

CIESM-Intevia, S.A.U

Abridged Financial Statements for
year ending
31 December 2017
along with the
Independent Auditor's Report

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

To the Sole Shareholder of CIESM-Intevía, S.A. (Sole Shareholder Entity)

Opinion

We have audited the attached Financial Statements of the Company CIESM-Intevía, S.A.U. that include the balance sheet as of December 31, 2017, the profit and loss account, the statement of changes in equity and the Notes to the Financials for the year then ended.

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

Basis of opinion

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

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

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

Emphasis of matters

The Company CIESM-Intevía, S.A.U. belongs to "Elsamex" Group and, depending on the policy of the Group cash-pooling, the Company gives and receives financial support from the parent company and other entities of the group from the extent and period necessary. At December 31, 2017 the balance presented in respect of credit lines received and invested is presented in the caption denominated "*Current liabilities with Group Companies*" or "*Current Investments in Group Companies*" according to its nature.



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Key audit matters

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

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

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

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

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

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

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

- We identify and address the risks of material misstatement in the 2017 Financial Statements, due to fraud or error, design and apply audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since the fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.
- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate according to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We value if the accounting policies applied are adequate and the reasonableness of the accounting estimates and the corresponding information disclosed by the management.
- We conclude on whether the use, by the Board of Directors, of the accounting principle of the operating company is adequate and, based on the audit evidence obtained, we conclude on whether there is a material uncertainty related to events or conditions that may generate significant doubts



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about the Company's ability to continue as a going concern basis. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the corresponding information disclosed in the Financial Statements or, if such disclosures are not adequate, that we express an amended opinion. Our conclusions are based on the audit evidence obtained to date from our audit report. However, future events or conditions may cause the Company to cease on a going concern basis.

- We evaluate the overall presentation, structure and content of the 2017 Financial Statements, including the disclosed information, and whether the 2017 Financial Statements represent the underlying transactions and events in a way that manages to express the fair value.
- We obtain sufficient and adequate evidence in relation to the financial information of the entities or business activities within the Company to express an opinion about the Financial Statements. We are responsible for the direction, supervision and performance of the Company's audit. We are solely responsible for our audit opinion.

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

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

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

April 27th 2018

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



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



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CIESM-INTEVIA, S.A.U
 (Euros)
ABRIDGED BALANCE SHEET AS AT DECEMBER, 31ST 2017

ASSETS	Notes	Year 2017	Year 2016	EQUITY & LIABILITIES	Notes	Year 2017	Year 2016
NON-CURRENT ASSETS				EQUITY			
Intangible fixed assets	Note 5	3.969.807	4.087.455	OWN FUNDS-	Note 12	1.270.311	1.235.506
Research and Development		734.364	802.604	Capital		1.266.934	1.237.476
Under construction and advances		437.347	611.298	Subscribed capital		60.000	60.000
Property, plant and equipment	Note 6	297.017	191.306	Share premium		60.000	60.000
Technical installations and other items		202.565	220.156	Reserves		598.200	598.200
Non-current investments in group companies and associates	Note 8	2.333.563	2.333.563	Legal and statutory		579.277	488.607
Equity instruments		844.382	844.382	Other reserves		12.561	12.561
Other financial assets		1.489.181	1.489.181	Profit/(loss) for the year		566.716	476.046
Non-current investments	Note 9.1	3.623	3.623	VALUATION ADJUSTMENTS		29.458	90.669
Other financial assets		3.623	3.623	Foreign Exchange Fluctuation Reserve		3.377	(1.971)
Deferred tax asset	Note 15	695.691	727.509				
				NON-CURRENT LIABILITY			
CURRENT ASSETS				Non-current payables	Note 14	2.959.443	3.055.988
Inventories	Note 11	4.595	4.595	Other financial liabilities		959.443	1.055.988
Advances to suppliers		4.595	4.595	Group companies and associates, non-current	Note 19	2.000.000	2.000.000
Trade and other receivables	Note 9	1.666.753	1.206.275				
Trade receivables	Note 9.2	1.113.293	835.994				
Trade receivables from group companies and associates	Note 9.2	519.337	331.025				
Other receivables	Note 9.2	1.392	1.392				
Personnel	Note 9.2	3.237	12.100	CURRENT LIABILITIES	Note 13	4.695.015	4.267.052
Current tax assets	Note 15	21.391	23.329	Current provisions	Note 14	224.156	268.461
Other credits with Public Administration	Note 15	8.103	2.435	Current payables		224.156	268.232
Current investments in group companies and associates	Note 15	3.253.718	3.135.232	Debt with financial institutions	Note 19	3.646.884	3.575.458
Other financial assets	Note 9.2	12.131	11.729	Other financial liabilities	Note 14	824.004	423.133
Current investments				Group companies and associates, current	Note 19	580.588	190.135
Loans to companies				Trade and other payables	Note 19	170.163	155.211
Other financial assets				Suppliers		2.718	3.922
Accruals/Deferrals				Suppliers, group companies and partners		70.037	64.466
Cash and cash equivalents		17.765	113.258	Personnel(salaries payable)		497	9.398
Treasury		17.765	113.258	Public entities, other			
				Advances from customers	Note 15		
TOTAL ASSETS		8.924.770	8.568.545	TOTAL EQUITY AND LIABILITIES		8.924.770	8.568.545

The Notes 1 to 23 described in the attached Report form an integral part of the balance sheet at 31st December 2017



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CIESM-INTEVIA, S.A.U
ABRIDGED INCOME STATEMENT FOR THE PERIOD ENDED DECEMBER 31ST, 2017
(Euros)

