

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. and subsidiaries

Consolidated Financial Statements as of 31 December 2017
and Consolidated Management Report for financial year 2017.
(In thousand Euros)

TABLE OF CONTENTS CORRESPONDING TO THE FINANCIAL STATEMENTS OF ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

Consolidated Balance Sheet

Consolidated Profit and Loss Account

Consolidated Statement of Changes in Net Equity

- A. Consolidated Recognised Income and Expenses
- B. Consolidated Total Statement of Changes in Net Equity

Consolidated Cash Flow Statements

Consolidated Report

1.- Group Companies

- 1.1. Parent Company
- 1.2. Subsidiaries

2.- Associated and Multi-Group Companies

- 2.1. Associated Companies
- 2.2. Multi-Group Companies

3.- Presentation Principles

- 3.1. True and Fair View
- 3.2. Critical Aspects of Assessing and Estimating Uncertainty
- 3.3. Grouped Items
- 3.4. Operating Company
- 3.5. Changes in Accounting Criteria

4.- Recognition and Measurement Accounting Rules

- 4.1. Subsidiaries
- 4.2. Associated and Multi-Group Companies
- 4.3. Intangible Fixed Assets
- 4.4. Tangible Fixed Assets
- 4.5. Real estate investments
- 4.6. Costs for Interests
- 4.7. Losses due to Impairment of the Value of Non-Financial Assets
- 4.8. Swaps
- 4.9. Non-current assets held for sale and liabilities related to non-current assets held for sale
- 4.10. Financial Assets
- 4.11. Financial derivatives and hedge accounting
- 4.12. Inventories
- 4.13. Equity
- 4.14. Financial Liabilities
- 4.15. Subsidies Received
- 4.16. Current and Deferred Taxes
- 4.17. Provisions and Contingent Liabilities
- 4.18. Business Combinations
- 4.19. Joint Ventures
- 4.20. Recognition of Income
- 4.21. Income for Interests
- 4.22. Income for Dividends
- 4.23. Leases
- 4.24. Transactions in Foreign Currency
- 4.25. Transactions between Related Parties
- 4.26. Segmented information
- 4.27. Environmental Assets and Liabilities
- 4.28. Benefits for Employees

- 5.- Management of Financial Risk**
 - 5.1. Financial Risk Factors
 - 5.2. Assessment of the Fair Value
- 6.- Intangible fixed assets**
- 7.- Tangible Fixed Assets**
- 8.- Real estate investments**
- 9.- Holdings in Companies based on the Equity Method**
- 10.- Financial instruments**
 - 10.1 Category-by-Category Analysis
 - 10.2 Classification by Maturity
- 11.- Financial assets at fair value with changes in the profit and loss account**
- 12.- Loans and items receivable**
- 13.- Derivative financial instruments**
- 14.- Assets and liabilities classified as held for sale and discontinued operations**
 - 14.1. Non-current assets and disposal groups held for sale
 - 14.2. Liabilities directly related to non-current assets held for sale
 - 14.3. Analysis of the profit/loss of discontinued operations
- 15.- Inventories**
- 16.- Cash and Other Equivalent Liquid Assets**
- 17.- Own funds**
- 18.- Change in Value Adjustments**
- 19.- Minority Shareholders**
- 20.- Capital Subsidies Received**
- 21.- Debts and Items Payable**
 - 21.1. Debts and Items Payable in Foreign Currency
 - 21.2. Undrawn Facilities
 - 21.3. Bonds
 - 21.4. Loans and other Debts with Credit Entities
 - 21.5. Financial Lease Creditors
 - 21.6. Deferral of Payments to Suppliers
 - 21.7. Long-term Accruals
 - 21.8. Other Financial Liabilities
- 22.- Other provisions**
- 23.- Deferred Taxes**
- 24.- Income and Expenses**
- 25.- Profit tax and Tax Status**
- 26.- Financial Profit/Loss**
- 27.- Guarantees with Third Parties and Other Contingent Liabilities**
- 28.- Undertakings**
- 29.- Temporary Joint Ventures (TJVs)**
- 30.- Board of Directors and Senior Management**
- 31.- Balances and Operations with Related Parties**
- 32.- Segmented information**
- 33.- Information on the Environment**
- 34.- Events after the Closing Date**
- 35.- Fees of the Auditors**

Addendum I.- Subsidiaries

Addendum II.- Associated and Multi-Group Companies

Addendum III.- Temporary Joint Ventures (TJVs)

Consolidated Management Report for Financial Year 2017

Drafting of Consolidated Financial Statements and Consolidated Management Report for Financial Year 2017

ASSETS	Note	2017	2016
NON-CURRENT ASSETS		244,317	243,376
Intangible fixed assets	6	51,620	54,808
Tangible Fixed Assets	7	11,190	8,999
Real estate investment	8	41,844	42,120
Investment in Group and Associated Companies		102,260	99,328
Holdings based on the Equity Method.	9	43,884	36,356
Credits to companies based on the equity method	10, 31	58,376	62,972
Long-term financial investments	10, 11	7,057	6,365
Non-Current Trade Debtors	10, 12	24,571	25,277
Deferred tax assets	23	5,775	6,479
CURRENT ASSETS		504,955	457,119
Non-Current Assets held for sale	14	69,458	51,365
Inventories	15	11,266	12,363
Trade Debtors and other Accounts Receivable		297,488	261,829
Trade and Service Provision Customers	10,12	271,143	218,935
Clients, companies based on the Equity Method	10.12	5,917	5,312
Miscellaneous debtors	10.12	4,478	17,362
Personnel	10.12	1,165	1,578
Current tax assets	25	1,006	3
Other credits with Public Administrations	12, 25	13,737	18,590
Receivables from Shareholders		42	49
Short-term investments in group and associated companies		9,727	2,600
Credits to companies based on the equity method	10, 31	9,699	2,600
Other financial assets		28	-
Short-Term Financial Investments	10, 11, 12	42,165	26,516
Short-term accruals	10	31,502	18,003
Cash and other Equivalent Liquid Assets	10, 12, 16	43,349	84,443
TOTAL ASSETS		749,272	700,495

Notes 1 to 35 and Addenda I, II and III of the attached consolidated report are part of these consolidated financial statements

NET EQUITY AND LIABILITIES	Note	2017	2016
NET EQUITY		227,384	211,573
Own funds		247,453	239,592
Share Capital	17	57,492	57,492
Share premium	17	9,327	9,327
Own shares and equity interests		-	(7,104)
Reserves in Parent Company		121,655	124,451
Reserves in consolidated companies		75,137	71,202
Reserves in companies based on the equity method		(33,329)	(21,150)
Profit/Loss for the financial year attributable to parent company		17,171	5,374
Change in Value Adjustments	18	(29,994)	(31,285)
Hedging transactions		(27,921)	(27,248)
Translation differences from consolidated companies		(1,926)	(3,804)
Translation differences from companies based on the Equity Method		(147)	(233)
Subsidies, donations and legacies received	20	1,823	1,933
Minority Shareholders	19	8,102	1,333
NON-CURRENT LIABILITIES		140,381	147,459
Long-term Provisions	22	8,607	7,176
Long-term Debts		98,791	112,452
Debentures and other Marketable Securities	10, 21	32,153	33,319
Debts with Credit Entities	10, 21	56,108	69,015
Financial Lease Creditors	10, 21	2,128	151
Derivatives	13	1,575	2,409
Other Financial Liabilities	21	6,827	7,558
Long-term debts with Group and associated companies	21, 31	12,869	9,237
Deferred tax liabilities	23	8,168	6,244
Long-term accruals	10, 21	11,946	12,350
CURRENT LIABILITIES		381,507	341,463
Liabilities related to non-current assets held for sale	14	13,433	14,289
Short-term provisions	22	1,099	1,180
Short-term debts		94,612	103,665
Debentures and other marketable securities	10, 21	1,122	1,170
Debts with Credit Entities	10, 21	57,234	56,475
Financial Lease Creditors	10, 21	591	194
Other Financial Liabilities	21	35,665	45,826
Short-term debts with group and associated companies	11,22,32	32	143
Trade Creditors and other Accounts Payable		272,198	222,095
Suppliers	10, 21	235,186	177,245
Suppliers, group and associated companies	10, 21, 31	3	4
Sundry Creditors		305	416
Personnel	10, 21	3,892	3,417
Current tax liabilities	25	2,786	1,522
Other Debts with Public Administrations	25	10,684	11,117
Advance Payments from Customers	10, 21	19,342	28,374
Short-term Accruals		133	91
TOTAL NET EQUITY AND LIABILITIES		749,272	700,495

Notes 1 to 35 and Addenda I, II and III of the attached consolidated report are part of these consolidated financial statements

CONSOLIDATED PROFIT AND LOSS ACCOUNT	Note	2017	2016
CONTINUING OPERATIONS			
Net turnover		429,202	347,159
Sales	24	425,702	343,476
Service Provisions		1,670	1,852
Financial Income for Concession Agreements		1,830	1,831
Finished products and goods-in-process inventory variations		-	(227)
Work carried out by the company for its assets		-	203
Supplies	24	(286,658)	(212,038)
Consumption of goods		3	3
Consumed raw materials and other consumables		(107,560)	(67,212)
Works carried out by other Companies		(179,101)	(144,829)
Other operating income		1,048	265
Casual income and other current operating income		1,031	252
Operating subsidies included in the profit/loss of the financial year		17	13
Personnel expenses	24	(82,377)	(70,846)
Wages, Salaries and Similar Payments		(65,077)	(55,530)
Social Security Contributions		(17,300)	(15,316)
Other operating expenses		(30,588)	(35,793)
External services		(27,928)	(33,154)
Taxes		(1,463)	(2,873)
Losses, impairment and variation in provisions for trade transactions		(1,197)	234
Depreciation of Fixed Assets	6, 7, 8	(4,860)	(5,683)
Allocation of subsidies related to non-financial fixed assets		11	5
Impairment and profit/loss due to disposal of fixed assets	6	189	187
Other profits/losses		(799)	3,170
OPERATING PROFIT/LOSS		25,168	26,402
Financial income		4,081	3,771
Financial expenses		(18,754)	(17,088)
Variation in fair value of financial instruments		(213)	360
Exchange differences		1,489	2,295
Impairment and profit/loss due to disposal of financial instruments		(11)	604
FINANCIAL PROFIT/LOSS	26	(13,408)	(10,058)
Profit(Loss)-sharing of companies based on the Equity Method.	9	1,229	(5,733)
Impairment and Profit/Losses due to Loss of Significant Influence based on the Equity Method	9	895	-
Negative difference from the consolidation of companies based on the Equity Method.	9	1,716	11
PROFIT/LOSS BEFORE TAXES		15,600	10,622
Profit Tax	25	(5,251)	(5,649)
PROFIT (LOSS) FOR THE FINANCIAL YEAR ARISING FROM CONTINUING OPERATIONS		10,349	4,973
DISCONTINUED OPERATIONS			
Profit (loss) for the year from continuing operations	14	6,841	387
FINANCIAL YEAR CONSOLIDATED PROFIT/LOSS		17,190	5,360
Profits attributed to parent company		17,171	5,374
Profit/Loss attributable to minority shareholders.		19	(14)

Notes 1 to 35 and Addenda I, II and III of the attached consolidated report are part of these consolidated financial statements.

A) CONSOLIDATED RECOGNISED INCOME AND EXPENSES

CONSOLIDATED RECOGNISED INCOME AND EXPENSES		2017	2016
Financial Year Consolidated Profit/Loss		17,190	5,360
Income and expenses directly attributed to equity			
Arising from cash flow hedge		(5,481)	(8,687)
<i>From subsidiaries</i>	13	48	(813)
<i>From companies based on the Equity Method</i>	18	(5,529)	(7,874)
Subsidies, gifts and bequests received	20	6	-
Exchange differences		2,615	(1,235)
Tax effect		(636)	2,599
Total consolidated net income and expenses directly attributed to equity		(3,496)	(7,323)
Transfers to consolidated profit and loss account			
Arising from cash flow hedge		6,402	8,650
<i>From subsidiaries</i>	13	888	930
<i>From companies based on the Equity Method</i>	18	5,514	7,720
Subsidies, gifts and bequests received	20	(145)	(164)
Tax effect		(1,586)	(2,252)
Total transfers to the consolidated profit and loss account		4,671	6,234
TOTAL CONSOLIDATED RECOGNISED INCOME AND EXPENSES		18,365	4,271
Total income and expenses allocated to parent company		18,349	4,339
Total income and expenses allocated to minority shareholders		16	(70)

Notes 1 to 35 and Addenda I, II and III of the attached consolidated report are part of these consolidated financial statements.

B) CONSOLIDATED TOTAL STATEMENT OF CHANGES IN NET EQUITY

	Declared Capital (Note 17)	Share premium (Note 17)	Reserves and Profit/loss for previous fiscal years (*) (Note 17)	Own shares in equity (Note 17)	Profit/loss of the Parent Company (Note 17)	Adjustments in value adjustments (Note 18)	Subsidiaries (Note 20)	Minority Shareholders (Note 19):	TOTAL
A) Final Balance for Financial Year 2016	57,492	9,327	163,571	-	15,942	(30,375)	2,056	1,460	219,473
B) Adjusted balance, beginning of year 2016	57,492	9,327	163,571	-	15,942	(30,375)	2,056	1,460	219,473
I. Total recognised income and expenses.	-	-	-	-	5,374	(910)	(123)	(70)	4,271
II. Transactions with shareholders or owners	-	-	(4,602)	(7,104)	-	-	-	(56)	(11,763)
<i>Distribution of dividends</i>	-	-	(4,602)	-	-	-	-	-	(4,602)
<i>Other transactions with shareholders or owners</i>	-	-	-	-	-	-	-	(56)	(56)
<i>Transactions involving treasury shares</i>	-	-	-	(7,104)	-	-	-	-	(7,104)
III. Other changes in equity.	-	-	15,534	-	(15,942)	-	-	-	(408)
C) Final Balance for Financial Year 2016	57,492	9,327	174,503	(7,104)	5,374	(31,285)	1,933	1,333	211,573
D) Balance beginning of year 2017	57,492	9,327	174,503	(7,104)	5,374	(31,285)	1,933	1,333	211,573
I. Total recognised income and expenses.	-	-	-	-	17,171	1,280	(102)	16	18,365
II. Transactions with shareholders or owners.	-	-	(7,104)	7,104	(4,602)	-	-	-	(4,602)
<i>Distribution of dividends.</i>	-	-	(7,104)	7,104	(4,602)	-	-	-	(4,602)
<i>Other transactions with shareholders or owners.</i>	-	-	-	-	-	-	-	-	-
<i>Transactions involving treasury shares</i>	-	-	-	-	-	-	-	-	-
III. Other changes in equity.	-	-	(3,936)	-	(772)	11	(8)	6,753	2,048
E) Final Balance for Financial Year 2017	57,492	9,327	163,463	-	17,171	(29,994)	1,823	8,102	227,384

(*) This includes reserves in consolidated companies and reserves in companies based on the equity method.

(1) The changes under this heading in 2017 mainly include, in addition to the distribution of the 2016 financial result allocated for reserves, the impact on the Group's equity of 12.81% sale of Grupo Ortiz Properties SOCIMI, S.A., subsidiary company header of the subgroup classified as held for sale.

Notes 1 to 35 and Addenda I, II and III of the attached consolidated report are part of these consolidated financial statements.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

BALANCE SHEET AS OF 31 DECEMBER 2017

(In thousand Euros)

		Year ended on 31 December	
CASH FLOW STATEMENTS	Notes	2017	2016
A) Operating Cash Flow			
1. Profit/loss for financial year before taxes		15,600	10,622
2. Profit/loss adjustments		14,983	21,024
Depreciation of Fixed Assets	6, 7, 8	4,860	5,683
Variation in provisions		1,197	(234)
Allocation of subsidies		(11)	(18)
Results for write-offs and disposals of fixed assets	7	(189)	(187)
Results of write-offs and disposal of financial instruments	26	12	(604)
Financial income	26	(4,081)	(3,771)
Financial expenses	26	18,754	17,088
Exchange differences	26	(1,489)	(2,295)
Variation in fair value of financial instruments	26	213	(360)
Other Income and Expenses		(443)	-
Profit-sharing of companies based on the Equity Method		(1,229)	5,733
Impairment and profit/loss based on the Equity Method		(895)	
Negative difference of consolidation		(1,716)	(11)
3. Changes in working capital		12,875	45,699
Inventories		1,096	1,955
Trade and other accounts receivable		(37,116)	(1,008)
Other current assets		-	(4,541)
Creditors and other accounts payable		48,839	47,581
Other current liabilities		42	12
Other non-current assets and liabilities		14	1,700
4. Other operating cash flows		(15,650)	(14,195)
Payment of interest		(15,767)	(17,212)
Collection of dividends		173	339
Collection of interests		961	3,432
Proceeds (payments) arising from the profit tax		(1,017)	(754)
5. Operating cash flow		27,808	63,150
B) Investment Activities Cash Flow			
6. Investment payments		(53,996)	(27,066)
Non-Current Assets held for sale		(18,948)	-
Group and associated companies	31	(15,161)	(14,886)
Intangible fixed assets	6	(59)	(170)
Tangible Fixed Assets	7	(3,306)	(947)
Real estate investments	8	-	(2,099)
Debt securities		(143)	-
Credits to third parties		(5,395)	-
Other financial assets		(10,984)	(8,964)

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

BALANCE SHEET AS OF 31 DECEMBER 2017

(In thousand Euros)

7. Proceeds from divestment		9,173	154
Group and associated companies		9,173	-
Intangible fixed assets	6	-	19
Tangible Fixed Assets	7	-	135
8. Investment activities cash flow		(44,823)	(26,912)
C) Financing Activities Cash Flow			
9. Proceeds and payments for equity instruments		5,843	(3,728)
Acquisition of own equity instruments	17	(3,728)	(3,728)
Sale of the minority interests		9,571	
10. Proceeds and payments for financial liability instruments		(24,948)	(7,367)
a) Issue		5,996	13,711
Debts with Credit Entities	21	5,996	-
Debt with group and associated companies		8,475	-
Other debts		-	13,711
b) Return and depreciation of		(30,944)	(21,078)
Debentures and other marketable securities	21	(1,214)	(15,117)
Debts with Credit Entities	21	(15,870)	634
Debt with group and associated companies		(3,783)	(284)
Other debts		(10,077)	(6,311)
11. Payments for dividends		(4,603)	(4,603)
Dividends		(4,603)	(4,603)
12. Cash flows from financing activities		(23,708)	(11,970)
D) Cash flows related to discontinued operations		(371)	123
D) Net increase/decrease in cash or cash equivalents		(41,094)	24,391
Cash or cash equivalents at beginning of the financial year	16	84,443	60,052
Cash or cash equivalents at the end of the financial year	16	43,349	84,443

Notes 1 to 35 and Addenda I, II and III of the attached consolidated report are part of these consolidated financial statements.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

BALANCE SHEET AS OF 31 DECEMBER 2017

(In thousand Euros)

1.GROUP COMPANIES

1.1Parent Company

ORTIZ Y COMPAÑÍA, S.L. is a Limited Liability Company [Sociedad de Responsabilidad Limitada] incorporated in Spain on 31 January 1961. Subsequently, on 12 February 1971, it became a Corporation [Sociedad Anónima].

On 20 November 1995, the company changed its corporate name for the current one, Ortiz Construcciones y Proyectos, S.A. The registered address of the company in Madrid was moved from Calle Santa María Magdalena 14 to Avenida Ensanche de Vallecas, 44 by virtue of a resolution of the Ordinary General Meeting held on 24 June 2010.

