

Control 7, S.A.U.

Abridged Annual Accounts for
financial year ending on
31 December 2016
along with the
Independent Auditor's Report

INDEPENDENT AUDIT REPORT OF FINANCIAL STATEMENTS

To the Sole Shareholder of CONTROL 7, S.A. (Sole Shareholder Company)

AUDIT REPORT OF FINANCIAL STATEMENTS

We have audited the Financial Statements of the Company CONTROL 7, S.A. (Sole Shareholder Company), which include the balance sheet as of December 31, 2016, the profit and loss account, the statement of changes in the equity, and the notes of the financial year then ended.

Responsibility of the Directors with regards to the financial statements

The Directors of the Company are responsible for the preparation of the attached Financial Statements so as to faithfully express the assets, the financial status and the profit and loss account of CONTROL 7, S.A. (Sole Shareholder Company), in compliance with the Regulatory Framework for financial reporting applicable to the Company in Spain, as indicated in Note 2.1 of the attached Notes. They are also responsible for the internal control considered necessary to enable the preparation of the Financial Statements free of material inaccuracy due to fraud or mistake.

Responsibility of the auditor

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

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

We consider that the audit evidence obtained is enough for our audit qualified opinion.

Opinion

In our opinion, the attached financial statements faithfully express, in all significant aspects, the assets, the financial status of the Company CONTROL 7, S.A. (Sole Shareholder Company) as of December 31, 2016, as well as its profit and loss account corresponding to the financial year then ended, in compliance with the applicable Regulatory Framework for financial reporting and, in particular, with the accounting principles and criteria therein.



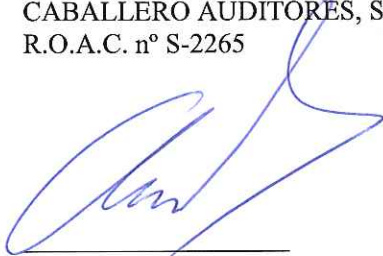
Highlighted paragraph

Without qualifying our opinion, we draw attention to what indicated in Note 2.4 of the attached Notes, which mentions that the Board of Directors has formulated the accompanying financial statements for the year ended December 31, 2016 according the principle of going concern to understand that the measures and actions detailed in the Business Plan approved by the Directors will allow continuing the normal development of the Company and to meet its obligations, also getting results and positive cash flows in the coming years to recover fixed assets and offset deferred tax assets activated.

The Company CONTROL 7, S.A. (Sole Shareholder Company) belongs to "Elsamex" Group and, depending on the policy of the Group cash-pooling, the Company provides and receives financial support from the parent company of the group from the extent and period necessary. At December 31, 2016 the balance presented by financial statements in respect of credit lines delivered and / or received is classified in the balance sheet items denominated "Short-term investments with group companies" or "*Current liabilities with Group Companies*" as appropriate.

May 15, 2017

CABALLERO AUDITORES, S.L.
R.O.A.C. nº S-2265



Angel Caballero Antón
Partner

CONTROL 7, S.A.U.

ABRIDGED BALANCE SHEET AS AT DECEMBER, 31ST 2016

(Euros)

| ACTIVO | Notes | Year 2016 | Year 2015 | EQUITY & LIABILITIES | Notes | Year 2016 | Year 2015 |
|--|-----------|------------------|------------------|--|----------------|------------------|------------------|
| NON-CURRENT ASSETS | | | | EQUITY | Note 11 | | |
| Intangible fixed assets | Note 5 | 1.406.011 | 1.793.288 | OWN FUNDS- | | 337.140 | 758.168 |
| Research and Development | | 397.281 | 706.895 | Capital | | 550.516 | 550.516 |
| Property, plant and equipment | Note 6 | 461.827 | 474.444 | Subscribed capital | | 550.516 | 550.516 |
| Land & buildings | | 330.658 | 334.885 | Reserves | | 236.402 | 299.646 |
| Technical installations and other items | | 131.169 | 139.560 | Legal and statutory | | 88.331 | 88.331 |
| Non-current investments in group companies and associates | | 96.600 | 93.475 | Other reserves | | 148.071 | 211.315 |
| Equity instruments | Note 8.1 | 90.350 | 90.350 | Profit/(loss) for the year | | (449.778) | (91.994) |
| Loans to companies | Note 18.1 | 6.250 | 3.125 | | | | |
| Non-current investments | | 1.300 | 4.425 | NON-CURRENT LIABILITY | | | |
| Other financial assets | | 1.300 | 4.425 | Non-current payables | Note 12 | 82.391 | 120.334 |
| Deferred tax asset | Note 14 | 449.003 | 514.049 | Non-current finance lease payables | | 61.321 | 95.818 |
| | | | | Other financial liabilities | | 59.470 | 83.260 |
| | | | | Deferred tax liability | Note 14 | 21.070 | 24.516 |
| CURRENT ASSETS | | 750.020 | 975.552 | | | | |
| Inventories | | - | - | CURRENT LIABILITIES | Note 12 | 1.736.500 | 1.890.338 |
| Advances to suppliers | | - | - | Current payables | | 34.948 | 63.323 |
| Trade and other receivables | Note 9 | 648.290 | 898.329 | Current finance lease payables | | 10.683 | 10.241 |
| Trade receivables | | 604.658 | 866.002 | Other financial liabilities | | 24.265 | 53.082 |
| Trade receivables from group companies and associates | Note 18 | 42.367 | 24.427 | Group companies and associates, current | Note 18 | 1.239.070 | 1.407.787 |
| Personnel | | - | 6.635 | Trade and other payables | Note 12 | 183.499 | 346.845 |
| Current tax assets | | 1.265 | 1.265 | Suppliers | | 189.387 | |
| Current investments in group companies and associates | | 61.038 | 68.834 | Suppliers, Group companies and associates | | 1.595 | 551 |
| Other financial assets | Note 14 | 61.038 | 68.834 | Personnel(salaries payable) | | 72.845 | 71.377 |
| Current investments | Note 18 | 2.615 | 4.932 | Public entities, other | | 15.155 | 455 |
| Other financial assets | | 2.615 | 4.932 | Advances from customers | | | |
| Prepaid expenses | | - | - | TOTAL EQUITY AND LIABILITIES | Note 14 | 2.156.032 | 2.768.840 |
| Cash and cash equivalents | | 38.077 | 3.458 | | | | |
| Treasury | | 38.077 | 3.458 | | | | |
| TOTAL ASSETS | | 2.156.032 | 2.768.840 | | | | |