	Notes	Year 2017	Year 2016
CONTINUED OPERATIONS			
Turnover	Note 17.a)	2.757.579	2.340.682
Provision of services		2.757.579	2.340.682
Works performed by the company for its assets		105.711	58.254
Supplies	Note 17.b)	(616.895)	(411.937)
Consumption of raw materials and other consumables		(459.383)	(59.618)
Works carried out by other companies		(157.512)	(352.319)
Other income		17.534	15.779
Operating subsidies included in the year result		17.534	15.779
Personnel expenses	Note 17.b)	(1.152.640)	(1.220.729)
Wages, salaries and similar		(930.030)	(958.683)
Social charges		(222.610)	(262.046)
Other exploitation expenses	Note 17.d)	(787.479)	(525.635)
Outside services		(742.030)	(524.319)
Taxes		(16.568)	(8.436)
Losses, impairment and variation of provision for trade operations	Nota 9.2	(23.974)	7.120
Other operating expenses		(4.907)	-
Amortization of fixed assets	Note 5 y 6	(193.377)	(270.241)
Other results		-	14.265
RESULTS FROM OPERATING ACTIVITIES		130.433	(3.783)
Financial income		140.020	124.366
- From third parties		292	472
- From group companies and partners	Note 19	139.727	123.894
Financial expenses		(188.236)	(166.177)
For debts with third parties		(11.018)	(6.213)
For debt with group companies and partners	Note 19	(177.219)	(159.964)
Impairment and result due to disposal of equity instruments		(67)	(4.222)
Exchange differences			638
NET FINANCIAL GAINS/(LOSSES)		(48.284)	(45.396)
PROFIT BEFORE TAX		82.149	(44.957)
Income Tax	Note 15	(52.692)	135.627
PROFIT AFTER TAXES		29.458	90.669
PROFIT FOR THE YEAR		29.458	90.669

Notes 1 to 23 of the attached Notes to the Financial Statements form an integral part of the income statement for 2017



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CIESM-INTEVIA, S.A.U

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

	Year 2017	Year 2016
PROFIT AND LOSS FOR THE PERIOD (I)	29.458	90.669
Foreign Exchange Fluctuation Reserve	5.348	(586)
TOTAL TRANSFERS TO THE PROFIT AND LOSS ACCOUNT (III)	34.806	90.084
TOTAL CONSOLIDATED RECOGNISED INCOME AND EXPENSES (I+II+III)	34.806	90.084

The Notes 1 to 23 described in the attached Report form an integral part of the statement of recognized incomes and expenses corresponding to year 2017



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ABRIDGED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED DECEMBER 31ST, 2017
B) ABRIDGED STATEMENT OF CHANGES IN TOTAL NET WORTH

(Euros)

	Note	Capital	Share premium	Reserves	Profit/(loss) of the year	Foreign Exchange Fluctuation Reserve	TOTAL
BALANCE AT YEAR END 2015		60.000	598.200	482.997	5.611	(1.385)	1.145.423
Total recognized incomes and expenses		-	-	-	90.669	(586)	90.083
Application of profit 2015		-	-	5.611	(5.611)	-	-
BALANCE AT YEAR END 2016	Nota 2.8	60.000	598.200	488.608	90.669	(1.971)	1.235.506
Total recognized incomes and expenses		-	-	-	29.458	5.348	34.806
Application of profit 2016		-	-	90.669	(90.669)	-	-
FINAL BALANCE OF YEAR 2017		60.000	598.200	579.277	29.458	3.377	1.270.312

The Notes 1 to 23 described in the attached Report form an integral part of the statement of changes in net equity corresponding to year 2017



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CIESM-Intevia, S.A.U
Abridged Report for
year ending
31 December 2017

1. Incorporation and activity

Incorporation

Centro de Investigación Elpidio Sánchez Marcos, S.A. (hereinafter the Company) was incorporated as public limited company on 21 December 1990.

On 4 October 2010, the Company was renamed "CIESM-Intevia, S.A.U." after merging with subsidiary "Instituto Técnico de la Vialidad y del Transporte, S.A.U".

The corporate address of the Company and its facilities are located in Madrid, C/ San Severo 18, Parque Empresarial Barajas Park – 28042.

Corporate Purpose

The corporate purpose of the company is the following:

- a. Consulting services and drafting of technical studies and reports concerning public works, building, land planning, industry, mining, agriculture and environment. Analysis, testing and technical control of projects, materials, works and facilities, as well as construction quality control. Drafting of studies, reports and other technical works concerning cartography, geotechnology, ecology, hydrology and environment. Works management for any type of facilities, buildings, infrastructure and any type of properties in general. Research on building systems, products, environment, hydraulic works and recycling of materials.
- b. Rendering of all kinds of services to natural or legal persons, including consulting and commercial management services, assessment and auditing of labour risks, quality, safety and public relations.
- c. Organization of training, education and retraining courses for managers, technicians and workers, and generally for all people in both public administration and companies in the field of construction, maintenance, transport, environment, land planning and infrastructure, as well as in aspects related to technology.
- d. Consulting and technical assistance to Administrations and public or private entities in the areas of projects and studies, inventories, management and maintenance, pathology and rehabilitation and safety and risk prevention.
- e. Drafting of studies and technical reports in the fields of construction, maintenance, transport, environment, land and infrastructure planning, as well as auditing, arbitration and expert reports in the pathologies that may arise in these areas of activity.
- f. Carrying out of research, development and innovation works in the areas of civil engineering, transport, environment and land planning.
- g. Technology transfer in the areas of construction, maintenance, transport, environment and land and infrastructure planning, promoting their development and improvement, as well as promotion and establishment of cooperation agreements with any type of entities, institutions, universities, companies and professionals.
- h. Creation and update of a library fund, technical references and standards in the areas of civil engineering, transport, environment and land planning in order to establish an external enquiry service.
- i. Publishing of books and all kinds of publications in any type of format, and documents of scientific and technical interest for training in the areas of civil engineering, transport, environment and land planning.



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- j. Conducting of economic and financial studies of organization, development and operation of road networks, infrastructure and land planning.
- k. Replacement, acquisition, holding and disposal of shares in other companies, either civil or commercial and regardless of their purpose or activity, all on their own and excluding the activities regulated by the Law on Collective Investment Undertaking and Share Market and without prejudice to obtaining the relevant administrative authorizations, if any, required by special legislation.