Its corporate purpose is the one described in its articles of association, which is:

- The procurement, management and execution of all kinds of works and constructions, both public and private.
- Execution of any kind of construction, installation and works aimed at buildings, roads, railways, road networks, tracks, ports, hydraulic works and any other special installation or project.
- Real estate and urban development activities, purchase and sale of real estate property and property development.
- Acquisition, ownership and use of all types of securities for its own account and incorporation of and shareholding in other companies with a similar corporate purpose.

Grupo Ortiz is diversified into five business lines: construction, energy, services, concessions and real estate, among which we find the following operational segments:

- **Construction and Services:** Construction of civil works infrastructure, buildings, railways, water, environment, renovations, engineering and Indagsa industrialised construction systems. Maintenance of infrastructure, roads, railways, comprehensive maintenance of buildings, urban and environmental services.
- **Energy:** Construction of photovoltaic, wind, thermal-solar and hydraulic power generation plants, high and middle voltage lines, electric substations, as well as maintenance of electro-mechanic installations and energy services.
- **Concessions:** Concession operator with wide experience in investment financing, execution design, operation and maintenance.
- **Real Estate-Equity:** Equity area. Development and operation of real estate properties for rental and tertiary level products (offices and business premises).

Group companies whose activities are subject to specific environmental requirements have adopted the relevant measures in connection with those aspects, in compliance with applicable regulations in force. Based on the fact that such requirements are not considered to have a significant impact on the equity, financial situation and profit/loss of these consolidated annual accounts, this annual report does not include any specific breakdown in this regard.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

The financial statements of the parent company Ortiz Construcciones y Proyectos, S.A.U. considered for consolidation purposes were those closed and audited on 31 December 2017. The consolidated financial statements corresponding to financial year 2016 were formulated by the Board of Directors on 16 March 2017 and approved by the General Meeting of Shareholders on 25 May 2017. These financial statements were deposited in the official records of the Business Registry of Madrid.

Financial Statements were prepared by the directors of the parent company, within the same term established for the preparation of the annual accounts of the parent company.

For the purposes of the drafting of the consolidated financial statements, it shall be construed that there is a group when the parent company has one or more subsidiaries, which are companies over which the parent company has a direct or indirect control. The principles applied in the preparation of the consolidated financial statements of the Group, as well as the consolidation perimeter are detailed in Note 1.2.

Addendum I to these notes contains the identification particulars of the subsidiaries included in the consolidation perimeter using the full integration method.

Addendum I to these notes contains the identification particulars of the associated and multi-group companies included in the consolidation perimeter using the participation method.

On the other hand, both the Parent Company and certain subsidiaries participate in JVs and Consortia; therefore, the balances corresponding to the JVs and Consortia are included in the respective companies by means of the proportional integration of balances corresponding to assets, liabilities, income and expenses. Addendum III includes a list of JVs and Consortia in which Group companies participate.

The main variations in the consolidation perimeter that took place during financial year 2017 are the following:

- Incorporation of the subsidiary GO Barajas 2017, S.A.
- Incorporation of the company Promotora Hospitalaria TEPIC, S.A.P.I. of C.V.
- Entry of the associated companies Alten Renewable Energy Developments America, B.V., Company Cúbico Alten Aguascalientes 1, S.A.P.I. of C.V. and Cúbico Alten Aguascalientes 2, S.A.P.I. of C.V. (Note 9).
- Increase of the participation by 18% for the acquisition of shares of the associated company Viario A-31, S.A. (Note 9)
- Increase of the participation by 38.69% due to the purchase and sale of shares of the multi-group company Alten El Casar, S.L.
- Sale of the participation of the subsidiary OSM Construcciones, S.A. Promoter of C.V.
- Sale of the shares in the associated companies Alten Hinojosa del Valle, S.L., Alten Pozohondo, S.L., Alten Los Hinojosos, S.L. and Alten Alconera, S.L. (Note 9)
- Sale of 0.5% of the shares of the associated company Autopistas del Nordeste, S.A.S. (Note 9)
- Increase in participation by 10% for the acquisition of shares of the associated company Concesión del Sisga, S.A.S. (Note 9)

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

BALANCE SHEET AS OF 31 DECEMBER 2017

(In thousand Euros)

- Sale of 12.81% of the shares of the subsidiary Grupo Ortiz Properties SOCIMI, S.A.
- Liquidation of the associated company Expociencia, S.L.

The main variations in the consolidation perimeter that took place during financial year 2016 are the following:

- Acquisition of the remaining 51% of the participations of Aldigavia, S.A.U and Aldigavia Oficinas S.L.U. reaching a participation of 100%. The Group has acquired the control of these companies exclusively for the purposes of later disposal (Note 14).
- Incorporation of the subsidiary Grupo Ortiz Properties SOCIMI, S.A.
- Incorporation of the subsidiary Ortiz Energy Japan K.K.
- Incorporation of the subsidiary Galindo Subestaciones México S.A.P.I de C.V.
- Incorporation of the subsidiary Ortiz Cocomex, S.A.P.I. de C.V.
- Increase of the share in the associated company Autopistas del Nordeste, S.A.S.
- Increase of the share Fortem Integral, S.L.
- Sale of the share in the associated company Imathia Construcciones, S.R.L.
- Sale of the share in the subsidiary Ortiz Elektra A.D.

Likewise, it must be stated that during financial year 2016, the Group carried out a restructuring of its real-state business for the management of rents by combining those assets and liabilities related to said business under the subsidiary incorporated in 2016 Grupo Ortiz Properties SOCIMI, S.A. Such restructuring has been carried out by means of the following transactions:

- Incorporation of Grupo Ortiz Properties SOCIMI, S.A. by means of spin-off from the parent company Ortiz Construcciones y Proyectos, S.A. and the partial spin-off of the subsidiaries Agrícola El Casar, S.L.U., Ortiz Área Inmobiliaria, S.A.U. and Construcciones Icma Proakis, S.A.U.
- Acquisition by Grupo Ortiz Properties SOCIMI, S.A. to Agrícola El Casar, S.L.U. of its share in the companies Aldigavia, S.A.U. y Aldigavia Oficinas, S.L.U.
- Acquisition by Grupo Ortiz Properties SOCIMI, S.A. to Ortiz Construcciones y Proyectos, S.A. of its share in the subsidiary Ortega y Gasset, S.A.U.

Since those transactions were carried out between the Parent Company and 100% owned subsidiaries, they had no impact whatsoever in the consolidated financial statements of the Group.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

The purpose of said restructuring is the disinvestment in the aforementioned business, whose loss of control is highly likely during financial year 2018. Therefore, those assets and liabilities of the subsidiaries belonging to Grupo Ortiz Properties have been classified under headings "Non-current assets held for sale" and "Liabilities related to non-current assets held for sale" of the consolidated balance sheet as of 31 December 2016 and 2017 and the result of said operations under heading "Discontinued Operations" of the 2016 consolidated profit and loss account (Note 14).

Likewise, in August 2016, before said restructuring operations took place, the Group acquired the control of the companies Aldigavia, S.A.U. and Aldigavia Oficinas, S.L.U., obtaining a share of 100% in said companies for the only purposes of selling them within the framework of the aforementioned operation. Therefore, by virtue of the provisions of note 4.9 below, these companies have not been integrated by means of global integration being recorded as their fair value minus the estimated selling costs under the heading "Non-current assets held for sale" within the consolidated balance sheet.

All of the shares of Grupo Ortiz Properties SOCIMI, S.A. are admitted for listing on the Mercado Alternativo Bursátil (Alternative Stock Exchange) since 28 July 2017, forming part of the SOCIMIs segment.

1.2..... Subsidiaries

Subsidiary companies were consolidated using the full consolidation or integration method. Subsidiary companies are those where the parent company holds a majority of voting rights or otherwise where the parent company holds —directly or indirectly— the power to govern its financial and operational policies with the aim of obtaining benefits of its activities. In order to determine the control of these companies, potential voting rights enforceable as of the closing date were taken into account, as applicable.

The breakdown of the Group subsidiaries is included in Addendum I.

The instances based on which these companies are consolidated correspond to the circumstances included in Art. 2 of the NOFCAC (Formulation Rules for Financial Statements), which are set out below:

1. When the parent company falls into any of the following instances in relation to another (subsidiary) company:
 - a. The parent company has the majority of voting rights.
 - b. The parent company is entitled to appoint or remove the majority of members of the governing body.
 - c. The parent company may be entitled to the majority of voting rights by means of agreements executed with other partners.
 - d. The parent company has designated with its votes the majority of members of the governing body which perform their office when the consolidated financial statements must be formulated and during the immediately previous two financial years. This circumstance is implied when the majority of members of the governing body of the dependent company are members of the governing body or senior managers of the parent company or a company dominated by it.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

BALANCE SHEET AS OF 31 DECEMBER 2017

(In thousand Euros)

2. When the parent company has half or less than half of the voting rights, or even when it has almost no participation or no participation at all in another company or when the management power has not been specified (special purpose vehicles), but it participates in the risks and benefits of the entity or it is entitled to participate in the operating and financial decisions of such entity.

All dependent companies close their financial year on 31 December.

2. ASSOCIATED AND MULTI-GROUP COMPANIES

2.1Associated Companies

Associated companies are all those companies over which any of the companies included in the consolidation may exercise a significant influence. Significant influence must be construed as the participation in the company by the Group having the power to intervene in financial and operating decisions of such company without the Group having the control.

There are no significant constraints on the capacity of associated companies to transfer funds to the parent company under the form of dividends, debt repayment or advance payments, other than those that may result from the financing contracts of said companies or from their financial situation, and there are no contingent liabilities related to said companies that might have to be assumed by the Group. There are no significant companies where a share exceeding 20% is held that do not use the equity method.

By virtue of Article 155 of the Corporate Act, the Company has notified all these companies that it has more than 10 per cent of the capital, by itself or by means of another subsidiary.

All associated companies close their financial year on 31 December.

2.2Multi-Group Companies

Multi-group companies are those managed by the Group together with other companies unrelated to the Group.

The breakdown of the associate companies is included in Addendum II.

All multi-group companies close their financial year on 31 December.

3. PRESENTATION PRINCIPLES

3.1True and Fair View

The consolidated financial statements have been prepared based on the accounting records of Ortiz Construcciones y Proyectos, S.A. and the consolidated companies and include the necessary adjustments and reclassifications for the temporary and assessment harmonisation with the accounting criteria established by the Group.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

These consolidated financial statements are prepared in accordance with the current business regulations as set out in the Code of Commerce amended by virtue of Act 16/2007, of 4 July, for the reform and adaptation of the business regulations on accounting matters for their international harmonisation based on the regulations of the European Union, Royal Decree 1514/2007, of 20 November, approving the General Accounting Plan, Royal Decree 1159/2010, of 17 September, approving the rules for the formulation of financial statements and Royal Decree 602/2016, as long as they do not contradict the provisions of the aforementioned business reform, so as to show a true and fair view of the equity, the financial situation and the profit and loss of the Group, as well as the accuracy of the cash flows incorporated in the consolidated cash flow statement.

3.2.....Critical Aspects of Assessing and Estimating Uncertainty

The preparation of the consolidated financial statements require the use by the Group of certain estimates and opinions regarding future events which are assessed continuously and are based on historical experience and on other factors, including future events expectations deemed reasonable given the relevant circumstances.

Resulting accounting estimates, by definition, do not always match the corresponding actual results. There follows an explanation regarding those estimates and opinions with a significant risk of giving rise to a material adjustment in the accounting values of assets and liabilities within the following financial year.

3.2.1. Fair value of derivatives or other financial instruments

The fair value of financial instruments which are not traded in active markets (for example, traded outside the official market) is established by applying assessment techniques. The Group applies its own criteria in order to select a number of methods and obtain hypothesis which are mainly based on the existing market conditions on the date corresponding to each balance. The Group has used discounted cash flow analysis for several exchange rate contracts which are not traded in active markets.

3.2.2. Estimated loss due to goodwill impairment

The Group verifies annually whether the goodwill has suffered any loss due to value impairment in accordance with the accounting policy set out in Note 4.7. The recoverable amounts of cash generating units (CGU) have been established based on calculations of the value in use. These calculations require the use of estimates (Note 6).

3.2.3. Recognition of Income

For the recognition of results for works contracts, within the general criteria of the performance percentage established by the adaptation of the General Account Plant to construction companies, the Group applied the so-called "schedule of values" which consists of the valuation of work units executed at the prices established in the contract.

The records of the Group confirm that its estimations are adequate and fair.

3.2.4. Useful life of tangible and intangible assets

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

The management of the Group establishes the useful lives and the corresponding charges for its tangible and intangible assets. Useful lives of tangible fixed assets are calculated in relation to the period in which those elements are expected to make economic profit. At year-end, the Group reviews the useful lives and in the event estimations differ from those previously made, the effect of changes are prospectively allocated from the financial year to which the relevant change applies.

3.2.5. Profit tax

The Group is subject to profit tax in many jurisdictions. The proper set of criteria is necessary in order to establish the provision for the profit tax at a global level. There are many transactions and calculations for which the final determination of the tax is unsure during the ordinary course of the business. The Group recognises liabilities for eventual tax claims based on whether additional taxes are estimated to be necessary. When the final tax result of these matters is different from the amounts initially recognised, such differences shall affect the tax on profits and the provisions for deferred taxes in the financial year during which such calculation is carried out.

The calculation of the profit tax requires interpretation on the tax regulations applicable to the Company. Besides, there are several factors, mainly -and non-exclusively- associated to changes in tax regulations and changes in the interpretations of the tax laws currently applicable, which require the carrying out of calculations by the management of the Company.

When the final tax result is different from the amounts initially recognised, such differences shall affect the tax on profits and the provisions for deferred taxes in the financial year during which such calculation is carried out. In this sense, there are no significant aspects subject to calculations that may have a relevant impact on the position of the Company.

The Group management assesses the recovery capacity of deferred taxes based on estimates of future tax results analysing whether they will have the capacity of generating sufficient profit on the periods where such deferred taxes are deductible. Deferred tax assets are registered when their future recoverability is likely. The recording and recoverability of the deferred tax assets is assessed upon generation and subsequently at each balance date in accordance with the evolution of the results foreseen in the Group's business plan. The management considers that the recovery of deferred tax assets registered by the Group is likely; however, estimations may change in the future as a result of changes in tax regulations or due to the impact of future transactions on tax balances.

Even though these estimates were made by the management with the most accurate information available at the end of the financial year by applying its best calculations and knowledge of the market, it is possible that eventual future events require the amendment of such calculations by the Group during subsequent financial years.

3.2.6. Fair value of real estate investments and stocks

The best evidence of the fair value of real estate investments and stocks in an active market is the price of similar assets. If such information is not available, and given the current market situation, the Group establishes the fair value by means of an interval of fair value. For the establishment of the fair value, the Group uses a number of sources, including:

-Current prices in an active property market of a different nature, condition or location, adjusted in order to show the differences with those assets owned by the Group.
-Recent prices or properties in other less active markets, adjusted to show the relevant changes in the financial conditions from the day of the operation.
-Cash flow discounts based on estimations arising from the conditions of current lease agreements and, if possible, arising from the evidence of market prices of similar properties in the same location and state, by means of the application of discount fees which will reflect the uncertainty of the time factor.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

BALANCE SHEET AS OF 31 DECEMBER 2017

(In thousand Euros)

There are no major uncertainties or risks that may imply significant changes in the short-term future value of assets and liabilities.

3.2.7. Provisions

Provisions are recognised when a present obligation, arising as a consequence of past events, is likely to cause an outflow of resources and the amount of the obligation may be estimated in a reliable manner. In order to comply with the requirements of the accounting regulations, significant estimations are necessary. The Group management makes estimations by assessing all the relevant events and information, the likelihood of occurrence of contingencies and the amount of the liability to be settled in the future.

During this financial year, no significant change in the accounting estimations causing amendments in the amounts or classifications of this financial year has been carried out.

3.3..... Grouped Items

For the purposes of facilitating understanding of the balance sheet, the profit and loss account, the statement of changes in equity and the consolidated cash flow statement, these financial statements are presented in groups while the required analyses are included in the corresponding notes of the report.

3.4.....Operating Company

The consolidated financial statements have been prepared based on the operating company principle, which takes into account that the Group will realise its assets and settle its undertakings during the ordinary course of its operations.

3.5.....Changes in Accounting Criteria

The Group, pursuant to the conceptual accounting framework set out in the General Accounting Plan, once it has adopted a criterion for the application of generally accepted accounting principles keeps said criterion in a uniform manner in time, as long as the reasons behind the choice of the criterion remain unchanged, and always considering that any change to said criteria must have the principle of a true and fair view as its main point of reference.

4. RECOGNITION AND MEASUREMENT ACCOUNTING RULES

4.1Subsidiaries

4.1.1. Control acquisition

The acquisition by the parent company (or another Group company) of the control of a subsidiary constitutes a business combination which is recognised following the acquisition method. This method requires the acquiring company to recognise, on the acquisition date, those identifiable assets acquired and liabilities undertaken in a business combination, as well as, where appropriate, the corresponding goodwill or negative difference. Subsidiaries are consolidated from the date on which their control is transferred to the Group and they are excluded from the consolidated on the date such control ceases.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

The acquisition cost is established as the additions of the fair values, on the acquisition date, of the assets delivered, liabilities incurred or undertaken and equity instruments issued by the acquiring party and the fair value or any contingent consideration depending on future events or on the compliance with certain conditions which must be registered as an asset, a liability or net equity according to its nature.

Expenses related to the issue of equity instruments or financial liabilities delivered are not a part of the business combination cost, being registered in accordance with the regulations applicable to financial instruments (Note 4.14). Fees paid to legal advisers or other professionals taking part in the business combination are recorded as expenses as incurred. Those expenses generated internally for these concepts are not included in the cost of the combination nor are those, if any, incurred by the entity acquired.

The surplus, on the acquisition date, of the cost of the business combination, on the proportional part of the value of the identifiable assets acquired minus the cost of the liabilities undertaken representing the participation in the share capital of the company acquired is recorded as goodwill. In the exceptional situation that the amount exceeded the cost of the business combination, the surplus will be recorded in the consolidated profit and loss account as income.

4.1.2. Consolidation Method

Assets, liabilities, income, expenses, cash flows and other items of the financial statements of the companies of the Group are incorporated to the consolidated financial statements of the Group using the full integration method. This method requires the following:

- a. Temporary harmonisation. The consolidated financial statements are established on the same date and period as the financial statements of the company require to consolidate. The inclusion of the companies the year-end of which is different, will be carried out by means of intermediate statements referred to the same date and period as the consolidated statements.
- b. Assessment harmonisation. Elements corresponding to assets and liabilities, income and expenses and other items of the financial statements of the Group companies have been assessed using uniform methods. Elements corresponding to assets and liabilities, or those items corresponding to income or expenses assessed according to non-uniform criteria in relation to those applied in the consolidation are re-assessed, applying the necessary adjustments, for the sole purposes of consolidation.
- c. Aggregation. The different items of the individual financial statements previously harmonised are aggregated based on their nature.
- d. Elimination investment-net equity. The book values representing equity instruments of the subsidiary owned, whether directly or indirectly, by the parent company, are compensated by means of the proportional part of the net equity items corresponding to the aforementioned subsidiary attributable to said participations, generally, on the basis of the values resulting from the application of the acquisition method previously described. For consolidations after the financial year in which the control was acquired, the surplus or lack of net equity generated by the subsidiary from the acquisition date attributable to the parent company, is included in the consolidated balance sheet within the items 'reserves' or 'adjustments for changes in value', based on their nature. The part attributable to minority shareholders is recorded in item 'minority shareholders'.
- e. Participation of minority shareholders. The assessment of minority shareholders is carried out based on its effective participation on the net equity of the subsidiary once the previously mentioned adjustments are applied. The consolidated goodwill may not be attributed to minority shareholders. The surplus between losses attributable to minority shareholders of a subsidiary and the portion of net equity proportionally corresponding to them is allocated to them, even though it may imply a debit balance in such item.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

- f. Elimination of intra-group items. Credits and debts, income and expenses and cash flows among Group companies are fully eliminated. Likewise, all profit and losses caused by internal transactions are eliminated and they are deferred until they are realised before third parties unrelated to the Group.

