

Elsamex Internacional S.L.U.

Financial statements for the
year ending on
31 December 2016
and Management Report, along with the
Independent Auditor's Report

INDEPENDENT AUDIT REPORT OF FINANCIAL STATEMENTS

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

REPORT ON THE FINANCIAL STATEMENTS

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

Responsibility of the Directors with regards to the financial statements

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

Responsibility of the auditor

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

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

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



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Opinion

In our opinion, the attached Financial Statements faithfully express, in all significant aspects, the assets, the financial status of the Company ELSAMEX INTERNACIONAL, S.L. (Sole Shareholder Company) as of December 31, 2016, as well as its profit and loss account and cash flows corresponding to the financial year then ended, in compliance with the applicable Regulatory Framework for financial reporting and, in particular, with the accounting principles and criteria therein. It should be noted that as of December 31, 2016, and as a described in the aforementioned Note, there is a participatory loan formalized with the Only Partner amounting to 7,500,000 euros, which, in accordance with current commercial legislation, is considered as Net Equity to the exclusive effects of determining that there is no legal cause of dissolution.

Highlighted paragraphs

Without qualifying our audit opinion, we draw attention to what is mentioned in Note 2.4 of the attached Notes, which mentions that the Board of Directors has formulated the accompanying financial statements for the year ended December 31, 2016 following the principle of going concern to understand that the measures and actions detailed in the Business Plan approved by the Directors enable it to continue normal development of the Company and to meet its obligations, also getting results and positive cash flows in the next exercises to recover the asset and offset the deferred tax assets activated.

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

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

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



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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The attached management report of financial year 2016 includes the explanations that the Directors of the Company consider appropriate regarding the situation of the Company ELSAMEX INTERNACIONAL, S.L. (Sole Shareholder Company) the evolution of their business and other matters, and it is not an integral part of the financial statements. We have verified that the accounting information therein is consistent with the financial statements of financial year 2016. Our work as auditors is limited to the verification of the management report with the scope mentioned in this paragraph and does not include any review of information other than the information obtained from the accounting records of the Company ELSAMEX INTERNACIONAL, S.L. (Sole Shareholder Company).

May 15, 2017

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



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Ángel Caballero Antón
Partner

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ELSAMEX INTERNACIONAL, S.L.U.

BALANCE SHEET AS AT DECEMBER 31ST 2016 (Euros)

ASSETS	Notes	Year 2016	Year 2015	NET EQUITY & LIABILITIES	Notes	Year 2016	Year 2015
NON-CURRENT ASSETS				NET EQUITY			
Intangible assets	Note 5	9.499.942	11.136.226	STOCKHOLDERS' EQUITY	Note 12	193.328	3.552.764
Goodwill		1.980.311	2.200.346	Capital		2.842.720	4.674.655
Property, plant and equipment	Note 6	1.980.311	2.200.346	Registered capital		14.310.555	14.310.555
Land and buildings		182.079	482.620	Reserves		1.156.088	1.155.922
Technical installations and other items		112.844	111.067	Legal and statutory reserves		146.528	146.528
Real state investments	Note 7	69.236	371.553	Other reserves		1.009.560	1.009.394
Buildings		358.081	370.993	Prior period's losses		(10.791.987)	(8.001.653)
Non-current investments in group companies and associates	Note 8	3.228.734	4.694.703	Prior period's losses		(10.791.987)	(8.001.653)
Equity instruments		2.988.097	4.251.213	Profit/(loss) for the year		(1.831.936)	(2.790.169)
Loans to companies		240.637	443.490	VALUATION ADJUSTMENTS		(2.649.392)	(1.121.891)
Non-current investments		1.767.327	1.767.286	Foreign Exchange Fluctuation Reserve		(2.649.392)	(1.121.891)
Other financial assets		1.767.327	1.767.286	NON-CURRENT LIABILITIES			
Deferred tax assets	Note 15	1.983.409	1.620.279	Non Current provisions		28.330	27.074
CURRENT ASSETS				Long-term debts		1.086	-
Inventories		20.225.906	22.198.279	Other financial liabilities		1.086	-
Raw materials and other supplies	Note 11	1.341.377	492.578	Group companies and associates long term	Note 14	7.500.000	7.500.000
Advances to suppliers		942.504	107.875	CURRENT LIABILITIES			
Trade and other receivables	Note 9	398.873	384.703	Current provisions	Note 13	22.003.104	22.254.668
Trade receivables		13.590.477	15.616.571	Current payables	Note 14	-	2.277
Trade receivables from group companies and associates	Note 19	11.511.097	13.362.409	Debt with financial institutions		175.633	55.014
Other receivables		754.380	355.497	Other financial liabilities		944	18.688
Personnel		408.016	408.376	Group companies and associates, current	Note 19	174.689	36.326
Current tax assets	Note 15	7.487	13.409	Trade and other payables		17.288.079	17.622.683
Other receivables from Public Entities	Note 15	764.238	614.849	Suppliers	Note 14	4.539.392	4.574.694
Current investments in group companies and associates	Note 19	145.257	862.031	Suppliers, group companies and associates	Note 19	3.884.418	4.152.993
Other financial assets		4.852.097	3.573.109	Sundry creditors		508.179	29.084
Current investments	Note 9	297.232	1.550.987	Personnel(salaries payable)	Note 14	630	-
Other financial assets		297.232	1.550.987	Public entities, other	Note 15	46.977	60.992
Prepayments for current assets		9.008	874.151	Advances from customers	Note 14	62.783	117.133
Cash and cash equivalents		135.715	90.882	TOTAL EQUITY AND LIABILITIES	Note 14	36.405	214.493
Cash		135.715	90.882				
TOTAL ASSETS		29.725.848	33.334.506			29.725.848	33.334.506

Notes 1 to 23 of the attached Report form an integral part of the balance sheet as at 31 December 2016

Consejo General



Ángel Caballero

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ELSAMEX INTERNACIONAL, S.L.U.