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

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

2.1 Financial Information Framework applicable to the Company

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

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

2.2 True and fair view

The accompanying abridged financial statements, which were prepared from the Company's accounting records, are presented in accordance with the Spanish General Accounting Plan approved by Royal Decree 1514/2007 and, accordingly, present fairly the Company's equity, financial position and results for the related year. These abridged financial statements, which have been prepared by the Company Directors, will be submitted for the approval of the Sole Shareholder, and are expected to be approved without any amendment.

In compliance with article 257 of the Corporations Law, approved by Royal Legislative Decree 1/2010, of 2nd July, in effect since 1st September 2010, the Company prepares abridged financial statements.

According to corporate legislation in force, the Company has no obligation to submit their abridged financial statements for auditing; however, and for the sole purposes of improving transparency in financial reporting, the Administrative Body has deemed appropriate to bring these abridged financial statements for year 2017 for verification of an external auditor. They will be subsequently submitted for approval of the Sole Shareholder, and expected to be approved without modification.

The abridged financial statements of period 2016 were approved by the Sole Shareholder on 30 June 2017.



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2.3 Non-obligatory accounting principles applied

Non-obligatory accounting principles have not been applied. Also, the directors of the Company formally prepared these abridged financial statements by taking into account all the obligatory accounting principles and standards with a significant effect thereon. There is not any obligatory accounting principle that has not been applied.

2.4 Critical aspects of valuation and estimation of uncertainty

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

- The useful life of property, plant and equipment and intangible assets (see Notes 4.1 and 4.2).
- The appraisal of certain assets (see Notes 4.4, 4.5, 5 and 6).
- The calculation of provisions for creditor invoices pending receipt (see Note 4.11).
- The calculation of work in progress and works certified in advance.

Although these estimates were made on the basis of the best information available at 2017 year-end, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

2.5 Comparative information

The information contained in these notes to the financial statements referring to the financial year 2016 is presented alongside the information for the financial year 2017 for comparative purposes.

2.6 Grouping of entries

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

2.7 Changes in accounting principles

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

2.8 Correction of errors

In preparing the accompanying abridged financial statements no significant errors were detected that would have made it necessary to restate the amounts included in the abridged financial statements for 2016.



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3. Distribution of profits

The Company Directors shall propose to the Sole Shareholder the following distribution of profits or period 2016:

	Euros
Distribution basis:	
Profit and loss (Profit)	29,458
	29,458
Distribution:	
To voluntary reserves	29,458
	29,458

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

- The provisions established by Law or by the by-laws are fulfilled.
- Net equity is not below share capital, or is not below share capital as a consequence of the distribution. For these purposes, the profits taken directly to equity shall not be directly or indirectly distributed. If there are losses from previous years which lower the value of the Company's net worth below the social capital, the income shall be used to offset those losses.

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

In any case, a restricted reserve equal to the goodwill that appears on the assets of the balance must be made available, using to that end a part of the profit representing, at least, five percent of said goodwill. If there was no profit, or this was insufficient, unrestricted reserves will be used.

4. Accounting standards and measurement bases

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

4.1 Intangible assets

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

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

a) Research and development expenditure:

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

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

The assets thus generated are amortized linearly over their years of useful life (over a maximum period of 5 years).

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

b) Industrial property:

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

c) Computer software:

The Company enters in this account the costs incurred in the acquisition and development of computer programs. Computer software maintenance costs are recognized with a charge to the abridged profit and loss account for the period in which they are incurred. Computer software is amortized by applying the linear method over a term between 4 and 5 years.

4.2 Property, plant and equipment

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

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

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

	Percentage
Construction	2-7
Technical Installations-Machinery-Fixtures- Transport items	12-25
Other installations - Furniture	10
Equipment for information processing	25

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

The company registered temporarily amounts which were R&D expenses as fixed assets in progress within section "Tangible fixed assets" until it was initiated.

4.3 Leasing

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

When the Company is the lessee – Finance lease

In finance leases in which the Company acts as the lessee, the cost of the leased assets is presented in the abridged balance sheet, based on the nature of the leased asset, and, simultaneously, a liability is recognised for the same amount. This amount will be the lower of the fair value of the leased asset and the present value, at the inception of the lease, of the agreed minimum lease payments, including

the price of the purchase option, when it is reasonably certain that it will be exercised. The minimum lease payments do not include contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor. The total finance charges arising under the lease are allocated to the abridged income statement for the year in which they are incurred using the effective interest method. Contingent rent is recognised as an expense for the period in which it is incurred.

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

When the Company is the lessee – Operating lease

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

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

4.4 Financial Instruments

4.4.1 Financial assets

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

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

Initial recognition-

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

Subsequent measurement –

Loans and receivables are measured at amortized cost

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

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

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

The Company discharges the financial assets when they expire or their rights over the cash flow of the corresponding financial asset have been assigned and the risks and benefits inherent in their ownership have been substantially transferred, such as in firm sales of assets, assignment of commercial credit in "factoring" operations in which the Company does not retain any credit risk or interest, sales of financial assets with agreements to repurchase at their reasonable value or the securitization of financial assets in which the assigning Company does not retain subordinate financing nor assigns any type of guarantee or assumes any other type of risk.

On the other hand, the Company does not discharge the financial assets, and enters a financial debit for an amount equal to the consideration received, in assignments of financial assets in which the risks and benefits inherent in their ownership may be substantially retained, such as discount of effects, "factoring with recourse", sales of financial assets with agreements to repurchase at a fixed price or at the sale price plus interest or the securitization of financial assets in which the assigning Company does retain subordinate financing or other types of guarantees that substantially absorb all the expected losses.

