

**Señalización Viales e
Imagen, S.A.**
(Single-member Company)

Financial Statements for the year
ended December 31st 2017
with the Auditor's Report

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

To the Sole Shareholder of SEÑALIZACIÓN VIALES E IMAGEN, S.A. (Sole Shareholder Entity)

Opinion

We have audited the attached Financial Statements of the Company SEÑALIZACIÓN VIALES E IMAGEN, S.A. (Sole Shareholder Entity) 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

Without qualifying our opinion, we draw attention to what indicated in Note 2.4 of the attached Notes, which mentions that the Board of Directors has formulated the accompanying financial statements for the year ended December 31st, 2017 according the principle of going concern to understand that the measures and actions detailed in the Business Plan approved by the Directors will allow continuing the normal development of the Company and to reach its obligations, also getting results and positive cash flows in the coming years to recover fixed assets and offset deferred tax assets activated.

The Company SEÑALIZACIÓN VIALES E IMAGEN, S.A.U. is a company belonging to the "Elsamex" Group and, depending on the policy of the Group cash-pooling, the Company receives financial support from the parent company of the group from the extent and period necessary. At December 31st, 2017 the balance presented by the financial statements in respect of credit lines received is classified in the balance sheet item denominated "*Current liabilities with Group Companies*".



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The Company undertakes significant transactions with the parent company of the Group due to the usual operations of their business, as described in Note 17.1 to the accompanying notes.

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.



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- We value if the accounting policies applied are adequate and the reasonableness of the accounting estimates and the corresponding information disclosed by the management.
- We conclude on whether the use, by the Board of Directors, of the accounting principle of the operating company is adequate and, based on the audit evidence obtained, we conclude on whether there is a material uncertainty related to events or conditions that may generate significant doubts about the Company's ability to continue as a going concern basis. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the corresponding information disclosed in the Financial Statements or, if such disclosures are not adequate, that we express an amended opinion. Our conclusions are based on the audit evidence obtained to date from our audit report. However, future events or conditions may cause the Company to cease on a going concern basis.
- We evaluate the overall presentation, structure and content of the 2017 Financial Statements, including the disclosed information, and whether the 2017 Financial Statements represent the underlying transactions and events in a way that manages to express the fair value.
- We obtain sufficient and adequate evidence in relation to the financial information of the entities or business activities within the Company to express an opinion about the Financial Statements. We are responsible for the direction, supervision and performance of the Company's audit. We are solely responsible for our audit opinion.

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

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

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

April 27th 2018

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



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SEÑALIZACIÓN VIALES E IMAGEN S.A.U
ABRIDGED BALANCE SHEET AS AT DECEMBER, 31ST 2017
(Euros)

ASSETS	Notes	Year		PASIVO	Notes	Year	
		2017	2016			2017	2016
NON-CURRENT ASSETS			5,372,938	EQUITY	Note 10		
Intangible fixed assets	Note 5	-	-	OWN FUNDS-			
Research and Development		-	-	Capital		2,740,286	3,253,463
Property, plant and equipment	Note 6	3,298,238	3,367,872	Subscribed capital		688,025	688,025
Land & buildings		2,226,455	2,272,802	Reserves		688,025	688,025
Technical installations and other items		1,071,783	1,095,070	Legal and statutory		(590,564)	(590,564)
Non-current investments	Note 8.1	1,689	1,689	Other reserves		15,006	15,006
Other financial assets		1,689	1,689	Prior period's losses		(605,571)	(605,571)
Deferred tax asset	Note 13	1,813,731	2,003,377	Other shareholder contributions	Notas 10.3 y 17	(4,843,997)	(4,655,626)
				Profit/(loss) for the year		8,000,000	8,000,000
						(513,177)	(188,372)
CURRENT ASSETS		776,860	1,022,190	NON-CURRENT LIABILITY		1,179,309	1,273,904
Inventories		665,583	735,832	Non-current payables	Note 11	467,743	562,337
Materials & finished goods		665,583	735,832	Debts with credit entities	Note 7	467,743	562,337
Advances to suppliers		-	-	Group companies and associates, non-current	Notes 11 y 17	700,000	700,000
Trade and other receivables	Note 8.2	105,781	281,953	Deferred tax liability	Note 13	11,566	11,566
Trade receivables		105,227	281,263	CURRENT LIABILITIES		1,970,923	1,867,761
Personnel		554	574	Current payables	Note 11	101,516	93,229
Other credits with Public Administration		-	116	Debt with financial institutions		6,926	449
Current investments	Note 13	130	356	Finance lease payables	Note 7	94,590	92,780
Other financial assets		130	356	Other financial liabilities		-	-
Short-term accruals		85	85	Group companies and associates, current	Note 17	1,347,343	1,270,039
Cash and cash equivalents		5,281	4,048	Trade and other payables	Note 11	522,064	504,492
Treasury		5,281	4,048	Suppliers		395,688	356,836
				Suppliers, Group companies and associates		92,909	130,251
				Personnel(salaries payable)		745	937
				Public entities, other	Note 13	32,722	16,469
TOTAL ASSETS		5,890,519	6,395,127	TOTAL EQUITY & LIABILITIES		5,890,519	6,395,127

