)	-	90.741	(195.860)	(105.119)
Total recognized incomes and expenses	-	-	-	90.741	(138.795)	4.512.460
FINAL BALANCE OF YEAR 2016	3.494.897	1.510.638	(445.021)	90.741	(138.795)	4.512.460
Correcciones por errores (Nota 2.8)	-	55.302	-	-	-	55.302
INITIAL BALANCE OF YEAR 2017	3.494.897	1.565.940	(445.021)	90.741	(138.795)	4.567.762
Application of profit 2016	-	90.741	-	(90.741)	-	-
Total recognized incomes and expenses	-	-	-	25.465	(111.329)	(85.864)
FINAL BALANCE OF YEAR 2017	3.494.897	1.656.681	(445.021)	25.465	(250.124)	4.481.898

The Notes 1 to 22 described in the attached Report form an integral part of the statement of changes in net equity corresponding to year 2017



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GRUSAMAR INGENIERIA Y CONSULTING S.L.U.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31ST, 2017

(Euros)

	Notes of the Report	Year 2017	Year 2016
CASH FLOW OF EXPLOITATION ACTIVITIES (I)		(1.703.518)	(567.290)
Result of the year before taxes		53.569	124.434
Adjustments to result:		506.982	383.342
- Amortization of fixed assets	Note 5	360.421	349.029
- Financial income		(124.364)	(79.121)
- Financial expenses		195.717	116.592
- Other Incomes and expenses		2.322	(3.157)
Changes in current capital		(28.226)	-
- Stocks		(2.159.022)	(996.375)
- Debtors and other receivables		639	5.950
- Other current assets		63.175	(2.600.399)
- Creditors and other payables		75.942	280.308
- Other current liabilities		(2.035.987)	1.509.337
- Other non-current assets and liabilities		(27.195)	(27.195)
Other cash flows of the exploitation activities		(235.596)	(164.377)
- Interests payments		(105.046)	(78.691)
- Interest accruals		(195.717)	(116.592)
- Accruals (payments) for profit tax		124.364	79.121
		(33.693)	(41.220)
CASH FLOWS OF THE INVESTMENT ACTIVITIES (II)		179.118	(32.113)
EXPLOITATION RESULT			
Payments for investments			
- Group companies and partners	Note 9.2	179.118	(32.113)
- Tangible fixed assets	Note 6	138.954	-
- Other financial assets	Note 9.2	(23.594)	(28.476)
- Other assets	Note 5	75.596	(3.638)
		(11.838)	-
CASH FLOWS OF THE FINANCIAL ACTIVITIES (III)			
Collection and payments for financial liability instruments			
- Debt emission with group companies		1.612.425	784.350
- Debt emission with credit entities		-	115.813
- Devolution and amortization of debts with credit entities		1.696.020	689.890
- Devolution and amortization other debts with group companies		(83.594)	(21.353)
EFFECT OF THE VARIATION OF EXCHANGE RATES (IV)		3.157	3.157
INCREASE/DECREASE OF CASH FLOWS OR EQUIVALENTS (I+II+III+IV)		91.183	188.104
Cash flow or equivalents at start of year		458.725	270.622
Cash flow or equivalents at end of year		549.908	458.725

The Notes 1 to 21 described in the attached Report form an integral part of the statement of cash flow corresponding to year 2017



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Grusamar Ingeniería y Consulting, S.L.U.

Notes for the
year ending
31 December 2017

1. Incorporation and activity

Incorporation

Grusamar Ingeniería y Consulting S.L. (hereinafter the Company), was incorporated on 11 June 2002 under the name Grusamar Ingeniería y Consulting S.L., as limited company for an indefinite period of time. Its corporate offices are in calle San Severo 18, Madrid, Spain.

On 22 June 2011, Grusamar Ingeniería y Consulting was declared an individual company with Elsamex S.A. as the only partner.

Corporate Purpose

The purpose of the Company is:

- a. The preparation and follow-up of studies and projects, quality control, and technical management of all types of public or private works, including industrial, agricultural, civil engineering, hydraulic, railway, airports, road and environmental projects.
- b. Technical assistance in general and especially in matters of management and protection of the environment, including inspection, testing, surveillance and diagnostics in issues concerning environmental quality, business advice and management and administration of all types of businesses, companies or ventures; the transfer of technology of all types of construction products and systems, transport and management of hazardous waste, excluding all activities for which special requirements are required by Law and are not fulfilled by the Company.
- c. Technical assistance and consulting for those Companies or Public or Private Entities which so require, concerning business technical organization systems, technical situation and research and laboratory works for new industrial products, quality controls, both for raw materials and finished products and for works of any nature.
- d. To issue research and technical reports on projects, construction, conservation and operation works, safety in roads, airports, railway, urban routes and communication roads, environment, as well as to provide arbitration for any kind of subject that may arise in these activities.
- e. To promote and settle cooperation agreements in any type of entities and bodies, either public or private, aiming at the development and improvement on roads, urban routes, airports, railway, communication roads and environmental technology.
- f. To provide to natural and legal persons all kind of services related to systems audit for labour risk prevention.
- g. To carry out training, education and rehabilitation courses concerning labour risks prevention.
- h. To carry out research and issue technical reports concerning labour risks prevention.
- i. To perform research, development and innovation works of all kinds in the field of labour health and safety.
- j. The purchase, sale and hiring of construction or works materials, vehicles and equipment.



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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. All activities for which special requirements are required by Law and not fulfilled by the Company shall be excluded.

The Company carries out its activity directly or through Joint Ventures (UTE's) and Branches abroad. The Company currently has branches in Colombia, Ecuador, Peru, Kazakhstan, Chile and Bolivia.

The Company is part of Elsamex Group, whose parent company is Elsamex, S.A., with corporate address in calle San Severo, 18, Madrid; this is the company that prepares the consolidated financial statements. The consolidated financial statements of Elsamex Group for period 2017 have been prepared by the Directors in the meeting of the Board of Directors held on 31 March 2018. The consolidated financial statements for period 2016 were approved at the General Shareholders' Meeting of Elsamex, S.A., held on 16 June 2016, 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. The financial statements for period 2016 were approved by the Sole Shareholder on 30 June 2017.