The Notes 1 to 20 described in the attached Report form an integral part of the balance sheet at 31st December 2016



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ABRIDGED INCOME STATEMENT FOR THE PERIOD ENDED DECEMBER 31ST, 2016

(Euros)

| | Notes | Year 2016 | Year 2015 |
|--|------------|------------------|------------------|
| CONTINUED OPERATIONS | | | |
| Turnover | Note 16.a) | 2.088.023 | 2.070.029 |
| Provision of services | | 2.088.023 | 2.070.029 |
| Works performed by the company for its assets | Nota 5 | - | 146.633 |
| Supplies | Note 16.b) | (281.396) | (364.684) |
| Consumption of raw materials and other consumables | | (112.102) | (91.270) |
| Works carried out by other companies | | (169.293) | (273.414) |
| Other operating income | | 11.208 | - |
| Personnel expenses | Note 16.c) | (1.433.717) | (1.339.423) |
| Wages, salaries and similar | | (1.124.714) | (1.042.774) |
| Social charges | | (309.002) | (296.649) |
| Other exploitation expenses | Note 16.d) | (544.927) | (368.737) |
| Outside services | | (433.690) | (363.967) |
| Taxes | | (5.393) | (4.770) |
| Losses, impairment and variation of provision for trade operations | | (105.844) | - |
| Amortization of fixed assets | Note 5 y 6 | (339.468) | (281.384) |
| Other income/(losses) | | - | 2.760 |
| RESULTS FROM OPERATING ACTIVITIES | | (500.276) | (134.805) |
| Financial income | | 3.003 | 3.828 |
| - From group companies and partners | Nota 18.1 | 3.000 | 3.766 |
| - From third parties | | 4 | 62 |
| Financial expenses | | (69.147) | (63.758) |
| For debt with group companies and partners | Nota 18.1 | (67.004) | (61.709) |
| For debts with third parties | | (2.144) | (2.049) |
| NET FINANCIAL GAINS/(LOSSES) | | (66.144) | (59.930) |
| PROFIT BEFORE TAX | | (566.421) | (194.736) |
| Income Tax | Note 14 | 116.642 | 102.742 |
| PROFIT AFTER TAXES | | (449.778) | (91.994) |
| PROFIT FOR THE YEAR | Nota 3 | (449.778) | (91.994) |

Notes 1 to 20 of the attached Notes to the Financial Statements form an integral part of the income statement for 2016



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ABRIDGED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED DECEMBER 31ST, 2016 A) ABRIDGED STATEMENT OF RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD ENDED DECEMBER

31ST, 2016

(Euros)

| | Notes | Year 2016 | Year 2015 |
|--|-------|------------------|-----------------|
| RESULT OF THE LOSS AND PROFIT ACCOUNT (I) | | (449.778) | (91.994) |
| TOTAL INCOMES AND EXPENSES DIRECTLY CHARGED ON NET EQUITY (II) | | - | - |
| TOTAL TRANSFERS TO LOSS AND PROFIT ACCOUNT (III) | | - | - |
| TOTAL RECOGNIZED INCOMES AND EXPENSES (I+II+III) | | (449.778) | (91.994) |

The Notes 1 to 20 described in the attached Report form an integral part of the statement of recognized incomes and expenses corresponding to year 2016



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ABRIDGED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED DECEMBER 31ST, 2016

B) ABRIDGED STATEMENT OF CHANGES IN TOTAL NET WORTH

(Euros)

| | Capital | Reserves | Profit of the year | TOTAL |
|---------------------------------------|---------|-----------|-----------------------|-----------|
| BALANCE AT YEAR END 2014 | 550.516 | 537.986 | (238.340) | 850.162 |
| Total recognized incomes and expenses | - | - | (91.994) | (91.994) |
| Application of profit 2014 | - | (238.340) | 238.340 | - |
| BALANCE AT YEAR END 2015 | 550.516 | 299.646 | (91.994) | 758.168 |
| Total recognized incomes and expenses | - | - | (449.778) | (449.778) |
| Other changes in net assets | - | 28.750 | - | 28.750 |
| Application of profit 2015 | - | (91.994) | 91.994 | - |
| BALANCE AT YEAR END 2015 | 550.516 | 236.402 | (449.778) | 337.140 |

The Notes 1 to 20 described in the attached Report form an integral part of the statement of changes in net equity corresponding to year 2016



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Control 7, S.A.U.
Abridged Report for
year ending
31 December 2016

1. Incorporation and activity

Incorporation

Control 7, S.A.U (hereinafter the Company) was incorporated as public limited company on 19th July 1990; its corporate name has not been modified since the incorporation. On 22 June 2011, it was declared an individual company.

