

**Elsamex, S.A.U.**  
**(Single-member Company)**

Financial Statements of the year ended  
December 31<sup>st</sup> 2017 along with the  
management Report, and the  
Auditor's Report

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

To the Sole Shareholder of ELSAMEX, S.A. (Sole Shareholder Entity)

***Opinion***

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

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

***Basis of opinion***

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

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

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

***Emphasis of matters***

Regardless of our audit opinion, we draw attention to the terms of Notes 9.1, 13 and 16 of the attached Notes, regarding the existence of several disputes in favour of and against the Company and of which outcome we are unsure.

***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.



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### Recognition of income in long-term contracts in the construction area

Some of the Company's branches apply the percentage of completion method for the recognition of income in certain long-term contracts in the construction area. This method of revenue recognition has been a key issue for our audit, since it affects a very significant amount of the volume of turnover, as well as the valuation of the executed Work In Progress (WIP), and requires the realization of very significant estimates by the Company's Management, mainly relating to the result expected at the end of the contract, to the amount of expenses pending to be incurred, to the measurement of the production executed in the period or to the modifications on the contract initial, all of them with an impact on the income recognized in the year. These judgments and estimates are made by those responsible for the execution of the works and later reviewed at the different levels of the organization, as well as subject to controls to ensure the coherence and reasonableness of the criteria applied.

Our audit procedures have included, among others, a detailed and individualized analysis of the main projects to evaluate the reasonableness of the assumptions and assumptions made by the Company's branches and revised the consistency of the same with the estimates made by the Management and the actual data of the contracts for the current year. In relation to the amounts receivable that are not certified, we have analyzed the recognition of income for work in progress and its recoverability on a selection of contracts.

### ***Other information: Management report***

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

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

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

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

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



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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 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.



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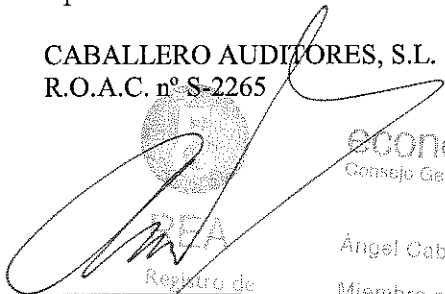
We communicate with the Company's Management regarding, among other matters, the scope and timing of the audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

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 27<sup>th</sup> 2018

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

  
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Angel Caballero  
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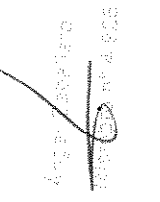
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# ELSAMEX, S.A.U. (Single-member company)

## Balance Sheet as at 31 December 2017 (Euros)

ASSET	Notes of the Report	Period 2017	Period 2016	LIABILITIES	Notes of the Report	Period 2017	Period 2016
<b>NON-CURRENT ASSETS</b>				<b>NET EQUITY</b>			
Intangible assets	Note 5	115.799.014	115.334.203	<b>OWN FUNDS-</b>			
Research		3.097.338	3.619.060	Capital		74.833.488	69.983.802
Concessions		523.030	843.989	Structured Capital		80.612.764	70.028.513
Computer software		2.360.246	2.548.066	Issuance Premium		20.264.625	20.264.625
<b>Property, plant and equipment</b>	Note 6	214.062	227.006	Reserves		26.866.454	26.866.454
Land and buildings		31.853.427	31.348.977	Legal and Statutory		21.086.226	16.858.709
Technical installations and other tangible fixed assets		13.263.811	15.408.909	Other reserves		3.759.767	3.155.894
Fixed assets in progress and advances		17.698.418	15.186.045	Result of the period		17.326.459	13.702.815
<b>Long-term investments with Group companies and associates:</b>	Note 8	891.198	754.023	<b>ADJUSTMENTS FOR CHANGE IN VALUE-</b>			
Equity instruments		59.363.528	57.202.228	Conversion differences	Note 12.4	(5.826.129)	(95.468)
Credits to businesses		37.245.840	40.471.257	<b>SUBSIDIES, DONATIONS AND INHERITANCES RECEIVED-</b>			
<b>Long-term financial investments</b>	Note 9.1	22.118.188	16.730.971	<b>NON-CURRENT LIABILITIES</b>			
Credits to third parties		18.179.953	20.116.384	Long-term debts	Note 14	93.687.224	94.739.381
Other financial assets		517.162	517.162	Debts with credit institutions		48.646.118	52.692.392
<b>Deferred tax assets</b>	Note 15	17.662.791	19.599.222	Financial leasing creditors	Note 7	25.770.974	31.227.103
		3.304.768	3.047.554	Other financial liabilities		2.879.941	2.372.949
				Advances Clients		4.974.564	415.599
				Long-term debts with Group companies and associates	Note 14.2	15.020.639	18.676.741
				Deferred tax liabilities	Notes 14 and 20	43.817.917	40.217.142
				Long-term accruals	Note 15	1.233.189	1.829.847
<b>CURRENT ASSETS</b>							
<b>Non current assets kept for sale</b>							
Stocks	Note 11	10.398	141.391.930	<b>CURRENT LIABILITIES</b>			
Raw materials and other provisions		5.614.943	4.654.945	Short-term provisions	Note 13	2.754.804	500.678
Advances to suppliers		1.175.559	1.026.405	Short-term debts	Note 14.1	19.587.273	24.461.425
<b>Trade debtors and other accounts receivable</b>	Note 9.2	4.439.384	3.628.540	Debts with credit institutions		16.807.578	20.261.642
Customers for sales and provisions of services:	Note 19	104.869.517	86.354.865	Financial leasing creditors	Note 7	1.404.677	1.239.621
Customers, Group companies and associates		96.172.431	77.833.643	Other financial liabilities		1.375.018	2.960.162
Sundry debtors	Note 9.2	1.919.923	4.177.817	<b>Short-term debts with Group companies and associates</b>	Note 19	4.836.030	4.976.526
Staff	Note 15	528.597	322.379	Suppliers	Note 14	80.575.521	61.894.149
Credits with the Public Authorities		383.557	404.891	Suppliers, Group companies and associates		42.757.409	29.226.744
<b>Short-term investments with Group companies and associates</b>	Note 19	5.865.009	3.616.135	Staff		7.494.594	2.154.801
Other financial assets		19.391.898	22.846.126	Debts with the Public Authorities	Note 15	384.987	419.603
Short-term financial investments		8.404.315	10.511.624	Advances Clients	Note 14.2	11.235.114	3.633.385
Other financial assets		1.391.424	1.385.422	Short-term accruals		18.703.407	26.459.616
<b>Short-term accruals</b>		20.865.703	15.638.948				
Cash and other equivalent liquid assets		20.865.703	15.638.948	<b>TOTAL NET EQUITY AND LIABILITIES</b>			
Treasury						276.347.211	256.726.133
<b>TOTAL ASSETS</b>							
		276.347.211	256.726.133				

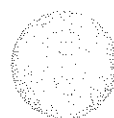
  
 Auditor  
 Registered Auditor

Notes 1 to 24 in the Notes document attached are an integral part of the balance sheet as of 31 December 2017.

**ELSAMEX, S.A.U. (Single-member company)**  
**PROFIT AND LOSS ACCOUNT FOR FINANCIAL YEAR 2017**  
(Euros)

	Notes of the Report	Period 2017	Period 2016
<b>CONTINUED OPERATIONS</b>			
Turnover net amount-	Note 17 a)	129.761.715	101.318.107
Services rendered		129.761.715	101.318.107
<b>Works carried out by the company for assets</b>	Note 6	126.618	264.341
<b>Supplies-</b>	Note 17 b)	(62.653.856)	(41.057.945)
Use of raw materials and other usable materials		(19.098.330)	(15.666.742)
Works carried out by other companies		(43.555.526)	(25.391.203)
<b>Other operating income-</b>		16.869	406.233
Accessory income and other current management income		16.869	393.317
Operating subsidies incorporated to the result of the financial year		0	12.916
<b>Employee cost-</b>	Note 17 c)	(33.565.135)	(30.081.640)
Wages, salaries and similar expenses		(25.885.369)	(22.783.403)
Social payments		(7.679.766)	(7.298.237)
<b>Other operating expenses-</b>	Note 17 d)	(24.800.159)	(21.964.927)
External services		(22.198.044)	(19.840.956)
Taxes		(353.990)	(275.033)
Losses, degradation and supplies variation for commercial operations	Note 9.2	(2.248.125)	(1.848.938)
Other current management expenses		-	-
Amortisation fixed assets	Notes 5 & 6	(5.083.099)	(6.067.082)
<b>Provisions Increase</b>		390.793	
Impairment and result due to disposal of fixed assets-		94.826	124.929
Results due to disposal and others	Note 6	94.826	124.929
Other results		210.616	4.058.166
<b>OPERATION RESULTS</b>		<b>4.499.187</b>	<b>7.000.182</b>
<b>Financial Income-</b>		<b>2.968.792</b>	<b>3.431.151</b>
Due to participation in equity instruments-		956.063	1.256.162
- In Group companies and associates	Note 19	956.063	1.256.162
- In third parties		-	-
From securities and other financial instruments-		2.012.729	2.174.989
- In Group companies and associates	Note 19	1.883.348	2.047.044
- In third parties		129.381	127.945
<b>Financial expenditure-</b>		<b>(7.358.043)</b>	<b>(5.109.523)</b>
- For debts with Group companies and associates	Notes 14 & 19	(3.663.214)	(1.637.884)
- For debts with third parties	Note 14	(3.694.829)	(3.471.639)
<b>Variation of fair value of financial instruments (+/-)-</b>		<b>1.748</b>	<b>3.519</b>
Business portfolio and others		1.748	3.519
<b>Exchange differences</b>	Nota 22	<b>2.952.053</b>	<b>1.745.261</b>
<b>Impairment and result due to disposal of equity instruments</b>		<b>14.488.252</b>	
Results due to disposal and others		14.488.252	
<b>FINANCIAL RESULT</b>		<b>13.052.802</b>	<b>70.408</b>
<b>RESULTS BEFORE TAX</b>		<b>17.551.989</b>	<b>7.070.590</b>
Tax on Profits	Note 15	(5.156.529)	(1.031.865)
<b>FINANCIAL YEAR RESULTS FROM CONTINUING OPERATIONS</b>		<b>12.395.460</b>	<b>6.038.725</b>
<b>RESULTS OF THE PERIOD</b>	Nota 3	<b>12.395.460</b>	<b>6.038.725</b>

Notes 1 to 24 in the Notes document attached are an integral part of the profit and loss account for financial year 2017.



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Ángel Cebalero  
Membro nº 4.925

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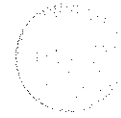
### STATE OF THE CHANGES IN THE NET EQUITY FOR FINANCIAL YEAR 2017

#### A) STATE OF RECOGNISED INCOME AND EXPENSES

(Euros)

	Notes of the Report	Period 2017	Period 2016
<b>BALANCE OF THE PROFIT AND LOSS ACCOUNT (I)</b>		<b>12.395.460</b>	<b>6.038.725</b>
Income and expenses directly allocated to the net assets			
- Due to cash flow hedge		-	-
- Conversion differences		(5.730.661)	189.734
- Tax effect	Note 12.4	-	-
<b>TOTAL INCOME AND EXPENSES DIRECTLY ALLOCATED TO THE NET ASSETS (II)</b>		<b>(5.730.661)</b>	<b>189.734</b>
Income and expenses directly allocated to the result			
- Due to cash flow hedge		-	-
- Tax effect		-	-
<b>TOTAL TRANSFERS TO THE PROFIT AND LOSS ACCOUNT (III)</b>		<b>-</b>	<b>-</b>
<b>TOTAL RECOGNISED INCOME AND EXPENSES (I+II+III)</b>		<b>6.664.799</b>	<b>6.228.459</b>

Notes 1 to 24 in the Notes document attached are an integral part of the recognised profit and loss for financial year 2017.



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 Ministry of Economy and Finance  
 Madrid

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Administrador Único  
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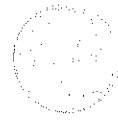
### STATE OF THE CHANGES IN THE NET EQUITY FOR FINANCIAL YEAR 2017

#### B) TOTAL STATE OF CHANGES IN THE NET ASSETS

(Euros)

	Capital	Issuance premium	Reserves	Final result for the year	Adjustments due to changes in value	Subsidies, donations and inheritances received	TOTAL
<b>FINAL BALANCE FOR FINANCIAL YEAR 2015</b>	20.264.625	26.866.454	11.044.314	6.268.929	(285.202)	-	64.159.120
Adjustments due to change of criteria	-	-	-	-	-	-	-
<b>ADJUSTED INITIAL BALANCE FOR FINANCIAL YEAR 2016</b>	20.264.625	26.866.454	11.044.314	6.268.929	(285.202)	-	64.159.120
Total recognised income and expenses	-	-	-	6.038.725	189.734	-	6.228.459
Application of result from previous financial year	-	-	6.268.929	(6.268.929)	-	-	-
Other changes in net assets	-	-	(454.533)	-	-	-	(454.533)
Grants	-	-	-	-	-	50.757,00	50.757
<b>FINAL BALANCE FOR FINANCIAL YEAR 2016</b>	20.264.625	26.866.454	16.858.710	6.038.725	(95.468)	50.757	69.983.803
Adjustments due to change of criteria	-	-	-	-	-	-	-
<b>ADJUSTED INITIAL BALANCE FOR FINANCIAL YEAR 2017</b>	20.264.625	26.866.454	16.858.710	6.038.725	(95.468)	50.757	69.983.802
Total recognised income and expenses	-	-	-	12.395.460	(5.730.661)	-	6.664.799
Application of result from previous financial year	-	-	6.038.725	(6.038.725)	-	-	-
Other changes in net assets	-	-	(1.811.210)	-	-	-	(1.811.210)
Grants	-	-	-	-	-	(3.904)	(3.904)
<b>FINAL BALANCE FOR FINANCIAL YEAR 2017</b>	20.264.625	26.866.454	21.086.226	12.395.460	(5.826.129)	46.853	74.833.487

Notes 1 to 24 in the Notes document attached are an integral part of the total state of changes in the net assets of financial year 2017.



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El Comisario  
de la Compañía

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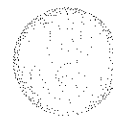
**ELSAMEX S.A.U. (Single-member company)**

**STATE OF CASH FLOWS FOR FINANCIAL YEAR 2017**

(Euros)

	Notes of the Report	Period 2017	Period 2016
<b>CASH FLOWS OF OPERATION ACTIVITIES (I)</b>		<b>(3.185.098)</b>	<b>12.401.852</b>
<b>Balance of the financial year before tax</b>		<b>17.551.989</b>	<b>7.070.590</b>
<b>Balance adjustments:</b>		<b>(6.417.812)</b>	<b>7.802.606</b>
- Amortisation of fixed assets	Notes 5 & 6	5.083.099	6.067.082
- Value adjustments due to impairment	Note 9	1.857.332	1.848.938
- Results due to write-offs and disposition of fixed assets	Note 6	(94.826)	(124.929)
- Results due to disposal and others		(17.517.991)	-
- Financial income		(2.970.540)	(3.431.150)
- Financial expenditure	Note 14	7.358.043	5.109.523
- Exchange differences		(2.952.053)	(1.745.262)
- Variation of fair value of financial instruments (+/-)		1.595.887	(3.519)
- Other income and expenses		1.223.437	50.757
<b>Changes in working capital</b>		<b>(8.791.929)</b>	<b>(866.229)</b>
- Stocks		(959.998)	(1.264.042)
- Debtors and other accounts receivable		(16.045.614)	(37.452.416)
- Other current assets		3.317.597	4.493.746
- Creditors and other accounts payable		18.870.458	27.875.997
- Other current liabilities		(1.533.624)	1.576.725
- Other non-current assets and liabilities		(12.440.748)	3.903.761
<b>Other cash flows of operation activities</b>		<b>(5.527.346)</b>	<b>(1.605.116)</b>
- Payment of interest	Note 14	(7.358.043)	(3.360.743)
- Interest collections		2.014.477	2.174.989
- Collections (payments) due to tax on profit		(183.780)	(419.362)
- Other collections (payments)		-	-
<b>CASH FLOWS OF INVESTMENT ACTIVITIES (II)</b>		<b>9.280.435</b>	<b>(12.153.332)</b>
<b>Payments due to investments</b>		<b>(10.072.967)</b>	<b>(12.888.188)</b>
- Group and partner companies		-	(4.663.115)
- Intangible assets	Note 5	(39.298)	(131.128)
- Tangible fixed assets	Note 6	(10.033.670)	(8.093.944)
- Other financial assets		-	-
<b>Collections due to divestments</b>		<b>19.353.402</b>	<b>734.856</b>
- Tangible fixed assets		1.428.618	482.636
- Other investments	Note 6	17.924.784	252.220
- Otros assets		-	-
<b>CASH FLOWS OF FINANCING ACTIVITIES (III)</b>		<b>(3.820.633)</b>	<b>7.733.526</b>
<b>Collections and payments due to financial liability instruments</b>		<b>(4.776.696)</b>	<b>6.477.365</b>
- Debt issuance with credit institutions	Note 14	6.494.685	8.946.287
- Debt issuance with group and partner companies		5.711.606	4.691.495
- Repayment and amortisation of debts with credit institutions	Note 14	(14.732.830)	(7.160.418)
- Repayment and amortisation of debts with group and partner companies		(2.250.157)	-
<b>Payments due to dividends and remunerations of other asset instruments</b>		<b>956.063</b>	<b>1.256.162</b>
- Dividends		956.063	1.256.162
<b>EFFECT OF THE CHANGES IN EXCHANGE RATES (IV)</b>		<b>2.952.053</b>	<b>1.014.474</b>
<b>NET INCREASE/DECREASE OF THE CASH OR EQUIVALENT (I+II+III+IV)</b>		<b>5.226.757</b>	<b>8.965.354</b>
Cash and cash equivalents at the beginning of the financial year		15.638.948	6.673.594
Cash and cash equivalents at the end of the financial year		20.865.703	15.638.948

Notes 1 to 24 in the Notes document attached are an integral part of the cash flows of financial year 2017.