INCOME STATEMENT FOR THE PERIOD ENDED DECEMBER 31ST 2016

(Euros)

	Notes	Year 2016	Year 2015
CONTINUING OPERATIONS			
Revenue	Note 17 a)	2.782.583	2.609.176
Sales		1.454.654	203.864
Services rendered		1.327.929	2.405.311
Supplies	Note 17 b)	(1.701.449)	(2.000.501)
Raw material and other consumables used		(1.341.540)	(1.054.726)
Subcontracted works		(359.909)	(945.775)
Other operating income		4.498	52
Non-trading and other operating income		4.498	52
Personnel expenses	Note 17 c)	(1.033.649)	(1.457.201)
Salaries and wages		(580.137)	(761.356)
Employee benefits expense		(453.511)	(695.845)
Other operating expenses	Note 17 e)	(1.518.754)	(1.472.687)
External services		(1.309.708)	(1.461.260)
Taxes		(5.370)	(6.361)
Losses, impairment and changes in trade provisions		(203.280)	-
Other operating expenses		(395)	(5.066)
Amortisation and depreciation	Note 5,6 y 7	(263.342)	(116.778)
Impairment and gains/(losses) on disposal of fixed assets		4.068	-
Gain/(losses) on disposal and others		4.068	-
Other profit/(loss)		(1.351.753)	18.644
PROFIT/(LOSS) FROM OPERATIONS		(3.077.798)	(2.419.295)
Finance income		1.105.625	1.850
Marketable securities and other financial instruments		1.105.625	1.850
- Group companies and associates	Note 19	1.105.280	1.790
- Other		346	60
Finance expenses		(923.920)	(1.148.425)
Group companies and associates	Note 19	(919.825)	(1.147.850)
Other		(4.095)	(575)
Exchange gains/(losses)		1.876	(6.439)
Deterioro y resultados enajenaciones instrumentos financieros		48.658	-
NET FINANCE INCOME/(EXPENSE)		232.239	(1.153.014)
PROFIT/(LOSS) BEFORE INCOME TAX		(2.845.559)	(3.572.309)
Income tax expenses	Note 15	1.013.623	782.141
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		(1.831.936)	(2.790.169)
PROFIT/(LOSS) FOR THE PERIOD		(1.831.936)	(2.790.169)

Notes 1 to 23 of the attached Report form an integral part of the profit and loss account as at 31 December 2016



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ELSAMEX INTERNACIONAL, S.L.U.

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

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE PERIOD ENDED DECEMBER 31ST, 2016 (Euros)

	Notes	Year 2016	Year 2015
PROFIT AND LOSS FOR THE PERIOD (I)		(1.831.936)	(2.790.169)
Income and expenses recognised directly in equity	Note 12.4	(1.527.500)	1.155.721
Foreign exchange fluctuations		(1.527.500)	1.155.721
TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (II)		(1.527.500)	1.155.721
TOTAL TRANSFERS TO THE PROFIT AND LOSS ACCOUNT (III)		-	-
TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)		(3.359.437)	(1.634.448)

Notes 1 to 23 of the attached Report form an integral part of the assigned income and expenditure in relation to accounting period 2016



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ELSAMEX INTERNACIONAL, S.L.U.

STATEMENT OF CHANGE IN THE NET WORTH OF THE YEAR ENDED DECEMBER 31ST ,2016

B) STATEMENT OF CHANGES IN TOTAL NET WORTH

(Euros)

	Notes	Capital	Reserves	Prior period's losses	Profit/ (loss) for the period	Adjustments for changes in value	TOTAL
CLOSING BALANCE FOR PERIOD 2014		14.310.555	1.151.985	(6.921.660)	(1.079.993)	(2.277.612)	5.183.275
Total recognise income and expense		-	-	-	(2.790.169)	1.155.721	(1.634.448)
Prior period's profit/(loss) distribution		-	-	(1.079.993)	1.079.993	-	-
Other changes in net equity		-	3.937	-	-	-	3.937
CLOSING BALANCE FOR PERIOD 2015		14.310.555	1.155.922	(8.001.653)	(2.790.169)	(1.121.891)	3.552.764
Total recognise income and expense		-	-	-	(1.831.936)	(1.527.500)	(3.359.437)
Prior period's profit/(loss) distribution		-	-	(2.790.334)	2.790.169	-	(166)
Other changes in net equity		-	166	-	-	-	166
CLOSING BALANCE FOR PERIOD 2016		14.310.555	1.156.088	(10.791.987)	(1.831.936)	(2.649.392)	193.328

Notes 1 to 23 of the attached Report form an integral part of the statement changes in total net worth relating to period 2016



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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31ST, 2016

(Euros)

	Notes	Year 2016	Year 2015	
CASH FLOW FOR OPERATING ACTIVITIES (I)		(1.560.995)	(3.188.823)	
Profit/(loss) for the period before tax		(2.845.559)	(3.572.309)	
Adjustments for:		1.582.068	1.270.908	
- Amortisation and depreciation (+)	Notas 5,6 y 7	263.342	116.778	
- Losses, impairment and changes in trade provisions(+/-)		203.280	-	
- Proceeds from disposals of fixed assets (+/-)		(4.068)	(2.822)	
- Resultados por bajas y enajenaciones de instrumentos financieros		(48.658)		
- Finance income (-)		(1.105.625)	(1.850)	
- Finance expenses (+)		923.920	1.148.425	
- Exchange gains/(losses) (+/-)		(1.876)	6.439	
- Other income and expenses (+/-)		1.351.753	3.937	
Changes in operating assets and liabilities			(424.944)	505.074
- Inventories (+/-)			848.799	(144.417)
- Trade and other receivables (+/-)		161.446	(839.824)	
- Other current assets (+/-)		(1.041.839)	1.755.242	
- Trade and other payables (+/-)		(145.877)	(226.928)	
- Other current liabilities (+/-)		(246.452)	(33.069)	
- Other non-current assets and liabilities (+/-)		(1.021)	(5.929)	
Other cash flows from operating activities		127.440	(1.392.495)	
- Interest paid (-)		(923.920)	(1.148.425)	
- Interest received (+)		1.105.625	1.850	
- Income tax received (paid) (+/-)		(54.265)	(245.921)	
CASH FLOW FOR INVESTING ACTIVITIES (II)		319.022	565.460	
Payments for investments (-)		(2.704)	(244.253)	
- Property, plant and equipment		(2.704)	(293)	
- Other financial assets		-	(243.960)	
Proceeds from sale of investments (+)		321.726	809.714	
- Group companies and associates	Nota 8	48.658	777.160	
- Property, plant and equipment		273.068	32.554	
CASH FLOW FOR FINANCING ACTIVITIES (III)		1.284.930	1.430.343	
Proceeds and payments for financial liability instruments		1.284.930	1.430.343	
- Group companies and associates		1.163.225	1.489.048	
- Debt with financial institutions		(17.743)	(21.954)	
- Other debts		139.448	(36.751)	
EFFECT OF EXCHANGE RATE FLUCTUATIONS (IV)		1.876	1.155.721	
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		44.833	(37.299)	
Cash and cash equivalents at beginning of period		90.882	128.181	
Cash and cash equivalents at end of the period		135.715	90.882	

Notes 1 to 23 of the attached Report form an integral part of the statement changes in total net worth relating to period 2016



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Elsamex Internacional S.L.U.

Notes for the
year ending
31 December 2016

1. Incorporation and activity

Incorporation

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

On 22 June 2011, the Company was declared as a sole shareholdership, and it was renamed as Elsamex Internacional S.L.U. The sole shareholder is Elsamex S.A.