The corporate address of the Company is in Zaragoza; its facilities are located in industrial area Malpica C/E 59-61 Nave 9 – 50057, where the Company carries out the main activity.

Corporate Purpose

During period 2011, and as a consequence of the merger by acquisition, the corporate purpose was changed to the following:

- a. Research, development and consulting works in the areas of engineering, construction, environment, food, quality of life, industry in general and related products.
- b. Works related to quality system including: project, manufacturing, installation, maintenance, inspection and tests in the areas described in section a).
- c. Purchase of building plots and lands for urban development and zoning, real estate construction and their use, lease and sale in blocks or in apartments.
- d. Transportation industry directly carried out with the social purposes described in the sections above, on their own and on third party's behalf, on their own or third party's vehicles and even transport vehicles in general.
- e. Consulting services and drafting of technical studies and reports concerning public works, building, zoning and planning, industry, mining, agriculture and environment.
- f. Analysis, testing and technical control of projects, materials, works and facilities, as well as construction quality control.
- g. Drafting of studies, reports and other technical works concerning cartography, geotechnology, ecology, hydrology and environment.
- h. Works management for any type of facilities, buildings, infrastructure and any type of properties in general.

The activities included in the corporate purpose may be totally or partially developed by the Company indirectly through the holding of shares or stakes in other companies engaging in identical or analogous activities.

All activities for which special requirements are required by Law and not fulfilled by the Company shall be excluded. If required by Law, any activity subject to the holding of some sort of professional title shall be carried out by a person holding said required title.

The Company is part of Elsamex Group, whose parent company is Elsamex, S.A., with corporate address in San Severo, 18, Madrid; this is the company that prepares the consolidated financial statements. The consolidated financial statements of Elsamex Group for period 2016 have been prepared by the Directors in the meeting of the Board of Directors held on 31 March 2017. The consolidated financial statements for period 2015 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.



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2. Presentation principles for the abridged financial statements

2.1 Financial Information Framework applicable to the Company

The abridged financial statements have been prepared 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 accompanying abridged financial statements, which were prepared from the Company's accounting records, are presented in accordance with the Spanish General Accounting Plan approved by Royal Decree 1514/2007, which was modified by Royal Decree 1159/2010 and, accordingly, present fairly the Company's equity, financial position, results and cash flows for the related year. These abridged 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 2015 were approved in the General Shareholders' Meeting held on 30 June 2016.

2.3 Non-obligatory accounting principles applied

Non-obligatory accounting principles have not been applied. Also, the directors of the Company formally prepared these abridged financial statements by taking into account all the obligatory accounting principles and standards with a significant effect thereon. 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 accompanying abridged financial statements estimates were made by the Company's Directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. Basically these estimations refer to:

- The useful life of the intangible and tangible assets (see Notes 4.1 and 4.2)
- The evaluation of possible losses by impairment of certain assets (see Notes 4.1, 4.2, and 4.4).
- The calculation of supplies (see Note 4.10).
- The calculation of executed works pending invoicing and works certified in advance. (Note 4.8)

Although these estimates were made on the basis of the best information available at 2015 year-end, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

The Company has incurred losses which meant a reduction in shareholders' equity, and there is a negative working capital. These reasons question the capacity of the Company to settle its assets and liabilities for the amounts and according to the classification found on the attached abridged balance sheet, which was prepared assuming that such activity will continue. There are several reasons which contribute to reduce or eliminate any doubts about the capacity of the Company to continue as going concern. These reasons are the financial support of the sole shareholder, as well as the possibility of reducing expenses without decreasing the operating capacity of the Company, as it can be inferred from the budget for year 2017 and the business plan approved by the Company's Directors. Said business plan is based on certain theories and trends of the market, namely: a commercial market expansion plan focused on specific market niches; client search outside the group; it includes obtaining enough revenues to reach a positive result in 2017, as well increasing the provision of positive cash flows compared to previous financial years, and reducing the financial cost through a reduced indebtedness with the Sole Shareholder.

2.5 Comparative information

For comparative purposes and in compliance with corporate legislation, each entry of the abridged balance sheet, the abridged profit and loss account, and the abridged statement of changes in net equity include the amounts for the previous financial year along with those for year 2016. The notes to the financial statements also include this type of information for the previous period, unless otherwise stated by an accounting standard.

2.6 Grouping of entries

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

2.7 Changes in accounting principles

During the accounting period 2016 no changes in accounting principles have arisen with regards to the principles applied in the accounting period 2015.

2.8 Correction of errors

In preparing the accompanying abridged financial statements no significant errors were detected that would have made it necessary to restate the amounts included in the abridged financial statements for 2015.