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Registro de  
Economistas  
Auditores

economistas  
Consejo General

Angel Gaballero  
Miembro nº 4.925

## Elsamex, S.A.U. (Single-member company)

Notes for the  
year ending  
31 December 2017

### 1. Incorporation and activity

#### Incorporation

Elsamex, S.A.U. (hereinafter, the Company), was incorporated as a public limited company for an indefinite time on the 9th of December 1977. Its corporate offices are in calle San Severo 18, Madrid, Spain. Its Spanish national tax identification number is A-28504728.

As of 21st of October, 2016, ITNL International Private Limited acquired 260,949 registered shares of the Company from the hitherto also partner IL&FS Transportation Networks Limited through an equity capital increase, subscribed and paid by IL&FS Transportation Networks Limited through a non-monetary contribution made in Elsamex S.A. shares. As a result of the aforementioned operation, ITNL International Pte. Ltd. now holds 100% of the equity capital of the Company, which makes it the Sole Shareholder of the Company and makes the company a single-member company.

#### Corporate Purpose

The purpose of the Company is:

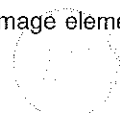
- a. Drafting of projects, quality control and technical management of all types of public and private works, either industrial, agricultural, civil engineering, railways or highways.
- b. Technical assistance in general and especially in matters of management and protection of the environment, including inspection, testing, surveillance and diagnostics in issues concerning environmental quality, business advice and management and administration of all types of businesses, companies or ventures; the transfer of technology of all types of construction products and systems, transport and management of hazardous waste, excluding all activities for which special requirements are required by Law and are not fulfilled by the Company.
- c. The purchase, sale and hiring of construction or works materials, vehicles and equipment.
- d. The subscription, acquisition, holding and transfer of stocks and shares in the assets of companies of all types, whether civil or commercial and, all this on their own behalf and excluding activities regulated by the Law of Collective Investment and Security Market Institutions.
- e. The provision of administrative services, such as auxiliary services for administrative, filing or similar works, debt collection services, meter reading, organizing and promotion of congresses, tradeshow and exhibitions, specialized sterilization, disinfection, and rodent and insect extermination services, surveillance and management of security facilities, prevention of forest fires, and species protection services; qualified artistic restoration services; real estate property preservation and restoration services, maintenance of water treatment plants; equipment and installation maintenance and repair services, including electric, electronic, plumbing, water and gas pipelines, heating and air-conditioning systems, electro medicine, surveillance and firefighting systems, office equipment and machinery, elevation and horizontal travelling equipment; machinery maintenance and repair services; installation, in general, of all types; Transport Services, waste and refuse material treatment services; Content management services, including especially advertising services, radio, television and news agency; General housekeeping, laundry, dry cleaning, storage and travel agency services; Information technology and communication services and telecommunications services; excluding all activities subject to especial Legal requirements not met by the Company. If required by Law, any activity subject to the holding of some sort of professional title shall be carried out by a person holding said required title.

CONDOMINIO  
C/ San Severo 18

IL&FS  
República  
de  
Francia

Alfonso  
MARTÍNEZ DE  
LEÓN

- f. The execution, in general, of any type of construction project, as well as of any type of public works, agricultural, livestock, forestry and industrial projects, execution of housing developments and their maintenance, commissioned by both private or public companies and bodies, as well as the manufacturing and supply of any type of product or merchandise required for their execution.
- g. The promotion, purchase and sale, leasing, construction and renovation of all types of real estate, excluding all activities for which special requirements are required by Law and not fulfilled by the Company. If required by Law, any activity subject to the holding of some sort of professional title shall be carried out by a person holding said required title.
- h. Carrying out surveys and gathering data; caretaker services, control of access and information to the public; collection of luggage trolleys in airports and stations; maintenance of urban furniture; transport services by whatever means for people and goods.
- i. The construction, improvement, repair, conservation, extension, remodelling and maintenance works of all types, public or private, and the administration and operation of concessions which have the same objectives. Tendering for concession contracts for public works or for management of public services or, generally, for those on which their financing is charged, or must be managed by the bidders themselves, whatever the method adopted, with public or private financing.
- j. Social, cultural and labour promotion of persons with any type of disability, services for senior citizens and for persons with social assistance needs, all through the provision of assistance, education and advice services, in particular amongst others: management and operation of geriatric homes, domestic support services, management and operation of day centres, management and operation of homes for senior citizens and the elderly, sheltered accommodation, management and operation of children's homes.
- k. Operation of Service Stations, sale of fuels, operation of hotels, restaurants, cafeterias and shops; operation of mechanical workshops and vehicle washing services; operation of all types of renewable and non-renewable energy generator installations; operation of public car parks; manufacture and installation of corporate image signage of all types; supply of materials, installation and provision of services related to energy saving and efficiency; operation of waste treatment installations of all types; maintenance of all the elements pertaining to corporate objective activities.
- l. The implementation of all kinds of real estate activities such as promotion, construction, building, subdivision of land, restoration, sale and purchasing of urban and rustic properties, pieces of land, sites, plots, buildings, dwellings and premises.
- m. Management, renting, safe-keeping, sale management, exploitation and valuation of all kinds of real estate, made on its own or by third parties.
- n. Rendering of all kinds of services directly or indirectly related to the activities developed by the company.
- o. Rendering of all kinds of services to third parties, individuals or legal entities, including commercial management services, assessment of working risks, quality, safety and public relations.
- p. Maintenance and preservation of office, and industrial buildings, and any space devoted to different activities, trade-shows, palaces, residences, gardens, as well as any other premise that may require maintenance.
- q. Replacement and remodelling of façades, roofs, general works, usual or unusual, water, electricity and gas conduction, individual and collective antennae, drain pipes, all kind of cables, even optical fibre, maintenance and management of different production plants, filtering, composting and any other place which needs maintenance.
- r. Superintendent services, controllers, messenger services, drivers, stewardess, promoters, telephonists, receptionists, repairer, merchandising, cleaners and any other services that may be needed.
- s. Design, manufacture, maintenance and sale of corporation image elements, signalling, defence and urban furniture.



BSA  
 Registro de  
 Inmuebles  
 Avaluados

OVS INMOBILIAR  
 Construcción

Angel C. Andino  
 Matr. nº 4.925

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

The activities comprising the objective expressed may be developed totally or partially in an indirect manner by means of holding stocks or shares in other companies that have an identical or analogous objective.

For the operation of administrative Concessions awarded to Elsamex, S.A., by itself or in consortium, Elsamex, S.A.U. operates through Uniones Temporales de Empresas (U.T.E. Joint Ventures, see note 8.3) or vehicle companies (see Note 8.1). Elsamex, S.A. is the owner or co-owner of the following administrative concessions:

Company/ % participation	Activity	Date of Concession	Term of Concession
<b>Elsamex, S.A.U.:</b>			
Abedul Villavidel U.T.E. (25%)	Service Station Maintenance	07-06-2001	44 years
Abedul Orihuela U.T.E. (25%)	Service Station Maintenance	09-04-2001	29 years
Abedul Zamora U.T.E. (25%)	Service Station Maintenance	06-05-2002	46 years
Abedul Ponferrada U.T.E. (25%)	Service Station Maintenance	11-03-2004	46 years
<b>Área de Servicio Coiros, S.L.U. (100%)</b>	Service Station Maintenance	08-03-2004	39 years
<b>Área de Servicio Punta Umbría, S.L.U. (100%)</b>	Service Station Maintenance	18-11-2010	30 years
<b>Alcantarilla Fotovoltaica, S.L.U. (100%)</b>	Operation of photovoltaic technology electricity generation systems	11-11-2010	30 years
<b>Sociedad Concesionaria Autovía A-4 Madrid S.A. (48.75%)</b>	Highway operation	15-11-2007	19 years

As of 1st of October, 2016, Beasolarta, S.L.U. sold its two photovoltaic solar plants, S.L.U. and transferred the rights of the concession to a third party.

The Company is head of a group of dependent entities and in accordance with prevailing legislation, is required to prepare consolidated accounts separately. The consolidated financial statements of Elsamex Group for period 2017 have been prepared by the Directors in the meeting of the Board of Directors held on 31 March 2017. The consolidated financial statements for period 2015 were approved at the General Shareholders' Meeting of Elsamex, S.A., held on 16 June 2016, and they were deposited in the Business Registry of Madrid.

In turn, Elsamex Group is controlled by an international group whose controlling company is "Infrastructure Leasing & Financial Services Limited (IL&FS)", with business address in Bombay [Mumbai] (India) Bandra – Kurla Complex.

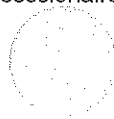
The Company is under the Spanish Tax Regime for Foreign-Securities Holding Companies (hereinafter "ETVES Regime") governed by Articles 107 and 108 of Law 27/2014 of the 27th of November, on Corporation Tax.

## **2. Presentation principles for the financial statements**

### **2.1 Financial Information Framework applicable to the Company**

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

- a) Code of Commerce and other additional mercantile legislation.
- b) General Accounting Plan, approved by Royal Decree 1514/2007 and ulterior amendments (Law 22/2015, of 20th of July, and Royal Decree 602/2016), and sector adaptations, and in particular, Sector Adaptation of the General Accounting Plan for public infrastructure concessionaire companies, approved by Order EHA/3362/2010 of 23 December.



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DE EMPRESAS

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CONDOMINIO

Antonio Barbero

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- c) Mandatory regulations approved by the Institute of Accounting and Accounts Auditing in the development of the General Accounting Plan and complementary rules.
- d) Other applicable Spanish accounting regulations.

## 2.2 True and fair view

The attached abridged annual accounts have been obtained from the Company's accounts registers and are presented in accordance with the applicable financial information framework (see Note 2.1), and in particular the principles and criteria therein contained, so as to show a true view of the assets, the financial situation, the Company Balance Sheet and the cash flows during the corresponding period. These financial statements, which have been prepared by the Company Directors, will be submitted for the approval of the Sole Shareholder, and are expected to be approved without any amendment.

In compliance with the Decision made by the ICAC (Accounting and Account Auditing Institute) on 18 October 2013 on the financial information framework when the company in operation status is not adequate, the companies in such situation shall adjust the report template to the contents set in the general framework of financial information. However, the cases in which the information requested is not significant given the "liquidation" scenario of the company, the information at issue shall not be included.

## 2.3 Non-obligatory accounting principles applied

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

## 2.4 Critical aspects of valuation and estimation of uncertainty

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

- The useful life of property, plant and equipment and intangible assets (see Notes 4.1 and 4.2).
- The evaluation of possible losses by impairment of certain assets (see Notes 4.1, 4.2, 4.3, 4.4 and 4.5).
- The calculation of provisions and contingencies (see Note 4.12).
- The calculation of executed works pending invoicing and works certified in advance (see Note 4.11).
- Recoverability of the assets due to deferred tax (see Note 15).

Although these estimates were made on the basis of the best information available at 201 year-end, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

## 2.5 Comparative information

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

## 2.6 Grouping of entries

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



ICAC  
Instituto de  
Contabilidad y  
Auditoría

Administrador  
Unipersonal

Alfonso Rodríguez  
Munilla de la Sola

## 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 the preparation of the accompanying annual accounts for the year 2017 changes or accounting adjustments have been made that have been recorded in the equity caption of the company as there are errors originating in previous years. Specifically the detail of the adjustments recorded in 2017 in the point Other variations in equity caption which were included in the statement of changes in Shareholders equity, were as follows:

Concept	Euros		
	Mistakes of 2016	Mistakes of 2016 and previous years	Total
Adjustment branch offices Management fee	(402.924)		(402.924)
Negative results previous years		50.415	50.415
Adjustment exchange Botswana	(824.740)		(824.740)
Interest delay	(106.271)		(106.271)
Adjustment audit Albania	(64.930)		(64.930)
Adjustment audit commissions	(164.000)		(164.000)
Adjustment audit Ukraine	(298.310)		(298.310)
<b>Total adjustment due to mistakes of 2016 and previous years</b>	<b>1.861.625</b>	<b>50.415</b>	<b>(1.811.210)</b>

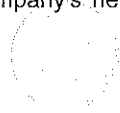
## 3. Distribution of profits

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

	Euro
<b>Distribution basis:</b>	
Profit and loss (Profit)	12,395,460
	<b>12,395,460</b>
<b>Distribution:</b>	
To legal reserve	293,158
To voluntary reserves	10,102,302
To dividends	2,000,000
	<b>12,395,460</b>

The Company is required to assign 10% of the profits of the period to legal reserve, until this reaches, at least, 20% of the share capital. Until it reaches 20% of the share capital, this reserve is not distributable to the shareholders (see note 12). 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.



CONSIGLIO DI AMMINISTRAZIONE  
Board of Directors

REVISORE  
REVISOR  
AUDITOR

Autografo  
Militari n° 4.985





c) Industrial property:

In this account appropriate amounts are entered for the acquisition of property or the right of use of the different manifestations of the same, or for the costs incurred through purposes of registration of that developed by the Company.

d) IT applications:

The Company enters in this account the costs incurred in the acquisition and development of computer programs. The maintenance cost for the IT applications is entered in the profit and loss account for the period in which they are incurred. Amortization of the IT applications is done by applying the linear method over a term of between 4 and 5 years.

#### 4.2 Property, plant and equipment

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

The Company evaluates, at each balance sheet date, whether there is any indication of impairment in the value of any asset. Should such an indication exist, or when an annual impairment test is required (in the case of goodwill), the Company estimates the recoverable amount of the assets, which is the greater of the fair value of an asset less costs to sell and its value in use. In order to determine the value in use of an asset, the future cash inflow that the asset is expected to generate is discounted from its present value using an interest rate that reflects the current value of money at long term rates and the specific risks of the assets.

In the event that the asset analysed does not generate cash flow independently of other assets (as is the case of goodwill), the fair value or value in use of the cash-generating unit that includes the asset (smallest identifiable group of assets separated from other assets or groups of assets) is estimated. If a cash-generating unit has impairment losses, the carrying amount of the goodwill assigned, if any, will be reduced, followed by a proportional reduction of the carrying amount of the other assets in relation to the unit.

Impairment losses (surplus of the asset's carrying amount over the recoverable amount) are recognised in the income statement for the year.

With the exception of the goodwill, which impairment losses are irreversible, the company, in case that losses due to asset impairment have been recognised in previous financial years, shall assess upon closure of the financial year if there are signs indicating that said losses have decreased or disappeared and, where applicable, shall assess the recoverable value of the impaired asset.

An impairment loss recognised in previous financial years shall only be reversed if the estimations used to determine the recoverable amount of the asset have changed from the last recognised impairment loss. In this case, the book value of the asset shall increase up to its recoverable value and not exceeding the book value that would have been registered, net of amortisation, if the impairment loss of this asset had not been recognised in previous years. This reversion shall be registered in the profit and loss account of the financial year.

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:



ICSA  
Instituto de  
Auditoría y  
Certificación

COMERCIALES  
GRANJA COMPAÑIA

Angel Cabañero  
Módulo 4, 525

	Percentage
Construction	2-33
Machinery	12
Other installations, tools and furniture	10-25
Computer equipment	25
Transport items	12

Section "Construction" includes campsites, which useful life is calculated based on the duration of the contract.