Corporate Purpose

The purpose of the Company is:

- a. The drafting of projects, quality control and technical management of all types of public or private works, including industrial, agricultural, civil engineering, railway and roads projects, anywhere in the world.
- b. The technical support, business counselling and management and administration of all kinds of companies, enterprises or businesses; the transfer of technology of any kind of product or construction system, anywhere in the world.
- c. The purchase, sale and lease of construction or building materials, vehicles and machinery, anywhere in the world.
- d. The subscription, acquisition, holding and transfer of shares and stakes in the equity of any type of civil or trade company, both civil or trading companies, national or international, on its own behalf, and excluding the activities regulated by the Law on Investment Funds and Capital Markets.
- e. The provision of informative, administrative, communication and maintenance services, especially heating, air-conditioning, domestic hot water (DHW), plumbing, electricity, low-voltage, fire protection, conservation, cleaning or performance of works, providing or not providing materials, on their own or on third party's behalf.
- f. The performance of any type of public works, of construction, agriculture, livestock, forest and industrial projects, commissioned by both private or public companies and bodies, as well as the manufacturing and supply of any type of product or merchandise required for the performance of these activities in Spain and abroad.
- g. The promotion, purchase and sale, leasing, construction and renovation of all types of real estate, excluding all activities for which special requirements are required by Law and not fulfilled by the Company. If required by Law, any activity subject to the holding of some sort of professional title shall be carried out by a person holding said required title.
- h. The management and administration of securities representing the equity of non-resident companies in Spanish territory.

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



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The company develops its activities in Spain and in different regions of South America through its branches in Ecuador, Colombia and the Dominican Republic.

The Company is part of Elsamex Group, whose parent company is Elsamex, S.A., with corporate address in San Severo, 18, Madrid; this is the company that prepares the consolidated financial statements. The consolidated financial statements of Elsamex Group for period 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.

2. Presentation principles for the financial statements

2.1 Financial Information Framework applicable to the Company

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

- a) Code of Commerce and other additional mercantile legislation.
- b) General Accounting Plan, approved by Royal Decree 1514/2007, and sector adaptations.
- c) Mandatory regulations approved by the Institute of Accounting and Accounts Auditing in the development of the General Accounting Plan and complementary rules.
- d) Other applicable Spanish accounting regulations.

2.2 True and fair view

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

2.3 Non-obligatory accounting principles applied

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

2.4 Critical aspects of valuation and estimation of uncertainty

In preparing the attached abridged financial statements estimates were made by the Company's Directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. Basically these estimations refer to:

- The useful life of the intangible and tangible assets (see Notes 4.1 and 4.2)
- The evaluation of possible losses by impairment of certain assets (see Notes 4.1, 4.2, 4.4 and 4.5).
- The calculation of supplies (see Note 4.11).
- The calculations for works certified in advance and works pending certification.



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Although these estimates were made on the basis of the best information available at 2016 year-end, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

The Company has incurred in recurring losses during the last financial years, which have meant a significant reduction in shareholders' equity, and there is a negative working capital. These reasons question the continuance of the accounting principle of the operating company, and in consequence, the capacity of the Company to settle its assets and liabilities for the amounts and according to the classification found on the attached balance sheet, which was prepared assuming that such activity will continue. There are several reasons which contribute to reduce or eliminate any doubts about the capacity of the Company to continue as going concern. These reasons are the financial support of the Sole Shareholder, having formalised during financial year 2015 a participating loan amounting to EUR 7.5 Mn to rebalance the asset position, as well as the possibility of reducing expenses without decreasing the operating capacity of the Company, as it can be inferred from the budget for year 2017 and the business plan approved by the Company's Directors. Said Business Plan is based on certain ideas and trends of the market, namely: a market expansion plan focused on specific market niches; an increase in the sales of the subsidiaries of the Company; clients search outside the Group; works management in all types of market; it includes obtaining an positive EBITDA from 2018, as well as generating positive cash flows in the same period.

2.5 Comparative information

The information contained in these notes to the financial statements concerning financial year 2015 is presented alongside the information for financial year 2016 only for comparative purposes.

2.6 Grouping of entries

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

2.7 Changes in accounting principles

During the accounting period 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 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 2015.

2.9 Consolidated financial statements

Pursuant to current legislation, which requires to submit financial statements for each company, these financial statements refer exclusively to the stand-alone statements of Elsamex Internacional S.L.U., and do not intend to present the consolidated statements of the Company with its dependent company (see Note 11). The Company is exempted from the obligation to present consolidated financial statements by virtue of the requirements established for this purpose in article 43.2 of the Code of Commerce and Royal Decree 1159/2010 on the Preparation of Consolidated Financial Statements, as it belongs to a group of companies whose parent company presents consolidated financial statements in the Companies Registry of Madrid.

3. Distribution of profits

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

	Euros
Distribution basis:	
Profit and loss (Loss)	(1,831,936)
	(1,831,936)
Distribution:	
To negative results from previous periods	(1,831,936)
	(1,831,936)

The Company shall have a restricted reserve equal to the goodwill that appears on the assets of the balance must be made available, using to that end a part of the profit representing, at least, 5% of said goodwill. If there was no profit, or this was insufficient, unrestricted reserves will be used.

4. Accounting standards and measurement bases

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

4.1 Intangible assets

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

a) Goodwill:

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

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

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.

b) Computer software:

The Company enters in this account the costs incurred in the acquisition and development of computer programs. The maintenance cost for the IT applications is entered in the profit and loss account for the period

in which they are incurred. Amortization of the IT applications is done by applying the linear method over a term of between 4 and 5 years.

4.2 Property, plant and equipment

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

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

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

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

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

4.3 Leasing

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

When the Company is the lessee – Finance lease

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

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

When the Company is the lessee – Operating lease

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



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

4.4 Financial Instruments

4.4.1 Financial assets

Classification –

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

- a) Loans and items receivable: financial assets originating in the sale of goods or in the provision of services through the Company's trading operations, or those that do not have a commercial origin, are not equity instruments or derivatives and the charges of which are a fixed or specific amount and are not negotiated in an active market.
- b) Investments in the equity of the companies of the group, associates and multi-group: those companies considered to be part of the group are those connected to the Company through a relationship of control, and associated companies are those over which the Company exerts significant influence. In addition, within the multi-group category those companies are included over which, under an agreement, control is exercised in conjunction with one or more partners.

Initial recognition-

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

Subsequent measurement –

Loans and receivables are measured at amortized cost.

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

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

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

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

4.4.2 Financial liabilities

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

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

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

4.4.3 Equity instruments

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

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

4.5 Stock

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

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

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

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

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

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

4.6 Transactions in currency other than Euro

The Company's functional currency is the Euro. However, the functional currency of the company's branches is the functional currency of the countries where the Company operates through its branches (Dominican Peso mainly). Consequently, operations in currencies other than Euro are considered as foreign currency and entered in accordance with the exchange rates prevailing on the dates of the operations.