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

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

The calculation of supplies (see Note s 4.11 and 12).

The calculation of executed works pending invoicing and works certified in advance (See Note 4.10).

Although these estimates were made on the basis of the best information available at 2017 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.

2.5 Comparative information

The information contained in these notes to the financial statements referring to the financial year 2016 is presented alongside the information for the financial year 2017 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 Change in accounting policies

During the accounting period 2017 no changes in accounting principles have arisen with regards to the principles applied in the accounting period 2016.

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.

3. Distribution of profits

The proposal for the application of results of the period prepared by the Company's Directors, to be submitted for the approval of the Sole Shareholder, is the following:

	Euros
Distribution basis:	
Profit and loss (Profit)	25,465
	25,465
Distribution:	
To legal reserve	2,546
To offsetting of losses from previous years	22,919
	25,465

The Company is required to assign 10% of the profits of the period to legal reserve, until this reaches, at least, 20% of the share capital. Until it reaches 20% of the share capital, this reserve is not distributable to the shareholders (see note 11 on Own Funds).

Once the provisions established by Law or by the by-laws are fulfilled, dividends will only be distributed charged to the income of the financial year or to unrestricted reserves, if:

- The provisions established by Law or by the by-laws are fulfilled.
- Net equity is not below share capital, or is not below share capital as a consequence of the distribution. For these purposes, the profits taken directly or indirectly shall not be directly or indirectly

distributed. If there are losses from previous years which lower the value of the Company's net worth below the social capital, the income shall be used to offset those losses.

It is equally forbidden all distribution of profits unless the worth of the available reserves is, as a minimum, equal to the expenses of investigation and development and there are no available reserves for an amount equal to the amounts pending of repaying of the previous accounts.

In any case, 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

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.

After the initial assessment, the goodwill shall be assessed based on its acquisition price minus the accumulated amortisation and, if applicable, the accumulated amount due to value correction due to impairment.

The goodwill is amortised throughout its useful life, which is estimated to be 10 years (unless proven otherwise), with a linear recovery. Said useful life has been determined separately for each cash-generating unit which has been allocated goodwill.

The cash-generating units which have been allocated goodwill are measured for impairment at least once a year. If there are any indications of impairment, they are measured for a fall in value and, if applicable, the impairment correction is registered. During 2016 there have not been any value adjustments for impairment.

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

4.2 Property, plant and equipment

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

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

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



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	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) Financial assets held for negotiation: those that are acquired with the objective of transferring them in the short-term or those that form part of a portfolio for which there is evidence of recent

activity with the said objective. This category also includes those derivative instruments that may not be contracted from capital guarantees (e.g. bank guarantees) and have not been designated coverage instruments.

- c) 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-

The financial assets are entered initially at the fair value of the consideration delivered plus the transaction costs that may be directly attributable, unless they are financial assets for negotiation, in which case, the transaction costs that may be directly attributable to them are to appear in the profit and loss account for the period.

Subsequent measurement –

Loans and receivables are measured at amortized cost

Financial assets held for negotiation are valued at their reasonable value, the result of the variations in the said reasonable value being entered in the profit and loss account.

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.



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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.

6.6 Transactions in currency other than Euro

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

At the close of the period, monetary assets and liabilities denominated in foreign currency are converted by applying the exchange rate on the date of the consolidated 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 General Shareholder's Meeting on December 26th 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 current accounts with the parent company at short term.

4.8 Environment

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

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

4.9 Joint ventures (Joint business)

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

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

The main figures that the Joint Venture contributes to the balance sheet and the profit and loss account for the accounting periods ending on 31 December 2017 and 2016 are:

Concepts	Euros	
	2017	2016
Total Assets	517,194	588,710
Non-current assets	3,664	7,735
Current assets	513,530	580,975
Net amount turnover	1,423,383	1,083,586
Services rendered	1,896,725	1,493,827
Elimination of consolidation	(473,342)	(410,241)

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.



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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.

The compensation to be received from a third party on settlement of the obligation is recognised as an asset, provided that there are no doubts that the reimbursement will take place, unless there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Company is not liable. 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 carries out all its operations with entities linked to market values. In addition, transfer prices are adequately supported so that the Company Directors consider that there are not any significant risks related to this aspect from which liabilities for future consideration could be derived.

4.14 Subsidies, donations and legacies

The Company accounts for subsidies, donations and legacies received as follows:

- a) Non-refundable subsidies, donations and legacies related to assets: these are measured at the fair value of the amount or the asset received, based on whether or not they are monetary, and they are taken to income in proportion to the period depreciation taken on the assets for which the subsidies were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss except for subsidies received from shareholders or owners, which are recognised directly in equity and do not give rise to the recognition of any income.
- b) Refundable subsidies: while they are refundable, they are recognised as a liability.
- c) Operational subsidies: they are credited to income when granted, unless their purpose is to finance losses from operations in future years, in which case they are allocated to income in those years. If subsidies are received to finance specific expenses, they are allocated to income as the related expenses are incurred.



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5. Intangible assets

The movements occurring under this heading of the balance sheet during periods 2017 and 2016, as well as the most significant information affecting this section are as follows:

Financial Year 2017:

	Euros		
	31/12/2016	Additions	31/12/2017
Cost:			
Goodwill	850,010	-	850,010
Computer software	253,115	11,838	264,952
Research	1,224,873	-	1,224,873
	2,327,998	11,838	2,339,835
Accumulated Amortization:			
Goodwill	(85,001)	(85,001)	(170,002)
Computer software	(253,115)	(986)	(254,101)
Research	(895,567)	(246,523)	(1,142,090)
	(1,233,682)	(332,510)	(1,566,193)
Net value	1,094,315	(320,673)	773,642

Financial Year 2016:

	Euros				
	31/12/2015	Additions	Exchange difference	Disposals	31/12/2016
Cost:					
Goodwill	850,010	-	-	-	850,010
Computer software	253,901	-	29	(815)	253,115
Research	1,224,873	-	-	-	1,224,873
	2,328,784	-	29	(815)	2,327,998
Accumulated Amortization:					
Goodwill		(85,001)	-	-	(85,001)
Computer software	(253,901)	-	(29)	815	(253,115)
Research	(649,044)	(246,523)	-	-	(895,567)
	(902,945)	(331,524)	(29)	815	(1,233,682)
Net value	1,425,839	(331,524)	-	-	1,094,315

The Goodwill arose in previous years as a result of the valuation of the branch of activity of Engineering that was spun off by the dominant company of the Elsamex group, S.A.U.