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 Impairment of value of assets

The Company evaluates, at each balance sheet date, whether there is any indication of impairment in the value of any asset. Should such an indication exist, or when an annual impairment test is required (in the case of goodwill), the Company estimates the recoverable amount of the assets, which is the greater of the fair value of an asset less costs to sell and its value in use. In order to determine the value in use of an asset, the future cash inflow that the asset is expected to generate is discounted from its present value using an interest rate that reflects the current value of money at long term rates and the specific risks of the assets.

In the event that the asset analysed does not generate cash flow independently of other assets (as is the case of goodwill), the fair value or value in use of the cash-generating unit that includes the asset (smallest identifiable group of assets separated from other assets or groups of assets) is estimated. If a cash-generating unit has impairment losses, the carrying amount of the goodwill assigned, if any, will be reduced, followed by a proportional reduction of the carrying amount of the other assets in relation to the unit.

The Management prepares, on an annual basis, a ten-year business plan for each cash-generating unit, by market and by activity. The main components of this plan are as follows:

- Projected results
- Possibility to sell assets of the subsidiaries
- Projected investment and working capital
- Estimated cash-flows.

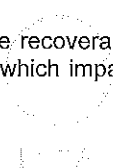
Other variables affecting the calculation of the recoverable amount are as follows:

- Applicable discount rate, taken to be the weighted average cost of capital; the main variables affecting the calculation thereof are the cost of liabilities and the specific risks associated with the assets.
- The growth rate of cash flows used to extrapolate the projected cash flows beyond the period covered by budgets or forecasts.

Projections are prepared on the basis of previous experience and according to best estimates available, consistent with the external information.

Business plans are reviewed and ultimately approved by the Financial Department.

Impairment losses (surplus of the asset's carrying amount over the recoverable amount) are recognised in the income statement for the year. With the exception of the goodwill, which impairment losses are irreversible, the

  
 Director General  
 Miguel Ángel Salgado  
 Director General  
 Miguel Ángel Salgado

company, in case that losses due to asset impairment have been recognised in previous financial years, shall assess upon closure of the financial year if there are signs indicating that said losses have decreased or disappeared and, where applicable, shall assess the recoverable value of the impaired asset.

An impairment loss recognised in previous financial years shall only be reversed if the estimations used to determine the recoverable amount of the asset have changed from the last recognised impairment loss. In this case, the book value of the asset shall increase up to its recoverable value and not exceeding the book value that would have been registered, net of amortisation, if the impairment loss of this asset had not been recognised in previous years. This reversion shall be registered in the profit and loss account of the financial year.

#### **4.4 Leasing**

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

##### When the Company is the lessee – Finance lease

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

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

##### When the Company is the lessee – Operating lease

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

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

#### **4.5 Financial Instruments**

Classification –

##### 4.5.1 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. This category also includes those derivative instruments that may not be contracted from capital guarantees (e.g. bank guarantees) and have not been designated coverage instruments.
- c) Investments in the equity of the companies of the group, associates and multi-group: those companies considered to be part of the group are those connected to the Company through a relationship of control, and associated companies are those over which the Company exerts significant influence. In addition,

within the multi-group category those companies are included over which, under an agreement, control is exercised in conjunction with one or more partners.

#### Initial recognition-

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

#### Subsequent measurement –

Loans and receivables are measured at amortized cost

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

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

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

The Company 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.

#### 4.5.2 Financial liabilities

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

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

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

#### 4.5.3 Equity instruments

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

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Antonio  
Antonio

BY A  
Antonio  
Antonio





#### 4.11 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 modified, additional and liquidations under process might have, and that the Company estimates at the moment as reasonably achievable.

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

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

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

Please see below particularities for the revenue recognition for certain contracts performed by the Company.

In the construction contracts, the results are recognised by the completion stage criteria. The amount of production carried out until closing date is recognised as net revenue of the turnover on the basis of the percentage of completion of the complete project. The completion stage is measured with regards to the completion stage of the works that is, to the percentage of work performed until closing date compared to the total completion of the contract.

In the construction industry, the estimated revenue and costs of projects are subject to changes during the performance period which are not easily foreseen or objectively quantified. In this regard, the budgets used to calculate the completion stage and the production of each financial year include the measurement of the sale price of the works units, which collection is deemed reasonably certain by the management of the Company, as well as their estimated costs.

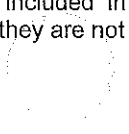
The rest of the revenues are accounted for at the time of transfer of the ownership of the goods or services provided to the customer.

#### 4.12 Provisions and contingencies

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

- a) Provisions: credit balances that cover current obligations derived from past events, the cancellation of which is likely to cause an outflow of resources, although they are undetermined with regard to their amount and/or time of cancellation.
- b) Contingent liabilities: possible obligations arising as a consequence of past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events, not wholly within the Company's control and which are not reasonably calculable.

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

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

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

#### **4.13 Termination benefits**

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

#### **4.14 Subsidies, donations and legacies**

With regard to the accounting of subsidies, donations and legacies received, the Group adopts the following principles:


- a) Non-reimbursable capital subsidies, donations and legacies: they are valued by the fair value of the amount or asset granted, depending on whether or not they have a monetary nature, and they are attributed to the consolidated results in proportion to the allocation made to amortization in that period for the subsidized items or, if relevant, whenever their transfer or value impairment correction takes place, except those received from partners or owners which are entered directly into funds and which do not constitute income.
- b) Reimbursable subsidies: while they are refundable, they are recognised as a liability.
- c) Operational subsidies: They are posted to consolidated results at the time they are granted, unless they are used to finance operational deficits of future periods, in which case they are to be taken into account in those periods. If subsidies are received to finance specific expenses, they are allocated to income as the related expenses are incurred.

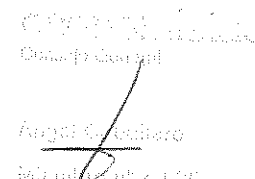
#### **4.15 Principles used in transactions between related parties**

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.

  
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Asesor

  
August C. Andriano  
Miembro del Consejo



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.

#### **4.16 Current and non-current items**

Current assets are those assets linked to the normal operation cycle generally considered annual; those assets which maturity, disposition or realisation is expected in the short-term from the closing date of the financial year; and those financial assets kept for negotiation, with the exception of financial derivatives which liquidation period exceeds one year, and cash or other equivalent liquid assets. Assets that do not meet these criteria are known as non-current.

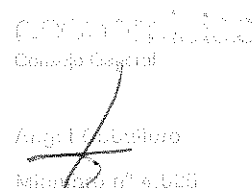
Likewise, current liabilities are those linked to the normal operation cycle, those financial liabilities kept for negotiation, with the exception of financial derivatives which liquidation period exceeds one year and in general terms any liability with short-term maturity or extinction. Liabilities that do not meet these criteria are known as non-current.

#### **4.17 Non-current assets held for sale**

*There are considered non-current assets held for sale those assets that the company is not going to recover their value through its continued use in ordinary activity of the same but through its sale in the short term. The company reclassifies the asset agreed to their nature and its valued at date which proceeds the reclassification by the least of the next amounts:*

- *The previous accountant value to the classification as a non-current asset held for sale, fixed, in the case which proceeds, by the depreciations and corrections of value that would have been recognized had it not been classified as held for sale.*
- *The recoverable amount, understood this as the most between the reasonable value less the costs of sale and their use value.*

  
Presidente de  
Instituto de  
Auditoría

  
Ángel Muñoz  
Miembro nº 4. CSB

## 5. Intangible assets

The movements occurring under this heading of the balance sheet during accounting periods 2017 and 2016 are the following:

Financial year 2017:

	Euro					
	31/12/2016	Additions	Transfers (see Note 6)	Conversion and Adjustment differences	Disposals	31/12/2017
<b>Cost:</b>						
Research	3,484,352	-	-	-	-	3,484,351
Concessions	3,746,672	-	(89,875)	-	-	3,656,798
Patents	27,820	-	-	-	-	27,820
Computer software	2,628,964	39,298	42,700	(2,753)	(1,671)	2,706,537
	<b>9,887,807</b>	<b>39,298</b>	<b>(47,175)</b>	<b>(2,753)</b>	<b>(1,164)</b>	<b>9,875,507</b>
<b>Accumulated Amortization:</b>						
Research	(2,640,362)	(320,959)	-	-	-	(2,961,322)
Concessions	(1,198,607)	(97,945)	-	-	-	(1,296,552)
Patents	(27,820)	-	-	-	-	(27,820)
Computer software	(2,401,958)	(91,802)	-	560	724	(2,492,475)
	<b>(6,268,747)</b>	<b>(510,706)</b>	<b>-</b>	<b>560</b>	<b>724</b>	<b>(6,778,169)</b>
<b>Net value</b>	<b>3,619,060</b>	<b>(471,408)</b>	<b>(47,175)</b>	<b>(2,193)</b>	<b>(947)</b>	<b>3,097,338</b>

Financial Year 2016:

	Euro					
	31/12/2015	Additions	Transfers (see Note 6)	Conversion and Adjustment differences	Disposals	31/12/2016
<b>Cost:</b>						
Research	3,047,991	-	548,866	(112,506)	-	3,484,351
Concessions	3,746,672	-	-	-	-	3,746,672
Patents	27,820	-	-	-	-	27,820
Computer software	2,518,383	131,128	-	(19,383)	(1,164)	2,628,964
	<b>9,340,866</b>	<b>131,128</b>	<b>548,866</b>	<b>(131,889)</b>	<b>(1,164)</b>	<b>9,887,807</b>
<b>Accumulated Amortization:</b>						
Research	(2,296,901)	(343,461)	-	-	-	(2,640,362)
Concessions	(1,100,663)	(97,944)	-	-	-	(1,198,607)
Patents	(27,820)	-	-	-	-	(27,820)
Computer software	(2,295,789)	(107,287)	-	(46)	1,164	(2,401,958)
	<b>(5,721,173)</b>	<b>(548,692)</b>	<b>-</b>	<b>(46)</b>	<b>1,164</b>	<b>(6,268,747)</b>
<b>Net value</b>	<b>3,619,693</b>	<b>(417,564)</b>	<b>548,866</b>	<b>(131,935)</b>	<b>-</b>	<b>3,619,060</b>

The transfers registered in section "Computer Software" of the fixed assets of financial year 2017 correspond to the additions due to the consolidation program "INFOR" by an amount of 42.700 Euros which were in the point "Plant, property and equipment in progress" (Note 6).

The other transfer belongs to new financial assets of the Union as Other technical installations. This contract is about the management of energetic services and maintenance of municipal installations and the public lighting of the town hall of la Union (Mucia).

There have also been adjustments due to variations in the amounts that have been finally certified in two projects: Research and development of additives for semi-hot and warm mixes (WARM MIXES), and Effect of polymers in Bituminous Mixtures (POLYMER EFFECT).

We currently have reasoned reports on several projects:

- Effect of polymers in Bituminous Mixtures (POLYMER EFFECT)
- Integral Pavement Improvement with Recycled Aggregates (MIFAR)

Please find below the details on RDI projects developed by the Company, activated in 2016 and registered under section "Intangible Assets - Research" of the Balance attached, and those pending activation due to them being considered ongoing:

<b>Completed R+D Projects</b>
- Effect of polymers in Bituminous Mixes (POLYMER EFFECT) - MIFAR (Integral Pavement Improvement with Recycled Aggregates) - Studies of modified asphalt bitumens in new polymer families (BMPOLIMEROS).

<b>Ongoing R+D Projects (see Note 6)</b>
-NANOS (New lines of research with nanomaterials in hot, semi-hot and cold asphalt mixes.) -BACHEO (Programme for research of a system for patching in asphalt pavement).

Ongoing projects are located in section "Tangible fixed assets - Fixed assets in progress and advances" of the consolidated balance sheet attached (see Note 6).


All assets registered under section "Intangible fixed assets" are subject to the impairment test and no need for impairment has been detected.

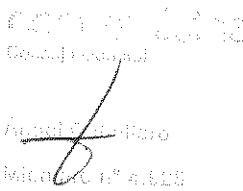
There are no intangible fixed assets, which useful life cannot be determined reliably.

At the close of financial years 2017 and 2016, the Company had intangible assets that were completely amortized and which continued in use for a value of 4,761,641 Euro and 3,677,930 Euro respectively

## **6. Property, plant and equipment**

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

  
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Financial year 2017:

Euro						
	31/12/2016	Additions	Transfers	Conversion and Adjustment differences	Disposals	31/12/2017
<b>Cost:</b>						
Land and buildings	19,228,421	1,498,274	-	(2,256,944)	-	18,469,751
Machinery	25,512,947	6,208,849	-	(1,625,098)	(1,089,637)	29,007,062
Other installations, tools, furniture and technical installations	10,107,633	1,537,641	89,875	(50,103)	(56,677)	11,628,368
Equipment for information processing	588,989	50,429	-	(14,199)	-	625,220
Transport items	11,598,524	176,088	-	(651,017)	(89,686)	11,033,909
Plant, property and equipment in progress	754,023	562,388	(42,700)	-	(382,513)	891,198
	67,590,537	10,033,670	47,175	(4,597,361)	(1,618,513)	71,655,507
<b>Accumulated Amortization:</b>						
Land and buildings	(3,819,511)	(2,036,307)	-	649,879	-	(5,205,940)
Machinery	(17,637,714)	(1,319,242)	-	73,944	216,920	(18,666,092)
Other installations, tools, furniture and technical installations	(5,880,548)	(587,520)	-	8,007	20,542	(6,439,519)
Equipment for information processing	(535,305)	(19,319)	-	3,908	-	(550,715)
Transport items	(8,568,483)	(610,005)	-	190,467	48,206	(8,939,815)
	(36,441,560)	(4,572,393)	-	926,205)	285,668	(39,802,081)
<b>Net value</b>	<b>31,438,977</b>	<b>5,461,276</b>	<b>47,175</b>	<b>(3,671,156)</b>	<b>(1,332,845)</b>	<b>31,853,427</b>

Financial Year 2016:

Euro						
	31/12/2015	Additions	Transfers	Conversion and Adjustment differences	Disposals	31/12/2016
<b>Cost:</b>						
Land and buildings	12,787,897	999,907	5,272,639	167,978	-	19,228,421
Machinery	20,179,259	4,625,870	1,283,617	1,170	(576,968)	25,512,947
Other installations, tools, furniture and technical installations	7,794,146	811,658	1,466,186	121,651	(86,008)	10,107,633
Equipment for information processing	563,155	23,609	6,198	1,072	(5,045)	588,989
Transport items	11,472,523	1,065,997	5,409	6,944	(952,349)	11,598,524
Plant, property and equipment in progress	8,474,848	1,362,293	(8,582,916)	(486,369)	(13,834)	754,023
	61,271,828	8,889,334	(548,866)	(187,555)	(1,634,204)	67,590,537
<b>Accumulated Amortization:</b>						
Land and buildings	(547,782)	(3,258,969)	-	(12,760)	-	(3,819,511)
Machinery	(17,095,548)	(810,200)	(181)	(167,811)	436,025	(17,637,714)
Other installations, tools, furniture and technical installations	(5,499,094)	(418,399)	-	(4,320)	41,265	(5,880,548)
Equipment for information processing	(519,937)	(19,764)	-	(501)	4,898	(535,305)
Transport items	(8,288,140)	(1,011,058)	181	(63,775)	794,309	(8,568,483)
	(31,950,501)	(5,518,390)	-	(249,167)	1,276,497	(36,441,560)
<b>Net value</b>	<b>29,321,328</b>	<b>3,370,944</b>	<b>(548,866)</b>	<b>(436,722)</b>	<b>(357,707)</b>	<b>31,438,977</b>

In financial year 2017, the additions registered under section "Land and buildings" correspond to the commencement of the building of the campsites for new road refurbishing and maintenance contracts carried out by the Company in Ethiopia, specifically in the towns of Bure and Nekemte, amounting to EUR 538,040 and EUR 953,189, respectively.

The additions registered in section "Machinery" corresponds mainly to the acquisition of equipment for road refurbishing and maintenance contracts to be carried out by the Company in Botswana and Ethiopia, specifically in the town of Bure and Nekemte, amounting to EUR 1,386,845 in Botswana and EUR 1,725,800 and 1,356,822, respectively. Moreover, machinery to be used in contracts carried out in Spain has been bought for an amount of EUR 1,736,760

The main additions under section "Other installations, tools, furniture and technical facilities" are due to the acquisition of equipment for the contract for the management of supplies and services of the Comprehensive Service of Exterior Lighting of Churriana de la Vega, Granada, amounting to EUR 187,500. The starting date of the 10-year contract was September 2015. It was also a new asset amounted to 490,598 of a new contract of the town hall of Lorqui. The beginning was on May 2017 and the duration is 12 years.

The rest of additions in the point "Other installations, tools, furniture and technical facilities" correspond to the contracts of Ethiopia, in Bure and Nekemte amounted to 192,949 and 213,245 Euros respectively.