3. Distribution of profits

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

| | Euros |
|---|------------------|
| Distribution basis: | |
| Profit and loss (Losses) | (449,778) |
| | (449,778) |
| Distribution: | |
| To negative results from previous periods | (449,778) |
| | (449,778) |

4. Accounting standards and measurement bases

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

4.1 Intangible assets

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.

a) Research and development expenditure:



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With respect to the research and development expenditure, these are capitalized when they fulfil the following conditions:

- They are specifically itemised by project and the related costs can be clearly identified.
- There are sound reasons to foresee the technical success and economic and commercial profitability of the related projects.

The assets thus generated are amortized linearly over their years of useful life (over a maximum period of 5 years from the beginning of their use, since it is estimated that it will generate future income).

If there are doubts about the technical success or economic profitability of the project then the amounts entered in the assets are recognized directly in the abridged profit and loss account for the period.

b) Industrial property:

Under this account the amounts paid for the acquisition of title to or the right to use the related items, or for the expenses incurred in registration of the rights developed by the Company are recognised.

c) Computer software:

The Company enters in this account the costs incurred in the acquisition and development of computer programs. Computer software maintenance costs are recognized with a charge to the abridged profit and loss account for the period in which they are incurred. Computer software is amortized by applying the linear method over a term between 3 and 5 years.

4.2 Property, plant and equipment

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

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

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

| | Percentage |
|--|------------|
| Construction | 2-7 |
| Machinery | 12 |
| Other installations, tools and furniture | 10-25 |
| Computer equipment | 25 |
| Transport items | 12 |

The expenses for conservation and maintenance of property, plant and equipment elements are allocated to the abridged 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 abridged 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 finance charges arising under the lease are allocated to the abridged income statement for the year in which they are incurred using the effective interest method. 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

Expenses resulting from operating leases are charged to income in the year in which they are incurred.

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) Held-to-maturity investments: debt securities, with fixed maturity and determinable payments, quoted in an active market, on which the Company states their will and capacity to keep them until maturity.

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 abridged profit and loss account for the period.

Subsequent measurement –

Loans, items receivable and investments maintained until maturity are valued by their amortized cost.

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 this occurs, the appropriate write-down is recognised in the abridged income statement.



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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 include accounts payable by the Company that have arisen from the purchase of goods or services in the normal course of the business and those which, not having commercial substance cannot be classed as derivative financial instruments.

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

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

4.4.3 Equity instruments

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

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

4.5 **Stock**

This section recognises prepaid advances to suppliers for pending services.

4.6 **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.



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At each period end the assets entered for deferred tax are re-assessed, the appropriate corrections being made to them insofar as there are doubts about its future recovery. Similarly, at each period end the assets are evaluated for deferred tax not entered on the balance sheet and these are subject to entry insofar as its recovery is likely with future tax profits.

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 deposit accounts with companies of the group at short term.

4.7 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.

4.8 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 those projects in progress at the close of the period, in accordance with their level of advancement, notwithstanding the date of issue of the invoice.

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

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

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

4.9 Provisions and contingencies

In preparing the abridged 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 abridged financial statements include all the provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not included in the abridged financial statements, but the information about them can be found in the report notes, provided they are not considered as remote.

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.

4.10 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 abridged financial statements do not include any provision in this connection, since no situations of this nature are expected to arise.

4.11 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.

5. Intangible assets

The movements occurring under this heading of the abridged balance sheet during periods 2016 and 2015, as well as the most significant information affecting this section are as follows:

Financial Year 2016:

| | Euros | | |
|---------------------------|------------------|------------------|--------------------|
| | 31/12/2015 | Additions | 31/12/2016 |
| Cost: | | | |
| Research | 1,597,473 | - | 1,597,473 |
| Computer software | 7,142 | - | 7,142 |
| | 1,604,615 | - | 1,604,615 |
| Accumulated Amortization: | | | |
| Research | (890,578) | (309,614) | (1,200,191) |
| Computer software | (7,142) | - | (7,142) |
| | (897,720) | (309,614) | (1,207,333) |
| Net value | 706,895 | (309,614) | 397,281 |

Financial Year 2015:

| | Euros | | |
|---------------------------|------------------|------------------|------------------|
| | 31/12/2014 | Additions | 31/12/2015 |
| Cost: | | | |
| Research | 1,421,409 | 176,064 | 1,597,473 |
| Computer software | 7,142 | - | 7,142 |
| | 1,428,551 | 176,064 | 1,604,615 |
| Accumulated Amortization: | | | |
| Research | (634,223) | (256,355) | (890,578) |
| Computer software | (7,142) | - | (7,142) |
| | (641,365) | (256,355) | (897,720) |
| Net value | 787,186 | (80,291) | 706,895 |

The activated research projects that continue to be amortized are the following:

- "Development of new fiber reinforced bituminous mixtures (FIBRASCONT)", amounting to 915,101 euro.
- "Use of Purifier Ash as Filler in Bituminous Mixtures and Improvement of Granular Bases (CENIZAS)", for the amount of 402,497 euro.
- Investigation, belonging to old projects, for an amount of 279,875 euro

At the end of accounting periods 2016 and 2015, the Company had intangible assets that were completely amortized and which continued in use for a value of EUR 288,159.