4.4.2 Financial liabilities

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

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

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

4.4.3 Equity instruments

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

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

4.5 **Stock**

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 recognises the appropriate write-downs as an expense in the abridged income statement when the net realisable value of the inventories is lower than acquisition or production cost.

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

4.6 Transactions in currency other than Euro

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

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

4.7 Corporate tax

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

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

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

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

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

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

By decision of the Sole Shareholder on 26th December 2011, it was chosen to tax in the Corporate Tax through the tax consolidation regime in accordance with Chapter VII of Title VII of the Corporate Tax Act since 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 the parent company at short term.

4.8 Environment

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

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

4.9 Joint ventures (Joint business)

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



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

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

Concepts	Euros	
	2017	2016
Total Assets	199,007	90,927
Current assets	199,007	90,927
Net amount turnover	126,183	202,906
Services rendered	185,050	358,732
Elimination of consolidation	(58,867)	(155,826)

Division into current and non-current assets and liabilities

Assets and liabilities are divided in the balance sheet into current and non-current. For this purpose, assets and liabilities are considered current when they are linked to the normal course of operation of the Company and they are expected to be sold, used, realised or liquidated in its course. Current assets are different to non-current assets and their maturity, disposition or realisation is expected within a maximum of one year. Non-current assets have a negotiating purpose or they are cash or other equivalent liquid assets which use is limited to a period longer than a year. Except for the current account with group companies (see Note 2.4)

The normal course of operation is under one year for all activities.

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

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

The account "Clients by works and services pending certification or invoice", included in the heading "Clients by sales and provision of services" of the Asset of the Abridged Consolidated 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 consolidated Abridged 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 abridged financial statements, the Company Directors differentiate between:

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

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

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

The compensation to be received from a third party on settlement of the obligation is recognised as an asset, provided that there are no doubts that the reimbursement will take place, unless there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Company is not liable. In this situation, the compensation will be taken into account for the purpose of estimating the amount of the related provision that should be recognised as "invoices pending receipt" in section "Suppliers".

4.12 Compensation for dismissal

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

4.13 Principles used in transactions between related parties

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

In any case, related parties are:

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

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

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

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

a) The spouse or person with an analogous relationship;

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

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

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

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

4.14 Subsidies, donations and legacies

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

- a) Non-refundable subsidies, donations and legacies related to assets: these are measured at the fair value of the amount or the asset received, based on whether or not they are monetary, and they are taken to income in proportion to the period depreciation taken on the assets for which the subsidies were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss except for subsidies received from shareholders or owners, which are recognised directly in equity and do not give rise to the recognition of any income.
- b) Refundable subsidies: while they are refundable, they are recognised as a liability.
- c) Operational subsidies: they are credited to income when granted, unless their purpose is to finance losses from operations in future years, in which case they are allocated to income in those years. If subsidies are received to finance specific expenses, they are allocated to income as the related expenses are incurred (see Note 5).

5. Intangible assets

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

Financial Year 2017

	Euros				
	31/12/2016	Additions	Transfers	Ajustements	31/12/2017
Cost:					
Research and Development	2,441,332	-	-	-	2,441,332
Industrial property	142	-	-	-	142
Computer software	13,117	-	-	-	13,117
Plant, property and equipment in progress	191,306	105,711	-	-	297,017
	2,645,897	105,711	-	-	2,751,608
Amortizations:					
Research	(1,830,034)	(173,951)	-	-	(2,003,985)
Industrial property	(142)	-	-	-	(142)
Computer software	(13,117)	-	-	-	(13,117)
	(1,843,293)	(173,951)	-	-	(2,017,244)
Net	802,604	(68,240)	-	-	734,364

Financial Year 2016

	Euros				
	31/12/2015	Additions	Transfers	Ajustements	31/12/2016
Cost:					
Research and Development	1,962,430	-	478,902	-	2,441,332
Industrial property	142	-	-	-	142
Computer software	13,117	-	-	-	13,117
Plant, property and equipment in progress	611,954	163,958	(478,902)	(105,704)	191,306
	2,587,643	163,958	-	(105,704)	2,645,897
Amortizations:					
Research	(1,593,993)	(236,041)	-	-	(1,830,034)
Industrial property	(142)	-	-	-	(142)
Computer software	(13,117)	-	-	-	(13,117)
	(1,607,252)	(236,041)	-	-	(1,843,293)
Net	980,391	(72,082)	-	(105,704)	802,604

The research works capitalized and that appear as transfers of the current assets in 2016, correspond to the expenses of the project "investigation of the behavior of asphalt mixtures of the high module at extreme temperatures (FATE)". In 2017 there are no any movements.

The other project, already activated, which continues to be amortized, is as follows:

- "Effect of ice and fluxes on bituminous mixtures: Methods of evaluation of recycling rate". It consists of the definition of new procedures for the design and evaluation of bituminous mixtures.

At the end of the year, the Company had fixed assets in progress amounting to € 297,017 corresponding to ongoing research and development work. The project, initiated in 2015, is from the CDTI, "Polyphosphoric PPA" and consists of the study of the influence of polyphosphoric acid on the modification of asphalt bitumen. The amount registered in additions in 2017 was 105,711 euro. The depreciation will start on the first quarter of 2018.

At the close of 2017 and 2016, the Company had fully depreciated intangible assets that were still in use for 1,585,061 and of 1,179,259 euro respectively.