The Company has acquired in financial year 2016 transport elements amounting to EUR 43,109, mainly for the road refurbishing and maintenance contracts in Botswana. Additionally it were acquired elements of transport amounted to 132,979 for contracts of Spain.

The most significant additions in financial year 2017 have been mainly in the heading "Fixed assets in progress" and originate in:

- Ongoing research and development projects (see Note 5) amounting to 2,600Euro. They have been partially carried out by the Company, so an amount of EUR 2,600 has been registered under section "Works carried out by the company for its capitalization" in the attached profit and loss account for financial year 2016.
- Technical installations of contracts on going of Churriana de la Vega amounted to 33,671 Euros and the contract of Olivares amounted to 49,166 Euros.
- Computer applications belong to the program of Murcia amounted to 74,248 Euros.

The transfers in the point Computer applications during 2017 are due to the new assets of the consolidation program INFOR amounted to 42,700 euros (Note 5).

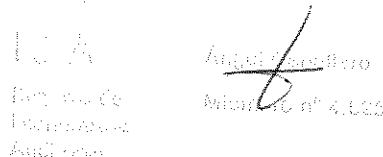
The exchange differences are mainly due to the exchange of the fixed assets from the Botswana and Ethiopia branches to the exchange rate as of the closing of the financial year, which were positive in Botswana and negative in Ethiopia for financial year 2017.

The decreases registered during 2017 corresponds basically to decrease of asset ongoing of the contract of the town hall of Lorqui and discharged by means of leasing as technical facilities and with machinery's contract for rehabilitation and maintenance of roads that the company has in Ethiopia amounted to 826,438 since the registration of the same has happened in Elsamex Spain through leasing.

The Company has other fixed assets the value of which, separated as buildings and land, at the close of accounting periods 2017 and 2016, is the following:

	31/12/2017	31/12/2016
Lands	406,134	406,134
Construction	18,063,617	18,822,287
<b>Total</b>	<b>18,469,751</b>	<b>19,228,421</b>

The Company has registered in section "Constructions" a parking spot, an industrial unit located in Badalona and used as offices for the Delegation of Cataluña, an office owned by the company located in La Coruña, an industrial unit located in Amorebieta, in Biscay, currently used as a warehouse, a parking lot for vehicles and machinery and


  
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changing rooms and a mezzanine used as offices. The rest is due to the incorporation of joint ventures in which the company takes part.

The warehouse located in Badalona is financed by a leasing contract signed with financial company "Leasing de Cataluña"; this contract ends on July 2018. The Company has no doubt that the upon termination of the contract, the purchase option shall be exercised.

At 31 December 2017 and 2016 the Company had the following investments in property, plant and equipment elements located abroad:

Year 2017

Description	Country	Book Value (gross)	Accumulated depreciation	Net value
Machinery	Dominican R.	2,515,255	(2,515,255)	-
Transport items	Dominican R.	1,044,945	(1,044,975)	-
Machinery	Honduras	184,238	(184,238)	-
Machinery	Haiti	701,104	(613,782)	87,321
Technical installations	Haiti	2,064	(1,574)	490
Equipment	Haiti	28,221	(22,071)	6,151
Machinery	Ecuador	24,481	(21,042)	3,439
Equipment for information processing	Ecuador	1,182	(1,182)	-
Furniture	Ecuador	240	(149)	91
Transport items	Ecuador	8,982	(8,084)	898
Technical installations	Ecuador	38	(23)	15
Equipment for information processing	Colombia	1,524	(1,524)	-
IT Applications	Botswana	69,363	(29,613)	39,750
Construction	Botswana	10,785,073	(2,577,880)	8,207,193
Machinery	Botswana	2,267,574	(452,103)	1,815,471
Transport items	Botswana	600,077	(328,870)	271,207
Equipment for information processing	Botswana	26,601	(16,135)	10,465
Furniture	Botswana	63,828	(29,376)	34,452
Technical installations	Botswana	3,987	(686)	3,301
Equipment	Botswana	41,933	(13,781)	28,152
Other asset	Botswana	3,681	(3,350)	331
Computer applications	Ethiopia	12,484	(7,491)	4,994
Construction	Ethiopia	3,791,172	(2,087,578)	1,703,594
Machinery	Ethiopia	6,028,187	(1,992,189)	4,035,998
Transport items	Ethiopia	1,293,931	(766,893)	527,038
Equipment for information processing	Ethiopia	19,529	(14,182)	5,347
Furniture	Ethiopia	53,049	(11,910)	41,139
Equipment	Ethiopia	44,116	(9,926)	34,190
Constructions	Bure	951,280	(49,251)	902,028
Machinery	Bure	1,922,021	(100,473)	1,821,548
Transport items	Bure	222,734	(21,377)	201,358
Equipment for information processing	Bure	35,549	(2,400)	33,149
Furniture	Bure	163,497	(11,401)	152,456
Other installations	Bure	23,978	(1,087)	22,891
Equipment	Bure	4,807	(260)	4,547
Constructions	Nekemte	1,257,937	(40,958)	1,216,979
Machinery	Nekemte	1,356,822	(56,174)	1,300,648
Transport items	Nekemte	186,958	(20,254)	166,704
Equipment for information processing	Nekemte	21,545	(1,880)	19,665
Furniture	Nekemte	128,831	(9,163)	119,668
Equipment	Nekemte	89,365	(6,642)	82,723
<b>Total</b>		<b>35,982,213</b>	<b>(13,076,821)</b>	<b>22,905,391</b>

  
 Representante  
 Legitimado  
 por el Consejo de Administración

  
 Representante  
 Legitimado  
 por el Consejo de Administración

Year 2016




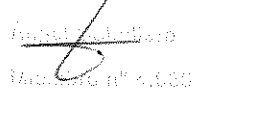
Description	Country	Book Value (gross)	Accumulated depreciation	Net value
Machinery	Dominican R.	2,515,255	(2,515,112)	144
Transport items	Dominican R.	937.643	(937.643)	-
Machinery	Honduras	184.238	(184.238)	-
Machinery	Haiti	701.104	(577.125)	123.979
Technical installations	Haiti	2.064	(1.264)	800
Equipment	Haiti	28.221	(17.853)	10.369
IT Applications	Ecuador	786	(786)	-
Machinery	Ecuador	27.887	(19.780)	8.107
Equipment for information processing	Ecuador	1.346	(1.335)	11
Furniture	Ecuador	275	(143)	132
Transport items	Ecuador	10.232	(7.808)	2.423
Technical installations	Ecuador	42	(21)	21
Equipment for information processing	Colombia	1.741	(1.741)	-
IT Applications	Botswana	63.793	(12.972)	50.822
Construction	Botswana	11,271,492	(1,286,951)	9,984,542
Machinery	Botswana	201.840	(47.624)	154.215
Transport items	Botswana	582.088	(191.542)	390.546
Equipment for information processing	Botswana	22.837	(9.983)	12.854
Furniture	Botswana	65.648	(20.395)	45.253
Technical installations	Botswana	4.166	(179)	3.987
Equipment	Botswana	43.433	(3.525)	39.908
Machinery	Abu Dhabi	253.134	(142.288)	110.846
Transport items	Abu Dhabi	102.172	(54.917)	47.255
Other installations	Abu Dhabi	1.481	(531)	951
Equipment	Abu Dhabi	40.103	(17.244)	22.859
Construction	Ethiopia	5,279,779	(2,099,670)	3,180,109
Machinery	Ethiopia	5,611,188	(330.824)	5,280,365
Transport items	Ethiopia	2,171,210	(619.022)	1,552,188
Equipment for information processing	Ethiopia	45.509	(10.984)	34.525
Furniture	Ethiopia	80.140	(9.251)	70.889
Equipment	Ethiopia	62.071	(7.685)	54.386
<b>Total</b>		<b>30,312,918</b>	<b>(9,130,437)</b>	<b>21,182,481</b>

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 closing of tax year 2017 and 2016 the Company had elements of tangible fixed assets completely amortized which were still in use to the value of 28,990,143 Euro and 28,239,137 Euro respectively.

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 tangible fixed assets contracted.

As of 31 December 2017 the Company does not have any tangible fixed assets debts.

  
 General Director  
  
 General Director  
  
 General Director  
  
 General Director

## 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
Property, plant and equipment	8,234,076	8,234,076
<b>Total</b>	<b>8,234,076</b>	<b>8,234,076</b>

#### Financial Year 2016

	For goods valued at their fair value	Total
Property, plant and equipment	5,795,500	5,795,500
<b>Total</b>	<b>5,795,500</b>	<b>5,795,500</b>

At the close of accounting periods 2017 and 2016 the Company has contracted with the lessors the following minimum leasing quotas (including, if appropriate, 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:

	2017		2016	
	Nominal value	Current value	Nominal value	Current value
Less than one year	1,549,916	1,404,677	1,340,994	1,239,621
Between one and five years	3,066,917	2,879,941	2,455,772	2,372,949
<b>Total</b>	<b>4,616,833</b>	<b>4,284,617</b>	<b>3,796,766</b>	<b>3,612,570</b>




There are no contingent quotas.

### Operating leases

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

	2017	2016
	Nominal value	Nominal value
Less than one year	4,285,707	4,002,500
Between one and five years	117,108	293,074
<b>Total</b>	<b>4,402,815</b>	<b>4,295,574</b>

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

  
 General Director  
  
 Financial Director  
  
 Accounting Director



- Lease of a building comprising a basement, ground floor and two upper floors, in calle San Severo, 18 in Madrid. The leasing contract began on 21st December 2000 and its term was 7 years, having been renewed on 24 June 2014 until 31 August 2018. With regard to the contingent rent, the contract is referenced to annual increases as a function of the CPI.
- Lease of an office on the first floor in calle San Severo, 20 in Madrid. The leasing contract began on 1st May 2009 and its term was 5 years, until 30th April 2014. A renewal was signed on 1 January 2014 for four years until 31 December 2016. A new renewal was signed on 1 January, 2017, to end on 31 August 2018. With regard to the contingent rent, the contract is referenced to annual increases as a function of the CPI.

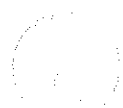
However, most of the expense of this corresponds to the lease of vehicles and machinery for works or construction, totalling 5,978,905 Euro in 2017 and 6,476,240 in 2016 (see Note 17d).

## 8. Investments in Group companies, multi-group and associate companies

### 8.1 Equity instruments

Financial Year 2017

Investee	Address	Activity	% Partici pation	Euro			
				Amount	Capital Company	Equity	
						Reserve and share premium	Result
Ramky Elsamex Hyderabad Ring Road Limited (3)	RAMKY House, 6-3-1089/G/10&11 Gulmohar Avenue, Rajbahavan Road, Somajiguda, Hyderabad – 500 082. A.P. India	Services	26	811,711	3,121,965	947,982	-
CIESM - INTEVIA, S.A.U (1)	San Severo 18, 28042 Madrid España	Laboratory	100	836,201	60,000	1,177,477	29,458
Atenea Seguridad y Medio Ambiente, S.A.U. (1)	C/ San Severo, 18, Madrid 28042 Spain	Services	100	130,183	130,200	2,473,113	296,684
Grusamar Ingeniería y Consulting, S.L.U. (1)	C/ San Severo, 18, Madrid 28042 Spain	Engineering	100	3,554,998	3,494,897	1,211,660	25,465
Elsamex Internacional, S.L.U.(1)	C/ San Severo, 18, Madrid 28042 Spain	Services	100	12,714,868	14,310,555	-11,866,057	-2,367,905



Departamento  
Administración

Compañía

Augusto 2017  
MILLONES DE € 6,625

Investee	Address	Activity	% Partici pation	Euro			
				Amount	Capital Company	Equity	
						Reserve and share premium	Result
Sociedad Concesionaria A4 Madrid, S.A. (2)	C/ Caballero Andante, nº 8 Madrid Spain	Services	46.25	4,353,512	9,413,370	-8,694,374	2,649,923
Señalización Viales e Imagen S.A.U. (1)	Pol Ind. La variante c/ La Grajera nº 2, 26140 Larero, Rioja	Manufacture	100	8,773,398	688,025	2,565,439	-513,177
Área de Servicio Coirós, S.L.U. (1)	C/ San Severo, 18, Madrid 28042 Spain	Service Station Operation	100	2,820,734	1,003,010	1,989,446	46,976
Alcantarilla Fotovoltaica, S.L.U. (1)	C/ San Severo, 18, Madrid 28042 Spain	Installation, maintenance & operation of electrical energy generating systems using PV technology	100	702,075	42,700	403,593	-41,264
Beasolarta S.L.U. (1)	C/ San Severo, 18, Madrid 28042 Spain	Installation, maintenance & operation of electrical energy generating systems using PV technology	100	2,086,741	41,000	2,008,280	44,231
Área de Servicio Punta Umbría, S.L.U. (1)	C/ San Severo, 18, Madrid 28042 Spain	Service Station Operation	100	402,065	82,810	548,342	68,401
Conservación de Infraestructura de Méjico S.A. de C.V. (2)	Mauricio Garces 855, La Joya, 76180, Ciudad de Santiago de Querétaro, Estado de Querétaro, México	Services	90	2,696	3,001	-2,187	-
ESM Mantenimiento Integral de S.A. de C.V. (2)	Av. Prolongación Tecnológico No 950 B, Co San Pablo 76130 Queretano, México	Services	0.01	27	345,689	121,085	21,535



L. A.  
Ejército de  
Liberación  
Autónoma

Compañía  
de Logística

Compañía de  
Logística

Investee	Address	Activity	% Partici Share	Euro			
				Amount	Capital Company	Equity	
						Reserves	Result
Elsamex Construcao e Manutencao LTDA (4)	Rua Gonçaves Maia nº 207, Soledade, Recife-PE, CEP 50.070.060, Pernambuco, Brazil	Construction	99.99	33,960	33,960	-44,106	-
Elsamex Infrastructure Company WLL	Alyasira Al Jazeera Al Arabia Street Madinath Khalifa (South) P.O. box 236650 Doha (Qatar)	Maintenance	44	22,171	-	-	-
				<b>37,245,340</b>			

(1) Audited by Caballero Auditores, S.L. in 2016

(2) Audited by other auditors.

(3) Limited Review by other auditors

(4) New incorporation, no activity

(5) Direct and indirect shareholding

As of 31 December 2017 the Company has recorded a participative loan with Control 7 S.A.U in order to equilibrate their patrimonial situation amounted to 1,227,188 Euros. The depreciation of the loan depends of the future income so the date of expiration is estimated in the long term. This loan accrues a fixed Euribor interest +4%.

AS of 31 December 2017 the company has recorded a participative loan with Elsamex International S.L.U amounted to 4,000,000 Euros in order to equilibrate their patrimonial situation. The depreciation of the loan depends of the future income so the date of expiration is estimated in the long term. This loan accrues a fixed Euribor interest +4%.

As of 15 December 2016 the Company has signed several private agreements to sell the shares in three subsidiaries as of 31 December 2016 through a sale to the group company IL&FS Transportation Networks, LTd.

As mentioned in Note 14.1 on debts with credit institutions, the Company has the shares in Yala Construction Co. Private Ltd. and Elsamex Maintenance Services Ltd. as a pledge for the syndicated loan granted.

The summary of the main figures of this transaction is as follows:

Subsidiary	Shareholding percentage	Approximate sale price	Estimated capital gain (*)
Yala Construction Co. Private Limited	100%	945,493	380,246
Elsamex India Private Limited	100%	1,632,140	1,295,660
Elsamex Maintenance Services Limited	100%	15,854,941	15,842,086

(\*) Calculated as the difference between net book value end sale price.

For the implementation of the aforementioned agreements a series of conditions precedent were set, including obtaining of the authorisations required from the credit institutions which granted Elsamex S.A. the loans in which the pledge is a share of Elsamex Maintenance Services, granting the debts incurred by the former. Moreover, the transaction is subject to the approval by the Royal Bank of India (RBI).

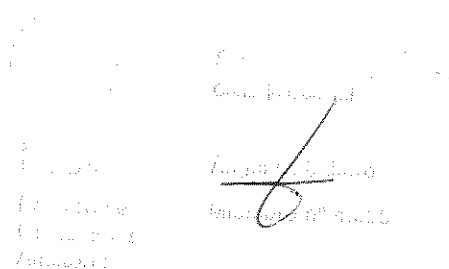
As of the date of preparation of these Annual Accounts, no approval had been received for the transaction from the Spanish credit institutions or from the RBI. Therefore, the Members of the Board of the Company have prepared the Annual Accounts without registering the effect of the capital gain in these Consolidated Annual Accounts. Moreover, its share has not been registered as "Non-current assets kept for sale", since it has been considered that such assets are not in normal sale conditions as of closing of the financial year due to the important requirements set in the sales

*[Handwritten signatures and notes]*

agreements and the pledge on the share of Elsamex Maintenance Services Limited and Yala Construction Co. Private Ltd.