4.1.3. Control loss

When the control of a certain subsidiary is lost, the following rules apply:

- a. The recognised benefit or loss is adjusted, for consolidation purposes, in the individual financial statements;
- b. If the subsidiary became a multi-group or associated company, it must be consolidated or the equity method must be applied considering, for the purposes of its initial valuation, the fair value of the participation withheld on such date;
- c. The participation in the net equity of the subsidiary withheld after the control loss which do not correspond to the consolidation perimeter will be assessed in accordance to the criteria applicable to financial assets (Note 4.10) considering as initial assessment the fair value on the date on which it ceases to fall within the aforementioned perimeter.
- d. An adjustment is recognised in the consolidated profit and loss account so as to show the participation of minority shareholders in the income and expenses generated by the subsidiary in the financial year up to the control loss date and in the transfer to the profit and loss account of the income and expenses directly recorded as net equity.

4.2Associated and Multi-Group Companies**4.2.1. Equity Method**

Associated companies are included in the consolidated financial statements using the equity method.

When the equity method is applied for the first time, the participation in the company is assessed according to amount represented by the investment percentage of the Group companies on the net equity of said company, once its net assets have been adjusted to its fair value on the acquisition date of the significant influence.

The difference between the book net value of the participation in the individual statements and the amount mentioned in the previous paragraph constitutes the goodwill included in item "equity method holdings". In the exceptional situation that the difference between the amount based on which the investment has been recorded in the individual statements and the proportional part of the fair value of the net assets of the company was negative, said difference must be registered in the profit and loss account after re-evaluating the allocation of fair values to the assets and liabilities of the associated company.

In general, unless a negative difference arises in the acquisition of significant influence, the investment is initially value at its cost.

The results generated by the company based on the equity method are recognised from the date on which the significant influence is acquired.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

The book value of the participation is modified (increases or decreases) in the proportion corresponding to the Group companies, based on the variations experienced in the net equity of the company owned from the initial assessment, once it has been eliminated the proportion of results unrealised generated in transactions between said company and the Group companies.

The highest value attributed to the participation as a consequence of the application of the acquisition method is reduced in subsequent years, charged to the consolidated result or to another relevant item within the net equity and as the corresponding equity elements are depreciated, derecognised or are disposed in favour to third parties. Likewise, the relevant charge to the consolidated results must be applied when losses due to impairment of equity elements of the owned company arise, with the limit of the capital gains allocated to such elements on the date the equity method was first applied.

Variations in the value of the participation corresponding to the profit and losses of the financial year of the owned company are party of the consolidated profit and losses, being therefore included in item "Profit(Loss)-sharing of companies based on the Equity Method". However, if the associated company incurred losses, the reduction of the account representing the investment will be limited based on the book value of the participation calculated using the equity method. If the participation had been reduced to zero, any additional losses and the corresponding liability shall be recognised to the extent legal or contractual liabilities -whether implicit or explicit- had been incurred, or in the event the Group had made payments on behalf of the owned company.

Variations in the value of the participation corresponding to other variations in net equity are shown in the corresponding headings of the net equity based on its nature.

Temporary and value harmonisation is applied to associated investments in the same way applied for subsidiaries.

4.2.2. *Modification of the participation*

In order to establish the cost of an investment in a multi-group company, the cost of every individual transaction is considered.

In a new acquisition of participations in the company consolidated using the equity method, the additional investment and the new goodwill or consolidation negative difference will be determined in the same way as for the first investment. However, if in relation to the same owned company a goodwill or a consolidation negative difference arises, such difference must be reduced up to the limit of the implicit goodwill.

In a reduction of the investment implying a reduction in the participation without any loss of significant influence, the new investment is valued based on the amounts corresponding to the participation percentage withheld.

4.3Intangible Fixed Assets**4.3.1. *Concession Agreements******Concession agreements, regulated assets.***

The Sectoral Plan for companies holding concession of public infrastructures (in force since 1 January 2011), regulates the processing of service concessions contracts, which are defined as contract by virtue of which the awarding authority commissions the concession holder the construction, including the improvement and operation or just the operation, of

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

infrastructures aimed at the provision of economic public serviced during the term foreseen in the agreement in exchange of a consideration. Any concession agreement shall comply with the following requirements:

- The awarding authority controls or regulated which public services must be provided by the concession holders with the infrastructure, the recipients of the service and their price; and
- The awarding company must control any significant residual participation at the end of the term of the agreement.

In these concession agreements, the concession holder acts as service provider, on the one hand, as provider of construction or improvement services for the infrastructure and, on the other hand, operation and maintenance services during the term of the agreement. The consideration received by the concession holder regarding the construction or improvement service of the infrastructure is recorded according to the fair value of said service, as and intangible fixed asset in those cases in which the right to charge an amount to users for the use of the public service is granted and such right is not unconditional but depending on the effective use of the service by users. The consideration of the construction or improvement service is recorded as an intangible fixed asset within item "Concession agreement, regulated asset" under heading "Intangible fixed assets" based on the intangible fixed asset model according to which the risk of claims is undertaken by the concession holder. The company calculated the depreciation of the concession asset systematically according to the straight-line method during the concession term.

Concession agreement, financial activation.

When the consideration for the construction or improvement services is an intangible fixed asset, financial expenses financing the infrastructure arising from the date the infrastructure is under operating conditions, are activated as long as there is reasonable evidence of their recovery with future income. Activated financial expenses are included in item "Concession agreement, financial activation", which are allocated to profit and losses proportionally to the Economic Financial Plan of the company, since it is foreseen that future income set out in the aforementioned plan will allow for the recovery of such expenses. In relation to the foreseen income, the proportion represented by each occupation's income with respect to the total is determined. Said percentage is applied to the total of financial expenses foreseen for the concession period, in order to determine the amount thereof to be included under each financial year as financial expenses. In the event actual income of said financial year exceeds the one foreseen, the proportion will be calculated between the actual income and the aforementioned total of foreseen occupation income.

4.3.2. Goodwill

The goodwill arises in the acquisition of subsidiaries and it represent the surplus, on the acquisition date, of the cost of the business combination, on the proportional part of the fair value of the identifiable assets acquired minus the cost of the liabilities undertaken representing the participation in the share capital of the company acquired is recorded as goodwill.

On the initial recognition date, the goodwill is assessed according to the criteria set out in Note 4.1.1. After its initial recognition, the goodwill is assessed at its cost minus accumulated impairment losses.

The goodwill is allocated on the acquisition date, to each one of the cash generating units (CGU) or groups of cash generating units of the Group which are expected to benefit from the synergies of the business combination giving rise to such goodwill.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

Due to the amendment of Article 39.4 of the Commercial Code for the financial statements corresponding to financial years commencing from 1 January 2016 by virtue of the approval of Act 22/2015, of 20 July, on Account Auditing, the goodwill will be subject to depreciation and its useful life will be, unless otherwise proven, 10 years with a straight-line recovery method.

The amortisation of tangible fixed assets, with the exception of land which is not amortised, is systematically calculated by means of the straight-line method based on their estimated useful lived taking into account the depreciation effectively applicable due to their operation and use.

Cash generating units (or groups of cash generating units) to which the goodwill has been allocated are subject, at least annually, to a verification of the value impairment and, if appropriate, the relevant expense is recorded in the profit and loss account due to the corresponding valuation correction.

Impairment losses related to goodwill are not subject to reversals in subsequent financial years.

4.3.3. Research and development expenses

Research expenses are recorded as expenses as they are incurred, whereas development expenses incurred during a project are recorded as intangible fixed assets if such development is feasible from a technical and commercial perspective, the necessary technical and financial resources for its completion are available, costs incurred may be reliably established and the generation of profits is likely.

Other development expenses are recognised as expenses when they are incurred. Development costs previously recorded as expenses may not be recorded as assets in a subsequent financial year. Development costs with a finite useful life which are activated, are depreciated using the straight-line method for each project, without exceeding 5 years.

If the useful life of developing expenses exceeded 5 years, the circumstances leading to such circumstance must be accounted for.

When the book value of a certain asset exceeds the corresponding estimated recoverable amount, its value is immediately reduced up to its recoverable amount (Note 4.7).

In the event that the favourable circumstances of the project which allowed for the capitalisation of the development expenses vary, the portion pending depreciation is recorded in the profit and loss account of the financial year in which said circumstances vary.

4.3.4. Licenses and trademarks

As of 31 December 2017 and 2016, within the item 'intangible fixed assets' of the Group, there are certain production licenses and trademarks which are valued at their acquisition value, without having applied on them any depreciation. We consider that this kind of asset has an indefinite useful life since, based on an analysis of all relevant factors, there is no foreseeable limit of the period throughout which it is expected that the asset generates entries of cash net flows for the company.

4.3.5. Computer software

Licenses for computer software acquired to third parties are capitalised on the basis of the costs incurred in order to acquire them and prepare them for the use of the specific programme. These costs are amortised over their estimated useful lives (4 years).

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

Expenses related to the maintenance of computer software are recognised as an expense when they are effectively incurred. Costs directly related to production of computer software identifiable and controlled by the Group which are expected to generate financial profit exceeding such costs during more than a year are recognized as intangible fixed assets. Direct costs include expenses of personnel developing such computer software and the proper percentage of general expenses.

4.4..... Fixed Assets

Items corresponding to tangible fixed assets are valued according to their purchase price or their production price minus the aggregated depreciation and the aggregated amount of those losses registered.

The amount of the works carried out by the Group for its own fixed assets is calculated by adding to the acquisition price of the consumable materials, direct or indirect costs attributable to said assets.

Costs for the extension, upgrade and improvement of tangible fixed assets are allocated as assets with the highest value of the asset exclusively when they mean an increase in their capacity, performance or extension of their useful lives, and as long it is possible to estimate or to know the accounting value of the elements which are written off from the inventory due to replacement.

Costs corresponding to major repairs are recognised and amortised during their estimated useful life whereas recurring maintenance costs are allocated to the consolidated profit and loss account during the financial year in which they are incurred.

The amortisation of tangible fixed assets, with the exception of land which is not amortised, is systematically calculated by means of the straight-line method based on their estimated useful lived taking into account the depreciation effectively applicable due to their operation and use.

The depreciation coefficients applied in financial years 2017 and 2016 to those elements comprising the tangible fixed assets accounts are:

Estimated years of useful life	
Buildings	50
Technical installations	4-10
Machinery and tools	7-8
Furniture	10
Data-processing equipment	5
Transport elements	6

The residual value and the useful life of assets is review and adjusted, where applicable, as of the date of preparation of the corresponding statement.

When the book value of a certain asset exceeds the corresponding estimated recoverable amount, its value is immediately reduced up to its recoverable amount (Note 4.7).

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

Profit and loss related to the sale of tangible fixed assets are calculated by comparing income obtained for the sale to the book value and they are recorded in the consolidated profit and loss account.

4.5..... Real estate investments

Real estate investments include office buildings purchased which are maintained for the obtaining of long-term debts; such offices are not occupied by the Group.

Elements included under this heading are recognised at their acquisition cost minus their corresponding accumulated depreciation and the relevant impairment losses experienced.

For the calculation of the depreciation of real estate investments we use the straight-line method based on the useful life years estimated for them, which amounts to 50 years.

4.6..... Costs for Interests

Financial expenses directly attributable to the acquisition or construction of fixed assets which require a term exceeding one year in order to be used are allocated according to its value until the moment they are available for operation.

4.7..... Losses due to Impairment of the Value of Non-Financial Assets

Assets with an indefinite useful life, such as the goodwill, are not subject to depreciation and they undergo impairment tests on a yearly basis. Assets subject to depreciation are subject to impairment tests as long as any event or change in circumstances imply that the book value may not be recoverable. Impairment losses are recognised for the excess of the book value of the asset on its recoverable amount, being such recoverable amount as the fair value of the asset minus sales costs or the value in use, whichever is the highest. For the purpose of assessing impairment losses, assets are grouped according to the lowest level for which there are cash flows that can be identified separately (cash generating assets). Non-financial assets, other than goodwill, which had suffered certain impairment losses are subject to reviews on each balance date to verify whether reversion of the loss had occurred.

4.8..... Swaps

In those cases in which tangible or intangible fixed assets or real estate investments are acquired by means of commercial swaps, they are recognised at the fair value of the asset delivered plus the monetary compensations delivered in exchange, but for those cases in which there are clearer evidences of the asset received and with such limit. For these purposes, the Group considers that a certain swap has a commercial nature when the configuration of the cash flows of the intangible fixed asset received differs from the configuration of the cash flows of the asset delivered or the current value of the cash flows after taxes corresponding to the activities affected by the swap is modified. Besides, any of the aforementioned differences must be significant in relation to the fair value of the assets exchanged.

If the swap was not commercial or the fair value of the elements of the transaction cannot be established, the asset received is recognised at the book value of the assets delivered plus the monetary compensations delivered, with the limit of the fair value of the good received if it is lower as long as it is available.

4.9 Non-current assets (disposable groups) held for sale and liabilities related to non-current assets held for sale

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

Non-current assets are classified as held for sale when it is considered that their book value is being recovered by means of a sales operation rather than by means of their continuing use. This condition is deemed to be complied with when the sale is highly likely and it is available for immediate sale in its current conditions and it is foreseeable that the sale is to be completed within a term of one year from its classification date. These assets are valued at the lowest amount among their book value and the fair value minus the necessary costs for their disposal and they are not subject to depreciation.

Likewise, the Group include within this heading those companies acquired exclusively for the purpose of their later disposal whenever the requirements set forth in the previous paragraph are met. Under these circumstances, the disposable group will be valued at its fair value minus the estimated selling expenses.

Discontinued activities are those components of the Company that had been sold, disposed of by any other means or classified as held for sale. Likewise, they represent a significant business line or geographic area of the operations, they are part of a separate plan or they are subsidiaries acquired exclusively for their subsequent sale. Profit/Loss generated by discontinued activities are included in a single specific line within the profit and loss account.

4.10 Financial assets***4.10.1..Loans and items receivable***

Loans and items receivable are non-derivative financial assets with fixed or determinable collections which are not listed in an active market. Current assets are included in this group, except for maturities over 12 months from the date of the balance, in which case they must be classified as non-current assets. Loans and items receivable are included in "Credits to companies" and "Trade debtors and other accounts receivable" in the balance sheet. These financial assets are initially valued at their fair value, including those operation costs directly attributable and then at the depreciated cost recognising interests accrued based on their effective interest rate where this must be construed as the capitalisation rate balancing the book value of the relevant instrument with the total amount of its corresponding estimated cash flows up to their maturity. Notwithstanding the foregoing, credits from trade operations with a maturity not exceeding a year are valued both at their initial recognition time and, subsequently, at their nominal value as long as the effect arising from the lack of updating of the cash flows is not significant.

At least at year end, all necessary valuation corrections due to impairment are applied if there is objective evidence of the fact that not all of the amounts owed are going to be collected.

The amount of the impairment loss is the difference between the book value of the asset and the current value of the estimated future cash flows, discounted at the effective interest rate at the time of initial recognition. Value adjustments, as well as, where appropriate, their reversion, are allocated in the consolidated profit and loss account.

4.10.2. Held-to-Maturity Investments

Held-to-maturity financial assets are debt securities with fixed or determinable collections and a set maturity which are negotiated in an active market and which the management of the Group has the effective intention and the capacity of holding until their maturity. If the Group sold an amount which was not insignificant of held-to-maturity financial assets, the

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

BALANCE SHEET AS OF 31 DECEMBER 2017

(In thousand Euros)

whole category would be reclassified as available for sale. These financial assets are included in item 'non-current assets', except for maturities over 12 months from the date of the balance, which are classified as current assets.

Valuation criteria for these investments are identical to those for loans and other receivables.

4.10.3. Financial assets held for trading and other financial assets at fair value with changes in the profit and loss account:

All those assets held for trading which are acquired for the purposes of being sold in the short-term or which are part of a financial instrument portfolio jointly identified and managed so as to obtain short-term profits shall be considered financial assets at fair value with changes in the profit and loss account, as well as those financial assets so recorded by the Group at their initial recognition time for the inclusion within this category since that information would be more relevant. Derivatives are also classified as 'held for trading' as long as they do not refer to a financial guarantee agreement or have been recognised as hedging instruments.

These financial assets are valued, both initially and subsequently, at their fair value, recording any relevant change in value in the profit and loss account of the financial year. Transaction costs directly attributable to the acquisition shall be allocated to the consolidated profit and loss account of the financial year.

4.10.4. Financial assets available for sale

This category include debt security and equity instruments of other companies that have not been classified in any of the above categories. They are included as non-current assets unless the managements intends to dispose of the investment in the 12 months following the date of the consolidated balance sheet.

They are recognised at their fair value, recording the changes directly affecting the net equity until the relevant asset is disposed of or depreciated, moment in which the profits and losses accumulated in net equity are allocated to the consolidated profit and loss account, as long as it is possible to determine the aforementioned fair value. Otherwise, they are recorded at their cost minus value impairment losses.

Regarding financial assets available for sale, valuation corrections are made if there is objective evidence that their value has been impaired as a result of a reduction or delay in the estimated future cash flows in the case of debt instruments acquired or due to a lack of recoverability in the book value of the asset in the case of investments in equity instruments. Valuation correction is the difference between its cost or depreciated cost minus, when applicable, any valuation correction recognised in the profit and loss account and the fair value in the moment the valuation is made. In the case of equity instruments assessed at their cost since their fair value cannot be established, the valuation correction of their value is calculated as the difference between their book value and the recoverable amount, which is the higher amount of either their fair value less the sale costs, or the current value of the future cash flows derived from the investment. Except where there is better evidence available on the recoverable amount, for the calculation of the impairment of these investments, the net equity of the owned company is considered, corrected by the tacit capital gains existing on the assessment date. The valuation correction and, as the case might be, its reversion, is recorded in the consolidated profit and loss account of the financial year in which it is made.

If there is objective evidence of the impairment, the Group records in the consolidated profit and loss account those accumulated losses previously recorded in net equity due to the decrease of the fair value. Impairment losses recorded in the profit and loss account for equity instruments are not reverted through the profit and loss account.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

Fair values of listed investments are based on current purchase prices. If the market for a financial asset is not an active market (for securities which are not listed), the Group establishes the fair value using assessment techniques including the use of recent transactions between the interested and duly informed parties, references to other instruments which are virtually equivalent, discount methods for estimated future cash flows and price-fixation models for options making the best use of observable data of the market and relying as little as possible on subjective considerations of the Group.

Financial assets are derecognised from the balance sheet when all risks and benefits attached to the ownership of the assets are virtually transferred. Particularly, in the case of the accounts receivable, it is widely understood that assets are derecognised whenever insolvency and default risks have been transferred.