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6. Property, plant and equipment

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

Financial Year 2016

	Euros		
	31/12/2016	Additions	31/12/2017
Cost:			
Technical Installations-Machinery-Fixtures	3,046,179	1,836	3,048,015
Other installations - Furniture	253,749	-	253,749
Equipment for information processing	39,706	-	39,706
Transport items	69,243	-	69,243
	3,408,877	1,836	3,410,713
Amortizations:			
Technical Installations-Machinery-Fixtures	(2,827,517)	(17,948)	(2,845,465)
Other installations - Furniture	(252,256)	(1,478)	(253,734)
Equipment for information processing	(39,706)	-	(39,706)
Transport items	(69,243)	-	(69,243)
	(3,188,722)	(19,426)	(3,208,148)
Net	220,156	(17,590)	202,565

Financial Year 2015

	Euros		
	31/12/2015	Additions	31/12/2016
Cost:			
Technical Installations-Machinery-Fixtures	3,044,379	1,800	3,046,179
Other installations - Furniture	253,749	-	253,749
Equipment for information processing	39,706	-	39,706
Transport items	69,243	-	69,243
	3,407,077	1,800	3,408,877
Amortizations:			
Technical Installations-Machinery-Fixtures	(2,796,278)	(31,239)	(2,827,517)
Other installations - Furniture	(249,324)	(2,931)	(252,256)
Equipment for information processing	(39,675)	(30)	(39,706)
Transport items	(69,243)	-	(69,243)
	(3,154,521)	(34,201)	(3,188,722)
Net	252,556	(32,401)	220,156

The Company takes out insurance policies to cover the possible risks to which its property, plant and equipment elements are subject. The Company Directors consider that the coverage of these risks on 31 December 2017 and 2016 is the appropriate.

At the close of periods 2017 and 2016 the Company had fully amortized property, plant and equipment elements still in use to the value of 3,128,159 Euros and 2,942,115 Euros, respectively.

7. Leasing

Operating leases

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

Operating leases Minimum quotas	2017 Nominal value	2016 Nominal value
Less than one year	86,810	70,480
Total	86,810	70,480

8. Group, multi-group and associated companies

8.1 Equity instruments

Group Companies

Financial Year 2017

Investee	Address	Activity	% Participation	Euros			
				Equity			
				Shareholding net accounting value	Corporate Capital	Reserves	Result
Control 7,S.A.U	Polígono Malpica, Santa Isabel, C/E parcela 57-61, Nave 9, 50057 Zaragoza, España	Laboratory and geotechnical studies	100.00%	765,902	550,516	(213,376)	(255,672)



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Financial Year 2016

Investee	Address	Activity	% Participation	Euros			
				Equity			
				Shareholding net accounting value	Corporate Capital	Reserves	Result
Control 7,S.A.U	Polígono Malpica, Santa Isabel, C/E parcela 57-61, Nave 9, 50057 Zaragoza, España	Laboratory and geotechnical studies	100.00%	765,902	550,516	236,402	(449,778)

Associate Companies

Financial Year 2016

Investee	Address	Activity	% Participation	Euros			
				Equity			
				Shareholding net accounting value	Corporate Capital	Reserves	Result
CGI-8, S.A.	Polígono de San Cipria de Viñas de Orense, 6 Parcela 33. Orense Spain	Laboratory	49.00%	78,480	160,140	(69,986)	14,129

Financial Year 2015

Investee	Address	Activity	% Participation	Euros			
				Equity			
				Shareholding net accounting value	Corporate Capital	Reserves	Result
CGI-8, S.A.	Polígono de San Cipria de Viñas de Orense, 6 Parcela 33. Orense Spain	Laboratory	49.00%	78,480	160,140	(103,217)	33,231

During financial years 2016 and 2017 no impairments in the value of the equity of the different group companies have been recorded, considering that the expected future cash flows with regards to the business plans of these Companies shall exceed the book value of said equity.

8.2 Other financial assets

At 2017 and 2016 year-end, the Company has recognized in heading "Other long-term financial assets - Investments in group companies and associated companies" of the attached abridged balance sheet a loan granted to Group company Grusamar Ingeniería y Consulting, S.L.U., amounting to 1,861,476 Euro. This loan was signed on 31 December 2012 for a term of 6 years; a period of one year of exemption of interests was established. In 2015 the credit was renewed for a total of EUR 1,489,181, setting the total amortisation of the credit upon maturity (that is, on 31 December 2019). The interest rate set by the parties is Euribor + 3% this loan is registered in short term (see note 19)

8.3 Joint ventures

The details for the turnover integrated in the Company's accounting of the Joint Venture businesses in which the Company participates are as follows:

Name of Joint Venture:	Percentage participation	Euros Sales
Intevia-Grusamar-Dair Ute Seguridad Vial Bizkaia	60%	-
Dair –Intevia	50%	-
Geoteyco-Cgs-Ciesm-Enmacosa 2/2008	24%	-
Ute Bidegi	50%	14,268
UTE Sg-2/2011	24%	3,222
Ute Ciesm-Intevia-Conurma-ES movilidad	40%	6,336
Ute Ciesm Intevia Gike	50%	42,618
Ute Ciesm-Intevia-Dair-Itsak	42,5%	118,606
Ute Auditorías Fis Granada	33,3%	-
		185,050

9. Financial assets with third parties (long and short-term)

9.1 Long-term financial assets

The balance of the account in the heading "Other Financial Assets" at the close of periods 2017 and 2016 groups the bonds given for operating lease contracts signed with third parties.

9.2 Short-term financial assets

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

	Euros	
	2017	2016
Customers by sales and provision of services:	1,113,293	835,994
Customers	1,113,293	835,994
Delinquent Customers	1,476,873	1,452,899
Impairment of credit value for commercial operations	(1,476,873)	(1,452,899)
Clients, group companies and associate companies (Note 19)	519,337	331,025
Sundry debtors	1,392	1,392
Personnel	3,237	12,100
Short-term investments in Group companies and associates (see Note 19)	3,253,718	3,135,232
Short-term financial investments	12,131	11,729
Other financial assets	12,131	11,729
TOTAL	4,903,108	4,327,472

The Impairment of credit value for commercial operations Policy of the Company is to deteriorate those debts with private clients that exceed 6 months from the expiration of the invoice. Public client impairment will be done when their non-payment has been formalized after litigation.



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

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

a) Credit risk:

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

b) Liquidity risk:

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

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.