Financial Year 2016

Investee	Address	Activity	% Partici pation	Euro			
				Amount	Capital Company	Equity	
						Reserve and share premium	Result
Ramky Elsamex Hyderabad Ring Road Limited (3)	RAMKY House, 6-3-1089/G/10&11 Gulmohar Avenue, Rajbahavan Road, Somajiguda, Hyderabad – 500 082. A.P. India	Services	26.00	811,711	3,121,965	553	988,903
CIESM - INTEVIA, S.A.U (1)	San Severo 18, 28042 Madrid España	Laboratory	100.00	836,201	60,000	1,086,807	90,669
Atenea Seguridad y Medio Ambiente, S.A.U. (1)	C/ San Severo, 18, Madrid 28042 Spain	Services	100.00	130,183	130,200	2,314,351	158,761
Grusamar Ingeniería y Consulting, S.L.U. (1)	C/ San Severo, 18, Madrid 28042 Spain	Engineering	100.00	3,554,998	3,494,897	1,065,616	90,741
Elsamex Internacional, S.L.U.(1)	C/ San Severo, 18, Madrid 28042 Spain	Services	100.00	14,310,555	14,310,555	(9,635,899)	(1,831,936)
Sociedad Concesionaria A4 Madrid, S.A. (2)	C/ Caballero Andante, nº 8 Madrid Spain	Services	46.25	4,353,512	9,413,370	(12,102,038)	2,296,848


  
 Signature: \_\_\_\_\_
   
 Stamp: \_\_\_\_\_

Investee	Address	Activity	% Share	Euro			
				Amount	Corporate Capital	Equity	
						Reserve and share premium	Result
Señalización Viales e Imagen S.A.U. (1)	Pol Ind. La variante c/ La Grajera nº 2, 26140 Lardero, Rioja	Manufacture	100.00	8,773,398	688,025	2,753,810	(188,372)
Área de Servicio Coirós, S.L.U. (1)	C/ San Severo, 18, Madrid 28042 Spain	Service Station Operation	100.00	2,820,734	1,003,010	1,961,679	27,766
Aícantarilla Fotovoltaica, S.L.U. (1)	C/ San Severo, 18, Madrid 28042 Spain	Installation, maintenance & operation of electrical energy generating systems using PV technology	100.00	702,075	42,700	391,405	12,188
Beasolarta S.L.U (1)	C/ San Severo, 18, Madrid 28042 Spain	Installation, maintenance & operation of electrical energy generating systems using PV technology	100.00	2,441,000	41,000	2,436,784	(428,504)
Área de Servicio Punta Umbría, S.L.U (1)	C/ San Severo, 18, Madrid 28042 Spain	Service Station Operation	100.00	402,065	82,810	477,520	70,822
Conservación de Infraestructura de Méjico S.A. de C.V. (2)	Mauricio Garces 855, La Joya, 76180, Ciudad de Santiago de Querétaro, Estado de Querétaro, México	Services	90.00	2,696	3,001	(2,187))	-
ESM Mantenimiento Integral de S.A. de C.V, (2)	Av. Prolongación Tecnológico No 950 B, Co San Pablo 76130 Queretano, México	Services	0.01	27	345,689	118,116	2,712
Elsamex Construcao e Manutencao LTDA (4)	Rua Gonçaves Maia nº 207, Soledade, Recife-PE, CEP 50.070.060, Pernambuco, Brazil	Construction	99.99	33,960	33,960	(44,106)	-
Elsamex Maintenance Services LTD (India) (2)	1304/1304A, 43, Chiranjiv Tower, Nehru Place New Delhi 110019, (INDIA)	Construction	100	12,855	6,147	4,285,492	2,189,342



Financial Commission  
Asturias

Comisión Económica  
de Asturias

Accountant  
Miguel Ángel...

Company	Address	Activity	% Participa tion	Euro			
				Amount	Corporate Capital	Equity	
						Reserves	Result
Elsamex Infraestructure Company WLL	Alyasira Al Jazeera Al Arabia Street Madinath Khalifa (South) P.O.bos 236650 Doha (Qatar)	Maintenance	44.00	22,171	-	-	-
Elsamex Colombia, SAS	C/Carrera 49 n°91, 40, Barrio La Castellana. Bogotá. DC	Maintenance	100.00	-	-	-	-
Yala Construction CO.Private.ltd	C/A254 N6 Block Mahipalpur New Delhi (India) 1100.37	Construction	100	926,635	967,084	799,723	46,571
Elsamex India Private Ltd.	C/A254 N6 Block Mahipalpur New Delhi (India) 1100.37	Construction	100	336,480	337,227	1,340,030	(-75,023)
				<b>40,471,257</b>			

(1) Audited by Caballero Auditores, S.L. in 2015

(2) Audited by other auditors.

(3) Limited Review by other auditors

(4) New incorporation, no activity

As of 31 December 2016 the Company has recorded the EUR 2,600,000 participating loan granted on 29 December 2008 as an increase in the value of the shareholding of the subsidiary Señalización Viales e Imagen S.A.U. Moreover, as of 31 December 2016 the Company contributed EUR 2,400,000 to its subsidiary Beasolarta S.L.U., cancelling thus part of the current account with the goal of restoring its equity.

In financial year 2016 the Company has acquired from its subsidiary Elsamex Internacional, S.A.U. the shares that the later had in Yala Construction CO. Private Ltd. For EUR 926,635 and in Elsamex India Private Ltd. For EUR 336,480.

As of 15 December 2016 the Company has signed several private agreements to sell the shares in three subsidiaries as of 31 December 2016 through a sale to the group company IL&FS Transportation Networks, LTD.

As mentioned in Note 14.1 on debts with credit institutions, the Company has the shares in Yala Construction Co. Private Ltd. and Elsamex Maintenance Services Ltd. as a pledge for the syndicated loan granted.

## 8.2 Credits to businesses

In this section, the Company registers:

- The participating loan granted to the Concessionaire Company of Autovía A-4 in accordance with Section 8.1, amounting to EUR 8,202,920. Additionally, this heading includes the interests accrued and not collected, which have been capitalized in 2015 for 28,051 Euro. The interest accrued in this loan during financial year 2017 amount to EUR 510,880 (EUR 534,473 in 2016), which have been included in under section "Financial income of securities and other financial instruments of group companies and associated companies" in the consolidated profit and loss account attached.
- A participating loan granted to its subsidiary Elsamex Internacional amounting to EUR 7,500,000, which accrues a fixed interest of Euribor + 1.75%. The interest accrued in this loan during financial year 2016 amount to EUR 135,750, which have been included in under section "Financial income of securities and other financial instruments of group companies and associated companies" in the consolidated profit and loss account attached. Besides at December 2017 has been signed a new loan amounted to 4,000,000 Euros, which accrues fixed interests of Euribor + 4%.
- In financial year 2016 a new participating loan has been granted to the subsidiary Ciesm-Intevia, S.A.U. It amounts to EUR 1,000,000 and accrues a fixed interest of Euribor + 1.75%. The interest accrued in this loan during financial year 2017 amount to EUR 29,650, which have been included in under section

IL&F  
Ingeniería de  
Transportación  
Autovías

Angela Rodríguez  
Madruga nº 4.500

"Financial income of securities and other financial instruments of group companies and associated companies" in the consolidated profit and loss account attached.

- A new participative loan given to Control 7 S.A.U at December 2017 amounted to 1,227,188 Euros which accrues fixed interests of Euribor + 4%..

### 8.3 Joint ventures

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

Name of the UTE	Percentage of participation	(Euro) Sales
UTE Teruel 2 Elsamex Api	50,00%	-
UTE Conservacion Almeria II	70,00%	-
Ute Abedul Orihuela	25,00%	307,871
Ute Abedul Zamora	25,00%	162,131
Ute Abedul Villavidel	25,00%	137,311
Ute Abedul Ponferrada	25,00%	201,969
Ute Albaterra	50,00%	300,298
Ute Polideportivo Latina	50,00%	-
UTE Coruña III	70,00%	-
Ute Seguridad Vial Murcia	30,00%	-
UTE Argentona Elsamex Rubau	50,00%	-
Ute Conservacion Cádiz Sur (Martín Casillas)	50,00%	-
UTE Orense III	50,00%	-
UTE Ecija	50,00%	201,653
Ute Arona	60,00%	156,575
UTE Conservacion Asturias II	50,00%	-
Ute Mantenimiento Cuenca	50,00%	-
UTE Elsamex- Lujan Alicante	50,00%	51
Ute Conservación Asturias	50,00%	1,263,545
Ute Conservación Almería	70,00%	2,428,459
UTE Bizcaia BI	37,50%	14,984
Ute Conservación Caceres	50,00%	822,416
Ute Parking Estacion Intermodal	50,00%	147,439
Ute Elsamex- Pulido	50,00%	(8,972)
Ute AP-7 Ondara 2	60,00%	173,583
Ute Sistema Tarifario	50,00%	68,265
UTE Huetor Vega	70,00%	-
Ute Antequera	30,00%	209,659
Ute Burgos Sur	86,00%	516,160
Ute Alumbrado Tegueste	50,00%	112,223
UTE Elsamex-Tecyr Avda. Daganzo	50,00%	21,202
Ute Servicios Energeticos Las Palmas	50,00%	497,973
UTE Jaen Sur	70,00%	839,857
Ute Elsamex -ITNL (Botswana)	100,00%	545,060
Ute Etiopia 35	100,00%	-
Ute Elsamex-Sorgroup	100,00%	314,510
UTE Sevilla Este	70,00%	840,997
Ute Malaga Norte	70,00%	800,569
UTE Arbrat Badalona	50,00%	289,865
Ute Acceso Norte Campo Arcis	60,00%	-
UTE Piscinas Zamora	60,00%	-

  
 Representante  
 de la UTE

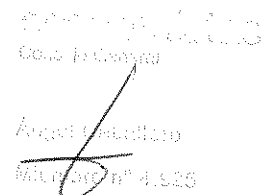
  
 Representante  
 de la UTE

UTE Lujan Alicante II	50,00%	-
UTE Seguridad Vial Murcia II	30,00%	55,637
Ute Instalaciones Deportivas	60,00%	(169)
UTE STM Terres del Ebre	30,00%	75,484
UTE Red Viaria de Sevilla	70,00%	437,519
UTE Auditorías Fis Granada	33,33%	-
UTE Piscina Cubierta	50,00%	-
Ute Servicios Mantenimiento Las Palmas	50,00%	51,133
Ute Etiopía Bure	50,00%	-
Ute Etiopía Nekemte	50,00%	-
Ute Bialdeko	34,50%	1,829,876
Ute Piscinas Zamora II	50,00%	136,446
Ute ES Mercadal	50,00%	111,391
Ute Instalaciones del Cloro	50,00%	102,879
Ute Parque Tentengorra	50,00%	336,053
Ute Montes Occidentales de Granada	50,00%	247,970
<b>Total Elsamex</b>		<b>14,955,890</b>

The main figures that the Joint Ventures contribute to the balance sheet on 31 December 2017 and 2016 are:

	Euro	
	31/12/2017	31/12/2016
Non-current assets	3,458,386	4,123,044
Current assets	24,054,184	14,429,149
<b>Total Assets</b>	<b>27,512,570</b>	<b>18,552,193</b>
Net equity	2,074,840	1,732,395
Non-current liabilities	1,733,735	2,292,033
Current liabilities	23,703,995	14,527,765
<b>Total Liabilities and Equity</b>	<b>27,512,570</b>	<b>18,552,193</b>

  
 Representante  
 Elsamex  
 Alicante

  
 Representante  
 Elsamex  
 Alicante



## 9. Financial investments

### 9.1 Long-term financial investments

The balance of the account in the "Other financial assets" section upon closure of financial year 2017 mainly contains part of the costs claimed to the Haiti Government due to the advanced termination of the contract signed with Elsamex, S.A.U. The claim was lodged on 06 May 2015 before the Haiti Authorities. The claimed amount shall be recovered upon issuance of the judgement. This section also includes in 2016 and 2015 the the bonds given as a consequence of the operating lease contracts signed with third parties as described in Note 7, other financial assets, and some pledged deposits contracted with a banking institution.

### 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:

	Euro	
	31/12/2017	31/12/2016
<b>Customers for sales and provisions of services-</b>		
Trade receivables	96,172,431	77,833,643
Doubtful Debts	5,098,690	5,106,816
Impairment of credit value for commercial operations	(5,098,690)	(5,106,816)
	<b>96,172,431</b>	<b>77,833,643</b>
<b>Clients, group companies and associate companies (Note 19)</b>	<b>1,919,923</b>	<b>4,177,817</b>
<b>Sundry debtors</b>	<b>528,597</b>	<b>322,379</b>
<b>Personnel</b>	<b>383,557</b>	<b>404,891</b>
<b>Other short-term financial assets</b>	<b>8,404,315</b>	<b>10,511,624</b>
Credits to third parties	29,313	220,071
Short-term deposits	8,375,002	10,291,553
	<b>11,309,515</b>	<b>15,416,711</b>
<b>Total</b>	<b>107,481,946</b>	<b>93,250,355</b>

In the point Short term Deposits it has been booked at December 2017 a deposit amounted to 92,511 Euros in Ebury. It also includes a deposit amounted to 4,900,211 Euros (5,863,833 Euros in 2016) in the Commercial Banks of Dubai. The rest of amount booked in this point correspond to interests accrued pending public clients and a part none eliminated of current account of Utes.

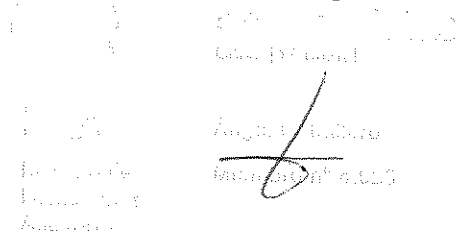
The society has established a politics of impairment of the amounts to collect of private clients which issued invoices has an ageing higher than 6 months. During 2017 the society has registered an impairment amounted to 159,768 Euros which has been booked as an expense in the profit and lost (Note 17d).

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

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

### a) Credit risk:

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



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

b) Liquidity risk:

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

This risk is managed by maintaining adequate cash levels and by hiring and keeping funding lines to cover all funding needs and to be able to keep at all times an level of financial flexibility adequate for the operation.

c) Interest rate risk:

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

**11. Stock**

The movements occurring under this heading of the balance sheet during accounting periods 2017 and 2016 are the following:

Financial Year 2017

	Euro			
	31/12/2016	Additions	Withdrawals	31/12/2017
Raw materials and other provisions	1,026,405	164,592	(15,437)	1,175,559
Advances to suppliers	3,628,540	1,449,507	(638,663)	4,439,384
<b>Net value</b>	<b>4,654,945</b>	<b>1,614,099</b>	<b>(654,100)</b>	<b>5,614,943</b>

Financial Year 2016

	Euro			
	31/12/2015	Additions	Withdrawals	31/12/2016
Raw materials and other provisions	1,328,346	63,518	(365,459)	1,026,405
Advances to suppliers	2,062,558	2,518,202	(952,220)	3,628,540
<b>Net value</b>	<b>3,390,904</b>	<b>2,581,720</b>	<b>(1,317,679)</b>	<b>4,654,945</b>



L. A.  
Dipartimento  
Lavoro, Industria  
e Attività

Comune di...  
Comune di...

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Municipal n° 4.020

## 12. Stockholders' equity

### 12.1 Share capital

At the close of period 2017 the Parent Company's share capital amounted to 20,264,625 Euro, represented by 337,175 shares of 60,10121 Euro nominal value each, all of the same class, fully subscribed and paid in accordance with the following detail:

	%
ITNL Internacional Pte.Ltd	Participation
	100.00%
	100,00%

As of 5 December 2016 the deed stating the sole shareholding of Elsamex S.A.U. has been notarised, and 100% of the shares of the company now belong to ITNL INTERNATIONAL PTE. LTD. (IIPL), a Company incorporated in Singapore. This implements the agreement reached by the Board of Directors of the aforementioned companies on 21 October 2016, which set to transfer the shares in Elsamex S.A. that until said date had belonged to ILFS TRANSPORTATION NETWORKS LIMITED (ITNL), an Indian company.

This transfer of shares has been carried out as a non-monetary equity contribution made by ILFS TRANSPORTATION NETWORKS LIMITED to ITNL INTERNATIONAL PTE. LTD.

This transaction has been carried out in the framework of an international corporate restructuring process of Group ILFS in accordance with which the transferring entity has made a non-monetary equity contribution to the shares of ELSAMEX, S.A. These shares are assigned to the Spanish branch of the acquiring entity receiving the contribution. The remuneration are the shares issued by the acquiring entity. To this effect, we hereby state that before and after the aforementioned transaction, the last holder of the shares in the companies involved in this restructuring process is still the parent company of Group ILF.