The Notes 1 to 19 described in the attached Report form an integral part of the balance sheet at 31st December 2017



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SEÑALIZACION VIALES E IMAGEN S.A.U
ABRIDGED INCOME STATEMENT FOR THE PERIOD ENDED DECEMBER 31ST, 2017
(Euros)

	Notes	Year 2017	Year 2016
CONTINUED OPERATIONS			
Turnover	Note 15a	2,086,923	2,809,317
Sales		2,034,128	1,464,903
Provision of services		52,794	1,344,414
Supplies	Note 15b	(1,404,795)	(1,841,384)
Consumption of raw materials and other consumables		(1,179,152)	(829,289)
Works carried out by other companies		(225,644)	(1,012,095)
Personnel expenses	Note 15c	(642,800)	(581,644)
Wages, salaries and similar		(473,420)	(440,610)
Social charges		(169,380)	(141,034)
Other exploitation expenses	Note 15e	(273,645)	(322,553)
Outside services		(259,145)	(316,933)
Taxes		(4,884)	(5,621)
Losses, degradation and supplies variation for commercial operations		(9,617)	-
Amortization of fixed assets	Note 5 y 6	(74,183)	(120,749)
Other income/(losses)		-	725
EXPLOITATION RESULT		(308,501)	(56,288)
Financial expenses		(105,421)	(207,817)
For debt with group companies and partners	Note 17	(92,282)	(193,044)
For debts with third parties		(13,138)	(14,773)
Exchange differences		94	8
NET FINANCIAL GAINS/(LOSSES)		(105,327)	(207,809)
PROFIT BEFORE TAX		(413,828)	(264,097)
Income tax	Note 13	(99,349)	75,725
PROFIT FOR THE YEAR	Note 3	(513,177)	(188,372)

The Notes 1 to 19 described in the attached Report form an integral part of the loss and profit account corresponding to year 2017



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SEÑALIZACION VIALES E IMAGEN S.A.U

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

	Year 2017	Year 2016
RESULT OF THE LOSS AND PROFIT ACCOUNT (I)	(513,177)	(188,372)
TOTAL INCOMES AND EXPENSES DIRECTLY CHARGED ON NET EQUITY (II)	-	-
TOTAL TRANSFERS TO LOSS AND PROFIT ACCOUNT (III)	-	-
TOTAL RECOGNIZED INCOMES AND EXPENSES (I+II+III)	(513,177)	(188,372)

The Notes 1 to 19 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)

	Capital	Reserves	Prior period's losses	Other shareholder contributions	Profit/ (loss) of the year	TOTAL
FINAL BALANCE OF YEAR 2015	688,025	(590,564)	(4,624,431)	5,400,000	(31,195)	841,835
Application of profit 2015	-	-	(31,195)	-	31,195	-
Total recognized incomes and expenses	-	-	-	-	(188,372)	(188,372)
Shareholder contributions	-	-	-	2,600,000	-	2,600,000
FINAL BALANCE OF YEAR 2016	688,025	(590,564)	(4,655,626)	8,000,000	(188,372)	3,253,463
Application of profit 2016	-	-	(188,372)	-	188,372	-
Total recognized incomes and expenses	-	-	-	-	(513,177)	(513,177)
FINAL BALANCE OF YEAR 2017	688,025	(590,564)	(4,843,998)	8,000,000	(513,177)	2,740,286

The Notes 1 to 19 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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Señalización Viales e Imagen S.A.U.