11. Stocks

The Company has at 2017 and 2016 year-end a balance of 4,595 Euro, as "Prepaid Advances to Suppliers".

12. Stockholders' equity

12.1 Share capital

At the close of period 2017 the Company's share capital amounted to 60,000 Euros, represented by 6,000 registered shares of 10 Euros nominal value each, all of the same class, fully subscribed and paid in accordance with the following detail:

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

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. As of 31 December 2017 the Legal Reserves had already reached 20% of the Equity Capital.

12.3 Voluntary reserves

These are unrestricted reserves.



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12.4 Conversion differences

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

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

13. Provisions

The detail for provisions of the abridged balance sheet at the closing of financial years 2017 and 2016, as well as the main movements registered during the year are the following:

Year 2017

	Euros				31/12/2017
	31/12/2016	Additions	Adjustments	Write-offs	
Variable remuneration	-	-	-	-	-
	-	-	-	-	-

Year 2016

	Euros				31/12/2016
	31/12/2015	Additions	Adjustments	Write-offs	
Variable remuneration	18,711	-	-	(18,711)	-
	18,711	-	-	(18,711)	-

14. Financial liabilities

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

14.1 Debit and items payable

	Euros	
	2017	2016
Long-term financial liabilities:		
Other financial liabilities (see Note 14.2)	959,443	1,055,988
Group companies and associates, non-current	2,000,000	2,000,000
Total long-term financial liabilities	2,959,443	3,055,988
Short-term financial liabilities:		
Short-term debts:		
Debts with credit institutions	-	228
Other financial liabilities (see Note 14.2)	224,157	268,232
	224,157	268,461
Debts with group companies (Note 18):	3,646,854	3,575,458
Trade creditors and other accounts payable:		
Suppliers	580,588	190,135
Suppliers, Group companies (Note 18)	170,163	155,211
Personnel	2,718	3,922
Advances Clients	497	9,398
	753,966	358,666
Total short-term financial liabilities	4,624,977	4,202,585

14.2 Other financial liabilities

This heading includes different loans signed with non-bank entities. The details are as follows:

	Amount Granted	Date Contract	Date Expiration	Amounts pending payment (Euro)				
				2018	2019	2020	2021	2022 and beyond
CDTI	494.700	08/04/2010	29/10/2021	49.470	49.470	49.470	49.470	-
CDTI	541.197	21/07/2009	27/08/2020	57.792	57.792	57.792	-	-
CDTI	332.033	13/09/2012	06/10/2023	41.146	41.146	41.146	41.146	105.730
CDTI	252.465	19/02/2016	16/03/2027					151.760
Min. Economy and Finance	165.144	12/02/2013	01/02/2023	74.295	75.038	75.789	70.807	71.146
Others					-	-	-	21.737
TOTAL				224.157	223.446	224.201	161.423	350.373

The debts incurred with CDTI and the Ministry of Economy and Finance do not accrue any interest and they finance investments made in R&D projects.



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15. Public Administrations and fiscal situation

The breakdown of these balances at 31st December 2017 and 2016 is as follows:

	Euros			
	2017		2016	
	Balances Debtors	Balances Creditors	Balances Debtors	Balances Creditors
Deferred tax assets	695.691	-	727,509	-
Long-term balances with Public Administrations	695.691	-	727,509	-
Public Treasury, debtor for VAT, IGIC, IPSI	8.103	5.809	2,435	22
Public Treasury, withholdings IRPF	21.391	46.695	23,329	45,332
Social Security institutions payable		17.533	-	19,112
Short-term balances with Public Administrations	29.494	70.037	25,764	64,466

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.

Deferred tax assets

The movement in the account corresponding to Assets for deferred tax on Profits has been as follows:

	Euros			
	Balance at 31/12/2016	Increase	Decrease	Balance at 31/12/2017
For credit for R+D+i	604.472	-	(14.564)	589.908
For amortization limit	6.303	-	(4.747)	1.556
For negative tax bases	116.734		(12.507)	104.227
Total	727.509	-	(31.818)	695.691

The increases are due to the tax credit for research and development pending to be used generated by projects in progress during this financial year and other previous ones and to the deferred assets generated by forward tax losses for year 2016.

Value Added Taxes

By decision of the Sole Shareholder 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.



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Tax on Profits

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

Accounting reconciliation and taxable base result

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

Financial Year 2017

	Euros	
	Share Payable	Expense
Turnover before tax (loss)	88,250	(22,063)
Permanent differences :Foreign branches	(12)	3
Taxable base (Tax result)	88,238	(22,060)
Tax inspection adjustments		(12,507)
Prior year's Tax adjustment		(18,125)
Expense/(Income) for Corporate Tax		(52,692)

The adjustments in the Corporation Tax from previous years correspond to differences between the calculation of the tax registered in accounting and the amount finally presented in the return, these differences correspond to the correction of the temporary difference of accounting amortization and other corrections on the R & D deductions recorded in the tax return of the previous year.

As established by current legislation, taxes cannot be considered definitive until they have been inspected by the tax authorities or the period of four years has expired. The Company is open to inspection for the years 2014 to 2017. In 2017 the inspection of the Group Companies tax for the years 2012 to 2013 to which the Company is hosted has been closed, the result of this inspection has been a correction of the Deferred Tax Assets for the amount of 12,507 Euros, and there were no outflow of cash for The Company.

Financial Year 2016

	Euros	
	Share Payable	Expense
Turnover before tax (loss)	(44,957)	(11,239)
Permanent differences :Foreign branches	4,379	1,094
Temporary differences:		
Amortization limit	10,023	(2,506)
Taxable base (Tax result)	(30,555)	(12,651)
Deductions pending application		(14,563)
Prior year's Tax adjustment		(108,413)
Expense/(Income) for Corporate Tax		(135,627)



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Tax bases pending to be offset and deductions pending to be applied

At 31 December 2017, the breakdown of negative taxable bases pending to be used is the following:

Origin	Amount
2010	244,493
2011	172,417
Total	416,910

At 31 December 2017, the breakdown of deductions pending to be applied is the following:

Origin	Prescription	Amount
2009	2019	166,544
2010	2020	108,982
2012	2022	137,297
2015	2025	130,868
2016	2026	46,217
	Total	589,908

16. Contingent Liabilities

At 31 December 2017 and 2016, the Company has been granted several guarantees demanded in order to contract with Public Entities for an amount of 61,407 and 33,496 Euros, respectively.