All contracts signed with the Sole Shareholder are herein included.

The shares are not quoted on the Stock Exchange.

### 12.2 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.

### 12.3 Voluntary reserves

These are unrestricted reserves.

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.

### 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 balance sheet in this period of balances coming from subsidiaries that the Company has abroad.

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

ITNL  
Internacional  
Pte.Ltd

Antonio  
Molina  
Director  
General

### 13. Provisions

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

Year 2017

	Euro			31/12/2017
	31/12/2016	Increase	Write Off/Adjustments	
Other commercial operations	500,678	2,656,162	(402,036)	2,754,804
	<b>500,678</b>	<b>2,656,162</b>	<b>(402,036)</b>	<b>2,754,804</b>

The provisions due to commercial transactions are allocated to cover possible contingencies resulting from the end of the contracts as well as possible amounts to be paid in different legal disputes with third parties. There is a new provision due to a trial with a joint venture partner due to the works made in Belate (Navarra) pending of final resolution.

The provisions have been recorded according to their nature, the reversal has been recorded under the heading of variation of commercial operations (Note 17d)

### 14. Financial liabilities

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

	Euro	
	2017	2016
<b>Long-term financial liabilities:</b>		
Debts with credit institutions	25,770,974	31,227,103
Financial leasing creditors (Note 7)	2,879,941	2,372,949
Other financial liabilities	4,974,564	415,599
Advances Clients	15,020,639	18,676,741
	<b>48,646,118</b>	<b>52,692,392</b>
<b>Debts with other Group companies</b>	<b>43,817,917</b>	<b>40,217,142</b>
<b>Total long-term financial liabilities</b>	<b>92,464,035</b>	<b>92,909,534</b>
<b>Short-term financial liabilities:</b>		
<b>Short-term debts-</b>		
Debts with credit institutions	16,807,578	20,261,642
Financial leasing creditors (Note 8)	1,404,677	1,239,621
Other financial liabilities	1,375,018	2,960,722
	<b>19,587,273</b>	<b>24,461,985</b>
<b>Debts with group companies and partners (Note 19)</b>	<b>4,837,200</b>	<b>4,976,526</b>
<b>Trade creditors and other accounts payable:</b>		
Suppliers	42,757,409	29,226,744
Suppliers, Group companies (Note 19)	7,494,594	2,154,801
Personnel	384,997	419,603
Debts with Public Authorities (Note 15)	11,235,114	3,633,385
Clients advances (see Note 14.2)	18,703,407	26,459,616
	<b>80,575,521</b>	<b>61,894,148</b>
<b>Total short-term financial liabilities</b>	<b>104,999,994</b>	<b>91,332,660</b>

#### 14.1 Long-term debts with credit institutions and partner institutions



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economistas  
Consejo General

Angel Gabellero  
Miembro nº 4 SCC

#### 14.1 Long-term debts with credit institutions and partner institutions

##### *Long-term debts with group companies:*

In 2015, as part of the refinancing process, the Company was granted by the group company ITNL Offshore Pte Ltd a loan subordinated to the syndicated loan granted by a pool of Spanish banks amounting to EUR 37,000,000 and with the maturity date set on 1 December 2020. This loan is accounted in books based on the criteria of "amortised cost" and appearing in the books of the company for an amount of EUR 35,777,142. The financial cost accounted during the financial year for this loan amounts to EUR 1,603,139 (see Note 19).

Moreover, a loan amounting to EUR 4,440,000 was granted on 30 November 2016 to Sociedad Concesionaria A.4. The fixed interest rate is 4% and the maturity date is 28 May 2026.

At December 2017 the society has a debt with Beasolarta amounted to 2,108,693 Euros because a debt generated with this company and the cash generated by the Society after the sale of the solar panels.

##### *Debts with credit institutions:*

The breakdown of the long-term and short-term debts with credit institutions is shown below for periods 2017 and 2016:

##### *Year 2017:*

	Euro		
	Limit	Available	
		Long-term	Short-term
Credit lines	27,730,749	15,000,000	5,917,923
Loans	38,930,774	11,739,185	11,194,996
		<b>26,739,185</b>	<b>17,112,254</b>

The difference with the balance is due to the loans carried at amortised cost which result in a difference amounting to a debt higher by 968,211 Euro in the long-term and 304,676 Euro in the short-term.

##### *Year 2016:*

	Euro		
	Limit	Available	
		Long-term	Short-term
Credit lines	27,730,749	15,000,000	11,087,281
Loans	38,930,774	17,650,560	9,574,712
		<b>32,650,560</b>	<b>20,661,993</b>

In June 2015 the Company refinanced the existing debt signing a syndicated loan with a pool of financial institutions for an amount of EUR 40,000,000 expiring on 3 June 2020. The interest rate applicable to this loan is Euribor plus a spread. However, the contract accommodates updating the differential dependent on the fulfilment of specific ratios.

Likewise, there are two shares in Yala Construction Co. Private Ltd. and Elsamex Maintenance Services Ltd. that are pledged for the compliance with the conditions of the syndicated loan.

As of the end of 2017, the Company had reached three loan agreements with three financial institutions from which cash has been used at close. The resulting rate of interest for the amounts that are available in all of them is determined by the Euribor plus a spread.

*(Handwritten signatures and notes)*

During financial year 2017 the Company has reached two more loan agreements, from which cash has also been used at close. The interest rate resulting for the amounts used is determined by a fixed interest rate.

The Company is supporting policies of credit and loan of his Spanish subsidiaries for amount of 3,570,857 Euro.

The financial cost during the 2017 period for all these debts with credit institutions amounts to 2,743,771 Euro and is included in the "Financial costs for debts with third parties" section of the attached profit and loss account.

The detail for the due dates of the long-term loans of the Group is the following on 31 December 2017 and 2016:

Year 2017

	Euro					Total
	2019	2020	2021	2022	2023 and beyond	
Debts with credit institutions	21,394,725	3,472,569	1,447,586	316,046	108,260	26,739,185

Year 2015

	Euro					Total
	2018	2019	2020	2021	2022 and beyond	
Debts with credit institutions	21,997,510	6,074,139	3,150,374	1,200,581	227,956	32,650,560

#### **14.2 Advances Clients**

At 2017 and 2016 year-end, the Company has registered the following clients' advances:

	Euro	
	31/12/2017	31/12/2016
Advances Clients Long-term debts	15,020,639	18,676,742
Advances Clients Trade creditors and other accounts payable	18,703,407	26,459,616
<b>Total</b>	<b>33,724,046</b>	<b>45,136,358</b>

The most important advances received by the Company are:

- Advance amounting to BWP 93,246,616 received in financial year 2014 from the Ministry of Transport and Communications- Road Department (Government of Botswana) for the OPRC contract for the Improvement and Maintenance by Service Levels in Botswana of the following road sections: Mmankgodi-Kanye-Jwaneng (124 km), and Rakhuna-Tlhareselele-Pitsane Molopo-Mabule (144 km), awarded for an amount of EUR 138.8 million and 120 months, fully financed by the World Bank. As of 31 December 2017, the amount pending application is 2,651,619 classified on the short term and 1,706,825 allocated in the long term.

- Advance amounting to ETB 209,297,811 received in financial year 2015 from the Ethiopian Roads Authority (Government of Ethiopia) for the contract for the 46-km road that joins Ambo and Wolliso, in Ethiopia, amounting to EUR 36.5 million and for a performance term of 36 months, financed with World Bank funds. As of 31 December 2017, the amount pending application is 6,206,987 Euros which is allocated to short term.

- Advance amounting to ETB 210,600,966.10 and USD 6,340,958.85 received in financial year 2016 from the Ethiopian Roads Authority (Government of Ethiopia) for the contract for the Design, Improvement Works and

Management and Maintenance Services for the Nekempte-Bure Road Upgrading Project, Lot 3 Agamansa-Bure, in Ethiopia, which is 84.56 km and amounts to ETB 1,053 million and USD 31.70 million and for a performance term of 96 months, financed with World Bank funds. As of 31 December 2017, the amount pending application is 7,111,616 allocated in the long term and 3,555,808 allocated in the short term., of which EUR 9,903,996 are allocated to long term and EUR 4,951,998 to short term.

- Advance amounting to ETB 182,414,823.89 and USD 6,205,735.14 received in financial year 2016 from the Ethiopian Roads Authority (Government of Ethiopia) for the contract for the Design, Improvement Works and Management and Maintenance Services for the Nekempte-Anger Gutin Road Upgrading Project, Lot 1 Agamansa-Bure, in Ethiopia, which is 86.10 km and amounts to ETB 872.25 million and USD 31.03 million and for a performance term of 96 months, financed with World Bank funds. As of 31 December 2017, the amount pending application is 6,000,000 Euros classified in the long term and 3,448,973 allocated in the short term.

The rest of the short-term advances correspond to works certified in advance for the normal business of the companies and according to the accounting criteria described in Note 4.11.

### **15. Public Administrations and fiscal situation**

The composition of these balances on 31 December 2016 and 2015 is as follows:

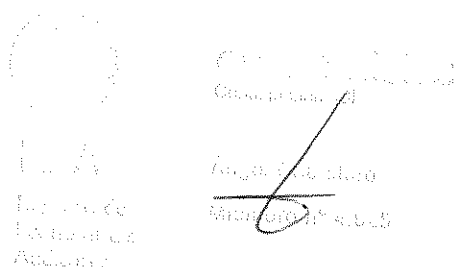
	Euro			
	2017		2016	
	Debit Balances	Credit Balances	Debit Balances	Credit Balances
Deferred tax assets	3,304,768	-	3,047,554	-
Deferred tax liabilities	-	1,223,189	-	1,829,847
<b>Long-term balances with Public Administrations</b>	<b>3,304,768</b>	<b>1,223,189</b>	<b>3,047,554</b>	<b>1,829,847</b>
Public Treasury, debtor for VAT, IGIC, IPSI	5,221,423	-	2,168,454	-
Public Treasury, debtor for Corporate Tax	643,386	-	1,447,454	-
Public Treasury, withholdings and pre-payments	-	-	-	-
Public Treasury, creditor Joint Ventures	-	-	-	-
Public Treasury, creditor for VAT, IGIC	-	6,262,699	-	1,705,716
Public Treasury, creditor for IRPF	-	1,111,457	-	704,596
Public Treasury, debtor for Corporation Tax	-	3,116,301	-	506,662
Social Security institutions payable	200	744,657	227	716,410
<b>Short-term balances with Public Administrations</b>	<b>5,865,009</b>	<b>11,235,114</b>	<b>3,616,135</b>	<b>3,633,385</b>

The Company taxes in tax consolidation regime, and the head of the group is the same, therefore the amount to be charged by the Public Treasury for the Corporation Tax and for VAT correspond to the consolidated amount. This regime means that the Company has accounts receivable and payable with the dependant companies, according to the corresponding individual settlement (see Note 19).

### **Accounting reconciliation and taxable base result**

The consolidated corporate tax expense is the result of adding the individual expense of the Company and of the branches located abroad, which do not have a fiscal consolidation.

The reconciliation between the account result before taxes of the period ending in 31 December 2017 and on 31 December 2016 and the taxable base of the Corporate Tax, as well as the calculation of the tax expense of the year and the credit of the parent company of the consolidation tax Group are as follows:


  
 Director General

Financial Year 2017

	Euro	
	Share Payable	Expense
Balance of the financial year before tax	17.551.989	(4.387.997)
Permanent differences-		
- Exemption due to permanent establishments and Joint Ventures abroad	(5,797,671)	1,449,418
- Results foreign branches	8,267,118	(2,634,550)
- Permanent differences: penalties	58,043	(14,511)
- Permanent differences: Non-tax deductible expenses	3,079,496	(769,874)
- Litigation provision	2.100.000	(525.000)
- Other permanent differences	(17.517.991)	4.379.498
- Tax Income 2016 correction		(138.404)
- Income tax paid in India		(1.845.568)
- Spanish Income tax Inspection corrections		(908.556)
Temporary differences		
- Accounting amortisation	(257.950)	
<b>Individual fiscal tax base (fiscal result)</b>	<b>12,517,605</b>	<b>(5,395,544)</b>
<b>Individual amount to be recovered at 25%</b>		
Deduction due to double international taxation		
Deduction due to reversion of accounting amortisation limit	(239,016)	239,016
<b>Individual corporate tax to be recovered</b>	<b>12,278,589</b>	<b>(5,156,529)</b>

The permanent differences are mainly due to:

- The expenses considered not fiscally deductible, such as fines or donations or the excess of financial expenses on 30% of the operating income.
- The turnover obtained abroad by branches and joint ventures.
- The allocation and implementation of provisions.
- The tax withholdings made abroad.
- The differences between the tax provision made and the real calculation of the previous financial year.

The temporary differences due to amortisation arise in accordance to Article 7 of Law 16/2012 of 27 December, which sets for different groups of entities a deduction limit of 70% of the tax base of the accounting amortisation of the tangible and intangible fixed assets of financial years 2013 and 2014, which shall be reverted linearly from financial year 2015 onwards.



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Angel Caballero  
Mien.º nº 4.926



Financial year 2016

	Euro	
	Share Payable	Expense
Balance of the financial year before tax	7,070,590	(670,559)
Permanent differences-		
- Exemption due to permanent establishments and Joint Ventures abroad	(1,722,946)	430,737
- Results foreign branches	(6,095,761)	303,968
- Permanent differences: Non-tax deductible expenses	648,639	(162,160)
- Other permanent differences	512,459	(128,115)
Temporary differences		
- Accounting amortisation	(692,119)	
- Financial leasing	(111,336)	
<b>Individual fiscal tax base (fiscal result)</b>	<b>390,475</b>	<b>(1,345,867)</b>
<b>Individual amount to be recovered at 25%</b>	<b>(97,619)</b>	
Deduction due to double international taxation	(314,002)	314,002
Deduction due to reversion of accounting amortisation limit	(13,842)	
<b>Individual corporate tax to be recovered</b>	<b>(425,463)</b>	<b>(1,031,865)</b>

Corporate tax is calculated based on the tax rates in force in each of the countries where the Company operates through its branches. The main tax rates are:

Countries	2017	2016
Spain	25%	25%
Botswana	20%	20%
Ethiopia	35%	35%
Colombia	34%	34%
Abu Dhabi	0%	0%

The movement in the account for Assets for deferred tax on profits during the 2017 accounting period is as follows:

Financial Year 2017

	Euro			
	Balance as of 31/12/2016	Increase	Decrease	Balance as of 31/12/2017
Negative tax bases	2,544,166	-	(1,108,979)	1,435,186
Amortization cap	20,484	45,560	-	66,044
Research and development	482,904	1,320,633	-	1,803,537
	<b>3,047,554</b>	<b>1,366,193</b>	<b>(1,108,979)</b>	<b>3,304,768</b>



Director de  
 Entendimiento  
 Ambiental

Representante  
 Legal  
 Miguel Ángel  
 Martínez

Financial year 2016

	Euro			
	Balance as of 31/12/2015	Increase	Decrease	Balance as of 31/12/2016
Negative tax bases	2,043,846	1,457,118	(956,798)	2,544,166
Amortization cap	387,307	-	(366,823)	20,484
Research and development	436,703	46,201	-	482,904
	<b>2,867,856</b>	<b>1,503,319</b>	<b>(1,323,621)</b>	<b>3,047,554</b>

The company has the following individual negative taxable bases to be set against possible future fiscal profits:

	Amount
Year 2007	48,394
Year 2008	27,704
Year 2015	520,848
Year 2016	4,453,280
	<b>5,050,226</b>

The assets due to deferred taxes are recognised insofar as the realisation of the corresponding fiscal profit through future fiscal profits is possible.

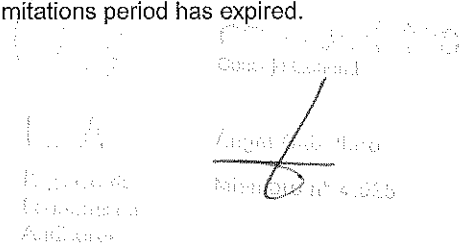
In accordance with current legislation, fiscal losses of a financial year may be offset, for tax purposes, against the profits of tax periods with no tax limit. However, for financial year started on 1 January 2015 there is a quantitative limitation of the compensation of negative taxable bases. Specifically for taxpayers whose volume of operations, calculated based on the provisions of Article 121 of the VAT Law, has exceeded EUR 6,010,121.04 during the twelve months before the date of commencement of the financial year in 2015, the limits are as follows: (i) The compensation is limited to 50% of the taxable base before the application of the capitalisation reserve to that compensation when in those twelve months the net turnover amount is between EUR 20 Mn and EUR 60 Mn, and (ii) The compensation is limited to 25% of the taxable base before the application of the capitalisation reserve to that compensation when in those twelve months the net turnover amount is at least EUR 60 Mn.