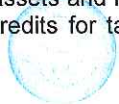
At the close of the period, the monetary assets and liabilities denominated in foreign currency are converted by applying the exchange rate on the date of the balance sheet. The profits or losses shown are directly allocated to the profit and loss account for the period in which they occur.

4.7 Corporate tax

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

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

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, as well as the negative tax bases pending compensation and the credits for tax credit not fiscally applied. These



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amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

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

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

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

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

4.8 Environment

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

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

4.9 Joint ventures (Joint business)

The Company's financial statements include the effect of the proportional integration of the Joint Ventures in which either the Company or its branches participate.

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

The main figures that the Joint Ventures contribute to the balance sheet and the profit and loss account for the accounting periods ending on 31 December 2015 and 2014 are:

Concepts	Euros	
	2016	2015
Total Assets	186.659	170,665
Non-current assets	-	-
Current assets	186.695	170,665
Net amount turnover	-	-

Name of Joint Venture:	Percentage participation	Euros
		Sales
Consorcio. Carreteras del Sur	60%	-
Consorcio Internariño	50%	-

4.10 Revenue and expenditure

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

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

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

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

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

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

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

4.11 Provisions and contingencies

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

- a) Provisions: credit balances covering present obligations arising from past events, whose cancellation will probably cause an outflow of resources, although they are uncertain in their amount and/or timing of cancellation.
- b) Contingent liabilities: possible obligations arising as a consequence of past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events, not wholly within the Company's control and which are not reasonably calculable.

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

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

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



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4.12 Termination benefits

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

4.13 Principles used in transactions between related parties

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

In any case, related parties are:

- a) Companies which are considered to be a company of the group, associate or multi-group, in accordance with article 42 of the Commercial Code.
- b) Natural persons who, directly or indirectly, hold participation in the voting rights of the Company, or in its dominant entity, to enable them to exercise a significant influence over one or another. Close relatives of these natural persons are also included.
- c) The key staff of the Company or of its dominant entity, understood as the natural persons with authority and responsibility over the planning, management and control of the Company's activities, either directly or indirectly, including the directors and executive managers. Close relatives of these natural persons are also included.
- d) Companies over which any of the persons mentioned in b) and c) above can exercise a significant influence.
- e) Companies that share any director or manager with the Company; except in case this person does not have any significant influence in the financial and management policies of the Company.
- f) Persons who are considered as close relatives of the Company administration's agent, if this person is a legal person.
- g) The pension plans for the employees of the Company or of any other which is a party linked to this.

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

- a) The spouse or person with an analogous relationship;
- b) The ascendants, descendants and siblings and the respective spouses or persons with an analogous relationship;
- c) The ascendants, descendants and siblings of the spouse or persons with an analogous relationship;
- d) Persons for whom the spouse or person with an analogous relationship is responsible for or persons with an analogous relationship;

The Company and its branches carry out all their operations with entities linked to market values. In addition, transfer prices set in operations are adequately supported so that the Company Directors consider that there are not any significant risks related to this aspect from which liabilities for future consideration could be derived.



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5. Intangible assets

The movements occurring under this heading of the balance sheet during accounting periods 2016 and 2015 are the following:

Financial Year 2016

	Euros				
	31/12/2015	Additions	Conversion differences	Disposals	31/12/2016
Cost:					
Goodwill	2,200,346	-	-	-	2,200,346
Computer software	3,587	-	133	(3,720)	-
	2,203,932	-	133	(3,720)	2,200,346
Accumulated Amortization:					
Goodwill	-	(220,035)	-	-	(220,035)
Computer software	(3,587)	-	(133)	3,720	-
	(3,587)	(220,035)	(133)	3,720	(220,035)
Net value	2,200,346	(220,035)	-	-	1,980,311

Financial Year 2015

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

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

As of 31 December 2016 the Company had the following investments in intangible fixed assets located abroad:

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

Upon closing of financial years 2016 and 2015 the Group held elements of intangible fixed assets fully amortised for a value of EUR 3,587 and EUR 3,222, respectively.

6. Property, plant and equipment

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

Financial Year 2016

	Euros					
	Balance at 31/12/2015	Increases (Allocations)	Transfers	Conversion Differences Adjustments	Disposals	Balance at 31/12/2016
Gross value:						
Land and buildings	111,067	-	-	1,777	-	112,844
Technical installations and machinery	2,482,749	794	(298,917)	23,585	(748,270)	1,459,940
Other installations, tools and furniture	29,240	1,910	19,977	-	(29,161)	21,966
Equipment for information processing	104,201	-	(36,562)	3,899	(53,689)	17,850
Vehicles	734,342	-	315,502	16,602	(651,177)	415,269
	3,461,599	2,704	-	45,863	(1,482,297)	2,027,868
Accumulated Amortization:						
Technical installations and machinery	(2,215,089)	(6,333)	196,697	(25,663)	605,092	(1,445,296)
Other installations, tools and furniture	(20,323)	(924)	(19,263)	(1,471)	22,557	(19,423)
Equipment for information processing	(84,377)	(1,581)	27,737	(6,804)	46,630	(18,394)
Vehicles	(659,190)	(17,356)	(203,439)	(21,709)	539,017	(362,676)
	(2,978,979)	(26,193)	1,732	(55,646)	1,213,297	(1,845,789)
Property, plant and equipment	482,620	(23,489)	1,732	(9,784)	(269,000)	182,081

Reductions in financial year 2016 correspond to the disposition of machinery to third parties. The positive net result amounts to EUR 4,068 registered in section "Other results" in the attached profit and loss account.

Financial Year 2015

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



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

Description	Country	Euros		
		Book Value (gross)	Accumulated depreciation	Net value
Land and buildings	Dominican R.	561,674	(90,749)	470,925
Technical installations and machinery and vehicles	Dominican R.	478,022	(415,639)	62,383
Other installations, tools, furniture and others	Dominican R.	22,422	(20,140)	2,282
Technical installations and machinery and vehicles	Ecuador	80,711	(77,884)	2,827
Other installations, tools, furniture and others	Ecuador	10,212	(10,212)	-
Technical installations and machinery and vehicles	Colombia	2,141	(1,619)	522
Total		1,155,182	(616,243)	538,939

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

The Company takes out insurance policies to cover the possible risks to which its property, plant and equipment elements are subject. The Company Directors consider that the coverage of these risks on 31 December 2016 and 2015 is the appropriate.