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At the end of the fiscal year, the engineering contracts that the company has in force with third parties have been evaluated and it has been estimated that the margin of the same for the next 10 years covers the total amount accounted as Goodwil in the heading "Research" the following projects are being depreciated:

- Development of a new methodology for monitoring the creation and implementation of asphalt mixtures (AUSCULTMAR) for the amount of 817,608 Euro.
- New skid resistance test (ENREDETRANS) amounting 407,265 Euro.

At the end of accounting period 2017 and 2016, the Company had intangible assets that were completely amortized and which continued in use for a value of EUR 1,081,507 and EUR 263,084 respectively.

6. Property, plant and equipment

The movements occurring under this heading of the balance sheet during periods 2017 and 2016, as well as the most significant information affecting this section are as follows:

Financial Year 2017

	Euros					
	Balance at 31/12/2016	Increases (Allocations)	Transfers	Conversion Differences Adjustments	Write-offs	Balance at 31/12/2017
Gross value:						
Machinery	75,716	2,379	-	(3,854)	-	74,241
Other installations, tools and furniture	70,389	13,434	-	(2,558)	-	81,265
Equipment for information processing	42,636	7,781	-	(2,163)	-	48,253
Transport items	65,027	-	-	(3,564)	-	61,463
	253,767	23,594	-	(12,139)	-	265,222
Accumulated Amortization:						
Machinery	(63,248)	(4,961)	(785)	2,492	-	(66,502)
Other installations, tools and furniture	(57,181)	(3,062)	-	(2,851)	-	(63,095)
Equipment for information processing	(34,134)	(4,572)	778	639	-	(37,339)
Transport items	(23,706)	(15,315)	7	2,821	-	(36,194)
	(178,320)	(27,910)	-	3,100	-	(203,130)
Property, plant and equipment	75,447	(4,317)	-	(9,039)	-	62,092



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Financial Year 2016

	Euros					Balance at 31/12/2016
	Balance at 31/12/2015	Increases (Allocations)	Transfers	Conversion Differences Adjustments	Write-offs	
Gross value:						
Machinery	74,409	-	-	1,306	-	75,716
Other installations, tools and furniture	67,500	2,069	69	1,609	(858)	70,389
Equipment for information processing	32,653	8,114	1,401	467	-	42,636
Transport items	64,591	36,281	(1,470)	5,369	(39,744)	65,027
	239,154	46,464	-	8,751	(40,602)	253,767
Accumulated Amortization:						
Machinery	(53,091)	(4,541)	(181)	(5,435)	-	(63,248)
Other installations, tools and furniture	(55,103)	(1,953)	-	(411)	-	(57,181)
Equipment for information processing	(31,266)	(2,735)	-	(183)	286	(34,134)
Transport items	(37,019)	(8,276)	181	(920)	22,328	(23,706)
	(176,479)	(17,505)	-	(6,949)	22,614	(178,320)
Property, plant and equipment	62,675	28,959	-	1,802	(17,989)	75,447

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 2017 and 2016 is the appropriate.

At the end of years 2017 and 2016 the Company had property, plant and equipment elements completely amortized which were still in use to the value of 93.302 Euros and 93,974 Euros respectively.

At 31 December 2016 the Company had the following investments in tangible fixed assets located abroad:

Description	Country	Euros		
		Book Value (gross)	Accumulated depreciation	Net Net
Machinery	Ecuador	24,481	(21,820)	2,661
Software	Ecuador	1,959	(1,959)	-
Furniture	Ecuador	311	(189)	121
Transport items	Ecuador	8,982	(8,084)	898
Computer software	Ecuador	38	(23)	15
Machinery	Colombia	4,376	(2,786)	1,590
Software	Kazakhstan	591	(99)	492
Furniture	Kazakhstan	4,924	(1,803)	3,121
Furniture	Colombia	788	(684)	104
Software	Colombia	5,431	(3,127)	2,304
Electrical installations	Colombia	14,896	(6,688)	8,208
Transport items	Colombia	16,200	(15,698)	502
Software	Bolivia	8,791	(1,771)	7,020
Furniture	Bolivia	1,616	(202)	1,414
Total		93,385	(64,934)	28,451

7. Leasing

7.1 Financial leasing

The detail for the financial leasing contracted by the Company, as of 31 December 2017, is the following:

	Contract initiation date	Number of instalments	Euros		
			Asset value	Call option	Amortised capital
Transport items	07/12/2016	36 months	36,281	1,010	1,010

The detail for the pending instalments at 31 December 2016 is the following:

	Euros			
	2017		2016	
	Nominal value	Current value	Nominal value	Current value
Less than one year	12,123	11,755	12,123	11,523
Between one and five years	12,123	11,992	24,246	23,748
Total	24,246	23,747	36,369	35,271

7.2 Operative leasing

At the end of accounting periods 2017 and 2016 the Company has contracted the following minimum leasing quotas with the lessors, in accordance with the current contracts in force, and not taking into account implications of common expenses, future increases due to the CPI or future updates in income agreed under contract:

Operating leases Minimum quotas	2017 Nominal value	2016 Nominal value
Less than one year	194,118	209,752
Total	194,118	209,752

In their capacity of lessor, the most significant operating leasing contracts that the Company has at the close of period 2017 are the following:

- Lease of an office on the first floor in calle Verónicas, in Murcia. The lease contract started on 1 September 2011, with a duration until 31 August 2012. Since then, it has been renewed annually. With regard to the contingent rent, the contract is referenced to annual increases as a function of the CPI.
- Lease of two apartments in Cartagena. The lease contract started on 3 September 2007 for a period of 1 year, having been renewed annually.
- Nevertheless, most of the accrued expenditure under this heading corresponds to the rental of vehicles and machinery for the contracts.