Abridged Report for
year ending
31 December 2017

1. Incorporation and activity

Incorporation

Señalización Viales e Imagen S.A.U. (hereinafter, the Company), was incorporated by notarized deed on 18th March 1994 under the name Luminosos Publineon, S.L. On 1st October 2004, it was converted into a public limited company. Afterwards, on 25th August 2006, its corporate name was changed to Señalización Viales e Imagen S.A. Finally, on 29th December 2008, it was converted into a single-member public limited company. Its corporate address is in Avenida Francisco Javier 22 3^{er} floor, Modulo 5 C.P. 41018 (Sevilla)

Corporate Purpose

The purpose of the Company is:

- a. The manufacturing, study, installation, conservation and repair of all kinds of signals, panels and signs, as well as corporate image, advertising, electrical and lamp items.
- b. The purchase, sale, operation, administration, holding, construction and lease of any kind of properties.

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

These activities could also be indirectly performed by the Company, totally or partially, through the holding of shares 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 San Severo, 18, Madrid; this is the company that prepares the consolidated financial statements. The consolidated financial statements of Elsamex Group for period 2017 have been prepared by the Directors in the meeting of the Board of Directors held on 31th March 2018. The consolidated financial statements for period 2016 were approved at the General Shareholders' Meeting of Elsamex, S.A., held on 30 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.

Other applicable Spanish accounting regulations.



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2.2 True and fair view

The attached abridged 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 and the results of the Company during the corresponding period. These abridged financial statements, which have been prepared by the Company Directors, will be submitted for the approval of the Sole Shareholder, and are expected to be approved without any amendment. The financial statements for period 2016 were approved by the Sole Shareholder on 30 June 2017.

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.

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 the totality of obligatory applicable accounting principles and standards which have a significant effect on said abridged 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 4.4).
- The calculation of executed works pending invoicing and works certified in advance.

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 been incurring in recurrent losses that have result in a significant reduction of the equity and in the existence of a negative working capital of significant amount, factors that could cast doubt on the accounting principle of going concern and, therefore, the ability of the Company to settle its assets and liabilities in the amounts according to the classification found on the attached abridged balance sheet, which has been prepared assuming that such activity will continue. There are important factors that tend to eliminate doubt about the ability of the Company to continue as a going concern. These factors include the financial support by the sole shareholder, having formalized during the year 2017 a contribution of 8,000,000 euro by offsetting credits in order to rebalance the financial situation and the possibility of reducing costs, primarily through a reduction in financial cost future without reducing the operational capacity of the Company, as follows, both the budget for 2018 and the business plan approved by the directors of the Company. This business plan is based on certain assumptions and market trends mainly they include: an expansion plan commercial market focused on niche markets, which seeks to build customer loyalty obtained by the Parent Group, and finding customers outside the group. All these measures are aimed at obtaining enough revenue to achieve a positive outcome from the financial year 2019 and to increase the generation of positive cash flows in future years.



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2.5 Comparative information

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

3. Distribution of profits

The Directors shall propose to the Sole Shareholder to allocate the loss of the period to negative results of previous years, to be offset with future profits.

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:

- It is specifically individualized by projects and their cost may be clearly established.
- 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).



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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.

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
Land and buildings	2
Other installations, tools and furniture	10-15
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.

4.4 Financial Instruments

4.4.1 Financial assets

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



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

Initial recognition-

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

Subsequent measurement –

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

Held-for-trading financial assets are measured at fair value and the gains and losses arising from changes in said fair value are recognised in the net profit or loss for the year.

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 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.



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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 first-in-first-out (FIFO) method.

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. 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.

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 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.

4.10 Provisions and contingencies

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

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

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

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

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

4.11 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.

4.12 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;



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

5. Intangible assets

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

Financial Year 2017

	Euros		
	31/12/2016	Additions	31/12/2017
Cost:			
Research	180,623	-	180,623
Computer software	22,970	-	22,970
	203,593	-	203,593
Accumulated Amortization:			
Research	(180,623)	-	(180,623)
Computer software	(22,970)	-	(22,970)
	(203,593)	-	(203,593)
Net value	-	-	-

Financial Year 2016

	Euros		
	31/12/2015	Additions	31/12/2016
Cost:			
Research	180,623	-	180,623
Computer software	22,970	-	22,970
	203,593	-	203,593
Accumulated Amortization:			
Research	(144,499)	(36,124)	(180,623)
Computer software	(22,970)	-	(22,970)
	(167,469)	(36,124)	(203,593)
Net value	36,124	(36,124)	-

At 2017 year-end, the Company had fully amortized intangible assets amounting to 203,593 Euros; it did not have any intangible assets abroad.