Assets recorded as hedged items are subject to the valuation requirements of hedge accounting (Note 4.11).

4.11 Financial derivatives and hedge accounting

Financial derivatives are valued, both at the initial time and during subsequent adjustments, at their fair value. The method for the recognition of resulting profits and losses depends on whether the derivative has been allocated as a hedging instrument or not and, where appropriate, on the type of hedging. The Group classifies certain derivatives as:

4.11.1. Hedging of fair value

Changes in fair value of derivatives designated and qualified as hedges of reasonable value are registered on the consolidated profit and loss account together with any change in fair value of the hedged asset or loss which is attributable to the hedged risk.

4.11.2. Cash flow hedge

The effective part of changes in the fair value of those derivatives which are designated and classified cash flow hedges are temporarily recognised in the net equity. Their allocation to the consolidated profit and loss account is applied during those financial years in which the foreseen hedging operation affects results, unless such hedging corresponds to a foreseen operation which results in the recognition of a non-financial asset or liability, in which case the amounts recorded in the net equity are included in the cost of the asset when purchased or of the liability when incurred.

The profit or loss corresponding to the non-efficient part is immediately recognised on the consolidated profit and loss account.

4.11.3. Hedging of a net investment in foreign business

In hedging operations for net investment in joint businesses with no independent legal personality and branches abroad, changes in the value of the derivatives attributable to hedged risks are temporarily recognised in net equity, being allocated to the profit and loss account in the financial years in which the net investment in the business abroad is disposed of.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

Hedging instruments are valued and recorded based on their nature insofar they are, or they are not, efficient hedging.

In the case of those derivatives not eligible for hedge accounting, profit and losses in the fair value of those derivatives are immediately recognised in the consolidated profit and loss account.

4.12 Inventories

Inventories are assessed at their cost or at their realisable net value, whichever the lowest. When the realisable net value of inventories is lower than their purchase cost, the appropriate valuation adjustments will be made and recognised as an expense in the consolidated profit and loss account. If the circumstances causing the value adjustment are no longer applicable, the amount of the adjustment will be subject to reversion and recognised as income in the consolidated profit and loss account.

The cost is established using the weighted average cost. The cost of finished products and goods-in-process include the costs of the design, raw materials, direct labour, other direct costs and general production expenses (based on a standard work capacity of the production means). The realisable net value is the estimated selling price in the ordinary course of the business minus the necessary estimated costs for its completion, as well as, in the case of raw materials and goods-in-process, the necessary estimated costs for the completion of their production.

In the case of those inventories requiring a term over a year in order to be ready for sale include the cost of financial expenses foreseen for the fixed assets (Note 4.6).

Initial expenses, projects and installations are recognised at the acquisition or production cost. Their allocation to the cost of the works is made based on the executed production of such works.

4.13 Equity

The share capital is represented by ordinary shares.

The issue costs for new share or options are directly discounted from the net equity, as a reduction in reserves.

When any company within the Group acquires shares of the Company (own shares), the consideration paid, including any incremental cost directly attributable, is deducted from the equity until its withdrawal, new issue or disposal. When these actions are sold or subsequently issued again, any amount received, net from any incremental cost of the operation which may be directly attributable to it, shall be included in the equity.

4.14 Financial Liabilities***4.14.1. Debits and Items Payable***

This category includes debits from trading operations and debits from non-trading operations. These external resources are classified as current assets, unless the Group has an unconditional right to differ their liquidation during 12 months after the date of the balance sheet.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

These debts are initially recognised at their fair value, adjusted by any transaction costs directly attributable, which are subsequently recorded at the depreciated cost using the effective interest rate method. Said effective interest is the discount rate which balances the book value of the instrument with the projected future payments foreseen up to the maturity date of the liability.

Notwithstanding the foregoing, debits from trade operations with a maturity not exceeding a year and which have no contractual interest rate are valued both at their initial recognition time and, subsequently, at their nominal value when the effect arising from the lack of updating of the cash flows is not significant.

In the event that existing debts are re-negotiated, it shall be construed that there are no substantial changes in the financial liability when the lender of the new loan is the same one than the one granting the initial loan and the current value of cash flows, including net commissions, does not differ over 10% of the current value of those cash flows pending payment regarding the original liability calculated according to this same method.

In the case with convertible bonds, the Group establishes the fair value of the liability component by applying the interest rate for similar non-convertible bonds. Such amount is registered as a liability on the basis of the depreciated cost up to its settlement at the time of conversion or maturity. The rest of income obtained is allocated to the conversion option which is recorded in equity.

4.14.2. Financial liabilities held for trading and other financial liabilities at fair value with changes in the profit and loss account

All those liabilities held for trading which are issued for the purposes of being re-acquired in the short-term or which are part of a financial instrument portfolio jointly identified and managed so as to obtain short-term profits shall be considered financial liabilities at fair value with changes in the profit and loss account, as well as those financial liabilities so recorded by the Group at their initial recognition time for the inclusion within this category since that information would be more relevant. Derivatives are also classified as 'held for trading' as long as do not refer to a financial guarantee agreement or have been recognised as hedging instruments (Note 4.11).

These financial liabilities are valued, both initially and subsequently, at their fair value, recording any relevant value changes in the consolidated profit and loss account of the financial year. Transaction costs directly attributable to the issue shall be allocated to the consolidated profit and loss account of the financial year in which they are incurred.

4.15 Subsidies Received

Refundable subsidies considered refundable are recorded as liabilities until they comply with the conditions to be considered non-refundable, whereas non-refundable subsidies are recorded as income directly attributed to net equity and are recognised as income on a rational and systematic basis correlated to the expenses arising from the subsidy. Non-refundable subsidies received from the partners are directly allocated to own funds.

For these purposes, a subsidy is considered non-refundable when there is a separate granting agreement for the subsidy, all conditions set out for its granting have been complied with and there are no reasonable doubts on its collection.

Monetary subsidies are recognised at the fair value of the amount granted and non-monetary subsidies are recognised at the fair value of the good received, both of them at the time of their recognition.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

Non-refundable subsidies related to the acquisition of the intangible fixed assets, tangible fixed assets and real estate investments are allocated as income of the financial year proportionally to the depreciation of the corresponding assets or, as the case may be, when their disposal, valuation adjustment or derecognition is completed. On the other hand, non-refundable subsidies related to specific expenses are recorded in the consolidated profit and loss account of the financial year in which the relevant expenses and the ones granted in order to compensate the operation deficit in the financial year in which they are granted are accrued, unless they are allocated in order to compensate the operation deficit of future years, in which case, they are allocated in said years.

4.16 Current and Deferred Taxes

Expenses (income) arising from the profit tax are the amounts that, in relation to this item, are accrued during the financial year and include the expenses (income) arising from the current tax and the deferred tax.

Both expenses (income) arising from the current tax and from the deferred tax are recorded in the profit and loss account. However, the tax effect related to items which must be recorded in the net equity statement are thus recorded under such heading.

Current tax assets and liabilities are valued at the amounts which are expected to pay or receive from tax authorities in accordance with current regulations or those regulations approved pending publication at year-end.

Deferred taxes are calculated, in accordance with the liability method, based on the temporary differences arising between the tax basis of the assets and liabilities and their corresponding book values.

However, deferred taxes are not recognised if they arise from the initial recognition of a certain asset or liability or, in the case of a liability, from an operation other than a combination of business operations which at the time of the operation does not affect the book value or the tax base of the relevant tax. The deferred tax is established by applying current regulations and tax rates approved or pending approval at the balance sheet date and which is expected to be applied when the corresponding deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are only recognised when it is considered likely that the companies will have future tax gains against which temporary differences may be offset.

Deferred taxes of those temporary differences arising from dependent and associated investment and those of joint business are also recognised with the exception of those cases in which the Group is able to control the reversion time of the temporary differences and it is also likely that such temporary differences are not being reverted in a foreseeable future.

4.17 Provisions and Contingent Liabilities

Provisions for environmental restructuring, restructuring costs, and for legal claims are recognised when the Group has a present obligation, whether legal or implicit, as a result of past events, and it is foreseeable that resources may be necessary for the settlement of the obligation and the amount may be reliably estimated. Restructuring provisions include penalties for lease cancellation and payments for employee dismissal. Provisions for future operating losses are not recognised.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

Provisions are valued at the current value of estimated payments for the settlement of the obligation at a pre-tax rate which reflects the assessments in current markets of the temporary value of the money and the specific risks of the relevant obligation. Provision adjustments for updating are recognised as financial expenses as accrued.

Those provisions with a maturity date equal to or under a year with a not significant financial effect, are not discounted.

When part of the payments necessary for the settlement of the provision is reimbursed by a third party, said reimbursement is recognised as an independent asset, as long as its reception is virtually a fact.

On the other hand, contingent liabilities are any potential obligations arising as a result of past events, the materialisation of which depends on whether one or more future events beyond the Group's control occur. Said contingent liabilities are not subject to accounting registration so its breakdown is included within the report (Note 27).

4.18 Business Combinations

Merger, split-up and non-monetary contribution operations of a certain business between Group companies is registered according to the provisions set out for operations between related parties (Note 4.25).

Merger and split-up operations other than the previous ones and business combinations arising from the acquisition of all equity instruments of a certain company or part of a company making up one or more businesses are registered according to the acquisition method (Note 4.1).

4.19 Joint Ventures

The Group takes part in several joint businesses which are managed through multi-group companies or operations and assets jointly managed, among which temporary joint ventures (JVs) are included.

Joint businesses managed by means of the incorporation of an independent legal person or jointly controlled companies (multi-group companies) are recorded according to the criteria established in Note 4.2.

Regarding jointly managed assets and exploitations, involving the use of assets and other resources owned by the participants, the Group records its proportional part of the jointly managed and the liabilities jointly incurred based on the participation share, as well as the assets related to the joint exploitation under their control and the liabilities incurred as a consequence of the joint business.

Likewise, the share corresponding to income generated and expenses incurred due to the joint business are recorded in the profit and loss account. Additionally, expenses incurred regarding the participation in the joint business are also recorded.

Unrealized profits or losses arising from reciprocal transactions are eliminated proportionally to participation, as well as amounts from reciprocal cash flows, assets, liabilities, income and expenses.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

4.20 Recognition of Income

The turnover include the fair value of the considerations received or to be received for the sale of goods and services in the ordinary course of the Group's activities. The turnover is recorded net from the value added tax, refunds and discounts and once the intra-group sales are eliminated.

The Group recognises income when the amount of such income may be valued in a reliable manner, it is likely that the Group is receiving future financial benefits and all particular conditions for each one of the Group activities are complied with as described below. The amount of income may not be reliably valued until all contingencies related to the purchase are settled. The estimations of the Group are based on historical results taking into account the type of client, the type of operations and the specific terms of each agreement.

The criteria followed for the recognition of income in each one of the activity areas of the company are:

Construction and Engineering Activities

When the profit/loss of a construction contract may be estimated reliably enough, income and costs associated to such contract are recorded in the profit and loss account as such, with reference to the status of completion of the activity performed by virtue of the contract on the closing date of the balance sheet. For those works in which losses are estimated, in order to prepare an updated budget, the necessary provisions for covering them in full must be made when such circumstance is foreseen.

In order to establish the completion status of a certain contract, the company usually applies the completed work examination criteria. This method may be applied by means of the existence in all contracts, on a general basis, of the following elements:

- A definition of each and every work units that need to be executed in order to complete the works in full;
- The measurement of each one of these work units; and
- The certified price for each one of them.

The execution costs of the works are recorded in the books on an accrual basis, recording as expense those actually incurred during the execution of the work units completed (including those expenses accrued for which the corresponding invoice of the supplier has not been received, in which case the relevant liability associated to those invoices to be received is recorded).

The application of this method for profit recognition is combined with the drafting of a budget, which is performed for each building contract and per work unit. This budget is considered a key element for the management in order to keep a close monitoring of the work units when deviations are found between the budget and the real costs.

In exceptional cases, if it is not possible to make an estimate of the margin for the full contract, the total of costs incurred are recognised herein, while reasonably certain sales related to the works performed are accounted for as income from such contract, up to the limit of the aforementioned costs incurred in the contract.

Throughout the execution of the works, unexpected circumstances may arise which are not foreseen in the main contract and which may imply additional works to be carried out. Changes of the initial contract require the technical approval by the client and subsequently the financial approval allowing, from that moment on, the issue of certificates and the

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

collection of payments for these additional works. On a general basis, we do not record income for these additional works until the client reasonably guarantees their approval; costs incurred for the execution of these works are actually registered as they are actually incurred, regardless of the degree of approval by the clients on the works carried out.

In the event that the amount of the executed work giving rise to each one of the works is higher than the certified amount for each one of them until the closing date, the difference between the two amounts is recorded under heading "Clients and other accounts receivable" in the consolidated balance sheet. If the amount of the executed work giving rise to each one of the works was lower than the amount of the certificates issued, the difference is recorded under the heading "Suppliers" in the consolidated balance sheet.

Those costs estimated for site clearance are registered upon its completion based on the estimation of costs to be incurred for this item; expenses arisen from the completion of the work until its final settlement are charged against the provision registered.

In those cases when, at closing date, there are construction contracts the results of which are negative, estimated losses are registered in the books when it is likely that such losses may be compensated with additional income.

In the event of claims against the client due to construction overruns, the Group will only register the corresponding income when the negotiations have reached an advanced stage and the likelihood that the client accepts this claim is high and its amount may be reliably measured.

Default interests are originated due to a delay in the collection of certifications with Public Administrations and are registered when it is likely that said interests are going to be received and their amount may be reliably measured.

Costs associated to the submission of bids for the awarding of works are charged to the profit and loss account as incurred when it is not likely or it is unknown, when incurred, that the contract will be awarded favourably. Costs related to the submission of bids are included in the cost of the contract when it is likely or known that the contract will be obtained or when it is known that said costs will be reimbursed or included within the income of the contract.

Concession and Service Provision Activities**Multi-Element Contracts**

Concessions of public services are contracts between a private operator and the Administration, where the latter grant the private operator the right of supplying public services such as, for example, the supply of water and power or the operation of roads, airports or penitentiaries. The control of the asset remains in the hands of the public sector but the private operator is responsible for the construction of the asset, as well as for the operation and maintenance of the infrastructure. According to the agreement, concessions are classified as intangible fixed assets (whenever the main element is the fact that the concessionaire has the right to receive fees directly from the user of the level of future flows is not guaranteed by the granting entity) or financial assets (in those cases in which the granting entity can guarantee a level of future cash flows).

The Group offers certain agreements by means of which it builds an infrastructure in exchange for the obtaining of a concession for the operation of said infrastructure during a certain period. When these multi-element agreements take place, the amount being recorded as income is defined as the fair value of each one of the contract stages. Income regarding design and construction of the infrastructure is registered based on the criteria set out in previous paragraphs. Income regarding the operation of an intangible fixed asset is registered

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

on an accrual basis as operating income whereas income regarding those cases where it was recorded as financial asset constitute a reimbursement of the principal with an element of interest income. For the characteristics of the main activities of the Group the following rules have been set out:

Car Parks

Within the car parks business divisions the following items must be highlighted:

- Short-Stay Car Parks:

In this case income comes from the use of parking spaces owned by the Group or under the administrative concession regime. Income from short-stay car parks are registered upon the sale of tickets by the hour and, in the case of subscribers, when the relevant instalments are collected.

- Short-stay and residential car parks:

Those car parks containing spaces for short stays and residents, called mixed car parks, register their income, regarding short-stay spaces, as described in the previous paragraph, and regarding spaces for residents, collections received for spaces delivered are registered as a liability and are allocated to the profit and loss account according to the straight-line method during the terms of the corresponding concessions, to the extent that the distributable costs may not be reasonably segregated. In the accounting period during which income is registered, the necessary provisions are made for the covering of those expenses that arise after the relevant deliveries are made. These provisions are made in accordance with the best estimates of the expenses to be incurred and that may only decrease in the event of payments regarding the reason giving rise to the provision or in the event of a decrease in the risk. Once the risk has disappeared or all payments are made, the exceeding provision is reverted. Activated costs are classified under the intangible fixed assets heading.

4.21 Income for Interests

Income for Interests is recognised using the effective interest rate method. When a certain loan or account receivable suffers a loss due to value impairment, the Group reduces the amount in books up to its recoverable amount, which is calculated based on the estimated future cash flows discounted at the original effective interest of the instrument and it keeps updating the account receivable as interest income. Interest income related to loans which have suffered losses due to value impairment are recorded using the original effective interest rate.

4.22 Income for Dividends

Income for dividends is recorded when the right to receive the payment is established.

4.23 Leases**4.23.1. Financial lease - lessee**

The Group leases certain tangible fixed assets. Leases of tangible fixed assets in which the Group has virtually all risks and benefits arising from the property are classified as financial leases. Financial leases are capitalised at the beginning of the lease at the fair value of the asset under lease or at the current value of the minimum payments agreed by the lease

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

agreement, whichever the lowest. For the calculation of the current value, the implicit interest rate of the contract is used and, if such amount cannot be established, the interest rate of the Group for similar operations is used.

Each payment for leases is distributed between the liability and the financial charge. The overall financial charge is distributed throughout the lease term and it is recognised under the profit and loss account for the financial year during which it is accrued, using the effective interest rate method. Contingent rents are expenses corresponding to the financial year in which they are incurred. The corresponding obligation for leases, net from financial charges, are included in "Creditors for Financial Leasing". Fixed assets acquired under the financial lease regime are depreciated during its useful life or the duration of the contract, whichever the lowest.

4.23.2. Operating lease - lessee

Leases in which the lessor keeps a major part of the risks and benefits arising from the ownership are classified as operating leases. Payments for operating leases (net from any incentive received from the lessor) are charged to the consolidated profit and loss account of the financial year in which they are accrued on a straight-line basis during the lease period.

4.23.3. Lessor

When assets are leased under financial lease, the current value of rent payments discounted at the interest rate provided by the agreement is recognised as an item receivable (Note 4.10). The difference between the gross amount receivable and the current value of such amount, corresponding to non-accrued interests, is allocated to the consolidated profit and loss account of the financial year in which said interests are accrued following the effective interest rate method.

When assets are leased under operating lease, the relevant asset is include in the consolidated balance sheet based on its nature. Income arising from leases is recognised following the straight-line method during the term of the lease.

4.24 Transactions in Foreign Currency**4.24.1. Operating and presentation currency**

The operating currency is the currency of the main economic environment in which the Group operates, that is to say, the currency of the environment in which the Group generates and uses cash.

The consolidated financial statements of the Group are expressed in Euros, which is the operating and presentation currency of the Group.

4.24.2. Conversion of financial statements into a currency other than Euro

The conversion of the financial statements of a Group company the operating currency of which is not the Euro is carried out in accordance with the following rules:

- Assets and liabilities are converted into the exchange rate at closing date, being such rate the average spot rate existing as of that date;
- The items corresponding to net equity, including the profit and loss of the year, are converted into the historical exchange rate;

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

- The difference between the net value of assets and liabilities and net equity items is included in one of the net equity headings under the title "Translation Differences", if appropriate, net of tax effect and after deducting the part of such difference corresponding to minority shareholders, and
- The cash flows are converted into the exchange rate of the date in which each operation was made or by using a weighted average exchange rate of the monthly period as long as there were no significant variations.

The conversion difference recorded in the consolidated balance sheet is recognised in the consolidated profit and loss account of the period in which it is disposed of by other investment means in the consolidated company.