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8. Group, multi-group and associated companies

8.1 Equity instruments

Financial Year 2017

Investee	Address	Activity	% Participation	Euros			
				Participation	Equity		
					Capital Company	Reserves	Result
ESM Mantenimiento Integral de S.A. de CV(1)	Presidente Masaryk,61 piso 7 Colo.Chapultepec Morales CP 11570 deleg.Miguel Hidalgo (Mexico)	Mantenimiento	70.00%	211.608	345.689	121.085	21.535
Sociedad Concesionaria A4 Madrid, S.A. (1)	C/ Caballero Andante, n° 8 Madrid Spain	Concession	2.25%	235.344	9.413.370	(8.694.374)	2.649.923
				446.952			

(1) These companies have been audited by an auditor different to that of the Company.

Financial Year 2016

Investee	Address	Activity	% Participation	Euros			
				Participation	Equity		
					Capital Company	Reserves	Result
Grusamar India LTD (1)	The IL&FS Financial Centre, Plot No. C-22, G Block, Bandra Kurla Complex, Bandra (E), Mumbai, 400051, Maharashtra, India	Consultancy	100%	7.434	7.073	104.803	(4.312)
Grusamar Albania SHPK	Rr. Hik Kolli 26, Tirana (Albania)	Consultancy	51,00%	430	826	(42.972)	-
ESM Mantenimiento Integral de S.A. de CV(1)	Presidente Masaryk,61 piso 7 Colo.Chapultepec Morales CP 11570 deleg.Miguel Hidalgo (Mexico)	Mantenimiento	70.00%	211.608	345.689	118.116	2.712
Sociedad Concesionaria A4 Madrid, S.A. (1)	C/ Caballero Andante, n° 8 Madrid Spain	Concession	2.25%	235.344	9.413.370	(12.102.038)	2.296.848
				454,816			

(1) These companies have been audited by an auditor different to that of the Company.

At the end of the 2016 financial year, the company entered into a sale agreement for the stake held by the Company in Grusamar India Ltd. with the dominant company Elsamex, S.A.U. The sale of this participation was conditioned to the cancellation of the pledge of the shares that were pledged by a credit institution. At the end of 2017, the pledge was cancelled and the sale agreement was effectively.

At the end of fiscal year 2017, the subsidiary Grusamar Albania SHPK has ceased all its activity, having impaired in accounting the totality of its participation as well as the credits that were granted to it.



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The net effect of the disposals of the previous participations resulted in a positive result of € 28,226, recorded in the Company's Income Statement.

In fiscal year 2017, the Company has received dividends from Concessionaire A.4 for an amount of 51,679 Euros (Note 18)

8.2 Credits to businesses

In this heading, the Company registers the participating loan granted to the Concessionaire Company of Autovía A-4 in accordance with the following paragraph, amounting to a total of EUR 444,927. The interest accrued amounted to EUR 29,244 in 2017, and EUR 28,339 in 2016 (see Note 18).

The Company participates together with two other partners in the Highway A-4 Concessionary Company, the successful bidder in 2007 for a contract for the construction and operation as an administrative concession for the stretch of highway A-4 from P.K. 3.78 to P.K. 67.5 (R4) in the province of Madrid. During accounting period 2008 the concessionary company for Highway A-4 took out a syndicated loan for the financing of the construction works deriving from the concession contract, conditional upon the fulfilment of specific ratios of financial autonomy. Specifically, this syndicated loan requires the partners of the concessionary company to pay out in the manner of a participative loan or by means of the issue of new shares in the concessionary company, for an amount equivalent to 29.4% of the amount provided by the said loan.

In 2011 the Company concluded a participating loan contract with a subsidiary of the Group of Señalización, Viales e Imagen, SAU amounting to €700,000, which accrues a fixed annual interest of Euribor plus 1.75%. During financial years 2017 the annual interest accrued has amounted to EUR 36,479 (EUR 28,290 in 2016) (see Note 18).

8.3 Joint ventures

The details for the turnover contributed by the Joint Ventures in which the Company participates to the Company's turnover are as follows:



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Grusamar Ingeniería y Consulting, S.L.U.:

Name of Temporary Union of Company:	Percentage participation	Euros Sales
Grusamar –Progescan Ute Areas de Servicio	100%	-
Grusamar- Ineco Ute Arucas	50%	177,570
Ute Aena Almeria	50%	3,694
Betancourt – Grusamar Ute Linares	50%	12,118
Grusamar- Elsamex – Atenea Ute seguridad vial Murcia	50%	-
Intevia-Grusamar-Dair Ute Seguridad Vial Bizkaia	10%	-
Ute Almanzora	65%	-
Ute Autovía de Santiago	50%	28,012
Ute Tren Mallorca	80%	-
Ute Grusamar-Eyser	50%	234,454
Ute Inserco Rambla de Retamar	50%	9,081
Ute Asistencia Camposol	60%	20,250
Ute Grusamar Valmia	75%	-
Ute Asistencia Molinar	52%	-
Ute AP-9 Santiago	50%	555,487
Ute Autobuses	20%	11,385
Ute Seguridad Murcia II	50%	92,728
Ute Mar Menor	50%	58,126
Ute LCA-Grusamar	50%	-
Consorcio Epsilon (Colombia)	35%	220,478
Consorcio Grusamar-Elsamex Ecuador (Ecuador)	50%	-
Total Grusamar		1,423,383

9. Financial assets (long and short-term)

9.1 Long-term financial assets

The balance of the account in the heading "Long-term Financial Assets" at the close of accounting financial years 2017 and 2016 groups the bonds given in consequence of operating lease contracts signed with third parties, as described in Note 7.