7. Real Estate Investment

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

Financial Year 2016

	Euros				
	31/12/2015	Dif. Exchange and adjustments	Increases (Allocations)	Transfers	31/12/2016
Gross value:					
Real Estate Investment	441,764	7,066	-	-	448,830
	441,764	7,066	-	-	448,830
Accumulated Amortization:					
Land and buildings	(70,771)	(1,132)	(17,114)	(1,732)	(90,749)
	(70,771)	(1,132)	(17,114)	(1,732)	(90,749)
Real Estate Investment	370,993	5,934	(17,114)	(1,732)	358,081

Financial Year 2015

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



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

8. Long-term investments with Group companies and associates

8.1. Equity instruments

The detail of shares in Group companies, multi-group and associate companies and the most relevant information for periods 2016 and 2015 is shown below in EUR:

Financial Year 2016

Investee	Address	Activity	% Participatio n	Euros			
				Amount	Equity		
					Corporate Capital	Reserves	Result
Inteval Gestao Integral Rodoviaria, S.A.	Edif. Atlas II Av. José Gomes Ferreira, 11, 11495-139 Alges (Portugal)	Construction	100.00	2,210,698	1,400,000	2,402,174	920,475
ESM Mantenimiento Integral de S.A. de CV	Presidente Masaryk, 61 piso 7 Colo. Chapultepec Morales CP 11570 deleg. Miguel Hidalgo (Mexico)	Construction	29.99	173,847	345,689	118,116	2,712
Mantenimiento y Conservación de Vialidades S.A. de C.V.	Mauricio Garces 855, Frac. La Joya 76180 Querétaro (Mexico)	Construction	64.00	381,686	594,553	141,215	90,308
Elsamex Portugal Engenharia e Sistemas de Gestao, S.A.	Rua Quinta das Romeiras Edif. Eduardo Vian, 104 6º 1495-236 Alges (Portugal)	Consulting	70.00	251,078	350,000	1,119,756	113,471
Consortio de Obras Civiles, S.R.L.	Avenida 27 de febrero nº272, Edificio J.P., La Julia, Santo Domingo DN, Dominican Republic	Construction	34.00	-	2,011	2,450,525	(1,625)
Vías y Construcciones, S.R.L.	Avenida 27 de febrero nº272, Edificio J.P., La Julia, Santo Domingo DN, Dominican Republic	Construction	50.00	-	-	86,466	(31,971)
				3,017,309			

During the year 2016, the investment in subsidiaries companies Elsamex India Private Ltd. and Yala Construction Company Ltd. has been finally sold to Elsamex S.A.. This transfer hasn't generated any profit or loss for the Company as it has been sold at Net Book Value.

Financial Year 2015

Investee	Address	Activity	% Participatio n	Euros			
				Amount	Equity		
					Corporate Capital	Reserves	Result
Inteval Gestao Integral Rodoviaria, S.A.	Edif. Atlas II Av. José Gomes Ferreira, 11, 11495-139 Alges (Portugal)	Construction	100.00	2,210,698	1,400,000	2,453,197	1,048,976
ESM Mantenimiento Integral de S.A. de CV	Presidente Masaryk, 61 piso 7 Colo. Chapultepec Morales CP 11570 deleg. Miguel Hidalgo (Mexico)	Construction	29.99	173,847	345,689	57,810	60,306
Mantenimiento y Conservación de Vialidades S.A. de C.V.	Mauricio Garces 855, Frac. La Joya 76180 Querétaro (Mexico)	Construction	64.00	381,686	594,553	217,560	(76,344)
Elsamex Portugal Engenharia e Sistemas de Gestao, S.A.	Rua Quinta das Romeiras Edif. Eduardo Vian, 104 6º 1495-236 Alges (Portugal)	Consulting	70.00	251,078	350,000	1,076,088	78,668
Yala Construction CO. Private Ltd.	C/A254 nº6 block Mahipalpur New Delhi (India) 1100.37	Construction	96.00 ⁽¹⁾	926,635	967,084	876,053	(88,336)
Elsamex India Private Ltd	C/A254 nº6 block Mahipalpur New Delhi (India) 1100.37	Construction	99.15 ⁽¹⁾	336,480	337,227	1,389,851	(49,821)
Consortio de Obras Civiles, S.R.L.	Avenida 27 de febrero nº272, Edificio J.P., La Julia, Santo Domingo DN, Dominican Republic	Construction	34.00	-	2,011	2,515,686	(65,156)
Vías y Construcciones, S.R.L.	Avenida 27 de febrero nº272, Edificio J.P., La Julia, Santo Domingo DN, Dominican Republic	Construction	50.00	-	-	65,657	(22,424)
				4,280,424			

Additionally, the Company owns 23.44% of the investment in company "Elsamex Road Technology Company LTD", located in China. Said investment was purchased for an amount of 352,243 Euros; at 2015 and 2016 year-end, this is totally written-off.



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The detail of the Provision for written-off investments of Group companies at 31 December 2016 and 2015 is the following:

Investee	Euros	
	31/12/2016	31/12/2015
Elsamex India Private Ltd	-	9,554
ESM Mantenimiento Integral de S.A. de CV	19,657	19,657
	19,657	29,211

9. Long and short-term financial assets

The breakdown of the Company's financial assets is the following at the close of the periods 2016 and 2015:

	Euros	
	2016	2015
Group companies credits (Note 19)	240,637	443,490
Other financial assets with third parties	1,767,327	1,767,286
Total Long-term financial assets	2,007,964	2,210,776
Customers for sales and provisions of services:		
Customers	11,511,097	13,362,409
Delinquent Customers	845,403	845,403
Impairment of value of credits for commercial operations	(845,403)	(845,403)
	11,511,097	13,362,409
Other financial assets in group companies (Note 19):	4,852,097	3,573,109
Clients, group companies and associate companies (Note 18)	754,380	355,497
Other debtors	408,016	408,376
Other financial assets with third parties	297,232	1,550,987
Total Short-term financial assets	17,822,824	19,250,378

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

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

a) Credit risk:

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

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

b) Liquidity risk:

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

c) Market risk:

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

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

11 Stock

The movements in this heading of the attached balance sheet during periods 2016 and 2015 are the following:

Financial Year 2016

	Euros			
	31/12/2015	Additions	Withdrawals	31/12/2016
Raw materials and other provisions	107,875	1,840,225	(821,132)	1,126,968
Advances to suppliers	384,703	2,756	(180,930)	206,528
Total	492,578	1,842,981	(1,002,062)	1,341,377

The stock located outside of Spain as of closing of financial years 2016 and 2015 is:

Country	Euros	
	31/12/2016	31/12/2015
Dominican R.	923,267	85,024
Colombia	184,464	14,751
Total	1,107,731	99,775

12 Shareholders' Equity

12.1 Share capital

At the close of period 2016 the Company's share capital amounted to 14,310,555 Euros, represented by 2,862,111 shares of 5 Euros nominal value each, all of the same class, in accordance with the following detail:

	% Participation
Elsamex, S.A.	100%
	100%


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12.2 Legal reserve

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

12.3. Goodwill Reserves

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

In accordance with the paragraph above, an amount of 110,018 Euros was allocated to the Goodwill reserve in 2015 and 2016, against unrestricted reserves.