The historical exchange rate is:

- For net equity items existing on the date of acquisition of the shareholdings to be consolidated: the exchange rate on the date of transition;
- In the case of the income and expenses, included the ones directly allocated to net equity: the exchange rate on the date in which the operation was carried out. If exchange rates had not varied significantly, the weighted average rate of the monthly period will be used, and
- Reserves created following the transaction dates due to retained earnings will be consolidated at the effective exchange rate resulting from the conversion of income and expenses arising from those reserves.

The consolidated goodwill and the adjustments to fair values of assets and liabilities arising from the application of the acquisition method are considered elements of the company acquired, so they are converted into the exchange rate at closing date.

The conversion into Euros of the financial statements expressed in an operating currency corresponding to a hyperinflationary economy is carried out according to the following rules:

- Before their conversion into Euros, balances of the financial statements are adjusted according to the following criteria;
- Assets, liabilities, items within the net equity, income and expenses, are converted into Euros at the exchange rate of the closing date corresponding to the closest balance date;
- Comparative figures are those presented as current amounts corresponding to each year, with the exception of the ones corresponding to the first financial year in which the re-expression needs to be executed and therefore they are not adjusted based on subsequent variations which may have arisen regarding price levels or exchange rates.

As of 31 December 2017 and 2016, none of the group companies had the operating currency of a hyperinflationary economy.

4.24.3. Transactions and balances in foreign currency

Transactions in foreign currency are converted into operating currency by applying the exchange rates currently valid on the date of the transactions. Profit and loss in foreign currency resulting from the settlement of these transactions and from the conversion at closing exchange rates corresponding to the monetary assets and liabilities denominated in foreign currency are registered in the profit and loss account, unless they are different in the equity statement as qualified cash flow hedges and qualified net investment hedges.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

Changes in the fair value of monetary bonds denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the depreciated cost of the bond and other changes in the book value of the bond. Translation differences are registered in the profit and loss account of the financial year and other changes in the book value are registered in the equity statement.

Translation differences corresponding to non-monetary items, such as equity instruments held at fair value with changes in the profit and loss account are allocated as part of the profit or loss at fair value. Translation differences corresponding to non-monetary items such as equity instruments classified as financial assets available for sale are included in the equity statement.

4.25 Transactions between Related Parties

In general, all operations between group companies are initially recognised at their fair value. If appropriate, should the price agreed upon be different from the fair value thereof, such difference will be recorded taking the type of economic operation into consideration. Subsequent valuations are made pursuant to the provisions of applicable regulations.

Notwithstanding the foregoing, in the operations the purpose of which is a business which includes the participations in the net equity which grant control over a company constituting a business, the Group follows this criteria:

4.25.1. Non-Monetary Contribution

In non-monetary contributions to a group company, both the contributing company and the acquiring company register the investment at the book value of the equity elements delivered in the consolidated financial statements at the date on which the operation is carried out. For these purposes, the consolidated financial statements of the largest group or sub-group in which the equity instruments are integrated the parent company of which is Spanish are used.

4.25.2. Merger and split-up

For operations between group companies in which the parent company of the group or sub-group intervenes together with its subsidiary, directly or indirectly, equity elements of the business acquired are valued at the amount corresponding to them in the consolidated financial statements of the group of sub-group. The difference arising is charged against the reserves item.

In the case of transactions between other group companies, the equity elements acquired are registered at their book values in the consolidated financial statements of the largest group or sub-group in which they are integrated and the parent company of which is Spanish.

The date for accounting effects of merger and split-up transactions between group companies is the one corresponding to the beginning of the financial year in which the transaction is approved, as long as it is a later date to the incorporation to the Group. If one of the intervening companies in the transaction had become part of the group in the financial year in which the merger or split-up took place, the date of accounting effects will be the one corresponding to the acquisition date.

The comparative information of the previous year is not expressed again in order to reflect the effects of the merger or split-up, even though the companies taking part in the transaction were part of the Group during such year.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

4.25.3. Capital reductions, allocation of dividends and dissolution

In those cases in which the business in which the reduction of capital is applied, the payment of dividends is agreed and the liquidation share of the partner is cancelled remains within the Group, the assigning company will register the difference between the debt and the book value of the business delivered in the reserves item. The assignee registers the business in accordance with the rules for mergers and split-ups set out in Note 4.25.2.

4.26 Segmented information**4.26.1. Segmentation criteria**

The criteria applied when submitting the segmented information of the Group included in the consolidated report have been the following:

Segmentation has been carried out based on business units separating the operating activities corresponding to construction, services, energy, real-estate and concessions (Note 32).

4.26.2. Basis and methodology of the information by segment

Income and expenses allocated to each one of the segments correspond to those directly attributable to the segment so they do not include financial results nor any other type of result other than the ones purely corresponding to operating results. Assets and liabilities of the segments are those directly related to their operations or to the participation in companies devoted to such activity.

Those identifiable components of the Group which are subject to similar risks and performances are identified by means of segmentation.

4.27 Environmental Assets and Liabilities

The consolidated group has no environmental liabilities, expenses, assets, provisions or contingencies that may be significant regarding the equity, the financial situation and its results. In view of the above, specific breakdowns have not been included in this report on the consolidated financial statements, concerning the information on environmental issues.

4.28 Benefits for Employees**Compensation for termination**

Compensations for termination are paid to employees as a consequence of the decision of the Group of terminate its employment contract before the standard retirement age or when the employee voluntarily accepts to resign in exchange for these benefits. The Group recognises these benefits when it has undertaken demonstrably to terminate the employment of its employees in accordance with a formal and detailed plan that cannot be revoked or to provide benefits due to termination as a consequence of an offer for encouraging voluntary resignation. Those benefits which are not going to be paid up within twelve months following the balance date are discounted at their current value.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

5. MANAGEMENT OF FINANCIAL RISK**5.1 Financial Risk Factors**

The activities of the Group are exposed to several financial risks: market risk (including the exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The management programme of the global risk of the Group is based on the uncertainty of financial markets and tries to minimise the potential negative effects on its financial profitability.

The management of the Group's financial risks is handled by the Finance Management Department, which has established the necessary mechanisms to control exposure to variations in interest rates and exchange rates as well as credit and liquidity risks.

The management risk is controlled by the Treasury Department of the Group, which identifies, assesses and covers financial risks according to the policies approved by the Board of Directors. The Board provides written policies for the management of global risk, as well as for specific areas such as interest rate risk, liquidity risks, use of derivative and non-derivative instruments and investment of liquidity surplus.

a) Market Risk**Exchange Rate Risk**

The Group operates at an international level in more than 10 countries and therefore, it is exposed to exchange rate risk due to foreign currency operations. As a consequence of the development of its business activities and operations, the Group is affected by financial risks due to exchange rates which are subject to centralised management.

The management has established a policy so as to manage their foreign currency exchange risk before the operating currency which established several "natural coverage" mechanisms, reinvesting liquidity surpluses in those countries in which it is implemented.

Likewise, in order to control the exchange risk arising from future commercial transactions, recognised assets and liabilities, the Company uses, according to the hedging policy established, forward contracts, negotiated through the Group's Corporate Treasury Department. The exchange risk arises whenever future commercial transactions and recognised assets and liabilities are denominated in a currency other than the operating currency of the Company. The Group's Corporate Treasury Department is in charge of managing the net currency position in each foreign currency using external foreign currency forward agreements.

Exposure to interest rate variations

The interest rate risk of the Group arises mainly from long-term debts with credit entities, which are mostly issued at variable rate, being the Euribor the main reference.

The policy of the Group consists of using interest rate swaps so as to convert into fixed debts the long-term debts with credit entities which can also be applied to debts related to concession projects developed through multi-group and associated companies.

The exposure to variable interest rate as of the end of financial years 2017 and 2016 is as follows:

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

BALANCE SHEET AS OF 31 DECEMBER 2017

(In thousand Euros)

Referenced to the Euribor	thousand Euros	
	2017	2016
Debt at variable interest uncovered by financial derivatives	40,007	44,077
Debt of the Group	146,617	159,979
Debt exposed to interest rate risk (%)	27%	27%

(*) Includes "Debentures and other marketable securities" and "Debts with credit entities".

The Group analyses its exposure to interest rate risk in a dynamic manner considering long-term financing, renewal of current positions and alternative financing. Said risk is not a significant risk taking into account the amounts financed at long-term.

b) Price Risk

The Group is not significantly exposed to price risk on capital securities since there are no significant investments, nor it is exposed to price risk on raw materials since on a general basis the variations in value are efficiently transposed to sales prices by all similar contractors operating within the same industry. The Group reduces and mitigates price risk with policies established by the Management, guaranteeing the production or obtaining at a fixed price of several raw materials with framework agreements.

c) Credit Risk

The credit risk of the Group is mainly related to trade credits. Once the contracts are under execution, the credit quality of the amounts pending collection is periodically assessed and all estimated recoverable amounts are reviewed in relation to those considered bad debts by means of the consolidation of the results of the financial year.

Operations with credit entities included as cash and cash equivalents and other financial assets for short-term deposits with credit entities are purchased with renowned financial entities.

Regarding the balances of item 'Clients and other accounts receivable', a high proportion of such balances refers to transactions with national and international public entities, so the Group considers that the credit risk is very limited. Regarding public sector clients, a significant portion of the balances refer to companies with a high credit rating with which there are no outstanding payments. A follow-up of the global position of item 'Clients and accounts receivable' is frequently made, as well as an individual analysis of the most significant exposures.

d) Liquidity risk

The syndicated loan agreement that the Group signed during financial year 2015 (Note 21) has allowed to significantly reduce the short-term debt thus minimising the Group's exposure to the liquidity risk.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**BALANCE SHEET AS OF 31 DECEMBER 2017**

(In thousand Euros)

However, in order to manage the liquidity risk and to cover the different needs for funds, the Group prepares an annual cash budget and a monthly cash prevision, the latter including a daily breakdown and update. Likewise, the company applies a cautious management of the liquidity risk based on the maintenance of a sufficient cash level and the availability of financing by means of a sufficient amount of committed credit facilities and on a sufficient capacity for settling market positions.

Taking into consideration all of the foregoing, as of the date of issue of the financial statements of the company, the Group covers all need for funds so as to comply with every obligation towards suppliers, employees and administration in accordance with the cash flow foreseen for the financial year 2018.

5.2.....Assessment of the Fair Value

The fair value of financial instruments being traded in active markets (such as assets available for sale) is based on market prices at the date of the balance sheet. The listing price used for financial assets is the current purchase price.

It is assumed that the book value of credits and debits for commercial transactions is similar to that of their fair value.

6. INTANGIBLE FIXED ASSETS

The breakdown of items included under "Intangible fixed assets", with the exception of the consolidated goodwill included below, is the following:

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

BALANCE SHEET AS OF 31 DECEMBER 2017

(In thousand Euros)

	Thousand Euros								
2017	Administrative concessions	Patents, licenses and trademarks	Goodwill	Computer software	Other intangible fixed assets	Advances, concession agreements	Concession agreement, regulated assets	Concession Agreements, financial activation	Total
31 December 2016									
Cost	4,638	42	23,300	251	2,308	4,950	28,665	467	64,621
Accumulated Amortisation	(895)	1	(2,330)	(244)	(12)	-	(4,935)	-	(8,415)
Impairment	(298)	-	-	-	-	-	(1,100)	-	(1,398)
Net Book Value as of 31/12/2016	3,445	43	20,970	7	2,296	4,950	22,630	467	54,808
Cost:									
New entries	-	-	-	59	-	-	-	39	98
Write-offs	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Perimeter variations	-	-	-	-	-	-	-	-	-
31 December 2017	4,638	42	23,300	310	2,308	4,950	28,665	506	64,719
Accumulated amortisation:									
New entries	(201)	-	(2,330)	(14)	(6)	-	(735)	-	(3,286)
Write-offs	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Perimeter variations	-	-	-	-	-	-	-	-	-
31 December 2017	(1,096)	1	(4,660)	(258)	(18)	-	(5,670)	-	(11,701)
Cost	4,638	42	23,300	310	2,308	4,950	28,665	506	64,719
Impairment	(298)	-	-	-	-	-	(1,100)	-	(1,398)
Accumulated Amortisation	(1,096)	1	(4,660)	(258)	(18)	-	(5,670)	-	(11,701)
Net Book Value as of 31/12/2017	3,244	43	18,640	52	2,290	4,950	21,895	506	51,620

Thousand Euros

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

BALANCE SHEET AS OF 31 DECEMBER 2017

(In thousand Euros)

2016	Administrative concessions	Patents, licenses and trademarks	Goodwill	Computer software	Other intangible fixed assets	Advances, concession agreements	Concession agreement, regulated assets	Concession on Agreements, financial activation	Total
31 December 2015:									
Cost	18,322	42	23,300	270	2,290	4,950	24,750	320	73,944
Accumulated Amortisation	(998)	1	-	(250)	(4)	-	(3,824)	-	(5,075)
Impairment	(298)	-	-	-	-	-	(1,100)	-	(1,398)
Net Book Value as of 31/12/2015	17,026	43	23,300	20	2,286	4,950	19,826	320	67,771
Cost:									
New entries	-	-	-	-	18	-	3,915	147	4,081
Write-offs	-	-	-	(19)	-	-	-	-	(19)
Transfers	(13,684)	-	-	-	-	-	-	-	(13,684)
Perimeter variations	-	-	-	-	-	-	-	-	-
31 December 2016	4,638	42	23,300	251	2,308	4,950	28,665	467	64,621
Accumulated amortisation:									
New entries	(202)	-	(2,330)	(12)	(8)	-	(738)	-	(3,290)
Write-offs	-	-	-	18	-	-	-	-	18
Transfers	305	-	-	-	-	-	-	-	305
Perimeter variations	-	-	-	-	-	-	(373)	-	(373)
31 December 2016	(895)	1	(2,330)	(244)	(12)	-	(4,935)	-	(8,415)
Cost	4,638	42	23,300	251	2,308	4,950	28,665	467	64,621
Accumulated Amortisation	(895)	1	(2,330)	(244)	(12)	-	(4,935)	-	(8,415)
Impairment	(298)	-	-	-	-	-	(1,100)	-	(1,398)
Net Book Value as of 31/12/2016	3,445	43	20,970	7	2,296	4,950	22,630	467	54,808

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

BALANCE SHEET AS OF 31 DECEMBER 2017

(In thousand Euros)

Transfers during financial year 2016 corresponded to the classification of the car park of Ortega y Gasset Park, S.A.U. under "Non-current assets held for sale" (Note 14).

New registrations of financial year 2016 mainly corresponded to the acquisition of the additional 50% of the Reyes Católicos which until then was being operated by means of an UTE (JV).

Consolidated Goodwill

The goodwill was allocated to the cash generating units (CGU) of the Group. There follows a summary in relation to the CGUs for the allocation of the goodwill:

<u>CGU</u>	Thousand Euros	
	2017	2016
Asteisa Tratamiento de Aguas, S.A.U.	21	23
Construcciones Icma-Proakis, S.A.U.	3,379	3,801
Contratas y Servicios Ferroviarios, S.A.U.	10,366	11,662
Elecor, S.A.U.	4,740	5,332
Impulsa Grup Ortiz, S.L.	10	12
Juan Galindo, S.L.U.	92	104
Ortiz Energía, S.A.U.	7	8
Grupo Ortiz Construcciones México, S.A.	22	25
Águeda Educatís, S.L.U.	3	3
Total	18,640	20,970

The recoverable amount of the CGU is determined based on the calculations of the value in use. The calculations are used in estimations of cash flows based on financial budgets approved by the Management and which cover a five-year period. Budgets and estimation have been prepared based on sales growth hypotheses in a range between -5% and 15% (2016: between -5% and 15%), margins which are consistent with the reality of the last financial years and a discount rate of 7% (2016: 7%), and a growth rate of the residual value amounting to 0% (2016: 0%).

Sensitivity analyses are additionally carried out for this type of goodwill, mainly related to the gross operating margin and the discount rate so as to make sure that possible changes in the estimation do not affect the possible recovery of the registered goodwill. In particular, a pessimistic scenario has been prepared featuring a reduction of the gross operating margin amounting to 100 basic points, which do not cause impairments.

Due to the amendment of Article 39.4 of the Commercial Code for the financial statements corresponding to financial years commencing from 1 January 2016 by virtue of the approval of Act 22/2015, of 20 July, on Account Auditing, the goodwill will be subject to depreciation and its useful life will be, unless otherwise proven, 10 years.

The amortisation expense of the Consolidated Goodwill for the year 2017 amounted to 2,330 thousand Euros (2016: 2,330 thousand Euros), included in the Consolidated Profit and Loss Account, under the heading "Amortisation of fixed assets".

Administrative concessions, concession agreements, patents, licenses and trademarks

The most significant elements included in these headings are the following as of 31 December 2017 and 2016:

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT CORRESPONDING TO THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2017

(In thousand Euros)

							Thousand Euros
2017	Maturity date	Operating period	Amortisation of the financial year	Cost	Accumulated depreciation	Impairment losses	Book value
Reyes Católicos Car Park	25/07/2048	40 years	(218)	7,869	(1,182)	-	6,687
Alameda Car Park	31/12/2049	40 years	(57)	3,398	(504)	(1,100)	1,794
Iliada Car Park	22/08/2046	40 years	(106)	3,957	(928)	-	3,029
Juan R. Jiménez Car Park	02/02/2046	40 years	(161)	6,026	(1,356)	-	4,670
Pamplona Car Park	29/01/2047	40 years	(106)	3,999	(927)	-	3,072
Andorra II Car Park	16/07/2047	40 years	(91)	3,454	(779)	-	2,675
Photovoltaic Park Universidad Málaga	10/11/2036	25 years	(115)	3,197	(745)	(298)	2,154
"Andrés Torrejón" Pavilion in Móstoles	11/02/2045	30 years	-	4,950	-	-	4,950
			(854)	36,850	(6,421)	(1,398)	29,031

							Thousand Euros
2016	Maturity date	Operating period	Amortisation of the financial year	Cost	Accumulated depreciation	Impairment losses	Book value
Reyes Católicos Car Park	25/07/2048	40 years	(218)	7,830	(964)	-	6,866
Alameda Car Park	31/12/2049	40 years	(57)	3,398	(447)	(1,100)	1,851
Iliada Car Park	22/08/2046	40 years	(106)	3,957	(822)	-	3,135
Juan R. Jiménez Car Park	02/02/2046	40 years	(161)	6,026	(1,195)	-	4,831
Pamplona Car Park	29/01/2047	40 years	(106)	3,999	(821)	-	3,178
Andorra II Car Park	16/07/2047	40 years	(91)	3,454	(688)	-	2,766
Photovoltaic Park Universidad Málaga	10/11/2036	25 years	(115)	3,197	(630)	(298)	2,269
"Andrés Torrejón" Pavilion in Móstoles	11/02/2045	30 years	-	4,950	-	-	4,950
			(854)	36,811	(5,567)	(1,398)	29,846

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEAR ENDED ON 31 DECEMBER 2017**

(In thousand Euros)

Losses due to impairment of Individual Intangible Fixed Assets

During financial year 2017 and 2016, the Group has not registered or reverted valuation corrections due to impairment for any element corresponding to intangible fixed assets.

Intangible fixed assets located abroad

As of 31 December 2017 and 2016, the Group has no investment in intangible fixed assets related to investments located out of the Spanish territory, or the rights of which may only be exercised outside such territory.

Capitalised Financial Expenses

The Group capitalises those financial expenses incurred into during the fiscal year regarding the financing for the development of assets under construction as long as such assets are related to those tangible fixed assets with a production cycle over a year. During financial years 2017 and 2016 no capitalisation of interests has arisen.