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9.2 Short-term financial assets

The breakdown of the Company's financial assets is the following at the close of the periods 2017 and 2016:

	Euros	
	2017	2016
Customers by sales and provision of services:		
Customers	2,588,496	3,806,169
Delinquent Customers	367,263	266,151
Impairment of value of credits for commercial operations	(367,263)	(266,151)
	2,588,496	3,806,169
Clients, group companies and associate companies (Note 18)	4,401,448	3,123,340
Sundry debtors	14,802	74,314
Personnel	33,148	36,529
Short-term financial investments in Group companies and associates (see Note 18)	750,260	789,477
Short-term financial investments		
Other financial assets	300,628	376,224
	300,628	376,224
Total	8,088,782	8,206,054

The Company has established a policy of impairment of all the amounts receivable from private clients whose invoices issued are older than 6 months. Public customers only deteriorate according to the final evolution of the legal proceedings against them. In this regard, an impairment of 101,112 Euros was recorded in the year 2017 (Note 16 d)

In section "Short-term financial investments" the Company has registered mainly interest accrued by public clients which are pending payment and the part of the joint ventures' current accounts that has not been eliminated.

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 the majority of them is guaranteed as they are largely Public Bodies and so there is no significant credit risk with third parties.

b) Liquidity risk:



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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 9.2.

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. On the other hand, the financial instruments used have been chosen for the solidity of their financial worth and the issuing institutions.

11. Own funds

11.1 Share capital

At the close of period 2017 the share capital amounted to €3,494,897, represented by 29,246 shares which individual nominal value amounts to €119.5. They are all of the same class, with equal rights, fully subscribed and they are not quoted on the stock exchange, in accordance with the following details:

	% Participation
Elsamex, S.A.	100.00%
	100.00%

11.2 Legal reserve

Under the Consolidated Corporate Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve 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.

11.3 Voluntary reserves

These are unrestricted reserves.

11.4 Conversion differences

The conversion differences for the period 2017 are brought about integrally by the impact of the inclusion in the Company's balance sheet in this period of balances coming from subsidiaries that the Company has abroad.

The Company applies the rate of exchange at close to the assets of the subsidiary 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.

11.5. Goodwill Reserves

The use of goodwill reserve is restricted until the Goodwill is totally depreciated.



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12. Provisions

During fiscal year 2017, the Provisions account has not recorded any movement.

13. Financial liabilities

The Company's financial liabilities are itemized as follows at close of years 2017 and 2016:

	Euros	
	2017	2016
Long-term financial liabilities:		
Financial leasing creditors (Note 7.1)	11,992	23,748
Debts with group companies and partners (Note 18)	1,729,181	1,729,181
Total long-term financial liabilities	1,741,173	1,752,929
Short-term financial liabilities:		
Short-term debts:		
Debts with credit institutions	1,127	82,467
Financial leasing creditors (Note 7.1)	11,755	11,523
Other financial liabilities	64,668	48,041
	77,551	142,031
Debts with group companies (Note 18):	3,061,688	1,365,669
Trade creditors and other accounts payable:		
Suppliers	892,097	1,303,002
Sundry creditors		-
Suppliers group companies and partners (Note 18)	453,720	2,002,500
Advances Clients	515,705	598,187
Personnel	39,109	118,062
	1,900,631	4,021,752
Total short-term financial liabilities	5,039,869	5,529,452

The terms of the loans held with group companies are detailed in Note 18.

The amounts corresponding to advances from customers, are due to advances received for the execution of works and with the adjustment of the works certified in advance (Note 4.10)



14. Public Administrations and fiscal situation

The composition of this section of the attached balance sheet at 31 December 2017 and 2016 is as follows:

	Euros			
	2017		2016	
	Balances Debtors	Balances Creditors	Balances Debtors	Balances Creditors
Deferred tax assets	334,429	-	400,866	-
Long-term balances with Public Administrations	334,429	-	400,866	-
Public Treasury, debtor for VAT, IGIC, IPSI	72,357	-	71,831	-
Public Treasury, debtor for Corporate Tax	11,442	-	72,683	-
Public Treasury, creditor for VAT, IGIC	-	70,312	-	6,704
Public Treasury, withholdings Income Tax (IRPF)	-	66,450	-	36,607
Tax payable, Corporate Tax	-	16,516	-	14,406
Social Security institutions payable	-	89,780	-	100,208
Short-term balances with Public Administrations	83,799	243,058	144,514	157,924

From 2010, the Company taxes in tax consolidation regime, and the head of the group is Elsamex S.A., therefore the amount to be charged by the Public Treasury for the Corporation Tax and for VAT correspond to the consolidated amount. This regime means that the Company has accounts receivable and payable with the dependant companies, according to the corresponding individual settlement.

Deferred tax assets

The movement of assets due to deferred taxes in financial year 2017 has been as follows:

	Euros			
	Balance at 31/12/2016	Increases	Decrease	Balance at 31/12/2017
Negative tax bases	77.474	-	(77.474)	-
Assets due to limited deductibility of amortisations	16.290	412	-	16.702
R&D deduction	307.101	-	-	307.101
Diferencia temporaria en amort. Fondo de comercio	-	10.625	-	10.625
	400.866	11.037	(77.474)	334.429

At the end of fiscal year 2017, the inspection activities were completed regarding Corporation Tax and Value Added Tax for the years 2011, 2012 and 2013 and the negative tax bases declared by Grusamar Ingeniería y Consulting, S.L.U. in the year 2010. As a result of this Inspection, and in accordance with the Final Act, the Company has corrected all the negative tax bases generated in previous years and that were pending to be offset, recording the de-recognition of these assets against the account to be paid to the company of the Elsamex, SAU group, responsible for the presentation of the Consolidated Tax. These losses were not outflow of cash flows by the Company.

The increases are due to the difference between the accounting and tax amortization of the Company's Goodwill, the high deferred assets generated by the amortization limitation applied as an expense of the year. The decreases correspond to applications in the definitive tax for 2015 and that will revert linearly in 10 years from the year 2015 onwards.