This research project aims at expanding applications and improvements of different lighting systems (led-based) so they can be applied to different signalling of the same brand, optimizing elements and costs, durability, capacity and light output.



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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 is as follows:

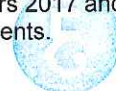
Financial Year 2016

	Euros		
	31/12/2016	Additions	31/12/2017
Cost:			
Lands	422,802	-	422,802
Construction	2,315,528	-	2,315,528
Machinery	1,251,239	4,551	1,255,790
Other installations, tools and furniture	1,737,871	-	1,737,871
Equipment for information processing	109,721	-	109,721
Transport items	36,777	-	36,777
	5,873,938	4,551	5,878,489
Accumulated Amortization:			
Construction	(465,529)	(46,346)	(511,875)
Machinery	(1,244,142)	(2,535)	(1,246,677)
Other installations, tools and furniture	(649,898)	(25,302)	(675,200)
Equipment for information processing	(109,721)	-	(109,721)
Transport items	(36,777)	-	(36,777)
	(2,506,066)	(74,183)	(2,580,250)
Net value	3,367,872	(69,632)	3,298,239

Financial Year 2016

	Euros		
	31/12/2015	Additions	31/12/2016
Cost:			
Lands	422,802	-	422,802
Construction	2,315,528	-	2,315,528
Machinery	1,251,239	-	1,251,239
Other installations, tools and furniture	1,737,871	-	1,737,871
Equipment for information processing	109,721	-	109,721
Transport items	36,777	-	36,777
	5,873,938	-	5,873,938
Accumulated Amortization:			
Construction	(419,182)	(46,347)	(465,529)
Machinery	(1,241,037)	(3,105)	(1,244,142)
Other installations, tools and furniture	(614,725)	(35,173)	(649,898)
Equipment for information processing	(109,721)	-	(109,721)
Transport items	(36,777)	-	(36,777)
	(241,442)	(84,625)	(2,506,066)
Net value	3,452,496	(84,625)	3,367,872

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. As it is shown in Note 7, at the closing of tax years 2017 and 2016 the Company had several financial leasing operations on its property, plant and equipment elements.



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At 2017 year-end, the Company had fully amortized property, plant and equipment elements still in use to the value of 1,855,422 Euros; this amount was and 1,848,225 Euros at 2016 year-end.

7. Leasing

Financial leasing

At the close of accounting periods 2017 and 2016 the Company, as a financial lessee, has some leased assets included in accordance with the following information:

Financial Year 2017

	For goods valued at their fair value	Total
Land and buildings	2,738,330	2,738,330
Total	2,738,330	2,738,330

Financial Year 2016

	For goods valued at their fair value	Total
Land and buildings	2,738,330	2,738,330
Total	2,738,330	2,738,330

The Company has three financial leasing contracts on an industrial warehouse located in calle La Grajera, 2 - Industrial area "La Variante", Lardero (La Rioja), in which the Company develops its activity.

The financial leasing contracts and their main characteristics are described below:

- Financial leasing contract with Bank Pastor. This contract, amounting to 662,041 Euro, started on 16 September 2005, for a term of 15 years. The nominal value of the purchase option is 99,306 Euro. In addition, the interests paid in periods 2017 and 2016 amounted to 3,942 and 4,543 Euro, respectively. Capital pending amortization at 2017 and 2016 year-end amounts to 187,926 and 218,991 Euro, respectively.
- Financial leasing contract with Caja Rioja (now Bankia). This contract, amounting to 662,041 Euro, started on 16 September 2005, for a term of 15 years. The nominal value of the purchase option is 99,306 Euro. In addition, the interests paid in periods 2017 and 2016 amounted to 3,869 and 4,459 Euro, respectively. Capital pending amortization at 2017 and 2016 year-end amounts to 187,869 and 218,934 Euro, respectively.
- Financial leasing contract with Bank Espiritu Santo. This contract, amounting to 662,041 Euro, started on 16 September 2005, for a term of 15 years. The nominal value of the purchase option is 99,306 Euro. In addition, the interests paid in periods 2017 and 2016 amounted to 3,895 and 4,447 Euro, respectively. Capital pending amortization at 2017 and 2016 year-end amounts to 186,538 and 217,193 Euro, respectively.