12.4 Conversion differences

The movements in this heading of the attached balance sheet during periods 2016 and 2015 are the following:

Financial Year 2016

	Euros			
	31/12/2015	Additions	Transfers	31/12/2016
Conversion differences	(1,121,891)	(1,344,595)	107,467	(2,649,392)
Conversion differences	(1,121,891)	(1,344,595)	107,467	(2,649,392)

Financial Year 2015

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

The conversion differences for periods 2016 and 2015 are brought about integrally by the impact of the inclusion in the Company's balance sheet of balances coming from the inclusion of Company's subsidiaries in Ecuador, Dominican Republic and Colombia due to exchange rate variations in said countries.

12.5 Equity Situation

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

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

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

1) Amortisation subject to a future profit obtained according to the Company's business plan.

2) Interest in two parts:

2.1 A fixed annual rate of Euribor + 1.75% of the amount drawn.

2.2 A variable rate of 2% subject to an increase based on the positive results obtained before tax.

In consequence, upon closing of financial year 2016, the Company is not in process of dissolution in compliance with Article 36 of the Corporation Law. Moreover, Note 2.4 includes all key aspects with regards to the future business plan expected to be continued by the Management of the Company in the following financial year, which are financially supported by the Sole Shareholder.

13. Provisions

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

Long-term provisions

Year 2016

	Euros		
	31/12/2015	Additions	31/12/2016
Variable remuneration	27,074	(27,074)	-
	27,074	(27,074)	-

Short-term provisions

Year 2016

	Euros				31/12/2016
	31/12/2015	Additions	Adjustments	Write-offs	
Variable remuneration	31.206	-	-	(28.929)	2.277
	31.206	-	-	(28.929)	2.277

14. Financial liabilities

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

Debit and items payable

	Euros	
	2016	2015
Non-current financial liabilities:		
Long-term debts with Group companies and associates (see Note 12.5)	7,500,000	7,500,000



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Total long-term financial liabilities	7,500,000	7,500,000
Current financial liabilities:		
Short-term debts-		
Debts with credit institutions	944	18,688
Other financial liabilities	174,89	36,326
	175,633	55,014
Debts with group companies (Note 18):	17,297,633	17,622,683
Trade creditors and other accounts payable-		
Suppliers	3,884,418	4,152,993
Suppliers group companies and associates	508,179	29,084
Various creditors	630	-
Personnel	46,977	60,992
Advances Clients	36,405	214,493
	4,476,610	4,457,562
Total short-term financial liabilities	21,949,876	22,135,258

Debts with credit institutions

The detail on debts with credit institutions and their expirations upon closing of financial years 2016 and 2015 is as follows:

Financial Year 2016

Company	Bank liabilities	Original currency	Euros		
			Expiration		
			2017	2018	2019
AMEX card (Spain)	Conciliation in current account	Euros	319	-	-
Bank BHD (Dominican Republic)	Conciliation in current account	Dominican Pesos	625	-	-
			944	-	-

Financial Year 2015

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



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15. Public Administrations and fiscal situation

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

	Euros			
	2016		2015	
	Balances Debtors	Balances Creditors	Balances Debtors	Balances Creditors
Deferred tax assets	1,983,409	-	1,620,279	-
Liabilities due to deferred tax	-	-	-	-
Long-term balances with Public Administrations	1,983,409	-	1,620,279	-
Public Treasury, debtor for VAT, IGIC, IPSI	141,877	-	763,658	-
Public Treasury, debtor for Corporate Tax	764,238	-	614,849	-
Public Treasury, debtor for other concepts	-	-	98,373	-
Public Treasury, creditor for VAT, IGIC	-	-	-	74,612
Public Treasury, withholdings Income Tax (IRPF)	-	-	-	24,550
Tax payable, Corporate Tax	-	-	-	6,326
Social Security institutions payable	3,371	62,783	-	11,645
Short-term balances with Public Administrations	909,495	62,783	1,476,880	117,133

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 Directors consider that the above-mentioned tax obligations have been adequately settled. Therefore, in the event of a fiscal inspection and considering there were any disagreements in the usual prevailing interpretation because of the fiscal treatment granted to operations, future resulting liabilities, if any, would not significantly affect these abridged financial statements.

Value Added Taxes

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

Tax on Profits

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

Accounting reconciliation and taxable base result

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

Financial Year 2016

	Euros	
	Share Payable	Revenue/(Expense)
Results before tax	(2,845,559)	711,390
Permanent differences:		
Dividend double taxation deduction	(1,100,000)	275,000
Adjustment due to permanent establishments abroad	184,133	(2,837)
Adjustments to base	1,685,840	(406,460)
Adjustments IS 2015		436,530
Taxable base (Tax result)	2,075,586	
Gross tax accrued (25% of the taxable base)	518,897	
Last year's corporation tax adjustment and taxes for branches		
Withholdings		
Corporate tax receivables of Consolidated Group	518,897	
(Expense) Income due to Corporate Tax	-	1,013,623

Financial Year 2015

	Euros	
	Share Payable	Revenue/(Expense)
Results before tax	(3,572,309)	1,000,247
Temporary differences:		
Amortization limit	159,339	-
Permanent differences:		
Adjustment due to permanent establishments abroad	626,388	(175,389)
Adjustments to base	163,645	(90,436)
Taxable base (Tax result)	(2,622,937)	734,422
Gross tax accrued (28% of the taxable base)	734,422-	734,422
Last year's corporation tax adjustment and taxes for branches	-	47,719
Withholdings	2	-
Corporate tax receivables of Consolidated Group	734,424	-
(Expense) Income due to Corporate Tax	-	782,141

Temporary differences originated in financial year 2016 arise as a result of the different consideration, for accounting and tax purposes, of the expenditure recorded by the Company during the period of technical amortization of the properties and rights of use from financial leases, by application of Royal Decree 4/2004 of 5 March, of Corporate Tax. Royal Decree 4/2004, of 5 March, regarding Corporate Tax.

Deferred tax assets

The detail of the balance of Assets for deferred tax on profits upon closing of financial years 2016 and 2015 is as follows:



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	Euros	
	Balance at 31/12/2016	Balance at 31/12/2015
Temporary differences in accounting amortisation	44,512	92,298
Tax credits due to negative tax bases	1,938,897	1,527,981
Total deferred tax assets	1,983,409	1,620,279

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

The movements have been as follows:

	Euros			
	Balance at 31/12/2015	Additions	Disposals	Balance at 31/12/2016
Temporary differences in accounting amortisation	92,298	-	(47,786)	44,512
Tax credits due to negative tax bases	1,527,981	455,916	-	1,938,897
Total deferred tax assets	1,620,279	455,916	(47,786)-	1,983,409

At the end of year 2016, the details of negative tax bases (capitalized or not capitalized) pending use is as follows:

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

In compliance with the law in force, fiscal losses of a financial year may be offset, for tax purposes, against the profits of tax periods in future financial years for an indefinite period of time. However, the final amount to be offset by these fiscal losses may be amended in consequence of the comparison of the accounting periods in which they occur.