Deferred tax assets are recognized to the extent that the corresponding tax benefit is probable through future tax benefits.

As of December 31, 2017, the Company does not have negative tax bases pending compensation



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Deductions due to R&D can be applied within 15 years. The detail for these as of 31 December 2017 is the following:

	Amount	Expiration
Year 2011	165,191	Year 2026
Year 2012	141,911	Year 2027
	307,101	

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 2017:

	Euros	
	Taxable Base	Income Tax
Earnings before taxes	53,569	(13,392)
Permanent differences:		
Adjustment due to permanent establishments abroad	(45,126)	17,640
Capital Gain adjustment	45,268	(11,317)
Temporary differences:		
Depreciation limit reversal	44,148	(11,037)
Taxable base (Tax result)	97,859	(18,106)
Regularisation adjustments previous years		(5,277)
Result after taxes for companies not included in Tax Group		(17,640)
Deductions due to double dividends taxation		12,920
income tax		(28,103)
Withholdings		18
Payments in advance		660
Corporate income tax receivables of Consolidated Group		(27,425)



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Financial Year 2016:

	Euros	
	Share Payable	Expense
Earnings before taxes	124,434	(31,109)
Permanent differences:		
Adjustment due to permanent establishments abroad	(81,088)	20,272
Temporary differences:		
Depreciation limit reversal	(49,841)	
Differences arising from leasing contracts	(55)	
Taxable base (Tax result)	(6,550)	(10,837)
Gross tax accrued (25% of the taxable base)	(1,638)	
Corporate tax receivables of Consolidated Group	(1,638)	
Deductions		6,273
Regularisation adjustments previous years	-	(16,348)
Income tax of foreign branches		(12,781)
Corporate tax expenses	-	(33,963)

Income tax expense is calculated applying the different tax rates applicable in each country where the Company has activity through its Branches. The main tax rates are:

Country	2017	2016
Spain	25%	25%
Kazakhstan	31%	31%
Peru	30%	30%
Colombia	34%	34%
Chile	35%	35%
Bolivia	25%	25%

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 the end of financial year 2015 different inspections of Grusamar Ingeniería y Consulting, S.L.U. were started with regards to the Corporate Tax and the Value Added Tax for 2011, 2012 and 2013 and the negative taxable bases declared by Grusamar Ingeniería y Consulting, S.L.U. in 2010. As of today, the outcome of said inspections are not yet known. However, as a result of the different possible interpretations of the fiscal law in force, additional liabilities may arise from the inspection. Anyhow, the Managers consider that said liabilities would not have a negative impact on the annual accounts.

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.

15. Contingent Liabilities

As of 31 December 2017, the Company has been granted several guarantees demanded in order to contract with Public Bodies for an amount of 1,843,522 Euros. The amount granted under this heading during 2016 amounted to 1,296,083 Euros.



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16. Revenue and expenditure

a) Net turnover amount

The detail for this section in the profit and loss account as of 31 December 2017 and 2016 is as follows:

	Euros	
	2017	2016
Services to third parties	8,603,377	9,278,453
	8,603,377	9,278,453

The net amount of the turnover entered by the Company corresponds to the revenues obtained through the activity considered in their Corporate purpose.

The distribution of net turnover for periods 2017 and 2016 by geographical markets is as follows:

	Euros	
	2017	2016
National	6,383,271	5,311,064
International-		
Europe		32,854
Asia	1,582,407	3,189,224
America	637,699	745,311
	8,603,377	9,278,453



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b) Purchases

The breakdown of this section of the profit and loss account for the accounting period ending on 31 December 2017 and 2016 is as follows:

	Euros	
	2017	2016
Purchase of other materials	92,683	75,570
Works carried out by other companies	1,953,233	2,752,644
	2,045,916	2,828,214

The distribution of this section of the profit and loss account for financial years 2017 and 2016 by geographical markets is as follows:

	Euros	
	2017	2016
National	1,267,094	2,435,163
International-		
Europe	-	1,028
Asia	558,162	190,939
America	220,660	201,084
	2,045,916	2,828,214

c) Personnel expenditure

The breakdown of the "Personnel expenditure" entry in the profit and loss account as of 31 December 2017 and 2016 is as follows

	Euros	
	2017	2016
Wages, salaries and similar expenses	3,294,391	3,368,150
Employer social security costs	1,217,020	971,562
Total	4,511,411	4,339,712

The average number of persons employed during accounting periods 2017 and 2016, broken down into categories, is as follows:

Categories	2017	2016
Management	1	2
Intermediate management	98	100
Administration personnel	27	16
Unqualified personnel	17	7
Total	143	125

The average number of persons employed by the Group during 2017, with a disability equal or greater than 33% by category, broken down into categories, is as follows:



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Categories	2017
Administration personnel	7
Work force	-
Total	7

In accordance with the requirements of Art. 260, 8th of the Corporate Law, distribution by gender is shown for the end of the period for the Company's personnel, broken down by category for the accounting periods 2017 and 2016:

Categories	2017		2016	
	Men	Women	Men	Women
Management	1	-	2	-
Technical personnel and middle management	78	20	73	27
Administration personnel	7	20	6	10
Unqualified personnel	15	2	7	-
Total	101	42	88	37

During the period, 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.

Data relating to senior management personnel:

In financial years 2017 and 2016 as Senior Management Staff Expenses

Name	Responsibilities or duties that they hold in the company	Remuneration period 2017	Remuneration period 2016
Managers	Management	92,264	91,819

d) Other operating expenses

The detail for this section of the attached profit and loss account for accounting periods 2017 and 2016 is as follows:

	Euros	
	2017	2016
Leases and royalties	154,639	209,751
Repairs and maintenance	4,472	4,304
Independent professional services	196,537	199,735
Transport	11,189	6,007
Insurance premiums	33,213	16,229
Bank services and other similar	8,160	12,328
Advertising and PR	3,060	9,093
Supplies	(2,336)	14,003
Other services	918,924	1,123,820
Other taxes	73,521	25,598
Perdidas, deterioro y variación de provisiones (Nota 9.2)	101,112	-
Other current management expenses	30,565	20,120
	1,533,056	1,640,988

During financial years 2017 and 2016, the fees for account auditing services and other services provided by the auditors of the company Caballero Auditores, have been as follows (in EUR):

Description	2017	2016
Auditing Services	9,330	10,000
Other services		120
Total professional services	9,330	10,120

17. 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 2017 and 2016 in the financial statements.