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6. Property, plant and equipment

The movements occurring under this heading of the abridged balance sheet during periods 2016 and 2015, as well as the most significant information affecting this section are as follows:

Financial Year 2016

| | Euros | | |
|--|----------------|-----------------|----------------|
| | 31/12/2015 | Additions | 31/12/2016 |
| Cost: | | | |
| Lands | 61,578 | - | 61,578 |
| Construction | 380,475 | - | 380,475 |
| Technical Installations-Machinery-Fixtures | 606,129 | 2,500 | 608,629 |
| Other installations - Furniture | 259,133 | 1,851 | 260,984 |
| Equipment for information processing | 46,034 | 1,386 | 47,420 |
| Transport items | 59,117 | 11,500 | 70,617 |
| | 1,412,465 | 17,237 | 1,429,702 |
| Accumulated Amortization: | | | |
| Construction | (107,168) | (4,226) | (111,394) |
| Technical Installations-Machinery-Fixtures | (478,902) | (17,332) | (496,234) |
| Other installations - Furniture | (247,336) | (6,033) | (253,369) |
| Equipment for information processing | (45,498) | (423) | (45,921) |
| Transport items | (59,117) | (1,840) | (60,967) |
| | (938,021) | (29,854) | (967,875) |
| Net value | 474,444 | (12,617) | 461,827 |

Financial Year 2015

| | Euros | | |
|--|----------------|----------------|----------------|
| | 31/12/2014 | Additions | 31/12/2015 |
| Cost: | | | |
| Lands | 61,578 | - | 61,578 |
| Construction | 380,475 | - | 380,475 |
| Technical Installations-Machinery-Fixtures | 473,515 | 132,614 | 606,129 |
| Other installations - Furniture | 259,133 | - | 259,133 |
| Equipment for information processing | 46,034 | - | 46,034 |
| Transport items | 59,117 | - | 59,117 |
| | 1,279,851 | 132,614 | 1,412,465 |
| Accumulated Amortization: | | | |
| Construction | (102,941) | (4,226) | (107,168) |
| Technical Installations-Machinery-Fixtures | (465,402) | (13,500) | (478,902) |
| Other installations - Furniture | (240,387) | (6,949) | (247,336) |
| Equipment for information processing | (45,144) | (354) | (45,498) |
| Transport items | (59,117) | - | (59,117) |
| | (912,992) | (25,029) | (938,021) |
| Net value | 366,859 | 107,585 | 474,444 |

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 2016 and 2015 is the appropriate.

At the close of periods 2016 and 2015 the Company had elements of property, plant and equipment completely amortized which were still in use for a value of 804,626 Euros and 790,626 Euros respectively.



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7. Leasing

Operating leases

At the close of accounting periods 2016 and 2015 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:

| | Nominal value | |
|--------------------|---------------|---------------|
| | 2016 | 2015 |
| Less than one year | 64,908 | 53,178 |
| Total | 64,908 | 53,178 |

In their capacity of lessor, the most significant operating leasing contracts that the Company has at the close of period 2016 are the following:

- Lease of a warehouse in Tarazona. The lease contract started on 1st March 2010, with a duration until 28th February 2011. Since then, it has been renewed annually, up to a maximum of 10 annuities. With regard to the contingent rent, the contract is referenced to annual increases as a function of the CPI.
- Nevertheless, most of the accrued expenditure under this heading corresponds to the rental of vehicles and machinery for the different projects of which the Company makes part.

Financial leasing

At the close of accounting periods 2016 and 2015 the Company, as a financial lessee, has some leased assets included in accordance with the following information:

Financial Year 2016

| Financial leasing Minimum quotas | 2016 | | 2015 | |
|-------------------------------------|---------------|---------------|---------------|---------------|
| | Nominal value | Current value | Nominal value | Current value |
| Less than one year | 10,976 | 10,683 | 10,975 | 10,241 |
| Between one and five years | 1,857 | 1,851 | 12,876 | 12,557 |
| Total | 12,833 | 12,534 | 23,851 | 22,798 |

8. Group, multi-group and associated companies

8.1 Equity instruments

Financial Year 2016

| Investee | Address | Activity | % Participation | Euros | | | |
|---------------------------------|--|------------|-----------------|--------|-----------------|----------|----------|
| | | | | Amount | Equity | | |
| | | | | | Capital Company | Reserves | Result |
| Geotecnia y Control de Qualitat | C/ Begurdá nº 15, bloque B, nave 11, Polígono Industrial Can Bernadés- Subirá, 08130 Santa Perpetua de Mogola, Barcelona | Laboratory | 50% | 90,350 | 200,000 | (9,144) | (21,690) |
| | | | | 90,350 | | | |



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| Investee | Address | Activity | % Partici pation | Euros | | | |
|---------------------------------|--|------------|------------------|---------------|---------|----------|--------|
| | | | | Amount | Equity | | |
| | | | | | Capital | Reserves | Result |
| Geotecnia y Control de Qualitat | C/ Begurdá nº 15, bloque B, nave 11, Polígono Industrial Can Bernadés- Subirá, 08130 Santa Perpetua de Mogola, Barcelona | Laboratory | 50% | 90,350 | 200,000 | (10,263) | 1,006 |
| | | | | 90,350 | | | |

9. Short-term financial assets

The breakdown of the Company's financial assets is the following at the close of the accounting period 2016:

Credits and entries receivable

The detail of the abridged balance sheet as of 31 December 2016 and 2015 is as follows:

| | Euros | |
|--|----------------|----------------|
| | 2016 | 2015 |
| Customers by sales and provision of services: | | |
| Customers | 604,658 | 866,002 |
| Delinquent Customers | 299,736 | 193,892 |
| Provision for bad debts | (299,736) | (193,892) |
| | 604,658 | 866,002 |
| Customers, Group businesses current accounts (Note 18): | 42,367 | 24,427 |
| Personnel: | - | 6,635 |
| Short-term financial investments | 2,615 | 4,932 |
| Total | 649,640 | 901,996 |

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:

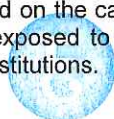
In general, the Company holds its treasury and equivalent liquid assets in financial bodies with a high credit level.