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations period has expired.

At the end of financial year 2015 different inspections of Elsamex Internacional, 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 the Company. in years 2007, 2008 and 2009. 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.

16. Contingent Liabilities

As of 31 December 2016 there are contingencies of the Company and the branches due to ongoing legal procedures with third parties amounting to a total of EUR 4.3 Mn. The Company is being advised by independent professionals who have stated that there are virtually no possibilities of the sentences being unfavourable for the Company, so the future outflow of funds would not be material.



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As of 31 December 2016, the Company has been granted several guarantees demanded in order to contract with Public Bodies for an amount of 1,000 Euros in final guarantees.

17. Revenue and expenditure

a) Net turnover amount

The distribution of net turnover for periods 2016 and 2015, by business categories is as follows:

Division	Euros	
	2016	2015
Services and sales to third parties	1,677,234	1,999,189
Provision of services to Group companies (Note 19)	1,105,929	609,987
	2,782,583	2,609,176

The distribution of net turnover for periods 2016 and 2015 by geographical markets is as follows:

Geographical Markets	Euros	
	2016	2015
Spain	145,878	430,004
Rest of Europe	54,407	206,520
Dominican Republic	285,277	282,083
Colombia	-	545
Ecuador	420,405	465,091
Rest of world	1,876,616	1,224,933
Total	2,782,583	2,609,176

b) Purchases

The breakdown of this section of the profit and loss account for periods 2016 and 2015 is as follows:

	Euros	
	2016	2015
Purchase of other materials	1,341,540	1,054,726
Works carried out by other companies	359,908	945,775
	1,701,448	2,000,501

The breakdown of purchases in years 2016 and 2015 by geographical markets is as follows:

Geographical Markets	Euros	
	2016	2015
Spain	29,699	398,841
Rest of Europe	22,890	133,963
Dominican Republic	245,199	265,423
Colombia	(125,316)	2,682
Ecuador	201,813	187,295
Rest of world	1,327,163	1,012,297
Total	1,701,448	2,000,501



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c) Personnel expenditure

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

	Euros	
	2016	2015
Wages, salaries and similar expenses	580,137	761,356
Employer social security costs	453,513	695,845
Total	1,033,650	1,457,201

The average number of persons employed during accounting periods 2016 and 2015, broken down into categories, is as follows:

Categories	2016	2015
Managers	1	2
Technical personnel and middle management	13	25
Administration personnel	6	7
Unqualified personnel	12	5
Total	32	39

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

Categories	2016	2015
Technical personnel and middle management	8	21
Administration personnel	5	6
Unqualified personnel	12	5
Total	25	32

In accordance with the requirements of Art. 260.9 of the Capital Corporation Law, distribution by sex is shown for the end of the period for the Company's personnel, broken down by category for the closing of accounting periods 2016 and 2015:

Categories	2016		2015	
	Men	Women	Men	Women
Managers	1	-	2	-
Technical personnel and middle management	20	3	21	4
Administration personnel	-	1	3	4
Unqualified personnel	-	-	4	1
Total	21	4	30	9



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

Categories	2016		2015	
	Men	Women	Men	Women
Technical personnel and middle management	7	1	20	1
Administration personnel	4	1	3	3
Unqualified personnel	12	-	4	1
Total	23	2	27	5

d) Other operating expenses

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

	Euros	
	2016	2015
Leases and royalties	69,013	65,885
Repairs and maintenance	29,980	55,233
Independent professional services	120,416	185,896
Transport	66,151	184,814
Insurance premiums	58,834	31,917
Bank services and other similar	14,898	18,786
Publicity, advertising and public relations	1,335	2,780
Supplies	949,081	915,949
Other services	5,370	6361
Other taxes	203,280	-
Other current management expenses	395	5,066
	1,518,753	1,472,687



During financial years 2016 and 2015, the fees for account auditing services and other services provided by the auditor of the Company have been as follows:

Description	Euros 2016	Euros 2015
Auditing Services	20,000	20,000
Other verification services	200	-
Total auditing and related services	20,200	20,000
Other services	-	350
Total professional services	20,200	20,350

18. Environmental aspects

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

The Company's Directors consider that there are no contingencies related to the protection and improvement of the environment and do not consider it necessary to enter any resource to the provision for risks and expenses of an environmental nature as at 31 December 2016 and 2015 in the financial statements.

19. Operations with related parties

19.1 Balances and transactions with group companies

The detail of the balances and transactions made during accounting periods 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		Interests Group	
	Long-term credits to Group companies (Note 9)	Clients, group companies and associate companies (Note 9)	Other short-term financial assets in group companies (Note 9)	Suppliers, group companies and associate companies (Note 14)	Short-term debts with Group companies and associates (Note 14)	Income	Services provided	Services received and staff expenses	Expenditure	Expenditure	Income	Income				
Elsamex Road Technologies, Co. Ltd	240.637	-	-	11.997	2.117.977	-	27.995	-	-	-	-	-	-	-	-	-
Ciesm-Intevia S.A.U.	-	-	-	6.423	-	-	-	6.423	-	-	386.592	40.250	-	-	-	-
Inteval Gestao Integral Rodoviaria, S.A.	-	-	40.017	-	-	-	-	-	-	-	6.423	-	-	-	-	1.100.000
Grusamar Albania SHPK	-	-	1.000	-	-	-	-	-	-	-	-	-	-	-	-	-
Elsamex India Privated LTD	-	61.089	105.921	357.927	-	78.745	-	-	-	-	-	-	-	-	-	-
Elsamex Portugal Engenharia e Sistemas de Gestao	-	73.840	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yala Construction CO. Private Ltd. (India)	-	201.154	153.138	-	170.016	-	-	-	-	-	-	-	-	-	-	-
ESM Mantenimiento Integral de S.A. de CV	-	-	-	-	-	239.888	-	-	-	-	-	-	-	-	-	-
Mantenimiento y Conservacion de Viales S.A. de CV	-	-	105	-	-	-	-	-	-	-	-	591	-	-	-	-
Control 7,S.A.U.	-	-	-	-	14.986	-	-	-	-	-	-	-	-	-	-	-
Elsamex, S.A.U.	-	320.138	399.604	129.172	14.532.849	727.926	-	854.898	879.042	-	-	-	-	-	-	-
Elsamex Maintenance Services Limited	-	98.159	-	-	-	-	-	-	-	-	-	-	-	-	-	1.182
Señalización de viales e Imagen, S.A.U.	-	-	25.670	-	-	-	-	-	-	-	-	-	-	-	-	298
Atenea Seguridad y Medio Ambiente, S.A.U.	-	-	6.469	-	-	-	-	-	-	-	-	-	-	-	-	3.602
Grusamar Ingeniería y Consulting, S.L.	-	-	-	3.161	461.804	30.795	-	36.014	-	-	-	-	-	-	-	33
Alcantarilla Fotovoltaica, S.L.U	-	-	104	-	-	-	-	-	-	-	-	-	-	-	-	84
Beasolarta, S.L.U	-	-	98	-	-	-	-	-	-	-	-	-	-	-	-	48
Área de Servicios Coiros, S.L.U	-	-	169	-	-	-	-	-	-	-	-	-	-	-	-	32
Área de Servicios Punta Umbría, S.L.U	-	-	115	-	-	-	-	-	-	-	-	-	-	-	-	-
Vías y Construcciones, S.R.L	-	-	1.540.321	-	-	-	-	-	-	-	-	-	-	-	-	-
Consorcio de Obras Civiles, S.R.L	-	-	2.498.514	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	240.637	754.380	4.852.097	508.179	17.297.633	1.105.349	1.283.927	919.825	1.105.280	1.105.349	1.283.927	919.825	1.105.280	1.105.280	1.105.280	1.105.280