Upon including of financial years 2017 and 2016 the Company has contracted with the lessors the following minimum leasing quotas (including options to purchase), in accordance with the contracts currently 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:



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	2017		2016	
	Nominal value	Current value (see Note 11)	Nominal value	Current value (see Note 11)
Less than one year	106,980	94,590	104,933	92,780
Between one and five years	489,115	467,743	588,031	562,337
Total	596,095	562,333	692,964	651,118

There are no contingent quotas.

8. Financial assets (long and short-term)

8.1 Long-term financial assets

The balance of the account in the heading "Long-term financial investments" at 2017 year-end groups the bonds given for operating lease contracts signed with third parties.

8.2 Short-term financial assets

Credits and entries receivable

The detail of the abridged balance sheet at 31 December 2017 and 2016 is as follows:

	Euros	
	2017	2016
Customers by sales and provision of services:		
Customers	64,803	281,263
Customers group companies	40,424	-
Delinquent Customers	400,007	390,390
Impairment of value of credits for commercial operations	(400,007)	(390,390)
	105,227	281,263
Personnel	554	574
TOTAL	105,781	281,837

The criterion followed by the Company for the impairment of customer invoices in default is to provide those that exceed one year from the date of invoice and up to the date of preparation of the Annual Accounts

9. 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 which are detailed in Note 8.



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c) Market risk:

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

10. Own funds

10.1 Share capital

At 2017 year-end the Company's share capital amounted to 688,025 Euros, represented by 11,448 shares of 60,10 Euros nominal value each, all of the same class, fully subscribed and paid by Elsamex S.A.

The shares are not quoted on the Stock Exchange.

10.2 Legal reserve

In accordance with the Consolidated Text of the Spanish Corporations Act, a figure 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. Any distribution of profits is not allowed unless the amount of the reserves available is at least the same as the amount of the research and development expenses entered in the assets of the Balance sheet.

10.3 Equity Situation

The parent company of the Company, Elsamex, S.A., has made during the year 2017 a contribution of funds to the Company. This contribution, amounting to 8,000,000 euro, was performed cancelling part of the long-term debt with its parent company (see note 2.4 and 17).

With this contribution it has been rebalanced the equity of the Company at year end.



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11 Financial Liabilities

Debit and items payable

The detail of this heading of the abridged balance sheet at 31 December 2017 and 2016 is provided below:

	Euros	
	2017	2016
Long-term financial liabilities:		
Financial leasing creditors (Note 7)	467,743	562,337
Long-term debts with Group companies and associates (Note 16)	700,000	700,000
Total long-term financial liabilities	1,167,743	1,262,337
Short-term financial liabilities:		
Short-term debts:		
Debts with credit institutions	364	449
Financial leasing creditors (Note 7)	94,590	92,780
Other financial liabilities	6,562	-
	101,516	93,229
Debts with other Group companies	1,347,345	1,270,039
Trade creditors and other accounts payable:		
Suppliers	488,598	356,836
Personnel	667	937
	489,265	488,024
Total short-term financial liabilities	1,938,126	1,851,292

Long-term debts with Group companies and associates

On 31st December 2011 a participating loan amounting to 700,000 Euros was granted by Grusamar Ingeniería y Consulting, which accrues an Euribor fixed interest of +1.75% and an annual floating rate adjusted depending on the annual profits before taxes, according to a scale. In 2017 the interest accrued was 6,930 Euros.

12. 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 closing date of the period.	
	Financial Year 2017	Financial Year 2016
	Days	Days
PMPE (days) of payments	106	118

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.



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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.