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 abridged balance sheet, as well as on short-term financial investments which are detailed in Note 9.

c) Market risk:

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



11. Own funds

11.1 Share capital

The Company's share capital is represented by 9,160 registered shares of 60.10 Euros nominal value each, fully subscribed and paid in. All shares have the same political and economic rights.

The shareholder of the Company as of 31st December is as follows:

| | % Participation |
|----------------------|-----------------|
| CIESM-Intevía, S.A.U | 100% |
| Total | 100% |

The shares are not quoted on the Stock Exchange.

11.2 Legal reserve

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

11.3 Voluntary reserves

These are unrestricted reserves.

Any distribution of profits is not allowed unless the amount of the reserves available is at least the same as the amount of the research and development expenses entered in the assets of the abridged Balance sheet.

12. Financial liabilities

The Company's financial liabilities are itemized as follows at close of years 2016 and 2015:

| | Euros | |
|--|------------------|------------------|
| | 2016 | 2015 |
| Long-term financial liabilities: | | |
| Other financial liabilities | 59,470 | 83,260 |
| Total non-current financial liabilities | 59,470 | 83,260 |
| Short-term financial liabilities: | | |
| Short-term debts: | | |
| Other financial liabilities | 24,265 | 53,082 |
| | 24,265 | 53,082 |
| | | |
| Debts with group companies (Note 18): | 1,239,070 | 1,407,646 |
| | | |
| Trade creditors and other accounts payable: | | |
| Suppliers | 183,500 | 346,845 |
| Suppliers group companies and associates | 189,387 | - |
| Personnel | 1,595 | 551 |
| Advances Clients | 15,155 | 455 |
| | 389,637 | 347,851 |
| Total current financial liabilities | 1,652,792 | 1,808,579 |



13. Payments to suppliers

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

| | Payments made and pending payment at the close date of the abridged Balance Sheet | |
|------------------------|---|------|
| | 2016 | 2015 |
| PMP (days) of payments | 95 | 66 |

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

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

14. Public Administrations and fiscal situation

The composition of this section of the attached abridged balance sheet at 31 December 2016 and 2015 is as follows:

| | Euros | | | |
|--|------------------|--------------------|------------------|--------------------|
| | 31/12/2016 | | 31/12/2015 | |
| | Balances Debtors | Balances Creditors | Balances Debtors | Balances Creditors |
| Deferred tax assets | 449,003 | - | 514,049 | - |
| Deferred tax liabilities | | 21,070 | | 24,516 |
| Long-term balances with Public Administrations | 449,003 | 21,070 | 514,049 | 24,516 |
| Public Treasury, debtor for VAT, IGIC, IPSI | 1,256 | - | 1,256 | - |
| Public Treasury, creditor Joint Ventures | - | - | - | - |
| Public Treasury, withholdings Income Tax (IRPF) | 9 | 41,389 | 9 | 37,951 |
| Social Security institutions payable | - | 31,456 | - | 33,426 |
| Short-term balances with Public Administrations | 1,265 | 72,845 | 1,265 | 71,377 |

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations period has expired. At close of period 2016 the Company has not any ongoing inspection. The Directors consider that the above-mentioned tax obligations have been adequately settled. Therefore, in the event of a fiscal inspection and considering there were any disagreements in the usual prevailing interpretation because of the fiscal treatment granted to operations, future resulting liabilities, if any, would not significantly affect these abridged financial statements.

Value Added Taxes

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

Tax on Profits

By decision of the Sole Shareholder on 26th December 2011, it was chosen to tax in the Corporate Tax through the tax consolidation regime in accordance with Chapter VII of Title VII of the Corporate Tax Act since 1st October



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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 2016

| | Euros | |
|--|------------------|----------------|
| | Share Payable | Expense |
| Earnings before taxes | (566,421) | (141,605) |
| Adjustments | | |
| Temporary differences: | | |
| Amortization limit | (6,248) | |
| Permanent differences: Non-tax deductible expenses | 99,852 | 24,963 |
| Taxable base (Tax result) | (472,817) | 116,642 |
| Deductions | | |
| Corporate tax expenses | | 116,642 |

Financial Year 2015

| | Euros | |
|--|------------------|----------------|
| | Share Payable | Expense |
| Earnings before taxes | (194,594) | (54,486) |
| Adjustments | (121) | 23,602 |
| Temporary differences: | | |
| Amortization limit | 84,294 | - |
| Permanent differences: Non-tax deductible expenses | | |
| Taxable base (Tax result) | (110,300) | 30,884 |
| Deductions | | 71,858 |
| Corporate tax expenses | | 102,742 |

Deferred tax assets

The movement in the account for Assets for deferred tax on profits during period 2016 is as follows:

| | Euros | | | |
|------------------------------------|-----------------------|----------|----------|-----------------------|
| | Balance at 31/12/2015 | Increase | Decrease | Balance at 31/12/2016 |
| Assets for deferred tax on Profits | 514.059 | - | (65.046) | 449.003 |

Increases produced this year are due to deferred assets generated as a consequence of the limit on amortization applied as expense of the period.