Deductions due to R&D can be applied within 15 years. The detail at 31 December of 2017 as it follows:

	Amount	Expiration
Año 2013	164.182	Año 2028
Año 2014	59.401	Año 2029
	<b>223.583</b>	

However, we need to take into consideration the fact that the final amount to be offset by these fiscal losses may be amended in consequence of the comparison of the accounting periods in which they occur. In this regard, in compliance with the law in force, we need to take into consideration that the Authorities shall have the right to verify these negative bases for 10 years.

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.


  
 Director General
   
 10/12/2016
   
 4.005

At the end of financial year 2015 different inspections of Elsamex, S.A.U. were started with regards to the Corporate Tax and the Value Added Tax for 2011, 2012 and 2013 and the negative taxable bases declared by Elsamex, S.A.U. in previous financial years, particularly those of financial year 2007. As of today, the outcome of said inspections are not yet known. However, as a result of the different possible interpretations of the fiscal law in force, additional liabilities may arise from the inspection. Anyhow, the Managers consider that said liabilities would not have a negative impact on the annual accounts.

Lastly, it is important to mention that at the end of financial year 2016 and in the framework of the international corporate restructuring process, ILFS TRANSPORTATION NETWORKS LIMITED, which is based for tax purposes in India, made a non-monetary equity contribution with the shares of Elsamex S.A. to the Spanish branch of ITNL INTERNATIONAL PTE. Ltd. This transaction is under the special tax neutrality regime regulated by Chapter VIII of Title VII of Law 27/2014 on Corporate Tax.

In any case, for information purposes it is hereby stated that Elsamex S.A. shall apply in any case the Spanish Tax Regime for Foreign-Securities Holding Companies, which states that in the case of share transfers with a partner not located in Spain (which is the case here), *"the income relating to the reserves allocated with a charge to the exempt income or to the value differences imputable to the holdings in nonresident entities will not be deemed to have been obtained in Spain when the entities fulfil the requirements set in Article 21 of this Law; or imputable to permanent establishments which fulfil the requirements set in Article 22 of this Law."* However since the special tax neutrality regime regulated in Chapter VIII, Title VII of Law 27/2014 on Corporate Tax is applicable, as stated in the previous paragraph, the tax is deferred and no taxable income that must be included in compliance with Article 108 of the Law on Corporate tax is generated in this financial year.

The Company's directors consider that the aforementioned taxes have been settled correctly and that, therefore, even if discrepancies arose with respect to its interpretation of current legislation in its tax treatment of transactions, any potential liabilities, should they arise, would not have a material effect on the accompanying financial statements.

#### Deferred tax liabilities

The movement in the account for Liabilities for deferred tax on profits during financial years 2017 and 2016 is as follows:

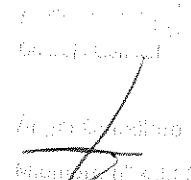
#### Financial Year 2017

	Euro			
	Balance at 31-12-2016	Increase	Decrease	Balance at 31-12-2017
Assets for deferred tax on Profits	1,829,847	83,940	(818,802)	1,094,985
	1,829,847	83,940	(818,802)	1,094,985

#### Financial Year 2016

	Euro			
	Balance at 31-12-2015	Increase	Decrease	Balance at 31-12-2016
Assets for deferred tax on Profits	1,690,506	139,341	-	1,829,847
	1,690,506	139,341	-	1,829,847

Liabilities for deferred taxes arise mainly from differences between the tax and accounting amortization of financial leasing and from the freedom of amortization of certain assets.

  
 Director  
 Elsamex S.A.U.

## 16. Contingent Liabilities

At 31 December 2017, the Company has handed over different warranties demanded in order to contract with Public Bodies and as a financial guarantee for the value of 40,579,507 Euro and 86,290,913 USD. The amount granted under this heading during 2016 amounted to 40,613,175 Euro and 87,139,841 USD.

At the end of the year 2017 were in various legal proceedings and claims against the consolidated companies, which have their origin in the ordinary course of its activities. Both the Group's legal advisers and directors consider that the outcome of litigation and claims will have a material effect on the financial statements for the years in which they settled.



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Instituto de  
Incorporación  
Asesores

CSA  
Consejo Social

Angel Ceballos  
Memb. nº 4.523

## 17. Revenue and expenditure

### a) Turnover net amount and works performed by the company for fixed assets

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

The breakdown of these sections of the profit and loss account for the financial years 2017 and 2016 is as follows:

Division	Euro	
	2017	2016
Services rendered	129,761,715	101,318,107
Works carried out by the company for assets	126,618	264,341
	<b>129,888,333</b>	<b>101,582,448</b>

Out of the total services performed by the Company in periods 2017 and 2016, the following took place outside the national territory:

	Euro	
	2017	2016
Africa	63,003,524	38,997,233
Abu Dhabi		23,353
Colombia		323,467
Ecuador		87,787
<b>Total</b>	<b>63,003,524</b>	<b>39,431,840</b>

### b) Purchases

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

	Euro	
	2017	2016
Purchase of other materials	19,098,330	15,666,742
Works carried out by other companies	43,555,526	25,391,203
	<b>62,653,856</b>	<b>41,057,945</b>

Out of the total purchases made by the Company in periods 2017 and 2016, the following took place outside the national territory:

Country	Euro	
	2017	2016
Ecuador	-	-
Ukraine	-	-
Abu Dhabi	5,380	198,698
Botswana	19,340,387	8,778,083
Ethiopia	12,539,796	5,162,134
Colombia	9,908	299,503
<b>Total</b>	<b>31,895,471</b>	<b>14,438,418</b>

**c) Employee cost**

The breakdown of the "Employee cost" entry in the profit and loss account for the accounting period 2017 and 2016 is as follows:

	Euro	
	2017	2016
Wages, salaries and similar expenses	25,885,369	22,783,403
Employer social security costs	7,679,766	7,298,237
<b>Total</b>	<b>33,565,135</b>	<b>30,081,640</b>

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

Grade	2017	2016
Management	3	3
Technical personnel and middle management	556	210
Administration personnel	157	119
Unqualified personnel	1192	1022
<b>Total</b>	<b>1,908</b>	<b>1,354</b>

The average number of persons employed by Elsamex, S.A. during 2017 and 2016, with a handicap equal or greater than 33% by category, broken down into categories, is as follows:

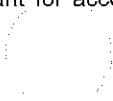
Grade	2017	2016
Administration personnel	5	3
Unqualified personnel	28	25
<b>Total</b>	<b>33</b>	<b>28</b>

In accordance with the requirements of Art. 260.8 of the Capital Corporation Law, distribution by sex is shown for the end of the period for the Company's personnel, broken down by category for the accounting periods 2017 and 2016:

Grade	2017		2016	
	Men	Women	Men	Women
Management	3	-	3	-
Technical personnel and middle management	471	85	174	36
Administration personnel	79	78	39	80
Unqualified personnel	1,041	151	842	180
<b>Total</b>	<b>1,594</b>	<b>314</b>	<b>1,058</b>	<b>296</b>

**d) Other operating expenses**

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

  
 Director General  
 2017-01-10  
 Auditor  
 Antonio Sánchez  
 Registrador nº 4.020

	Euro	
	2017	2016
Leases and royalties	8,146,486	7,734,169
Repairs and maintenance	679,339	394,540
Independent professional services	2,517,794	2,113,338
Transport	591,105	224,443
Insurance premiums and guarantees	5,302,665	4,799,651
Bank services and other similar	251,214	782,200
Publicity, advertising and public relations	14,913	25,032
Supplies	556,945	521,579
Other services	4,137,583	3,246,004
Other taxes	353,990	275,033
Losses, degradation and supplies variation (see Note 9.2).	159,768	1,848,938
Variation of provisions of other commercial operations	1,307,171	-
	<b>24,800,159</b>	<b>21,964,927</b>

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

Description	Euro	
	2017	2016
Auditing Services	28,370	43,600
<b>Total auditing and related services</b>	<b>28,370</b>	<b>43,600</b>
Other services	5,750	15,650
<b>Total professional services</b>	<b>34,120</b>	<b>59,250</b>

**e) Other results**

The amount of this point in 2017 corresponds to various returns from insurance companies, as well an extraordinary income from different Utes (pulido and ltxiar). In 2016 the company recorded in this heading, basically the income derived from a claim presented and accepted y the client Ethiopian Roads Authority derived from the work stoppage in the road rehabilitation contract that links Ambo and Wollisso in Ethiopia about 46 Km.

**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 financial statements.

The Company does not have granted rights of gas emissions and has not acquired them, as it does not need to do so.

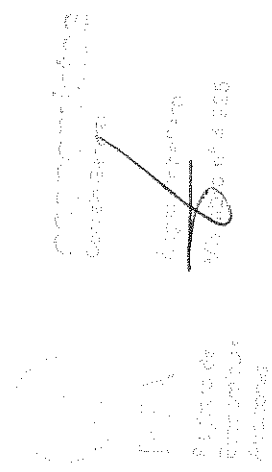
**19. Operations with related parties**

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

	Euro								
	Accounts receivable		Accounts payable		Transactions:				
	Clients, group companies and associate companies (Note 9.2)	Short-term financial investments in Group companies Other financial assets	Suppliers, group companies and associate companies (Note 14)	Long-term debts with Group companies & associates (see Note 14.1)	Short-term debts with Group companies and associates	Supplies & Other operating expenses	Financial expenses due to debits with Group companies and associates	Financial income due to securities and other financial instruments	Net turnover
2017									
IPL-ITNL Internacional Pte. Ltd (Singapore)	-	-	256,372	1,010,526	538,321	-	6,300	-	-
ITNL International DMCC (United Arab Emirates)	-	-	84,648	-	2,320,483	-	258,647	-	-
IL&FS Transportation Networks Ltd	455,045	201	4,144,109	-	-	-	958,946	-	-
ITNL Offshore Pte Ltd	1,263	-	1,312,337	36,063,698	-	-	2,134,292	-	-
ILFS Engineering and Const Company	-	-	1,008,468	-	520,000	-	-	-	-
ILFS Maritime Offshore Pte	330,000	-	-	-	-	-	-	-	-
Ramky Elsamex Hyderabad Ring Road Ltm.	-	-	-	-	1,751	-	-	-	-
Mantenimiento y Conservación de Vialidades SA de CV	56,353	11,514,339	8,713	-	28,729	(175,646)	-	848,943	561,646
Elsamex Internacional S.L.	106	-	-	-	-	-	-	-	-
Inteval Gestao Integral Rodoviaria, S.A.	-	-	-	-	-	-	-	-	106
Elsamex Portugal ,S.A	157,454	43,465	9,291	-	765,310	115,571	32,960	-	249,932
Atenea Seguridad y Medio Ambiente, S.A.	450,253	1,597,260	172,899	-	75,109	393,418	-	75,193	794,400
Grusamar Ingeniería y Consulting, S.L.	88,745	1,062,609	40,424	-	-	1,598,213	-	52,856	598,866
Señalización de viales e Imagen, S.A.U.	160,056	1,667,120	136,678	-	-	(11,845)	-	131,268	332,677
Ciesm-Intevia S.A.	1,856	-	831	-	-	-	-	-	-
Geotecnia y Control de Qualitat S.L.	177,435	58,432	-	-	151,491	-	-	58,432	189,635
Control 7 S.A.	8,005	966,086	-	-	-	-	-	49,994	8,199
Área de Servicio Punta Umbria, S.L.U.	11,269	2,184,706	-	-	30,586	-	-	104,662	48,741
Alcantarilla Fotovoltaica, S.L.U.	11,986	-	-	-	405,420	-	13,373	-	46,771
Área de Servicio Coirós, S.L.U.	6,107	447	-	-	-	-	-	-	-
CGI-8. S.A.	-	14,864	-	2,108,693	-	-	78,596	-	-
Beasolaria S.L.U	3,991	282,3699	-	4,635,000	-	-	180,100	-	(4,638)
Sociedad Concesionaria Autovía A-4 Madrid. S.A.	-	-	319,824	-	-	-	-	562,000	273,921
Elsamex Maintenance Services Ltd	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,919,923</b>	<b>19,391,898</b>	<b>7,494,594</b>	<b>43,817,917</b>	<b>4,836,030</b>	<b>1,919,711</b>	<b>3,663,214</b>	<b>1,883,348</b>	<b>2,826,230</b>



	Euro											
	Accounts receivable					Accounts payable			Transactions:		Net turnover	
	Clients, group companies and associate companies (Note 9.2)	Short-term financial investments in Group companies Other financial assets	Suppliers, group companies and associate companies (Note 14)	Long-term debts with Group companies & associates (see Note 14.1)	Short-term debts with Group companies and associates	Supplies & Other operating expenses	Financial expenses due to debts with Group companies and associates	Financial income due to securities and other financial instruments				
2016												
IPL-ITNL Internacional Pte. Ltd (Singapore)	-	-	274,372	-	191,644	-	-	-	-	-	-	-
ITNL International DMCC (United Arab Emirates)	-	-	-	-	3,661,262	-	-	-	-	-	-	-
IL&FS Transportation Networks Ltd	918,126	84,586	587,679	-	-	115,195	-	-	-	-	-	-
ITNL Offshore Pre Ltd	1,263	84,584	504,777	35,777,142	-	504,777	-	-	-	1,575,273	-	-
Ramky Elsamesh Hyderabad Ring Road Ltm.	330,000	-	-	-	-	-	-	-	-	-	-	-
Mantenimiento y Conservación de Vialidades SA de CV	-	914	11,261	-	1,751	-	-	-	-	-	-	-
Elsamesh Internacional S.L.	125,058	14,690,138	330,194	-	56,525	-	-	-	-	-	879,042	854,898
Intevial Gestao Integral Rodoviaria, S.A.	106	-	-	-	-	-	-	-	-	-	-	28
Elsamesh Portugal, S.A	-	-	-	-	-	-	-	-	-	-	-	106
Atenea Seguridad y Medio Ambiente, S.A.	172,135	-	32,538	-	580,961	180,123	-	-	-	34,518	-	276,662
Grusamar Ingeniería y Consulting, S.L.	2,002,500	244,621	216,134	-	23,690	500,785	-	-	-	-	717	2,329,223
Señalización de viales e Imagen, S.A.U.	124,286	1,032,764	-	-	-	994,141	-	-	-	-	161,754	1,384,071
Ciesm-Intevia S.A.	144,894	2,079,237	197,845	-	-	220,692	-	-	-	-	120,174	320,024
Geotecnia y Control de Qualitat S.L.	1,302	-	-	-	-	380	-	-	-	-	-	2,396
Control 7 S.A.	180,711	1,222,942	-	-	-	-	-	-	-	-	66,277	192,819
Área de Servicio Punta Umbria, S.L.U.	10,271	972,894	-	-	-	-	-	-	-	-	50,910	10,367
Alcantarilla Fotovoltaica, S.L.U.	13,957	2,039,461	-	-	-	-	-	-	-	-	94,555	54,212
Área de Servicio Coirós, S.L.U.	15,079	-	-	-	-	-	-	-	-	-	-	15,219
CGI-8. S.A.	6,107	447	-	-	460,674	-	-	-	-	12,593	-	-
Beasolarta S.L.U	6,527	226,970	-	-	-	-	-	-	-	-	139,143	17,268
Sociedad Concesionaria Autovía A-4 Madrid. S.A.	125,496	369	-	4,440,000	-	-	-	-	-	15,500	534,473	18,075
Elsamesh Construcao e Manutencao	-	166,200	-	-	-	-	-	-	-	-	-	-
Elsamesh Maintenece Services Ltd	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>4,177,817</b>	<b>22,846,126</b>	<b>2,154,801</b>	<b>40,217,142</b>	<b>4,976,526</b>	<b>3,244,020</b>	<b>1,637,884</b>	<b>2,047,044</b>	<b>2,047,044</b>	<b>5,749,289</b>		


  
 Concesionaria
   
 Autovías
   
 S.L.U.

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

- Provision of services (subcontracting): specific Companies of the Elsamex Group provide supplementary services to the Company so that the latter may develop its activity. Likewise, the Company provides services to other group companies, corresponding to usual functioning of the Company.
- Financial operations: there are monetary transactions between the entities of Group Elsamex that occur insofar as the companies require liquidity. These intragroup transactions accrue an interest of 5%.
- Administration, financial and human resource services: Elsamex S.A.U., from its central offices in Madrid, provides administrative, legal and fiscal services to the rest of the group entities. These amount are re-invoiced through a cost allocation agreement amongst the group companies based on their turnover level.