Intangible fixed assets unrelated to business operations

As of 31 December 2017 and 2016 there are no intangible fixed assets which are not related to business operations.

Fully depreciated intangible fixed assets

As of 31 December 2017 the cost of elements within item 'intangible fixed assets' which are fully depreciated in use comes up to 218 thousand Euros (265 thousand Euros in 2016).

Intangible fixed assets related to guarantees

Intangible fixed assets amounting to 6,687 thousand Euros guarantees loans with credit entities amounting to 4,947 thousand Euros as of 31 December 2017.

Intangible fixed assets amounting to 7,084 thousand Euros guarantees loans with credit entities amounting to 5,164 thousand Euros as of 31 December 2016.

Intangible fixed assets related to reversion

As of 31 December 2017 and 2016, elements within item 'intangible fixed assets' related to reversion are the ones previously listed in section "Administrative concessions, concession agreements, patents, licences and trademarks".

Insurances

The Group has subscribed insurance policies covering those risks intangible fixed assets are subject to. The coverage of such policies is deemed to be sufficient.

7. TANGIBLE FIXED ASSETS

The breakdown and movements of those items included under "tangible fixed assets" during financial years 2017 and 2016 is as follows:

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEAR ENDED ON 31 DECEMBER 2017

(In thousand Euros)

2017	Lands	Construc.	Machinery	Technical installations	Other Installations	Furniture	Tools and Auxiliary Resources	Data-processing equipment	Transport elements	Other Assets	Assets under construction and advance payments	Total
31 December 2016												
Cost	1,473	1,879	32,038	17	191	610	95	236	3,157	228	299	40,223
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated Amortisation	-	(527)	(27,384)	(6)	(144)	(449)	(89)	(153)	(2,342)	(130)	-	(31,224)
Net Book Value as of 31/12/2016	1,473	1,352	4,654	11	47	161	6	83	815	98	299	8,999
Cost:												
New entries	-	-	2,801	-	-	34	-	53	251	106	360	3,605
Write-offs	-	-	(536)	-	(93)	-	(55)	-	(591)	-	-	(1,275)
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Conversion differences	-	-	257	-	-	(6)	-	(13)	(46)	(12)	-	180
Transfers	-	-	299	-	-	-	-	-	-	-	(299)	-
31 December 2017	1,473	1,879	34,859	17	98	638	40	276	2,771	322	360	42,733
Accumulated amortisation:												
New entries	-	(35)	(1,121)	(2)	(7)	(36)	(4)	(30)	(55)	(8)	-	(1,298)
Write-offs	-	-	500	-	88	-	55	-	206	-	-	849
Conversion differences	-	-	76	-	-	3	-	7	40	4	-	130
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
31 December 2017	-	(562)	(27,929)	(8)	(63)	(482)	(38)	(176)	(2,151)	(134)	-	(31,543)
Cost	1,473	1,879	34,859	17	98	638	40	276	2,771	322	360	42,733
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated Amortisation	-	(562)	(27,929)	(8)	(63)	(482)	(38)	(176)	(2,151)	(134)	-	(31,543)
Net Book Value as of 31/12/2017	1,473	1,317	6,930	9	35	156	2	100	620	188	360	11,190

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW CORRESPONDING TO THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2017

(In thousand Euros)

	Thousand Euros											
2016	Lands	Constructi ons	Machinery	Technical installatio ns	Other Installations	Furniture	Tools and Auxiliary Resource s	Data- processing equipment	Transport elements	Other Assets	Assets under constructi on and advance payments	Total
31 December 2015												
Cost	6,901	2,904	28,987	2,070	168	648	95	220	2,895	187	-	45,075
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated Amortisation	-	(781)	(25,759)	(674)	(138)	(439)	(85)	(118)	(2,059)	(110)	-	(30,163)
Net Book Value as of 31/12/2015	6,901	2,123	3,228	1,396	30	209	10	102	836	77	-	14,912
Cost:												-
New entries	-	-	219	143	24	17	-	22	340	38	299	1,102
Write-offs	-	-	-	-	(1)	(55)	-	(7)	(64)	(1)	-	(128)
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Conversion differences	-	-	17	-	-	-	-	1	(14)	4	-	8
Transfers	(5,428)	(1,025)	2,815	(2,196)	-	-	-	-	-	-	-	(5,834)
31 December 2016	1,473	1,879	32,038	17	191	610	95	236	3,157	228	299	40,223
Accumulated amortisation:												-
New entries	-	(34)	(1,499)	(189)	(7)	(50)	(4)	(34)	(263)	(21)	-	(2,101)
Write-offs	-	-	-	-	1	37	-	3	(23)	1	-	19
Conversion differences	-	-	(126)	(202)	-	3	-	(4)	3	-	-	(326)
Transfers	-	289	-	1,059	-	-	-	-	-	-	-	1,348
31 December 2016	-	(527)	(27,384)	137	(144)	(449)	(89)	(141)	(2,342)	(130)	-	(31,069)
Cost	1,473	1,879	32,038	17	191	610	95	236	3,157	228	299	40,223
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated Amortisation	-	(527)	(27,384)	(6)	(144)	(449)	(89)	(153)	(2,342)	(130)	-	(31,224)
Net Book Value as of 31/12/2016	1,473	1,352	4,654	11	47	161	6	83	815	98	299	8,999

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

The new entries of the year 2017 regarding machinery correspond mainly to a tie tamper acquired under a financial leasing contract.

Transfers of financial year 2016 mainly correspond to the classification of those fixed assets related to real-estate assets for rent management under heading "Non-current assets held for sale" (Note 14), given the disinvestment purpose of such business line. These elements are broken down under the heading "real-estate investments" under the same note, since they are aimed at their exploitation by means of lease.

Losses due to impairment of Individual Tangible Fixed Assets

During financial years 2017 and 2016, the Group has not registered or reverted valuation corrections due to impairment for any element corresponding to tangible fixed assets.

Tangible fixed assets located abroad

As of 31 December 2017 and 2016, the following investments by the Group in tangible fixed assets are located abroad:

2017	Thousand Euros		
	Book value	Accumulated depreciation	Impairment losses
Land and buildings	-	-	-
Machinery	1,148	(800)	-
Furniture	85	(31)	-
Data-processing equipment	168	(81)	-
Transport elements	202	(115)	-
Other tangible fixed assets	230	(64)	-
Total	1,833	(1,091)	-

2016	Thousand Euros		
	Book value	Accumulated depreciation	Impairment losses
Land and buildings	-	-	-
Machinery	1,201	(832)	-
Furniture	65	(34)	-
Data-processing equipment	128	(71)	-
Transport elements	410	(351)	-
Other tangible fixed assets	132	(41)	-
Total	1,936	(1,329)	-

Capitalised Financial Expenses

The Group capitalises those financial expenses incurred into during the fiscal year regarding the financing for the development of assets under construction as long as such assets are related to those tangible fixed assets with a production cycle over a year. During financial years 2017 and 2016 no capitalisation of interests has arisen.

Tangible fixed assets unrelated to business operations

As of 31 December 2017 and 2016 there are no tangible fixed assets which unrelated to business operations.

Fully depreciated tangible fixed assets

Under heading 'constructions' there are no fully depreciated elements. The cost of the rest of elements of item 'tangible fixed assets' which are fully depreciated come up to an amount of 19,443 thousand Euros (18,999 thousand Euros as of 31 December 2016).

Tangible fixed assets related to guarantees

As of 31 December 2017 and 2016 there are no tangible fixed assets related to guarantees.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Tangible fixed assets related to reversion

As of 31 December 2017 and 2016 there are no tangible fixed assets related to reversion.

Insurances

The Group has subscribed insurance policies covering those risks tangible fixed assets are subject to. The coverage of such policies is deemed to be sufficient.

Goods under financial lease - lessee

Headings "Machinery" and "Transport elements" include assets under financial lease in which the Group acts as lessee, the amounts of which are shown below:

	Thousand Euros	
	2017	2016
Cost - capitalised financial leases	4,421	1,385
Accumulated depreciation	(542)	(438)
Book value	3,879	947

The Group has several vehicles and machinery elements under non-cancellable financial leases. Their maturity dates range between 3 and 8 years and the Group owns the assets.

Assets under operating lease

The profit and loss account includes expenses for operating leases corresponding to the leasing of machinery and real estate amounting to 8,996 thousand Euros (2016: 10,442 thousand Euros).

8. REAL ESTATE INVESTMENTS

Real estate investments include, land, office buildings, premises and car parks purchased which are maintained for the obtaining of long-term debts which are not occupied by the Group.

The breakdown of these real estate investments are shown in the following table:

	Thousand Euros		
	Lands	Buildings	Total
Balance as of 31/12/2016			
Cost	27,539	15,842	43,381
Accumulated depreciation	-	(1,261)	(1,261)
Impairment	-	-	-
Net Book Value as of 31/12/2016	27,539	14,581	42,120
Cost:			
New entries	-	-	-
Write-offs	-	-	-
31 December 2017	27,539	15,842	43,381
Accumulated amortisation:			
Allowances	-	(276)	(276)
Write-offs	-	-	-
31 December 2017	-	(1,537)	(1,537)
Cost	27,539	15,842	43,381
Accumulated depreciation	-	(1,537)	(1,537)
Impairment	-	-	-
Net Book Value as of 31/12/2017	27,539	14,305	41,844

Thousand Euros		
Lands	Buildings	Total

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Balance as of 31/12/2015

Cost	27,539	26,220	53,759
Accumulated depreciation	-	(3,257)	(3,257)
Impairment	-	-	-
Net Book Value as of 31/12/2015	27,539	22,963	50,502

Cost:

New entries	-	2,099	2,099
Transfers	-	12,477	12,477
31 December 2016	27,539	15,842	43,381

Accumulated amortisation:

Allowances	-	(293)	(293)
Transfers	-	2,289	2,289
31 December 2016	-	(1,261)	(1,261)

Balance as of 31/12/2016

Cost	27,539	15,842	43,381
Accumulated depreciation	-	(1,261)	(1,261)
Impairment	-	-	-
Net Book Value as of 31/12/2016	27,539	14,581	42,120

Transfers of financial year 2016 mainly correspond to the re-classification of the Group's real-estate investments under heading "Non-current assets held for sale" (Note 14).

Impairment losses related to Real Estate Investments

During financial year 2017 and 2016, the Group has not registered or reverted valuation corrections due to impairment for any element corresponding to real-estate investments.

Real Estate Investments located abroad

As of 31 December 2017 and 2016, the Group has no real estate investments abroad.

Real Estate investments unrelated to business operations

As of 31 December 2017 and 2016, the has no real estate investments which are not unrelated to business operations.

Fully depreciated real estate investments

As of 31 December 2017 and 2016, there are no real estate investments which are fully depreciated.

Real estate investments related to guarantees

Real estate investments used for the guarantee of loans with credit entities come up to 14,775 thousand Euros as of 31 December 2017. (2016: 15,047 thousand Euros).

Additionally, there are 8,641 thousand Euros of real estate investments under guarantee corresponding to the contingent liabilities described in Note 27 as of 31 December 2017. (2016: 8,641 thousand Euros).

Real estate investments related to reversion

As of 31 December 2017 and 2016, the Group has no real estate investments under reversion.

Insurances

The Group has subscribed insurance policies covering those real estate investments are subject to. The coverage of such policies is deemed to be sufficient.

Income and expenses from real estate investments

The consolidated profit and loss account includes the following income and expenses from real estate investments.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

	Thousand Euros	
	2017	2016
Income for leases	620	644
Direct operating expenses	(763)	(1,873)
Total	(143)	(1,229)

9. HOLDINGS IN COMPANIES BASED ON THE EQUITY METHOD

Holdings based on the Equity method correspond mainly to the participation of the Group in special purpose companies which are incorporated for the development of concession projects in the fields of infrastructures and power.

The breakdown of holdings in companies based on the equity method is the following:

	Thousand Euros	
	2017	2016
Ola Ortiz Construcción SPA	-	-
Urbanizadora Gade S.A	-	127
Inmuebles Gade, S.L.	15,339	15,253
Accesos de Ibiza, S.A.	3,410	3,799
Expociencia, S.L.	-	-
Viario A-31, S.A.	4,567	2,174
Africana Energía, S.L.	-	-
Alten Renewable Energy Investments	-	5,359
Alten Renewable Energy Developments	1,406	3,959
Alten Pozohondo, S.L.	-	96
Alten El Casar, S.L.	523	-
Alten Los Hinojosos, S.L.	-	-
Alten Energías Renovables, S.L.	5,326	1,436
Alten Alconera, S.L.	-	2,225
Alten Alange, S.L.	933	1,446
Alten Alconera Dos, S.L.	-	-
Alten 2010 Renovables, S.L.	2,948	31
Alten Gestión de Proyectos, S.L.	-	-
Dumar Ingenieros, S.L.	449	-
Alten Hinojosa del Valle, S.L.	-	-
Bulevar del Arte y la Cultura, S.A.	205	123
MedSolar SPV10, S.R.L.	16	14
Ormat Mantenimiento Integral, S.L.	76	84
Superficie Cartera de Inversiones, S.A.U.	119	153
Explotaciones Eólicas Vélez Rubio, S.L.U.	268	-
Fortem Integral, S.L.	92	77
SPC 20 Infra e Saneamiento Marabá	-	-
Construcciones Inca-Ortiz	7	-
Concesión del Sisga, S.A.S.	-	-
Autopistas del Nordeste, S.A.S.	1,087	-
Ortiz Sport Factory, S.L.	-	-
Promotora Hospitalaria Tepic, S.A.P.I. of C.V.	4,632	-
Alten Renewable Energy Developments America	1,995	-
Cubico Alten Aguascalientes Uno	190	-
Cubico Alten Aguascalientes Dos	296	-
Total	43,884	36,356

The breakdown of this item during the financial year is shown below:

	Thousand Euros	
	2017	2016

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Balance as of 1 January	36,356	45,592
Share in profit/loss	1,229	(5,733)
New entries – Incorporation to the scope	10,017	-
Write-offs – Sale of the minority interests	(3,986)	-
Write-offs – Incorporations as non-current assets held for sale	-	(3,243)
Other changes in Net Equity	268	(260)
Balance as of 31 December	43,884	36,356

The write-offs for 2017 correspond mainly to the sale of the shares held in the associated companies Alten Pozohondo, S.L., Alten Los Hinojosos, S.L., Alten Alconera, S.L. and Alten Hinojosa del Valle S.L. These operations resulted in an amount of (473) thousand Euros received under the item of "Impairment and profit/losses due to loss of significant influence based on the Equity Method" in the consolidated profit and loss account. This same item includes the result of the sale of 0.5% of the share capital of the associated company Autopistas del Nordeste, S.A.S., which has amounted to 1,368 thousand Euros.

The new entries for the year 2017 correspond to the incorporation to the perimeter or increase of the % of share in several associated and multi-group companies, which are detailed in note 1.1.

The movement of holdings based on the equity method during financial year 2016 mainly corresponded to the decrease in value of the share in Urbanizadora Gade, S.A. due to the losses arising as a consequence of the registration of the tax liability described in note 28 and the classification of the investments in Aldigavia S.A.U. and Aldigavia Oficinas S.L.U. under heading "Non-current assets held for sale" (Note 14).

Holdings based on the equity method include the balances of the goodwill generated on the date the equity method was first applied. Out of the total amount of goodwill comprising the balance of holdings based on the equity method, it is important to highlight, according to their amount, the following ones corresponding to the following companies:

	Thousand Euros	
	2017	2016
Alten Alange	3,745	3,745
Alten Alconera	-	3,757
Alten Hinojosa del Valle	-	685
Dumar Ingenieros	509	509
Alten El Casar	533	-
Concesión del Sisga	22	-

The amount of assets, liabilities, ordinary income and the result of the financial year, as per the individual financial statements of the companies based on the equity method, as of 31 December 2017 and 2016, expressed in thousand Euros, is as follows:

2017	Assets	Liabilities	Operating income	Profit/Loss
-------------	---------------	--------------------	-------------------------	--------------------

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Urbanizadora Gade S.A	7,733	11,846	-	(15,378)
Inmuebles Gade, S.L.	33,208	13,844	-	(23)
Accesos de Ibiza, S.A.	71,159	58,471	8,732	1,792
Alten Energias Renovables, S.L.	29,410	1,201	507	603
Alten Alange, S.L.	60,054	64,642	6,477	(1,432)
Alten Alconera Dos, S.L.	36,193	36,811	3,546	(1,105)
Alten 2010 Renovables, S.L.	8,971	56	100	3,067
Bulevar del Arte y la Cultura, S.A.	12,563	11,998	3,180	90
Africana Energia, S.L.	328,921	345,640	40,761	1,112
Ormat's Mantenimiento Integral, S.L.	1,719	1,492	5,509	207
Superficie Cartera de Inversiones, S.A.U.	27,254	15,474	10,196	1,175
Explotaciones Eólicas Vélez Rubio, S.L.U.	59,456	58,975	8,504	(1,242)
Fortem Integral, S.L.	388	205	815	61
Viario A-31, S.A.	98,546	86,835	14,047	1,359
Alten Renewable Energy Investments	29,582	12,294	-	(1,141)
Alten Renewable Energy Developments	33,726	14,692	1,555	6,990
Alten Gestion de Proyectos, S.L.	8,499	8,948	6,172	3,253
Alten El Casar, S.L.	2,077	2,093	-	(17)
Dumar Ingenieros, S.L.	492	7,263	-	(1)
Ortiz Sport Factory, S.L.	6,007	6,812	1,213	(319)
Concesión del Sisga, S.A.S.	41,270	30,509	18,311	-
Autopistas del Nordeste, S.A.S.	179,825	163,792	54,409	4,272
Ola Ortiz Construcción SPA	637	1,011	-	(200)
MedSolar SPV10, S.R.L.	2,289	2,258	444	3
SPC 20 Infra e Saneamiento Marabá	0	139	-	-
Construcciones INCA-Ortiz, S.A.	981	2,305	-	(3)
Ortiz Cocomex, S.A.P.I. de C.V.	-	-	-	-
Alten Renewable Energy Developments América, S.A.P.I. of C.V.	23,982	5	451	(2,653)
Cubico Alten Aguascalientes Uno, S.A.P.I. of C.V.	61,483	55,708	-	(4,022)
Cubico Alten Aguascalientes Dos, S.A.P.I. of C.V.	44,544	35,538	-	(2,335)
Promotora Hospitalaria Tepic, S.A.P.I. of C.V.	9,956	204	-	413
	1,220,925	1,051,061	184,929	(5,474)

2016	Assets	Liabilities	Operating income	Profit/Loss
Urbanizadora Gade S.A	15,185	16,766	-	(17,218)
Inmuebles Gade, S.L.	33,022	13,765	-	(4)
Accesos de Ibiza, S.A.	76,002	62,536	8,532	728
Expociencia, S.L.	1,017	834	-	-

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Alten Energías Renovables, S.L.	30,686	3,600	503	405
Alten Alconera, S.L.	62,402	64,551	5,485	105
Alten Alange, S.L.	66,161	69,429	6,086	177
Alten Alconera Dos, S.L.	38,639	40,269	2,869	(422)
Alten 2010 Renovables, S.L.	8,645	2,797	136	97
Bulevar del Arte y la Cultura, S.A.	13,100	12,781	1,706	(45)
Africana Energía, S.L.	335,676	364,544	37,861	(8,670)
Ormat's Mantenimiento Integral, S.L.	1,700	1,450	5,601	231
Superficie Cartera de Inversiones, S.A.U.	34,649	19,419	10,252	2,203
Explotaciones Eólicas Vélez Rubio, S.L.U.	62,270	64,056	8,266	(242)
Fortem Integral, S.L.	1,471	1,320	556	(83)
Viario A-31, S.A.	102,289	91,937	16,320	1,644
Alten Renewable Energy Investments	23,677	1,130	-	(197)
Alten Renewable Energy Developments	12,076	34	215	(335)
Alten Gestion de Proyectos, S.L.	1,948	5,649	1,136	(995)
Alten Pozohondo, S.L.	26,126	24,163	2,146	19
Alten El Casar, S.L.	1,998	1,996	-	(2)
Dumar Ingenieros, S.L.	473	734	-	(3)
Alten Hinojosa del Valle, S.L.	7,185	9,178	1,361	361
Alten Los Hinojosos, S.L.	11,993	12,731	1,211	(14)
Ortiz Sport Factory, S.L.	6,290	6,776	1,096	(282)
Concesión del Sisga, S.A.S.	30,199	22,833	13,222	1,013
Autopistas del Nordeste, S.A.S.	75,776	67,661	27,416	1,454
Ola Ortiz Construcción SPA	756	918	-	(404)
MedSolar SPV10, S.R.L.	2,433	2,404	437	2
SPC 20 Infra e Saneamiento Marabá	-	160	-	-
Construcciones INCA-Ortiz, S.A.	-	-	-	-
Ortiz Cocomex, S.A.P.I. de C.V.	-	-	-	-
Total	1,083,844	986,421	152,413	(20,477)

None of the associated and multi-group companies are listed.