Decrease during this year is caused by the update on tax credit for R+D+i expenses.

In accordance with current legislation, fiscal losses of a period may be offset, for tax purposes, against the profits of tax periods that end in the immediate 18 following years. However, the final amount to be offset by these fiscal losses may be amended in consequence of the comparison of the accounting periods in which they occur.



Deferred tax liabilities

Financial Year 2016

| | Euros | | |
|--|-----------------------|----------------|-----------------------|
| | Balance at 31/12/2015 | Adjustments | Balance at 31/12/2016 |
| Fiscal treatment for leasing contracts | 24,516 | (3,446) | 21,070 |
| | 24,516 | (3,446) | 21,070 |

Financial Year 2015

| | Euros | | |
|--|-----------------------|--------------|-----------------------|
| | Balance at 31/12/2014 | Adjustments | Balance at 31/12/2015 |
| Fiscal treatment for leasing contracts | 25,412 | (896) | 24,516 |
| | 25,412 | (896) | 24,516 |

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

15. Contingent Liabilities

At 31 December 2016 and 2015, the Company has been granted several guarantees demanded in order to contract with Public Entities for an amount of 20,040 and 20,670 Euros, respectively.

16. Revenue and expenditure

a) Net turnover amount

The distribution of net turnover for periods 2016 and 2015, by business categories. The geographical market is the Spanish territory. The distribution is as follows:

| Division | Euros | |
|---------------------------|------------------|------------------|
| | 2016 | 2015 |
| Services to third parties | 2,088,023 | 2,216,662 |
| | 2,088,023 | 2,216,662 |

b) Purchases

The breakdown of this section of the abridged profit and loss account for the accounting period ending on 31 December 2016 and 2015 is as follows:

| | Euros | |
|--------------------------------------|----------------|----------------|
| | 2016 | 2015 |
| Purchase of other materials | 112,102 | 91,270 |
| Works carried out by other companies | 169,293 | 273,414 |
| | 281,396 | 364,684 |



The detail, by origin, of the purchases made by the Company in 2016 and 2015 is as follows:

| | Euros | | | |
|-----------|-----------|-----------------|-----------|-----------------|
| | 2016 | | 2015 | |
| | Nationals | Intra-Community | Nationals | Intra-Community |
| Purchases | 281,396 | - | 266,620 | 98,064 |

c) Personnel expenditure

The breakdown of the "Personnel expenditure" entry in the abridged profit and loss account as of 31 December 2016 and 2015 is as follows:

| | Euros | |
|--------------------------------------|------------------|------------------|
| | 2016 | 2015 |
| Wages, salaries and similar expenses | 1,124,714 | 1,042,774 |
| Employer social security costs | 309,003 | 296,649 |
| Total | 1,433,717 | 1,339,423 |

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

| Categories | 2016 | 2015 |
|---|-----------|-----------|
| Technical personnel and middle management | 55 | 38 |
| Administration personnel | 2 | 2 |
| Unqualified personnel | 4 | 5 |
| Total | 61 | 45 |

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 2016 and 2015:

| Categories | 2016 | | 2015 | |
|---|-----------|-----------|-----------|-----------|
| | Men | Women | Men | Women |
| Technical personnel and middle management | 32 | 23 | 20 | 18 |
| Administration personnel | 1 | 1 | 1 | 1 |
| Unqualified personnel | 4 | - | 1 | 4 |
| Total | 37 | 24 | 22 | 23 |



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d) Other operating expenses

The detail for this section of the attached abridged profit and loss account for accounting periods 2016 and 2015 is as follows:

| | Euros | |
|---|----------------|----------------|
| | 2016 | 2015 |
| Leases and royalties | 64,909 | 53,093 |
| Repairs and maintenance | 30,531 | 17,011 |
| Independent professional services | 17,348 | 20,318 |
| Transport | - | 220 |
| Insurance premiums | 9,446 | 1,650 |
| Bank services and other similar | 4,736 | 13,553 |
| Supplies | 17,492 | 16,844 |
| Other services | 289,228 | 241,278 |
| Other taxes | 5,393 | 4,770 |
| Losses, impairment and variation of provision for trade operations (Note 9) | 105,844 | - |
| | 544,927 | 368,737 |

During financial year 2016, the fees for account auditing services provided by the auditors of the Company, Caballero Auditores, S.L. and Ms. Laura Tahoces, have been as follows:

| Description | 2016 | 2015 |
|------------------------------------|---------------|---------------|
| Auditing Services | 11,000 | 11,000 |
| Total professional services | 11,000 | 11,000 |

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, the specific details are not included in these abridged notes, and also there is not a greenhouse gas emission allowance assigned or acquired.

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 2016 and 2015 in the abridged financial statements.