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Financial Year 2015:

	Euros										
	Accounts receivable					Accounts payable		Income	Expenditure	Interests Group	
	Long-term credits to Group companies (Note 9)	Clients, group companies and associate companies (Note 9)	Other short-term financial assets in group companies (Note 9):	Suppliers, group companies and associate companies (Note 14)	Short-term debts with Group companies and associates (Note 14)	Services provided	Services received and staff expenses	Expenditure	Income	Expenditure	Income
202,853	-	-	-	-	-	-	-	-	-	-	-
240,637	-	-	-	-	-	-	-	-	-	-	-
	-	-	40,017	10,966	550,040	17,535	354,233	19,330	-	-	-
	-	-	1,000	13,604	300,000	-	-	-	-	-	-
	80,503	-	105,921	-	-	191,420	-	-	-	-	-
	73,840	-	-	-	-	-	-	-	-	-	-
	201,154	-	153,138	-	-	-	-	-	-	-	-
	-	-	-	-	115,275	81,520	-	-	-	-	-
	-	-	-	-	137,793	38,485	-	-	-	-	-
	-	-	-	4,514	14,395	-	-	392	-	-	-
	-	-	-	-	15,275,119	188,716	1,246,450	1,128,128	-	-	-
	-	-	-	-	-	92,311	-	-	-	-	1,195
	-	-	24,283	-	-	-	-	-	-	-	308
	-	-	6,174	-	-	-	-	-	-	-	71
	-	-	-	-	299,567	-	-	-	-	-	13
	-	-	-	-	-	-	-	-	-	-	121
	-	-	-	-	-	-	-	-	-	-	82
	-	-	36,408	-	-	-	-	-	-	-	-
	-	-	-	-	31,891	-	-	-	-	-	-
	-	-	-	-	898,862	-	-	-	-	-	-
	-	-	747,194	-	-	-	-	-	-	-	-
	-	-	2,458,974	-	-	-	-	-	-	-	-
	443,490	355,497	3,573,109	29,084	17,622,683	609,987	1,600,683	1,147,850	1,790	-	-
TOTAL											

The Company has included in its accounts throughout period 2016 the amount of 44,950 Euros for structure expenses allocated by the parent company.

During the year 2016, it has been derecognized the long term credit given in the past to VCS Enterprise Ltd, accounting an expense of 202.853 euro in the item "Losses, impairment and changes in trade provisions" of the Profit and loss statement for year 2016 attached.

19.2 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 financial year 2016 a total amount of 20,072 Euro for direction and administration services (27,911 Euro in period 2015).

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

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

20. Payments to suppliers

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

	PAYMENTS MADE AND PENDING PAYMENT AT THE CLOSE DATE OF THE BALANCE SHEET			
	2016		2015	
	Amount	% (a)	Amount	% (a)
Within the maximum legal term (b)	265,751	15%	560,307	30%
Rest	1,537,596	85%	1,283,350	70%
Total payments of the year	1,803,347		1,843,657	
PMPE (days) of payments	73		109	
Postponements that at closing date exceed the maximum legal term	179,503		287,143	

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

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

The maximum legal term of payment applicable to the Company for period 2016 according to Law 3/2004 of 29 December, which establishes measures against delinquency in commercial operations, is 60 days.

21. Other information

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

22. Currency other than Euro

The detail of balances and most significant transactions in foreign currency, valued at the exchange rate at close and average exchange rate, respectively, are the following for periods 2016 and 2015:

	Euros	
	2016	2015
Balances:		
Accounts receivable	11,370,795	7,001,057
Other assets	6,777,660	11,135,106
Accounts payable	3,376,481	3,455,616
Other liabilities	9,697,988	9,455,110
Transactions:		
Sales and provision of services	705,682	627,717
Purchases and services received	323,696	374,281

23. Subsequent Events

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



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Miembro nº 4.925

Elsamex Internacional S.L.U.

Management Report for the

year ending on

31 December 2016

Development of business and Company situation

Sales figures for year 2016 are as follows:

* With Joint Ventures and Subsidiaries 2.78 million Euros

Sales by activity during the year: 52% in Sale of Products and Technology Transfer; 8% in Infrastructure Maintenance; and the remaining 40% in other services.

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

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

Subsequent Events

At the date of preparation of this Management Report, there have not been any significant subsequent facts which may affect the Financial Statements for year 2016.

Activities concerning research and development

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

Operations with Company shares

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

Company use of financial instruments

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

a) Credit risk:

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

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



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b) Liquidity risk:

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

c) Market risk:

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



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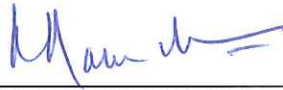
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PROCEDURE FOR PREPARATION OF FINANCIAL STATEMENTS AND MANAGEMENT REPORT

In compliance with the provisions established in the Corporations Act, the Board of Directors of Elsamex Internacional, S.L.U. prepared on 31 March 2017 the Financial Statements and Management Report for period 2016. These Financial Statements will be submitted for the approval of the Sole Shareholder.



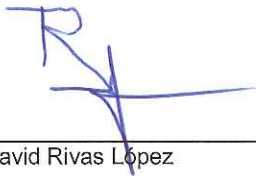
Fernando Jaime Bardisa Jordá



Ramchand Karunakaran



Mukund Gjaran Sapre



David Rivas López