The Group has not incurred contingencies regarding associated and multi-group companies, but for the contingent liabilities described in Note 27.

The Group has not registered losses in the financial year for an amount of 389 thousand Euros (2016: 4,361 thousand Euros) corresponding to associated companies. Likewise, during the year 2017 the Group has registered accumulated losses amounting to 2,212 thousand Euros.

Unregistered accumulated losses come up to 7,820 thousand Euros (2016: 9,640 thousand Euros).

The Group acquired in 2015 investment undertakings regarding its participation in the associated and multi-group companies Autopistas del Nordeste, S.A.S and Concesión del Sisga, S.A.S for the development of concession projects. After the investments carried out until now, as of 31 December 2017, investment commitments amount to 27,400 thousand Euros, to be carried out in the following 3 years (2016: 31,330 thousand Euros).

Likewise, during the year 2017, the Group has acquired investment commitments regarding its participation in the company Promotora Hospitalaria Tepic, S.A.P.I. of C.V. amounting to 1,846 thousand Euros to be made in 2018.

10. FINANCIAL INSTRUMENTS

10.1. Category-by-Category Analysis

The book value of each financial instrument category established in the rules and recording and valuation of "Financial Instruments", is as follows:

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Long-term financial assets

	Thousand Euros							
	Equity instruments		Debt securities		Credits, Derivatives and Others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Held-to-Maturity Investments (Note 12)	-	-	-	-	1,474	782	1,474	782
Short-term loans and items receivable (Note 12)	-	-	-	-	87,831	93,133	87,831	93,133
Fair value assets with changes in losses and profits (Note 11):	-	-	-	-	-	-	-	-
- Assessed at a reasonable value	699	699	-	-	-	-	699	699
TOTAL	699	699	-	-	89,305	93,915	90,004	94,614

Short-term financial assets

	Thousand Euros							
	Equity instruments		Debt securities		Credits, Derivatives and Others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Fair value assets with changes in losses and profits (Note 11)	3,437	3,617	219	76	-	-	3,656	3,693
Short-term loans and items receivable (Note 12)	-	-	-	-	330,981	268,659	330,981	268,659
Cash and other equivalent liquid assets (Note 16)	-	-	-	-	43,349	84,443	43,349	84,443
TOTAL	3,437	3,617	219	76	374,330	353,102	377,986	356,795

Long-term financial liabilities

	Thousand Euros							
	Debts with Credit Entities		Debentures and other Marketable Securities		Derivatives and others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Debts and items payable (Note 21)	58,236	69,166	-	-	31,642	29,145	89,878	98,311
Derivative Financial Instruments (Note 13)	-	-	32,153	33,319	1,575	2,409	33,728	35,728
TOTAL	58,236	69,166	32,153	33,319	33,217	31,554	123,606	134,039

Short-term financial liabilities

Thousand Euros							
	Debts with Credit Entities		Debentures and other Marketable Securities		Derivatives and others		Total
	2017	2016	2017	2016	2017	2016	2017 2016
Debts and items payable (Note 21)	57,825	56,669	-	-	294,558	255,516	352,383 312,185
Derivative Financial Instruments (Note 13)	-	-	1,122	1,170	-	-	1,122 1,170
TOTAL	57,825	56,669	1,122	1,170	294,558	255,516	353,505 313,355

10.2. Classification by Maturity

As of 31 December 2017, this is the breakdown of the amounts of the financial instruments with an established or determinable maturity classified by maturity year:

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Financial Assets

	Thousand Euros						
	2018	2019	2020	2021	2022	Subsequent years	Total
Investments in Group and Associated Companies (Note 31):							
- Credits to associated companies (Note 31)	9,727	-	-	-	-	58,376	68,103
Financial investments:							
- Credits to third parties	15,062	-	-	-	-	4,884	19,946
- Other financial assets	23,448	-	-	-	-	1,474	24,922
Trade debts and other accounts receivable:							
- Trade and service provision customers	271,143	-	-	-	-	24,571	295,714
- Clients, group and associated companies	5,917	-	-	-	-	-	5,917
- Miscellaneous debtors	4,478	-	-	-	-	-	4,478
- Personnel	1,165	-	-	-	-	-	1,165
TOTAL	330,940	-	-	-	-	89,305	420,245

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Financial Liabilities

	Thousand Euros						
	2018	2019	2020	2021	2022	Subsequent years	Total
Debts:							
- Debentures and other marketable securities	1,122	-	32,153	-	-	-	33,275
- Debts with credit entities (Note 21.4)	57,234	28,037	18,260	1,804	1,829	6,177	113,341
- Trade creditors from financial leases (Note 21.5)	591	581	584	582	381	-	2719
- Other financial liabilities	35,665	927	971	1,006	679	3,244	42,492
Derivatives	-	-	-	-	-	1,575	1,575
Accruals	133	-	-	-	-	11,946	12,079
Debts with Group and associated companies (Note 31)	32	-	-	-	-	12,869	12,901
Trade creditors and other payables:							
- Suppliers	235,186	-	-	-	-	-	235,186
- Suppliers, group and associated companies	3	-	-	-	-	-	3
- Miscellaneous creditors	305	-	-	-	-	-	305
- Personnel	3,892	-	-	-	-	-	3,892
- Advance payments from clients	19,342	-	-	-	-	-	19,342
TOTAL	353,505	29,545	51,968	3,392	2,889	35,811	477,110

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

11. FINANCIAL ASSETS AT FAIR VALUE WITH CHANGES IN THE PROFIT AND LOSS ACCOUNT

This section includes the following concepts and amounts:

2017	Thousand Euros		
	Non-current	Current	Total
Shares	699	3,437	4,136
Obligations	-	219	219
Total	699	3,656	4,355

2016	Thousand Euros		
	Non-current	Current	Total
Shares	699	3,617	4,316
Obligations	-	76	76
Total	699	3,693	4,392

	Thousand Euros	
	2017	2016
Securities with an official listed amount		
- Equity securities – Eurozone	3,437	3,617
Securities without an official listed amount:		
- Equity securities – Eurozone	699	699
- Other debt securities	219	76
Total	4,355	4,392

The fair value of all net equity securities is based on the current purchase price of an active market.

Changes occurred during the financial year regarding the fair value of the assets valued at fair value with changes in the profit and loss account are registered in item "Variation of the fair value of financial instruments" under 'Financial Profit/Loss of the profit and loss account coming up to -213 thousand Euros (2016: 360 thousand Euros) (Note 26).

Maximum exposure to credit risk as of the date of submission of the information is that of the fair value of the assets.

12. LOANS AND RECEIVABLES

	Thousand Euros	
	2017	2016
Long-term loans and items receivable:		

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

- Credits to associated companies (Note 31)	58,376	62,972
- Credits to third parties	4,884	4,884
- Other financial assets	1,474	782
- Non-current trade debtors: concession agreement, collection rights	24,571	25,277
- Deferred tax assets (Note 23)	5,775	6,479
Total	95,080	100,394
Short-term loans and items receivable:		
- Work completed but pending certification	196,818	151,244
- Certificates and invoices	31,024	33,985
- Accounts receivable	30,734	23,564
- Retention money guarantee	12,567	10,142
- Clients, associated companies (Note 31)	5,917	5,312
- Miscellaneous debtors	4,478	17,362
- Personnel	1,165	1,578
- Public Administrations	14,743	18,593
- Receivables from Shareholders	42	49
- Short-term credits to associated companies (Nota 31)	9,727	2,600
- Credits to third parties	15,062	9,667
- Other financial assets	23,448	13,156
Total	345,725	287,252
Short-term accruals	31,502	18,003
Total Loans and Items Receivable	472,307	405,649

Loans and accounts receivable are valued at their nominal value, which does not differ significantly from its fair value since the updating of the future flows is not significant.

As of December 31, 2017 and 2016, the heading "Other debtors" mainly includes the account receivable arising from the sale of land located in Vallecas in 2015, of which 10,162 thousand Euros were received in 2017.

As of 31 December 2017, the amount of discounted invoices due to Factoring Operations without Recourse comes up to 55,157 thousand Euros (2016: 40,031 thousand Euros).

Under the heading "Public Administrations", amounts for VAT pending payment and income tax are mainly received.

Impairment of accounts receivable and foreign currency

The breakdown of the impairment losses of accounts receivable from clients is as follows:

	Thousand Euros
Value impairment of credits as of 31/12/2015	19,850
Valuation adjustment for impairment	(30)
Impairment reversion	(14)

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Debits and reductions (regularisation of final irrecoverable amounts)	160
Transfers and other variations	(259)
Value impairment of credits as of 31/12/2016	19,707
Valuation adjustment for impairment	331
Impairment reversion	-
Debits and reductions (regularisation of final irrecoverable amounts)	(4)
Transfers and other variations	-
Value impairment of credits as of 31/12/2017	20,034

Book values of loans and accounts receivable are denominated in the following currencies:

	Thousand Euros	
	2017	2016
Long-term loans and items receivable:		
Euros	63,272	79,992
Peso - Colombia	22,944	19,745
Nuevo Sol - Peru	43	81
Lei - Romania	1	2
Real - Brazil	-	247
Yen - Japan	46	-
Peso - Mexico	8,584	-
Colon - El Salvador	1	-
Other currencies	189	327
Long-term loans and items receivable	95,080	100,394
Short-term loans and items receivable:		
Euros	124,176	178,178
Peso - Colombia	34,718	22,725
Peso - Mexico	79,376	32,855
Nuevo Sol - Peru	39,413	39,450
Peso - Chile	2,527	11,950
Zloty - Poland	2,689	2,435
Lei - Romania	994	1,652
Real - Brazil	899	840
Quetzal - Guatemala	24,123	986
Lempira - Honduras	757	1,345
Balboa - Panama	43,315	12,729
Japan - Yen	24,207	110
Colon - El Salvador	21	-
Bolivian Boliviano - Bolivia	12	-
Short-term loans and items receivable	377,227	305,255
Total Loans and Items Receivable	472,307	405,649

Other financial Assets

Thus heading comes up to an amount of 23,449 thousand Euros (2016: 13,156) corresponding to:

- 13,152 thousand Euros corresponding to bank deposits (2016: 8,935). Mainly arisen from short-term deposits with Banco Sabadell.
- 358 thousand Euros corresponding to professional payments on account (2016: 579)

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

- 7,532 thousand Euros corresponding to guarantees and deposits (2016: 955).
- 2,406 thousand Euros corresponding to contributions to JVs (2016: 2,644).

Non-current trade debtors: concession agreement, collection rights

The entire heading corresponds to the unconditional collection right associated to the concession of the car park called "Honorio Lozano", in the municipality of Collado Villalba.

13. DERIVATIVE FINANCIAL INSTRUMENTS

	Thousand Euros	
	2017	2016
Interest rate swaps - cash flow hedges	1,575	2,409
Total	1,575	2,409
Minus non-current part		
Interest rate swaps - cash flow hedges	1,575	2,409
Non-Current Part	1,575	2,409
Current Part	-	-

The Group has subscribed with several financial entities interest rate hedging agreement for loans with credit entities guaranteeing a rate between 0.409% and 3.99% (2016: between 0.409% and 3.99%).

As of 31 December 2017, the amount of the notional principal of the interest rate hedging agreements comes up to 56,305 thousand Euros (66,080 thousand Euros as of 31 December 2016).

The effective part registered in the net equity of financial year 2017 for cash flow hedges comes up to 448 thousand Euros (2016: -813 thousand Euros) and it generates a tax effect equally registered in net equity for an amount coming up to 12 thousand Euros (2016: 115 thousand Euros) registered as a differed tax. Settlements of these derivatives generated during the financial year a negative gross effect of 822 thousand Euros (2016: 895 thousand Euros).

14. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

As mentioned in Note 1.1, during financial year 2016, the Group carried out a restructuring of its real-state business for the management of rents by combining those assets and liabilities related to said business under the subsidiary incorporated in 2016 Grupo Ortiz Properties SOCIMI, S.A. and its holding companies.

The purpose of said restructuring is the disinvestment in the aforementioned business, whose loss of control is highly likely during financial year 2018. Therefore, those assets and liabilities of the subsidiaries belonging to Grupo Ortiz Properties have been classified under headings "Non-current assets held for sale" and "Liabilities related to non-current assets held for sale" of the consolidated balance sheet as of 31 December 2016 and 2017 and the result of said operations under heading "Discontinued Operations" of the 2016 consolidated profit and loss account of 2016 and 2017.

Likewise, in August 2016, before said restructuring operations took place, the Group acquired the control of the companies Aldigavia, S.A.U. and Aldigavia Oficinas, S.L.U., obtaining a share of 100% in said companies for the only purposes of selling them within the framework of the aforementioned operation. Therefore, by virtue of the provisions of assessment standard 4.9 below, these companies have not been integrated by means of global

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

integration being recorded the investment on such companies as their fair value minus the estimated selling costs under the heading "Non-current assets held for sale" within the consolidated balance sheet.

During the 2017 financial year, the Group disposed of 12.81% of the shares of Grupo Ortiz Properties SOCIMI, S.A., and on 28 July 2017, all the shares of the company were admitted to trading on the Mercado Alternativo Bursátil (Alternative Stock Exchange), being part of the SOCIMIs segment.

14.1. Non-current assets and disposal groups held for sale

There follows a comparative breakdown of the assets of the subsidiaries Grupo Ortiz Properties SOCIMI, S.A.U. and Ortega y Gasset Park, S.A.U., included in this heading:

	Thousand Euros	
	2017	2016
Disposable group held for sale:		
Intangible fixed assets	13,259	13,259
Real estate investments	20,346	20,910
Loans to group companies	8,622	-
Other Current and Non-Current Assets	678	1,452
Total	42,905	35,621

Likewise, the breakdown of investments at fair value of Aldigavia, S.A.U. and Aldigavia Oficinas, S.L.U. included under this heading as of 31 December 2017 and 2016 is the following:

	Thousand Euros	
	2017	2016
Aldigavia	3,226	1,340
Aldigavia Oficinas	23,327	14,404
Total	26,553	15,744

The change in fair value of the investments in these companies during the year 2017 is included under the heading "Profit/Loss of the financial year arising from continuing operations" of the Consolidated Profit and Loss Account.

14.2. Liabilities directly related to non-current assets held for sale

	Thousand Euros	
	2017	2016
Financial debt	7,236	7,934
Derivatives	85	176
Long-term accruals	3,593	3,551
Deferred tax liabilities	1,483	1,609
Trade Creditors and other Accounts Payable	598	358
Other Current and Non-Current Liabilities	438	661
Total	13,433	14,289

14.3. Analysis of the profit/loss of discontinued operations

Includes the result generated by the subsidiaries Grupo Ortiz Properties SOCIMI, S.A.U. and Ortega y Gasset, S.A.U., as well as the result of the change in the fair value of investments in Aldigavia, S.A.U. and Aldigavia Oficinas, S.L.U.:

	Thousand Euros	
	2017	2016
Financial	2,096	5,917
financial	(1,597)	(5,490)
Change in fair value of Aldigavia and Aldigavia Oficinas	6,309	-
Profit before taxes of discontinued operations	6,808	427

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Tax on profit	25	(40)
Profit after taxes of discontinued operations	6,833	387

15. INVENTORIES

The breakdown of this heading by homogeneous activity groups and degree of completion in the following:

	Thousand Euros	
	2017	2016
Goods for sale	80	15
Raw materials and other supplies	1,484	1,265
Goods-in-process	7	7
Finished products	3,990	3,990
Supplier advance payments	5,705	7,086
Total	11,266	12,363

In financial year 2016, several business premises and garages were transferred to "Non-current assets held for sale" amounting to 3,422 thousand Euros that, as of 31 December 2016 and 2017, are included within heading "Real-estate investments" detailed in Note 14.

The heading "Finished products" includes mainly a real estate development in Ojén (Málaga), which includes provisions for value impairment of 1,925 thousand Euros at 31 December 2017 and 2016.

Impairment losses related to inventories

During financial years 2017 and 2016, the Group has not registered or reverted valuation corrections due to impairment.

Inventories located abroad

As of 31 December 2017 and 2016, the Group has no inventories abroad.

Capitalised Financial Expenses

During financial years 2017 and 2016 no capitalisation of interests has arisen.

Inventories related to guarantees

Loans with credits entities are guaranteed by means of inventories valued at 3,760 thousand Euros (2016: 3,760 thousand Euros).

Insurances

The Group has subscribed several insurance policies covering those risks goods are subject to. The coverage of such policies is deemed to be sufficient.

16. CASH AND OTHER EQUIVALENT LIQUID ASSETS

	Thousand Euros	
	2017	2016
Cash	43,349	84,443
Total	43,349	84,443

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

The amount of cash restricted as of 31 December 2017 and 2016 amounts to 379 thousand Euros.

17. OWN FUNDS

Share Capital

The subscribed share capital is made of 1,913,226 ordinary bearer shares (nominative, represented by means of book entries) with nominal value of €30.05 each, fully paid up.

	Thousand Euros	
	2017	2016
Declared capital	57,492	57,492
Total	57,492	57,492

As of 31 December 2017 and 2016, the following are the companies participating in the share capital with a percentage of or over 10%:

2017

Company	No. of shares	% share
Participaciones La Cartuja S.L.	935,176	48.88%

2016

Company	No. of shares	% share
Participaciones La Cartuja S.L.	902,076	47.15%

Share premium

This reserve may be freely allocated.

Own shares in equity

The changes in own shares during the financial year was as follows:

	2017		2016	
	Number of own shares.	Thousand Euros	Number of own shares.	Thousand Euros
At the beginning of financial year	-	-	-	-
Increases/purchases	-	-	-	-
Decreases	-	-	130,189	7,104
At the end of financial year	-	-	130,189	7,104

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

As of 17 October and 3 November 2016, the Parent Company purchased 130,198 shares at a unit price of 54.567 Euros to minority shareholders of the Company. As of 31 December 2016, these shares were registered thus reducing the value of the equity of the Company for an amount of 7,104 thousand Euros.