18. Operations with related parties

18.1 Balances and transactions with group companies

The detail of the balances and transactions made during accounting periods 2016 and 2015 between the Company and Elsamex Group companies is as follows:



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Financial Year 2016:

| | Euros | | | | | | | |
|---|---------------------|---------------|--------------------|------------------|-------------------|-------------------|---------------|--------------|
| | Accounts receivable | | | Accounts payable | Income | Expenditure | Finance | |
| | Long-term credits | Customers | Short-term credits | Loans | Services provided | Services received | Expenditure | Income |
| CIESM-Intevia, S.A.U. | - | - | - | 14.023 | 48.051 | 68.538 | - | 288 |
| CGI-8, S.A. | - | 1.125 | - | - | 327 | - | - | - |
| Señalización, Viales e Imagen, S.A.U | - | - | 13.803 | - | - | - | - | 635 |
| Elsamex, S.A. | - | - | - | 1.222.942 | - | 192.819 | 66.277 | - |
| Elsamex Internacional, S.L.U. | - | - | 14.986 | - | - | - | - | 592 |
| Grusamar Ingeniería y Consulting, S.L.U | - | - | 32.249 | - | 37.640 | 8.677 | - | 1.485 |
| Geotecnia y control de Qualitat S.A. | 6.250 | 41.242 | - | - | 31.292 | - | - | - |
| Atenea Seguridad y Medio Ambiente S.A.U | - | - | - | 2.106 | 12.840 | - | 727 | - |
| TOTAL | 6.250 | 42.367 | 61.038 | 1.239.070 | 98.859 | 301.326 | 67.004 | 3.000 |

Financial Year 2015:

| | Euros | | | | | | | |
|---|---------------------|---------------|--------------------|------------------|-------------------|-------------------|---------------|--------------|
| | Accounts receivable | | | Accounts payable | Income | Expenditure | Finance | |
| | Long-term credits | Customers | Short-term credits | Loans | Services provided | Services received | Expenditure | Income |
| CIESM-Intevia, S.A.U. | - | - | 10,507 | - | 33,141 | 81,009 | - | 2,459 |
| CGI-8, S.A. | - | 3,147 | - | - | 1,174 | - | - | - |
| Señalización, Viales e Imagen, S.A.U | - | - | 13,167 | - | - | - | - | - |
| Elsamex, S.A. | - | - | - | 1,390,917 | - | 183,310 | 61,025 | - |
| Elsamex Internacional, S.L.U. | - | - | 14,275 | - | - | - | - | 392 |
| Grusamar Ingeniería y Consulting, S.L.U | - | - | 30,764 | - | 22,175 | 2,943 | - | 915 |
| Geotecnia y control de Qualitat S.A. | 3,125 | 21,280 | - | - | 19,257 | - | - | - |
| Atenea Seguridad y Medio Ambiente S.A.U | - | - | - | 16,870 | - | - | 684 | - |
| TOTAL | 3,125 | 24,427 | 68,834 | 1,407,787 | 74,491 | 267,262 | 61,709 | 3,766 |

Consejo General

Angel Caballero

Miembro nº 4.925

REA

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The Company has included in its accounts throughout period 2016 the amount of 188,634 EUR and in 2015 the amount of 165,350 EUR for structure expenses allocated by the parent company.

18.2 Remuneration to the Board of Directors and Senior Management

During periods 2016 and 2015, no amount has been incurred for allowances or remunerations of any kind in favour of the Company's Directors. Also, there is not any kind of loan advance, life insurance, pension plan or benefit for any other concept.

There is no senior management in the Company. The managers of the Group, Elsamex, carry out the management of this Company. Elsamex, S.A. invoiced to the Company in period 2016 a total amount of 124,404 Euro for direction and administration services (106,691 Euro in period 2015).

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

Pursuant to Article 229.2 and 3 of the Spanish Corporate Law, in order to reinforce corporate transparency, it is informed that at the close of accounting periods 2015 and 2014 the members of the Board of Directors of Control 7, S.A.U. have not held shares in companies with the same, analogous or complementary type of activity of the corporate purpose of the company. Similarly, no activities have been carried out or are being carried out, on their own or another's behalf, with the same, analogous or complementary type of activity of the Company's corporate purpose, except for those activities which the company may carry out in other Group companies.

19. Segment information

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

| | Studies Geotechnical | Quality control of Works | Advisory Technical | Tests | Total |
|--------------|-------------------------|--------------------------------|-----------------------|------------------|------------------|
| Sales | 367,852 | 50,774 | 740,244 | 929,153 | 2,088,023 |
| EBITDA | (18,325) | (9,244) | 12,259 | (145,499) | (160,809) |
| Depreciation | (62,423) | (8,178) | (113,462) | (155,404) | (339,468) |
| EBIT | (80,748) | (17,422) | (101,203) | (300,903) | (500,277) |

20. Subsequent Events

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



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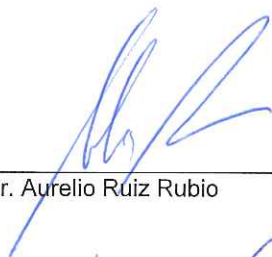
economistas
Consejo General

Ángel Caballero

Miembro nº 4.925

Procedure for Preparation of Abridged Financial Statements

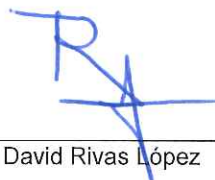
In compliance with the provisions established in the Corporations Act, the Board of Directors of Control 7, S.A.U. prepared on 31 March 2017 the abridged annual accounts for accounting period 2016, which shall be submitted for the approval of the Sole Shareholder.



Mr. Aurelio Ruiz Rubio



Mr. Fernando Bardisa Jordá



Mr. David Rivas López



Mr. Jesús Rincón Jiménez Momediano



Mr. Javier Lorenzo Gracia Abadías