The Company is the corporate guarantor of a syndicated loan granted by credit entities to the parent company of Group Elsamex amounting to 38 million euro.

17. Revenue and expenditure

a) Net turnover amount

The total net turnover for financial years 2017 and 2016 corresponds to provision of services. The distribution by geographical market is as follows:

Division	Euros	
	2017	2016
National	2,461,149	2,111,245
Portugal	296,430	224,230
Africa	-	5,207
	2,757,579	2,340,682



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b) Purchases

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

	Euros	
	2017	2016
Purchase of other materials	459,383	59,618
Works carried out by other companies	157,512	352,319
Total	616,895	411,937

c) Personnel expenditure

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

	Euros	
	2017	2016
Wages, salaries and similar expenses	930,030	958,683
Employer social security costs	222,610	262,046
Total	1,152,640	1,220,729

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

Categories	2017	2016
Management	1	1
Technical personnel and middle management	26	30
Administration personnel	5	5
Total	32	36

There were not any employees during period 2017 in Ciesm - Intevia S.A.U with a disability equal to or greater than 33%.

In accordance with the requirements of Art. 260.9 of the Corporate Law, distribution by sex is shown for the end of the period for the Company's personnel, broken down by category for the accounting periods 2017 and 2016:

Categories	2017		2016	
	Men	Women	Men	Women
Senior Management	1	-	1	-
Technical personnel and middle management	18	8	21	9
Administration personnel	2	3	2	3
Total	21	11	24	12



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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	
	2017	2016
Leases and royalties	86,809	70,480
Repairs and maintenance	9,932	31,544
Independent professional services	98,011	52,118
Transport	98,732	1,959
Insurance premiums	8,406	11,201
Bank services and other similar	2,264	9,273
Publicity	1,479	-
Supplies	2,224	3,043
Other services	434,173	344,701
Other taxes	16,568	8,436
Losses, degradation and supplies variation (see Note 9.2).	23,974	(7.120)
Other current expenses	4,907	-
	787,479	525,635

Auditing expenditure

During financial years 2017 and 2016, the fees accrued for account auditing services provided by the auditors of the Company, Caballero Auditores S.L., have been as follows (in Euro):

Description	2017	2016
Auditing Services	14,910	16,120
Total auditing and related services	14,910	16,120
Other services	3,000	-
Total professional services	17,910	16,120

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 2017 and 2016 in the abridged financial statements.

19. Operations with related parties

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



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Financial Year 2017:

	Euros												
	Assets			Liabilities			Income			Expenditure		Interests Group	
	Long-term credits to Group companies(see Note 8)	Clients, Group companies and associate companies (Note 9.2)	Short-term credits to Group companies (see Note 9.2)	Long-term debts with Group Companies	Short-term debts with Group companies	Suppliers, Group companies and associates	Services provided	Services received	Financial expenditure	Financial Income			
Control 7, S.A.	-	-	137,949	-	-	-	73,565	20,164	-	3,754			
Elsamex Portugal Engheneria e Sistema de Gestao, S.A.	-	26,844	-	-	-	-	-	-	-	-			
Elsamex, S.A.	-	128,909	-	1,000,000	2,243,135	163,666	189,629	332,677	131,268	-			
Elsamex India Private limited	-	58,886	-	-	-	-	-	-	-	-			
Elsamex Internacional, S.L	-	258,293	1,991,432	-	-	-	198,405	24,644	-	54,061			
CGI8, S.L.	-	27,825	4,630	-	-	-	-	-	-	-			
Grusamar Ingeniería y Consulting, S.L.	1,489,181	-	878,655	-	-	6,497	9,600	14,747	-	81,078			
Yala Construction CO Private Ltd	-	2,734	-	-	-	-	-	-	-	-			
Geotecnia y Control de Qualitat,S.A	-	2,591	-	-	-	-	-	-	-	-			
Atenea Seguridad y Medio Ambiente, S.A.	-	-	-	1,000,000	442,649	-	-	-	45,950	-			
Sociedad Concesionaria Autovia A-4 Madrid S.A	-	13,255	-	-	-	-	-	-	-	-			
Vías y Construcciones S.R.L	-	-	221,135	-	-	-	-	-	-	-			
Consortio de Obras Civiles, S.R.L.	-	-	-	-	961,070	-	-	-	-	-			
Señalización, Viales e Imagen, S.A.	-	-	19,917	-	-	-	-	-	-	833			
TOTAL	1,489,181	519,337	3,253,718	2,000,000	3,646,854	170,163	471,199	392,232	177,218	139,726			



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Financial Year 2016:

	Euros											
	Assets					Liabilities		Income			Interests Group	
	Long-term credits to Group companies(see Note 8)	Clients, Group companies and associate companies (Note 9.2)	Short-term credits to Group companies (see Note 9.2)	Long-term debts with Group Companies	Short-term debts with Group companies	Suppliers, Group companies and associates	Services provided	Services received	Financial expenditure	Financial Income		
2016												
Control 7, S.A.	-	-	14,023	-	-	-	68,538	48,051	288	878		
Elsamex Portugal Engenharia e Sistema de Gestao, S.A.	-	26,844	-	-	-	-	-	-	-	-		
Elsamex, S.A.	-	127,447	-	1,000,000	2,056,932	145,624	220,692	320,024	112,739	-		
Elsamex India Private limited	-	58,886	-	-	-	-	-	-	-	-		
Elsamex Internacional, S.L	-	68,464	2,034,455	-	-	2,880	386,592	27,995	-	40,250		
CGI8, S.L.	-	38,647	4,630	-	-	-	15,698	-	-	-		
Grusamar Ingeniería y Consulting, S.L.	1,489,181	-	803,461	-	-	6,707	12,317	-	-	82,765		
Yala Construction CO Private Ltd	-	2,733	-	-	-	-	-	-	-	-		
Geotecnia y Control de Qualitat,S.A	-	3,164	-	-	-	-	1,740	-	-	-		
Atenea Seguridad y Medio Ambiente, S.A.	-	-	-	-	-	-	-	-	-	-		
Sociedad Concesionaria Autovia A-4 Madrid S.A	-	4,840	-	1,000,000	374,311	-	-	-	46,936	-		
Vías y Construcciones S.R.L	-	-	259,580	-	-	-	31,307	-	-	-		
Consortio de Obras Civiles, S.R.L.	-	-	-	-	-	-	-	-	-	-		
Señalización, Viales e Imagen, S.A.	-	-	19,084	-	1,144,216	-	-	-	-	-		
TOTAL	1,489,181	331,025	3,135,232	2,000,000	3,575,438	155,211	736,883	396,071	159,964	123,894		



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The Company has included in its accounts throughout period 2017 the amount of 144,313 Euros for structure expenses allocated by the parent company.

The nature of transactions that occur between the different companies of Group Elsamex is the following:

- Services provided: CIESM provides engineering services in different projects of Group Elsamex companies both nationally and internationally using its own staff.
- Received services (subcontracting): certain Companies of Group Elsamex provide supplementary services to Ciesm - Intevia, S.A.U. for them to develop their activity.
- Financial operations: there are monetary transactions between the entities of Group Elsamex that occur insofar as the companies require liquidity. These intragroup transactions accrue interest of 5% for the amounts of the credit facilities and of Euribor + 3% for the loan granted (see Note 19). Also there are two long term loans with Group Companies, Elsamex S.A, and Atenea Seguridad y Medio Ambiente S.A. . This loans was signed on 1 March 2016. Its validity finished on 31 December 2019. It accrues an annual interest of the Euribor plus 3%. Both the capital and the interest accrued shall be paid upon
- Administration, financial and human resource services: Elsamex S.A., from its central offices in Madrid, provides administrative, legal and fiscal services to the rest of the group entities.

The method for setting the transfer pricing policy is different depending on the type of transaction made:

- a) For transactions consisting of the provision of services (subcontracting) between the different entities of the group, the "resale price" method is used, by which from the sale price of the item is subtracted the usual margin in identical or similar operations with independent persons or entities or, failing this, the margin that independent persons or entities apply to similar operations, making, if required, the corrections necessary to obtain the equivalence and in consideration of the particularities of the operation.
- b) For financial transactions and administrative services between the different group entities the "comparable free price" method is used, by which the price of the goods or service is compared in an operation between connected persons or entities with the price of identical goods or services or of similar nature in an operation between independent persons or entities in similar circumstances, making, if required, the corrections necessary to obtain the equivalence and in consideration of the particularities of the operation.

The totality of balances alive that exist between the connected entities at 31 December 2017 and 2016 are liquid, past due date and demandable.

20. 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 advised that at the close of accounting periods 2016 and 2015 the members of the Board of Directors of Ciesm - Intevia, S.A.U. have not held shares in companies with the same, analogous or complementary type of activity of the corporate purpose of the company. Similarly, no activities have been carried out or are being carried out, on their own or another's behalf, with the same, analogous or complementary type of activity of the Company's corporate purpose, except for those activities which the company may carry out in other Group companies.

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

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

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



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Information concerning senior management personnel:

Name	Positions or duties hold in the company	Remuneration period 2017
Senior management personnel and managing directors	Management	106,205

21. Information on the postponement of payments to suppliers. Additional third disposition. "Duty of information" of Law 15/2010, of 5th July.

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

	PAYMENTS MADE AND PENDING PAYMENT AT THE CLOSE DATE OF THE BALANCE SHEET	
	2017	2016
PMP (days) of payments	150	70

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 2017 according to Law 3/2004 of 29 December, which establishes measures against delinquency in commercial operations, is 60 days.

22. Segment information

The Company considers that the best segmentation is according to the different business areas.

	Engineering and Consulting	Projects and Studies	Condition survey	Courses and Training	Tests	Technological transfer	Product Sales / others	Total
Sales	322,745	-	846,008	9,506	604,709	-	974,611	2,757,579
EBITDA	23,571	(29,500)	242,967	(105,482)	82,990	(2,873)	112,138	323,810
Depreciation	(20,848)	-	(59,565)	(819)	(50,296)	-	(61,849)	(193,377)
EBIT	2,723	(29,500)	183,403	(106,301)	32,692	(2,873)	50,289	130,433

23. Subsequent Events

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



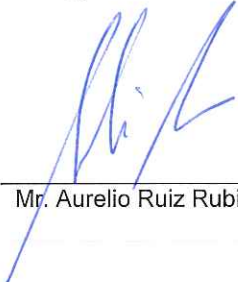
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Procedure for Preparation of Financial Statements

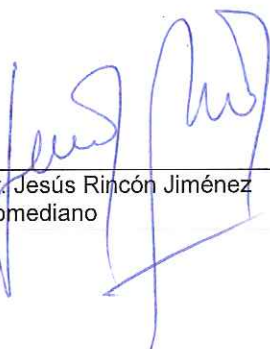
In compliance with the provisions established in the Corporations Act, the Board of Directors of CIESM-Intevia, S.A.U. prepared on 31 March 2018 the Annual Accounts for accounting period 2017, which shall be submitted for the approval of the Sole Shareholder.



Mr. Aurelio Ruiz Rubio



Mr. Fernando Bardisa Jordá



Mr. Jesús Rincón Jiménez
Momediano