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, two methods are used. The first one is the "resale price" method, 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. The second one, is the "transactional net margin" method, by which transactions carried out with a linked entity are allocated the net result (calculated based on the costs, the sales or the most adequate measure depending on the characteristics of the transactions) which, if applicable, a third party would have allocated in identical or similar operations with independent parties, 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 2016 and 2015 are liquid, past due date and demandable.

During financial year 2016 the Company has collected dividends from the associated company Sociedad Concesionaria Autovía A-4 Madrid. S.A. amounting to EUR 1,256,162. No dividends were collected in financial year 2015.

**AGENCIA TRIBUTARIA**  
Departamento de  
Lucha contra  
Fraudes

**CONTRIBUCIONES**  
Cuentas de Liquidación

Agencia Tributaria  
Número de Cuenta

The Company charges to its subsidiaries the structure expenses as follows, for financial years 2017 and 2016:

	2017	2016
	Income	Income
Elsamex Internacional. S.L.U	28,981	65,021
Ciesm-Intevia S.A.U.	138,480	138,814
Control 7. S.A.U	177,469	179,958
Grusamar Ingeniería y Consulting. S.L.U	442,430	489,524
Atenea Seguridad y Medio Ambiente. S.A.U	155,944	169,859
Señalización de viales e Imagen. S.A.U.	88,723	122,981
Alcantarilla Fotovoltaica. S.L.U.	11,324	13,904
Área de Servicio Coirós S.L.U.	12,044	15,022
Área de servicio Punta Umbría. S.L.U.	8,043	10,232
Beasolarta S.L.U	-	6,502
<b>TOTAL</b>	<b>1,063,438</b>	<b>1,211,817</b>

**20. Information regarding situations involving conflicts of interest for the Board Members and Remunerations for the Board of directors and the Managers**

Upon closure of financial year 2017 neither the members of the Board of Directors of Elsamex, S.A.U. nor the persons linked to them as described by the Corporation Law have informed the rest of the members of the Board of Directors of any direct or indirect conflict of interest that they might have with regards to the interest of the Company. The managers do not work for companies with a business similar to that of Group Elsamex, except for the companies of the Group.


During financial year 2017 the members of the Board of Directors of the Company received 28,000 Euro as compensation for attendance to Board meetings (26,000 Euro in 2016).

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.

**Information on senior management staff and managing directors:**

Name	Responsibilities or duties that they hold or carry out in the company	Remuneration period 2017	Remuneration period 2016
Senior management personnel and managing directors	Management	497,281	533,000


  
 ON THE BASIS  
 Group Elsamex  
 [Signature]  
 THE 10th of June 2017

**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:

	Year 2017	Year 2016
Average period of payment to suppliers	102	84
Ratio of operations paid	112	88
Ratio of operations pending payment	82	73
<b>Total payments made</b>	<b>32.971.237</b>	<b>37.788.734</b>
<b>Total outstanding payments</b>	<b>15.691.044</b>	<b>11.286.525</b>

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 2015 according to Law 3/2004 of 29 December, which establishes measures against delinquency in commercial operations, is 60 days.

**22 Currency other than Euro**

The detail of balances and most significant transactions in foreign currency, valued at the exchange rate at close and average exchange rate, respectively, are the following for periods 2017 and 2016:

	Euro	
	2017	2016
<b>Balances:</b>		
Accounts receivable	69,162,579	51,319,392
Other assets	21,775,665	13,502,226
Accounts payable	40,380,305	36,312,441
Other liabilities	35,533,183	18,810,729
<b>Transactions:</b>		
Sales and provision of services	63,003,524	33,464,557
Purchases and services received	31,895,471	14,439,548

Positive exchange differences registered in this financial year correspond to monetary items resulting mainly from operations carried out by the branch in Botswana.

  
 Group Control  
  
 Audit Firm  
 Madrid nº 4155

## 23 Segment Information

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

Financial Year 2017

	Conservation	Construction	Maintenance Buildings	Maintenance stations of service	Energy efficiency	Concession
Sales	30.884.387	69.129.940	11.974.879	13.102.637	3.839.025	957.465
EBITDA	3.339.876	5.714.002	487.356	1.010.969	568.483	561.601
Depreciation	720.513	3.644.058	88.059	61.446	467.201	101.822
EBIT	2.619.363	2.069.944	399.297	949.523	101.282	459.779

Financial Year 2016

	Conservation	Construction	Maintenance Buildings	Maintenance stations of service	Energy efficiency	Concession
Sales	29,008,755	44,754,213	11,176,206	12,072,607	3,523,358	782,967
EBITDA	3,185,461	8,252,940	33,163	982,903	328,465	284,332
Depreciation	498,221	4,901,181	115,865	62,293	385,818	103,703
EBIT	2,687,240	3,351,759	(82,702)	920,610	(57,353)	180,629


The geographical distribution is as follows:

Financial Year 2017

	Euro				
	Spain	LATAM America	Africa	Asia and Middle East	Total
Sales	63.872.561	0	66.011.032	4.740	129.888.333
EBITDA	5.590.815	-120.294	6.352.078	-140.312	11.682.287
Depreciation	1.288.113	4.944	3.789.811	231	5.083.099
EBIT	4.302.702	-125.238	2.562.268	-140.543	6.599.188

Financial Year 2016

	Euro				
	Spain	LATAM America	Africa	Asia and Middle East	Total
Sales	67,853,550	411,254	33,029,950	23,353	101,318,107
EBITDA	325,084	(386,815)	13,891,378	(762,383)	13,067,264
Depreciation	1,624,816	5,782	4,310,112	126,372	6,067,082
EBIT	(1,299,732)	(392,597)	9,581,266	(888,755)	7,000,182


  
 Director General
   
 Financial Director
   
 CFO

**24. Subsequent Events**

Subsequent to the close of the period, and up to the date of preparation of these financial statements, no significant subsequent event has occurred that is worth mentioning.

Handwritten signature  
Date: 12/31/2010  
Accountant  
Firm Name  
Firm Address  
Firm City

Handwritten signature  
Date: 12/31/2010  
Firm Name  
Firm Address  
Firm City

## **Elsamex, S.A.U.**

### **Management Report for the Financial year ending on 31 December 2017**

#### **Development of business and Company situation**

In 2017 the improvement of the economic situation in Spain was strengthened, starting in 2014 and consolidating in 2016, which broke the negative trend dragged from 2008 to 2014; In 2017 Spanish GDP grew by 3.1% according to the INE in its first estimate having recovered 100% of GDP lost during the crisis.

In this growth environment, the development of GROUP ELSAMEX has been equal to that globally experienced in Spain during 2017, a year in which there has been a sustained economic recovery encouraged by both the public and the private sectors.

Alongside the current economic situation, during financial year 2017 Group ELSAMEX has experienced a significant increase in sales compared to the sales level of the previous year, having already operated 100% of the concessions in progress and added new ones. It has also continued to reinforce and restructure the organization in order to fulfil the growth strategic plan adopted and basically oriented to international market.

ELSAMEX has performed through 5 National Delegations and its 10 National Subsidiaries in Spain as well as through Companies, Consortium and International Branches on the foreign market, including an important production centre in Botswana. In ELSAMEX, five main business lines are developed, which depending on the sales percentage are divided as follows:

* Infrastructure Maintenance	29 %
* Renovations and Construction	47 %
* Buildings and Installations Maintenance	10 %
* Service Stations Maintenance	10 %
* Energy Efficiency	3 %
* Concessions	1%

The personnel of Elsamex have 793 workers, reaching technical personnel of 18% of the full personnel.

The group has followed a policy of forging partnerships with several partners by means of 60 Joint Ventures.

Sales figures for year 2017 are as follows:

* Only Elsamex, S.A.U.	51,78 Million of Euro
* Through Joint Ventures and Consortiums	66,83 Million of Euro

Out of the total sales of ELSAMEX, foreign markets made up 49 %, with the remaining 51 % coming from the domestic market.

By sector, 74 % of sales pertained to Roads, 11 % pertained to Chemicals and Oils, 8% to Buildings and other infrastructures, 3% of public lighting and the remaining 4 % pertains to Sports Facilities, Hydraulic and Railway Projects, Airports and the Environment.

The breakdown corresponding to sales per client this year is 67 % to the Central Government, 14% to Local and Regional Government Entities and 19 % to private companies.

The work portfolio for the coming years stands at 350 million Euro.

As for the results, and during this year, there has been a positive result of EUR 8.8 Mn after taxes, and the stockholder equity has raised, standing at EUR 77 Mn.

In the sector of maintenance, rehabilitation and infrastructure, the outlook continues to be given that the work portfolio stands at EUR 102 Mn , 25 % of GROUPO ELSAMEX portfolio.

Specifically, and regarding full maintenance of Roads, ELSAMEX holds a portfolio of 78 contracts of maintenance of roads with the Ministry of Development, different regional, provincial and local governments, and concession companies, increasing the market share with our main client, the Ministry of Development. Moreover, new contracts have been awarded, such as conservation operations in Cuenca, the renovation of the conservations of Almeria, Ceuta and Asturias, the new contract of Alzira, the contract of modernization and redevelopment of Orihuela, the service of conservation in the zone 2 of the roads network of Avila.

The company continues to bid for more contracts in this area, both from the Ministry for Public Works as well as from other Public Entities, with new awards anticipated over the course of the year 2018.

Services including maintenance in the area of Water and the Environment have continued, with the performance of maintenance tasks in green zones such as the Maintenance of Gardens and Technical Assistance to Management of Environmental Work. With respect to maintenance in the Water Sector, several works are still ongoing in respect of the maintenance of waterways, with the Segura, Guadiana and Guadalquivir and the maintenance of the supply network of Melilla.

During 2017, works have begun on the two new contracts awarded in Ethiopia, guaranteed by the World Bank (WB), in OPRC format (Design, Improvement and Conservation by Service Levels). These contracts are the Nekemte-Anger Gutin-Andhode section of 86.1km and the Agansa-Bure section of 84.56Km with amounts of EUR 67.80 million and EUR 76.17 million, respectively.

In 2017, works have continued in Botswana Improvement and Conservation by Service Levels (OPRC) for road sections: 124 km Mmankgodi-Kanye-Jwaneng and Rakhuna-Tlhareselele-Pitsane Molopo-Mabule, 144 Km, awarded for an amount of EUR 138.8 million and 120 months of execution, with full funding from funds from the World Bank.

Work has continued on the Rehabilitation contract for the road linking the towns of Wolliso and Ambo in Ethiopia with a length of 46km worth EUR 36.5 million and an estimated duration of 36 months being financed by the World Bank.

During the year 2018, growth in this area is expected to continue, based mainly on possible awards which may take place in the international market.

In the Maintenance of Buildings and Facilities area, the current portfolio has been expanded with new contracts, with the ongoing maintenance of multiple public buildings, such as the maintenance of multiple public buildings as the contract of the economic and social Council or the urban furniture as the renovation of the maintenance of this kind of installations with the town hall of Valladolid.

It is important to mention new contracts with the agency of metropolitan transport of Barcelona.

Work has also continued in order to increase and consolidate the portfolio of private clients; proof of this are the contracts with CILSA in the Port of Barcelona for the realization of masonry work and warehouse management.

It is important to highlight the consolidation of the Energy Efficiency business line, highlighting the contracts awarded in 2017 for contracts for the management and saving of municipal energy services in Lorqui, improvements of the public lighting of Las Rozas in Madrid or in Andraxt in Baleares.

Likewise, we continue to be present in the private sector, for image and facilities maintenance works for clients such as bank entities La Caixa and BBVA.

In the area of Maintenance of Image and installation of Service Stations, we have contracted more than 2,000 Service Stations in Spain, owned by Repsol, Cepsa, Disa, and Galp. Also, we still have presence in maintenance



of shops in service stations for Repsol, keeping the same in Andalucía, and having incorporated to this activity as new clients Galp, CEPSA and BP.

We would like to highlight that we continue to expand in the private sector, working for the implementation and maintenance of image and facilities, with clients such as PRIMARK and OCASO.

In the Area of Image Maintenance and installation of Service Stations, more than 2,000 are contracted in Spain, Colombia and Ecuador, owned by Repsol, Cepsa, Exxon-Móvil, Disa, and Galp, having incorporated in Colombia Terpel as a new client in this area. Also, we still have presence in maintenance of shops in service stations for Repsol, keeping the same in Madrid, Andalucía, Cataluña and Baleares, and having incorporated to this activity as new clients Galp, and BP.

In the Concessions Area, ELSAMEX, S.A.U. continues to operate through one of its subsidiaries the Concession for the Maintenance and Operation of the A-4 Motorway from k.p. 3.78 to k.p. 67,5 Section: Madrid R4. This concession, whose client is the Ministry for Public Works, involved an initial investment of 67 million Euro, and its duration is 19 years. Elsamex, S.A.U. has an interest of 46.25 % in this project.

Likewise, ELSAMEX, S.A.U. continues to operate through one of its subsidiaries the Concession for the Construction and Operation of a Service Station in Coiros, located on the A-6, and awarded by the Ministry of Public Works, with an initial investment of EUR 4.9 million and a duration of 39 years, as well as the Service Stations at Santomera, Torre del Valle, Ponferrada and Villavieja by means of the Abedul Joint Venture in which ELSAMEX has a 25% interest. Moreover, it has started, through another subsidiary, the Operation of the Service Station in Punta Umbria, awarded by its council, with an initial investment of EUR 1.7 Mn, and a duration of 30 years.

In 2017, ELSAMEX, through one of its subsidiaries, has also continued the operation of the Concession of the Plant of Photovoltaic Solar Energy on the public covers of the Council of Alcantarilla, with a nominal power of 1,127 megawatts and it has started the works for the installation of another Plant of Photovoltaic Solar Energy on the canopies of the parking lot of the University of Almeria, with a nominal power of 1,096 MWp, an initial investment of EUR 3.1 million, and a duration of 25 years.

The first of these involves an inroad for ELSAMEX into the renewable energy sector, considering that Energy Efficiency is a strategic objective for the company, allowing Elsamex to consolidate its presence in the concession business of renewable energy.

The goal of ELSAMEX for next year 2018 is to continue to keep the leading position as a reference company within the sectors where it operates and to increase its activity in the Maintenance Area, both in national and international market. However, in the domestic market there are a series of variables that cannot be controlled by ELSAMEX and that do not favour the company's interests. However, just like in 2016 and 2015, efforts will be focused on improving the international expansion and the management and optimization of costs so as to improve the profitability and maintain the sustainable development of the company.

Regarding profitability, continuing to implement a responsible cost control culture is more necessary than ever. This does not mean not to expand at all, but not to spend in what is not strictly necessary for the good performance of business units, which can be achieved by the utilization of our own resources and a small change in our behaviour and habits, as well as in our management systems.

It is the company's primary objective to be able to capture the new public investment packages of the different administrations, especially the Central Administration, once the corrective measures of expenditure have been suspended given the evident improvement of the macroeconomic situation of the country that allows emerge new investment flows in the different budgets.

Even so, in spite of this more dynamic and positive general scenario, the effort continues to be impetus for the achievement of new contracts that fundamentally happens to be competitive in price, risking to the maximum the viability of the contract.

In any case, we remain optimistic, despite all the existing economic difficulties and those associated with the sectors of activity described above. All the above makes us think that during the year 2018 the results of this year can be improved.

## Subsequent Events

At the date of preparation of this Management Report, there have not been any significant subsequent facts which may affect the Financial Statements for year 2017.

## Activities concerning research and development

The detail of the R&D projects developed by the Company throughout financial year 2017 is as follows:

Completed R+D Projects
- Effect of polymers in Bituminous Mixes (POLYMER EFFECT) - MIFAR (Integral Pavement Improvement with Recycled Aggregates) - Studies of modified asphalt bitumens in new polymer families (BMPOLIMEROS).

Ongoing R+D Projects (see Note 6)
-NANOS (New lines of research with nanomaterials in hot, semi-hot and cold asphalt mixes.) -BACHEO (Programme for research of a system for patching in asphalt pavement).

## Operations with Company shares

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

## Company use of financial instruments

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

### a) Credit risk:

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

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

### b) Liquidity risk:

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

### c) Interest rate risk:

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

## Declaration of Submission of Annual Accounts and Management Report

In compliance with the rules stipulated in the Capital Corporations Act, the Board of Directors of Elsamex, S.A.U, lodged the Annual Accounts and the Management Report relating to accounting period 2017, on 31 March 2018, which shall be submitted for the approval of the Sole Shareholder.

R. Parthasarathy

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Mukund Gajanan Sapre

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Mr. Ravi Parthasarathy

Mr. Ramesh Chander Bawa

Mr. Mukund Gajanan Sapre

Ramchand Karunakaran

Arun Kumar Saha

Hari Sankaran

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Mr. Ramchand Karunakaran

Mr. Arun Kumar Saha

Mr. Hari Sankaran