18. Operations with related parties

The detail of the balances and transactions made during accounting periods 2017 and 2016 between the Company and Elsamex Group companies and other binding parties is as follows:

Financial Year 2017:

		Euros										
2017	Assets					Liabilities			Income		Expenditure	
	Long-term credits to Group companies(see Note 8.2)	Clients, Group companies and associate companies (Note 9.2)	Other short-term financial assets (Note 9.2):	Long-term debts with Group companies (Note 13)	Short-term debts with Group companies (Note 13)	Suppliers group companies and partners	Services rendered	Financial income due to credits	Income due to dividends	Services received	Financial expenditure	
CIESM-INTEVIA, S.A.U.	-	6,497	-	1,489,181	878,655	-	14,747	-	-	9,600	81,078	
Señalización, Viales e Imagen, SAU	700,000	4,165	215,730	-	-	-	4,164	36,479	-	-	-	
CGI-8, S.A.	-	-	-	-	-	-	-	-	-	-	-	
CONTROL 7, S.A.	-	8,305	-	-	22,791	-	8,305	-	-	-	1,040	
ELSAMEX, S.A.	-	172,899	59,322	-	1,596,425	450,253	510,502	-	-	789,272	75,193	
Elsamex Portugal Engenharia e Sistemas	-	39,000	-	-	-	-	-	-	-	-	-	
Elsamex Internacional SLU	-	1,363	407,986	-	85,961	-	7,110	-	-	-	2,380	
Atenea Seguridad y Medio Ambiente, SAU	-	7,306	-	-	477,856	3,467	120,511	-	-	304,276	14,155	
Alicantarilla Fotovoltaica, S.L.	-	-	28,721	-	-	-	7,603	1,149	-	-	-	
Beasolarta, S.L.U.	-	-	21,043	-	-	-	-	881	-	-	-	
Consorcio Epsilon	-	514	17,458	-	-	-	-	-	-	-	-	
Soc. Concesionaria Autovía A-4 Madrid, SA	444,927	6,098	-	240,000	-	-	25,200	29,244	51,679	-	9,100	
IL&FS Transportation Network, Ltd.	-	1,645,301	-	-	-	-	638,055	-	-	-	-	
Kiratpur Nerchowk Expresswa Limited	-	2,510,000	-	-	-	-	-	-	-	-	-	
TOTAL	1,144,927	4,401,448	750,260	1,729,181	3,061,688	453,720	1,336,197	67,753	51,679	1,103,148	182,946	



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Financial Year 2016:

	Euros											
	Assets					Liabilities			Income		Expenditure	
	Long-term credits to Group companies (see Note 8.2)	Clients, Group companies and associate companies (Note 9.2)	Other short-term financial assets (Note 9.2):	Long-term debts with Group companies (Note 13)	Short-term debts with Group companies (Note 13)	Suppliers group companies and partners	Services rendered	Financial income due to credits	Income due to dividends	Services received	Financial expenditure	
2016												
CIESM-INTEVIA, S.A.U.	-	6,707	-	1,489,181	757,907	-	6,707	-	-	12,317	82,765	
Señalización, Viales e Imagen, SAU	700,000	5,965	172,033	-	-	-	5,965	28,290	-	-	-	
CGI-8, S.A.	-	-	-	-	-	-	-	-	-	-	-	
CONTROL 7, S.A.	-	8,677	-	-	32,249	-	8,677	-	-	-	1,485	
ELSAMEX, S.A.	-	216,134	61,345	-	248,639	2,002,500	496,865	-	-	2,329,223	717	
Elsamex Portugal Engenharia e Sistemas	-	39,000	-	-	-	-	-	-	-	-	-	
Elsamex Internacional SLU	-	3,160	446,887	-	80,853	-	36,014	-	-	30,795	3,602	
Atenea Seguridad y Medio Ambiente, SAU	-	8,200	-	-	246,021	-	140,827	-	-	180,297	10,421	
Alcantarilla Fotovoltaica, S.L.	-	-	18,372	-	-	-	6,122	672	-	-	-	
Beasolarta, S.L.U.	-	-	20,162	-	-	-	7,067	668	-	-	-	
Grusamar Macedonia	-	-	5,748	-	-	-	-	-	-	-	-	
Consorcio Epsilon	-	197	64,930	-	-	-	9,346	-	-	-	-	
Soc. Concesionaria Autovia A-4 Madrid, SA	444,927	-	-	240,000	-	-	-	28,339	21,102	-	500	
IL&FS Transportation Network, Ltd.	-	325,300	-	-	-	-	630,531	-	-	-	-	
Kiratpur Nerchowk Expresswa Limited	-	2,510,000	-	-	-	-	2,536,400	-	-	-	-	
TOTAL	1,144,927	3,123,340	789,477	1,729,181	1,365,669	2,002,500	3,884,522	57,970	21,102	2,552,631	99,491	

Section "Debts with Group companies and associates" includes, as of 31 December 2017 and 2016, a loan granted by the Group Elsamex company Ciesm-Intevia, S.A.U. This loan was signed on 31 December 2012 and was renewed in 2015. The principal amount is EUR 1,489,181 and the maturity is 31 December 2019. It accrues an annual interest of the Euribor plus 3%. Both the capital and the interest accrued shall be paid upon finalisation. Also under this heading, the Company registers a loan obtained from Sociedad Concesionaria Autovia A-4 Madrid, S.A. amounting 240,000 Euro with a fixed interest rate of 4% annual. This loan was granted on November 30, 2016 and the maturity is May 26, 2026.