13. Public Administrations and fiscal situation

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

	Euros			
	2017		2016	
	Balances Debtors	Balances Creditors	Balances Debtors	Balances Creditors
Deferred tax assets	1,813,730	-	2,003,377	-
Deferred tax liabilities	-	11,566	-	11,566
Long-term balances with Public Administrations	1,813,730	11,566	2,003,377	11,566
Public Treasury, debtor for VAT	-	-	116	-
Public Treasury, withholdings Income Tax (IRPF)	-	19,720	-	18,387
Social Security institutions payable	-	13,001	-	(1,918)
Short-term balances with Public Administrations	-	32,721	116	16,469

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

Accounting reconciliation and taxable base result

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



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Financial Year 2017

	Euros	
	Base	Expense
Accounting result before Taxes (Losses)	(413,828)	103,457
Adjustments previous years		(2,930)
Taxable base	(413,828)	100,527
Amount to be returned by the Group / Expense (25%)	-	100,527
Expense/(Income) for Tax on profits	-	(199,876)
	-	(99,349)

Financial Year 2016

	Euros	
	Base	Expense
Accounting result before Taxes (Losses)	(264,097)	66,024
Amortization limit		1,209
Adjustments previous years		8,492
Taxable base	(264,097)	
Amount to be returned by the Group / Expense (28%)	(66,024)	
Expense/(Income) for Tax on profits		75,275

At the end of 2017, the Company has valued the amounts activated under Assets for deferred tax as a result of negative tax bases generated in previous periods, as a result of this valuation has proceeded to correct the value of deferred tax assets recording a expenditure of 199,876 Euros under the heading of Corrections for the valuation of deferred tax assets

The detail of the balance of Assets for deferred tax on profits during periods 2017 and 2016 is as follows:

	Euros	
	Balance at 31/12/2017	Balance at 31/12/2016
Originated in previous years due to application of the new General Accounting Plan	32,676	116,563
Tax credits for R+D+i	90,312	90,312
Tax credits due to negative tax bases	1,665,631	1,781,621
Cap for amortisation deductibility	12,589	2,359
Cap for financial expense deductibility	12,522	12,522
Total deferred tax assets	1,813,730	2,003,377

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



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At 2017 year-end, the maturity of negative tax bases, recognized or not, in the attached balance sheet pending use by the Company is as follows:

	Amount
Year 2003	501,460
Year 2004	1,446,810
Year 2006	450,164
Year 2007	1,237,259
Year 2008	189,284
Year 2009	359,601
Year 2010	1,302,658
Year 2011	1,175,287
	6,662,523

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations period has expired. At close of period 2017 the Company has not got any ongoing inspection. The Directors consider that the above-mentioned tax obligations have been adequately settled. Therefore, in the event of a fiscal inspection and considering there were any disagreements in the usual prevailing interpretation because of the fiscal treatment granted to operations, future resulting liabilities, if any, would not significantly affect these abridged financial statements.

14. Contingent Liabilities

At 31st December 2017, the Company has been granted several guarantees demanded in order to contract with Public Bodies for an amount of 72,000 Euros. The amount granted under this heading during 2016 amounted to 70,521 Euros.

15. Revenue and expenditure

a) Net turnover amount

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

b) Purchases

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

	Euros	
	2017	2016
Purchase of other materials	1,108,903	813,108
Changes in inventories of raw materials	15,492	16,181
Works carried out by other companies	225,644	1,012,095
impairment in raw materials	54,757	-
	1,404,795	1,841,384



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The purchase breakdown by origin is as follows:

	Euros	
	Purchases	%
National	1,370,303	100,00%
	1,370,303	100,00%

c) Personnel expenditure

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

	Euros	
	2017	2016
Wages, salaries and similar expenses	473,420	440,610
Employer social security costs	169,380	141,034
Total	642,800	581,644

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	3	2
Administration personnel	2	2
Unqualified personnel	13	13
Total	19	18

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

Categories	2017		2016	
	Men	Women	Men	Women
Management	-	1	-	1
Technical personnel and middle management	2	1	1	1
Administration personnel	-	2	-	2
Unqualified personnel	12	1	12	1
Total	14	5	13	5

d) Data relating to senior management personnel:

Name	Positions or duties hold in the company	Remuneration period 2017
Managers	Management	45,500



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e) Other operating expenses

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

	Euros	
	2017	2016
Leases and royalties	166	996
Repairs and maintenance	16.512	13,692
Independent professional services	12.887	14,639
Transport	14.179	-
Training	35.757	-
Insurance premiums	12.170	7,573
Bank services and other similar	918	1,420
Supplies	23.689	26,969
Other services	142.867	251,643
Other taxes	4.884	5,621
Losses commercial operations	9,617	
	273,645	322,553

During financial year 2017 and 2016, the fees for the account auditing services provided by the auditor of the Company Caballero Auditores, have been as follows:

Description	Euros	
	2017	2016
Auditing Services	10,000	12,000
Other verification services	-	150
Total auditing and related services	10,000	12,150
Other services	-	-
Total professional services	10,000	12,150

16. 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. It does not have assigned or acquired any greenhouse gas emission allowance either.