The Company has included in its accounts throughout period 2017 the amount of 440,307 EUR and in 2016 the amount of 491,383 EUR for structure expenses allocated by the parent company. The rest of the expenses incurred are for re-invoicing of usual expenses.

The income due to consulting services provided to the parent company Elsamex S.A. are for engineering services provided in international projects and are registered in accordance with the normal market prices.

The method to set the transfer pricing policy is different depending on the type of transaction that is made:

a) For transactions that consist of providing services (subcontracting) between the different entities of the group, the "re-sale price method" is used, by which the usual margin in which the price of sale of a good is decrease from the sale price of a good, similar operations with independent persons or entities or, failing that, the margin that independent persons or entities apply to comparable operations, making, if necessary, the adjustments to obtain equivalence and consider the particularities of the operation, or the "net margin method of all operations", by which is attributed to the operations carried out with a related entity the net result, calculated on costs, sales or the magnitude that is more appropriate according to the characteristics of the operations that, in its case, third parties would have obtained in identical operations or similar carried out between independent parties, carrying out, when necessary, the necessary corrections to obtain the equivalence and considering the particularities of the

b) For financial transactions and administrative services between the different entities of the group, the "comparable free price method" is used, in this method the price of the good or service is compared in an operation between group companies to the price of a service of similar characteristics in an operation between independent persons or entities in comparable circumstances, making, if necessary, the adjustments to obtain the equivalence and consider the particularities of the operation

During financial year 2017 dividends amounting to EUR 51,679 have been accrued to the subsidiary Sociedad Concesionaria Autovia A-4 Madrid, S.A.. In 2016, this amounted to EUR 21,105.

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

In compliance with the provisions of Article 231.1 d) of the Capital Corporations Act, introduced by Law 26/2003 of 17th July, by which is amended Law 24/1988 of 28th July, of the Securities Market, and the Revised Corporation Act, for the purpose of reinforcing corporate transparency, it is advised that at the close of accounting periods 2015 and 2014 the members of the Grusamar Ingeniería S.L.U. board have not held shares in the capital of companies foreign to the Elsamex- ITNL Group, analogous or complementary type of activity to that constituting the corporate objective of the companies that make up the Elsamex Group. 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.

During accounting periods 2017 and 2016 the members of the Company's Board of Directors did not receive any remuneration in consideration of their responsibility.

The Company has not contracted any obligation related to pensions, bonds, guarantees, life insurance or of any other type in favour of the members of the Company's Board of Directors.

There are no advance payments, credits or any obligations assumed by the Company on behalf of the members of the Company's Board of Directors.

20. Information on the average period of payment to suppliers Additional third disposition. "Duty of information" of Law 15/2010, of 5th July.

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

	PAYMENTS MADE AND PAYMENT PENDING ON THE CLOSING DATE OF THE BALANCE		PAYMENTS MADE AND PAYMENT PENDING ON THE CLOSING DATE OF THE BALANCE	
	2017		2016	
	Amount	% (a)	Amount	% (a)
Within the legal maximum term (b)	631.582	49%	633.505	62%
Rest	663.300	51%	393.325	38%
Total payments for the year	1.294.882		1.026.830	
Average period (days) of payments	90		100	
Deferrals that exceed the legal deadline as of the closing date	156.381		152.962	

21. Segment information

The Company considers that the best segmental information which represents the different business areas is the following:

	Projects	Special studies	Technical Assistance for Execution of Works	Total
Sales	3,047,005	838,836	4,717,535	8,603,377
EBITDA	329,381	-259,950	390,008	459,439
Depreciation	128,214	32,431	199,775	360,421
EBIT	201,167	-292,381	190,232	99,018

22. Subsequent Events

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

Grusamar Ingeniería y Consulting, S.L.U.
Management Report for the
Financial year ending on
31 December 2017

Development of business and Company situation

GRUSAMAR INGENIERIA Y CONSULTING, S.L.U., (GRUSAMAR) was incorporated in June 2002 and is currently completely consolidated as an engineering consulting company of Group Elsamex.

During 2016, GRUSAMAR has submitted offers to several calls for tenders to provide Technical Assistance for the Preparation of Projects and Surveys, for the Control and Surveillance, and for the Management of Works to various Autonomous Administrations, the Ministry of Public Works and the Ministry of Environment, as well as domestic and international private clients.

The Company's turnover due to service provision during this financial year has amounted to EUR 8,603,377, which is a 7.3% decrease from 2016. Out of this turnover, 60% is due to the control and surveillance of works and 40% is due to projects and trials of different kinds, which indicates a situation of balance between the two fundamental business lines of the company, a very important factor for its long-term stability.

With regard to the international market, the consolidation of the contracts that are being executed in Latin America and Asia has continued. In this regard, a new contract for the supervision of a highway in Bolivia has been signed, for an approximate amount of half a million Euros, as well as an extension of the contract for Technical Audit of Ruta Caribe, with a budget of 1.34 million Euros. . In Kazakhstan, the negotiations to start next year the supervision of a section of highway for a value of 2.7 million Euros have come to fruition. Also in 2017 the possibilities of obtaining the first award of road supervision in Kyrgyzstan have been opened. On the other hand, the execution of works continues in the supervision of the design and construction of several tunnels in India, in collaboration with our ITNL matrix.

The hiring already achieved so far, together with the business perspectives derived from the situation described above, make the growth possibilities for Grusamar in the international area.

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 2017.

Operations with Company shares

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

Company use 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 the majority of them is guaranteed as they are largely Public Bodies and so there is no significant 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 9.2.

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. On the other hand, the financial instruments used have been chosen for the solidity of their financial worth and the issuing institutions.

Declaration of Submission of Annual Accounts and Management Report

In compliance with the provisions established in the Corporations Act, the Board of Directors of Grusamar Ingeniería y Consulting S.L.U prepared on 31th March 2018 the Annual Accounts for financial year 2017, which shall be submitted for the approval of the Sole Shareholder.



Mr. Fernando Bardisa Jorda



Mr. Carlos Alcolea Sánchez



Mr. Angel Aurelio Ruiz Rubio