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.

17. Operations with related parties

17.1 Balances and transactions with group companies

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		Accounts payable				Income		Expenditure		Interests Group
	Customers, Group Company	Other shareholder contributions	Suppliers Group companies and associates	Short term loans	Long term loans	Services provided	Services received	Services provided	Services received	Financial expenses	
Ciesm-Intevia S.A	-	-	-	19,917	-	-	-	-	-	(833)	
Atenea, Seguridad y Medio Ambiente, S.A.	-	-	-	6,987	-	-	-	-	-	(291)	
Control 7, S.A.	-	-	-	15,309	-	-	-	-	-	(701)	
Elsamex, S.A.U.	40,424	8,000,000	88,745	1,062,609	-	1,598,213	(597,066)	-	-	(79,217)	
Elsamex Internacional, S.L	-	-	-	26,791	-	-	-	-	-	(1,221)	
Grusamar Ingeniería y Consulting, S.L.	-	-	4,164	215,730	700,000	-	(5,965)	-	-	(10,019)	
TOTAL	40,424	8,000,000	92,909	1,347,343	700,000	1,598,213	(603,031)	1,598,213	(603,031)	(92,282)	

Financial Year 2016

	Euros										
	Assets		Accounts payable				Income		Expenditure		Interests Group
	Other shareholder contributions	Suppliers Group companies and associates	Short term loans	Long term loans	Services provided	Services received	Services provided	Services received	Financial expenses		
Ciesm-Intevia S.A	-	-	19,084	-	-	-	-	-	-	878	
Atenea, Seguridad y Medio Ambiente, S.A.	-	-	6,686	-	-	-	-	-	-	305	
Control 7, S.A.	-	-	13,803	-	-	-	-	-	-	635	
Elsamex, S.A.U.	8,000,000	124,286	1,032,763	-	994,141	1,384,071	-	-	-	161,754	
Elsamex Internacional, S.L	-	-	25,670	-	-	-	-	-	-	1,182	
Grusamar Ingeniería y Consulting, S.L.	-	5,965	172,033	700,000	-	5,965	-	-	-	28,290	
TOTAL	8,000,000	130,251	1,270,039	700,000	994,141	1,390,036	1,390,036	994,141	1,390,036	193,044	



Income- Sales

The amounts corresponding to sales to Group companies correspond to the image services subcontracted by the dominant company, according to the contracts it maintains with the final customer and these have been valued at cost of production plus a reasonable margin.

Expenses-Purchases:

The expenses correspond mainly to the purchase of materials acquired by the parent company from third parties. The prices fixed between the parties do not include margin.

Since 2008, the Company has formalized a participating loans registered under the heading "Long-term debt" which are subject to the following clauses:

- Repayment of the principal on December 1, 2018.
- Interest Euribor + 1.75%
- Variable interest subject to obtaining future benefits (1% of the amount exceeding 750,000 euro annual result)

The Company has included in its accounts throughout period 2017 the amount of 113,389 EUR for structure expenses allocated by the parent company; last year, that amount was 123,448 EUR.

As mentioned in Note 2.4 in the year 2017 the Parent Company made contributions against loans to rebalance the balance sheet.

Short term loans with Group companies are bearing a fixed interest rate of 5% over the average amount drawn.

The other related party transactions are valued at market price.

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

In compliance with the provisions of Article 229 of the Corporate Act, introduced by Royal Decree 1/2010 of 2nd July, in order to reinforce corporate transparency, it is noted that at the close of accounting periods 2017 and 2016 the members of the Board of Directors of Señalización, Viales e Imagen, 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.

18. 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.



REA
Registro de
Economistas
Auditores

economistas
Consejo General

Ángel Caballero
Miembro nº 4.925

Procedure for Preparation of Abridged Financial Statements


In compliance with the provisions established in the Corporations Act, the Board of Directors of Señalización, Viales e Imagen, S.A.U. prepared on 31th March 2018 the abridged financial statements for accounting period 2017, which shall be submitted for the approval of the Sole Shareholder.



D. Fernando Bardisa Jordá



D. Juan Manuel González
Alonso



D. Inmaculada Quintana Benito