On 25 July 2017, the General Meeting of Shareholders of the Parent Company approved the distribution of all the own shares that were held as a dividend. This transaction has led to a reduction in consolidated reserves due to the amount at which these shares were registered.

Own shares held by the Parent Company do not exceed 20% of its share capital during financial year 2016.

Reserves

	Thousand Euros	
	2017	2016
Reserves in consolidated companies		
- Legal Reserve	11,934	11,934
- Other reserves	109,721	112,517
- Reserves in Consolidated Companies Global Integration	75,137	71,202
- Reserves in Consolidated Companies based on the Equity Method	(33,329)	(21,150)
Reserves in consolidated companies	163,463	174,503

Legal Reserve

The legal reserve has been allocated in accordance with Article 274 of the Corporations Law which establishes that, in any case, an amount equivalent to 10% of the benefit of the financial year will be devoted to the legal reserve until it reaches, at least 20% of the share capital.

As long as it does not exceed the limit established, this reserve may be allocated to the compensation of losses, if there are not enough reserves available to such purpose, and it must be replenished with future benefits.

Profit/Loss for the financial year of the Parent Company

There follows the distribution proposal of the profit/loss of the parent company for financial year 2017 to be submitted to the General Board of Shareholders, as well as the one approved on the 25 May 2017 corresponding to the distribution of profit/loss of 2016:

	Thousand Euros	
	2017	2016
Base for Distribution		
Profit/Loss for the financial year	7,892	15,423
Total	7,892	15,423

	Thousand Euros	
	2017	2016
Application of Profit/Loss		
To dividends	4,603	4,602
To voluntary reserve	5,473	3,419

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

To profit/loss of previous financial years	-	7,402
Total	7,022	15,423

18. ADJUSTMENTS DUE TO VALUE CHANGES

Conversion differences

The breakdown of heading "Conversion differences" for financial years ended as of 31 December 2017 and 2016 is the following:

	Thousand Euros	
	2017	2016
Opening balance	(4,037)	(3,169)
- Corresponding to consolidated companies	1,878	(526)
- Corresponding to companies based on the Equity Method	86	(342)
Final balance	(2,073)	(4,037)

Other adjustments due to value changes

The breakdown of heading "Other adjustments due to value changes" is as follows:

	Thousand Euros	
	2017	2016
- Corresponding to the parent company	(331)	(504)
- Corresponding to consolidated companies	(925)	(1,479)
- Corresponding to companies based on the Equity Method	(26,665)	(25,265)
Total Other adjustments due to value changes	(27,921)	(27,248)

The movements of "Other Current Assets" in 2017 and 2016 are as follows:

	Thousand Euros	
	2017	2016
Opening balance	(27,248)	(27,206)
Adjustments due to hedging transactions	(673)	(42)
- Corresponding to the parent company	173	(124)
- Corresponding to consolidated companies based on the Equity Method	(846)	82
Final balance	(27,921)	(27,248)

19. MINORITY SHAREHOLDERS

The breakdown of this item by companies for financial years 2017 and 2016 is the following:

2017	Thousand Euros		
	Reserves corresponding to minority shareholders	Profit/loss corresponding to minority shareholders	Total Minority Shareholders
Impulsa Grup Ortiz, S.L.	(13)	(2)	(15)
Arquitectura Industrializada Andaluza, S.L.	268	-	268
Ortiz Colombia, S.A.S.	43	(1)	42
Grupo Ortiz Construcciones México, S.A.	-	-	-
Personal Management y Construcción, S.A. de C.V.	-	-	-
Ortega y Gasset Park, S.A.U.	472	(8)	464

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Grupo Ortiz Properties SOCIMI, S.A.	7,313	30	7,343
Total	8,083	19	8,102

Thousand Euros			
2016	Reserves corresponding to minority shareholders	Profit/loss corresponding to minority shareholders	Total Minority Shareholders
Impulsa Grup Ortiz, S.L.	(3)	(13)	(16)
Arquitectura Industrializada Andaluza, S.L.	269	(1)	268
Ortiz Colombia, S.A.S.	47	(1)	46
Grupo Ortiz Construcciones México, S.A.	-	-	-
Personal Management y Construcción, S.A. de C.V.	-	-	-
OSM Construcciones, SAPI de CV.	1,035	-	1,035
Total	1,348	(15)	1,333

20. CAPITAL SUBSIDIES RECEIVED

The breakdown corresponding to these subsidies is the following:

Thousand Euros		
	2017	2016
Opening balance	1,933	2,056
Received during the financial year	6	-
Profit/loss allocation	(153)	(163)
Tax effect	36	40
Final balance	1,823	1,933

The breakdown of the subsidies received in the company is the following:

Thousand Euros		
	2017	2016
- Corresponding to the parent company	332	332
- Corresponding to consolidated companies	99	98
- Corresponding to companies based on the Equity Method	1,392	1,503
Final balance	1,823	1,933

21. DEBITS AND ITEMS PAYABLE

Thousand Euros		
	2017	2016
Non-Current:		
Debentures and other marketable securities (Note 21.3)	32,153	33,319
Debts with credit entities (Note 21.4)	56,108	69,015
Trade creditor from financial leases (Note 21.5)	2,128	151
Derivatives	1,575	2,409
Other financial liabilities (Note 21.8)	6,827	7,558

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Debt with related parties (Note 31)	12,869	9,237
Deferred tax liabilities (Note 23):	8,168	6,244
Long-term accruals	11,946	12,350
Short-term provisions	8,607	7,176
Total	140,381	176,706
Current:		
Debentures and other marketable securities (Note 21.3)	1,122	1,170
Debts with credit entities (Note 21.4)	57,234	56,475
Trade creditor from financial leases (Note 21.5)	591	194
Other financial liabilities (Note 21.8)	35,665	45,826
Debt with related parties (Note 31)	32	143
Suppliers	235,186	177,245
Suppliers and related parties (Note 31)	3	4
Sundry Creditors	305	416
Personnel	3,892	3,417
Current tax liabilities	2,786	1,522
Public Administrations	10,684	11,117
Advance Payments from Customers	19,342	28,374
Short-term accruals	133	91
Short-term provisions	1,099	1,180
Total	368,074	252,961

The book value of long-term debts is similar to that of its fair value since the effect of the discount is not significant.

21.1... Debts and Items Payable in Foreign Currency

The book value of the Group debts and items payable is denominated in the following currencies:

	Thousand Euros	
	2017	2016
Euros	379,126	316,601
Peso - Colombia	32,185	32,894
Peso - Mexico	19,105	19,502
Nuevo Sol - Peru	18,448	27,325
Peso - Chile	347	12,761
Zloty - Poland	659	36
Lei - Romania	692	1,086
Quetzal-Guatemala	722	2,308
Lempira-Honduras	1,030	970
Balboa- Panama	21,783	9,907
Yen-Japan	34,358	6,169
Other currencies	-	108
Total	508,455	429,667

21.2 Undrawn Facilities

The Group has the following undrawn credit facilities:

	Thousand Euros	
	2017	2016
Variable rate:		
- with maturity under a year	20,000	12,000
- with maturity over a year (*)	64,400	63,400
Fixed rate:		

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

- with maturity under a year

Total	84,400	75,400
--------------	---------------	---------------

(*) Includes section B of the syndicated financing described in Note 21.4

21.3 Bonds

As of 3 July 2014, Ortiz Construcciones y Proyectos, S.A. issued bonds to the Alternative Fixed-Income Market (MARF) with the following characteristics:

- Debt issued: The nominal amount of the issue comes up to € 50,000,000 made up of 500 bonds of 100,000.00 each, grouped a single class or series. The price of the issue was 100% of the nominal value.
- Issue and payment date: 03 July 2014
- Maturity date: 03 July 2019
- Economic rights of the holder: The interest rate amounts to a nominal annual 7% payable annually on the nominal value of the bonds from time to time. It will be accrued daily and it will be payable annually in arrears from the issue and payment date.

The Issuer has certain limitations regarding:

- Additional debt
- Certain acquisitions and sales.
- Distribution of dividends to shareholders.
- Transactions with related parties.
- Corporate resolutions and structural amendments.
- Certain information and ratio calculations.
- Change in the control
- Security rights.

The first 3 limitations will only apply if financial ratios the compliance with which is established in the information document are not met; the Management considers that these ratios have been met as of 31 December 2017 and 2016.

The following information, additional to the issue, must be highlighted:

-As of the 26 May 2014, the agency AXESOR granted the Issuer a credit rating of BB with positive perspective and the SCOPE agency granted a rating of BB with stable trend.
-The issuer has no security rights. The issue is guaranteed by the companies Ortiz Energía, S.A.U., Prorax, S.A.U., Ingeniería y Diseños Técnicos, S.A.U., Indag, S.A.U., Elecor, S.A.U., Contratas and Servicios Ferroviarios, S.A.U., Cia. Internacional de Construcción y Diseño, S.A.U. Asteisa Tratamientos de Agua, S.A.U. and Construcciones Icma-Proakis, S.A., which represent more than 80% of the EBITDA; it is required that guarantors represent, at least 80% of the EBITDA.

In any case, all additional and contractual information related to the Issue may be checked in the Issue Prospectus with the aforementioned ISIN code.

The breakdown corresponding to bonds as of 2017 and 2016 is as follows:

	Thousand Euros	
	2017	2016
Obligations and bonds (nominal values)	50,000	50,000
Effect Depreciated Cost (for fees)	(229)	(381)
Bonds held by the Group	(17,618)	(16,300)

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Total	32,153	33,319
--------------	---------------	---------------

The fair value of the liability elements of the convertible bond as of 31 December 2017 and 2016 does not differ from its book value.

During the 2017 and 2016 financial years, the Group acquired bonds for reducing financial costs (13 in 2017 and 140 in 2016). The face value of the bonds held by the Group as of 31 December 2017 amounts to 17,618 thousand Euros (2016: 16,300 thousand Euros)

This is the breakdown of the maturity of the bonds issued in July 2014 (which also includes the ones acquired by the Group) as of 31 December 2017:

	Thousand Euros		
	2018	2019	Total
Nominal value	-	50,000	50,000
Interest	3,500	3,500	7,000
Total	3,500	53,500	57,000

The breakdown of the maturity of the bonds issued as of 31 December 2016 was as follows:

	Thousand Euros			
	2017	2018	2019	Total
Nominal value	-	-	50,000	50,000
Interest	3,500	3,500	3,500	10,500
Total	3,500	3,500	53,500	60,500

21.4 Loans and other Debts with Credit Entities

Loans and other debts with credit entities are those listed below corresponding to financial years 2017 and 2016:

Instrument	Thousand Euros				
	2017				
	Interest Rate Range	Disposed of as of 31/12/2017	Maturity 1 year	Maturity 2-5 years	Maturity Other years
Syndicated loan	3.00%	44,590	12,828	31,762	-
Credit facilities of the Official Credit Institute (ICO)	2% - 2.758%	4,050	4,050	-	-
Loan policies	3.75% - 5%	30,501	30,501	-	-
Funding Project- Finance	1.71% - 1.758%	11,000	-	11,000	-
Mortgages	0.0% - 1.98%	15,130	1,784	7,169	6,177

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Debts for forfeiting	7,562	7,562	-	-
Accrued and unpaid interests	509	509	-	-
Total	113,342	57,234	49,931	6,177

Thousand Euros					
2016					
Instrument	Interest Rate Range	Disposed of as of 31/12/2016	Maturity 1 year	Maturity 2-5 years	Maturity Other years
Syndicated loan	3.00% - 3.50%	53,819	9,233	44,586	-
Credit facilities of the Official Credit Institute (ICO)	3.11% - 3.59%	750	750	-	-
Loan policies	0.93% - 2.76%	34,796	34,590	206	-
Funding Project- Finance	0.64% - 2.65%	11,000	-	11,000	-
Mortgages	0.15% - 2.00%	14,627	1,404	4,276	8,947
Debts for forfeiting		9,610	9,610	-	-
Accrued and unpaid interests		888	888	-	-
Total		125,490	56,475	60,058	8,947

As of 18 September 2015, the Group subscribed a long-term syndicated loan contract which cancelled other loans and credit lines amounting to 77,030 thousand Euros, and by virtue of which a maximum initial amount of 110,000 thousand Euros (extendible to 140,000 thousand Euros by means of adhesion of other financing entities that have granted financing to the Group) is granted, structured on a Tranche A amounting to 55,000 thousand Euros (intended for cancelling a series of loans and lines of credit) and a Tranche B of revolving credit for an amount of 55,000 thousand Euros (this last tranche also serves the purpose of financing the general treasury needs of the Group).

As of 03 December 2015, the aforementioned syndicated loan was extended to 120,000 thousand Euros (60,000 from Tranche A and 60,000 from Tranche B). The resulting accounting balance of the recast credits a per this Agreement in 31 December 2015 amounts to 58,302 thousand Euros. Amounts made available by means of this credit bear an interest equivalent to Euribor plus a variable differential value between 2.5% and 3.5% depending on specific ratios.

Tranche A was made available in its entirety as of the subscription date of the contract and its later extension, and its maturity date is 18 September 2020. During financial year 2017, an amount coming up to 9,600 thousand Euros has been depreciated. 4,800)

As of 31 December 2017 and 2016, no part of Tranche B has been made available.

On the other hand, it is established that the loan is dependent on the compliance with ratios, as it is usually the case for this type of operations, which the Management considers as complied with as of 31 December 2017 and 2016.

Nominal maturity dates, classified by year, of Tranche A of this financing is as follows:

Maturity date	Thousand Euros
mar-18	6,000
sep-18	7,200
mar-19	7,200
sep-19	8,400
mar-20	8,400
sep-20	8,400
Total	45,600

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

The amount of factoring and credit lines not made available as of 31 December 2017 amounts to 89,682 thousand Euros (2016: 100,470 thousand Euros).

21.5 Financial lease creditors

The reconciliation between the total amount of minimum future payments for leases and its current value at year-end is the following:

	Thousand Euros	
	2017	2016
Total amount of minimum future payments at year-end:		
- Up to 1 year	591	194
- Between 1 and 5 years	2,128	150
- More than 5 years	-	-
Current value at year-end	2,179	344

The current value of liabilities for financial lease is the following:

	Thousand Euros	
	2017	2016
- Up to 1 year	591	194
- Between 1 and 5 years	2,128	150
- More than 5 years	-	-
Total	2,179	344

21.6 Deferral of Payments to Suppliers

There follows the information required by the Second Final Provision of Act 31/2014, of 3 December, which has been prepared by applying the Resolution of the Institute of Accounting and Account Auditing on the 29 January 2016.

	2017	2016
Average term of payment to suppliers	163	178
Ratio of paid transactions	169	161

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Ratio of transactions pending payment	90	112
	Amount (in thousand Euros)	Amount (in thousand Euros)
Total payments made	268,944	189,348
Total pending payments	16,972	19,234

"Average term of payment to suppliers" must be construed as the term elapsing from the invoice date until the material payment of the transaction according to the provisions of the aforementioned Resolution of the Institute of Accounting and Account Auditing.

The ratio of paid transactions is calculated as the coefficient resulting in the numerator multiplied by the sum of the products corresponding to the amounts paid, by the number of payment days (calendar days elapsed from the beginning of the calculation of the term until the material payment of the transaction) and, in the denominator, the total amount of the payments made.

Said "Average term of payment to suppliers" is calculated as the quotient resulting in the numerator by the sum of the ratio of paid transactions by the total amount of payments made plus the ratio of transactions pending payment by the total amount of pending payments and, in the denominator, by the total amount of payments made and pending payments.

Likewise, the ratio of pending transactions is calculated as the coefficient resulting in the numerator multiplied by the sum of the products corresponding to the amounts pending payment, by the number of days pending payment (calendar days elapsed from the beginning of the calculation of the term until the closing of the financial statements) and, in the denominator, the total amount of pending payments.

By virtue of the provisions of article three of the resolution of the Institute of Accounting and Account Auditing dated 29 January 2016, the amount of those transactions accrued before the coming into force of Act 31/2014, of 3 December, has not been considered.

The maximum legal payment term applicable to the Company according to Act 11/2013 of 26 July is 30 days, unless there is an agreement between the parties for a maximum term of 60 days.

21.7 Long-term accruals

This heading corresponds to income accrued due to the assignment of the use of parking spaces associated to concession agreement of car parks executed by the Group. Said income is allocated to the profit and loss account for the remaining term of the concession.

21.8 Other financial liabilities

This heading mainly includes loans obtained from the CDTI and other government bodies for the financing of R&D projects, as well as amounts collected from factored clients without recourse pending reimbursements to bank entities.

22. OTHER PROVISIONS

The breakdown of those short-term provisions included in the consolidated balance sheet is as follows:

Thousand Euros					
Current	Provision for Works Liquidation	Provision for other Responsibilities	Provision for taxes	Other Provisions	Total
Balance as of 01/01/2016	838	-	-	454	1,292
Business Combinations	-	-	-	-	-
Allowances	-	-	-	-	-

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Applications	(117)	-	-	-	(117)
Surplus	-	-	-	5	5
Final balance as of 31/12/2016	721	-	-	459	1,180
Business Combinations	-	-	-	-	-
Allowances	-	-	-	-	-
Applications	(214)	-	-	-	(214)
Surplus	-	-	-	-	-
Other adjustments	-	-	182	(49)	133
Final balance as of 31/12/2017	507	-	182	410	1,099

Thousand Euros					
Non-current	Provision for Works Liquidation	Provision for other Responsibilities	Provision for taxes	Other Provisions	Total
Balance as of 01/01/2016	-	-	-	-	-
Business Combinations	-	-	-	-	-
Allowances	-	-	7,176	-	7,176
Applications	-	-	-	-	-
Surplus	-	-	-	-	-
Final balance as of 31/12/2016	-	-	7,176	-	7,176
Business Combinations	-	-	-	-	-
Allowances	-	-	-	-	-
Applications	-	-	-	-	-
Surplus	-	-	-	-	-
Other adjustments	-	-	1,431	-	1,431
Final balance as of 31/12/2017	-	-	8,607	-	8,607

Non-current allowances of financial year 2016 corresponding the registration of a provision relating to the contingent liabilities described in note 27.

23. DEFERRED TAXES

The breakdown of deferred taxes is the following:

	Thousand Euros	
	2017	2016
Tax effect of translation differences	2,062	2,031
Derivatives	394	602
Non-deductible depreciation	311	400

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Rights for Deductions and Rebates Pending Application	510	899
Credit for Losses to be Compensated during the Financial Year.	2,241	2,547
Capitalisation reserve pending application	257	-
Total Deferred tax assets:	5,775	6,479

	Thousand Euros	
	2017	2016
Tax effect of translation differences	1,680	521
Freedom of amortisation	6,227	5,509
Leasing	136	87
Subsidies	125	127
Total Deferred tax liabilities	8,168	6,244

The variation of the deferred tax assets and liabilities during financial years 2017 and 2016 is as follows:

	Thousand Euros			
Deferred tax assets:	Tax credits	Derivatives	Other items	Total
Balance as of 1 January 2017	3,446	602	2,431	6,479
Charge (payment) to profit and loss account	(695)	-	171	(524)
Charge (payment) to net equity	-	(208)	28	(180)
Balance as of 31 December 2017	2,751	394	2,630	5,775

	Thousand Euros			
Deferred tax assets:	Tax credits	Derivatives	Other items	Total
Balance as of 1 January 2016	5,512	675	2,382	8,569
Charge (payment) to profit and loss account	(2,066)	-	(52)	(2,118)
Perimeter variations	-	-	(11)	(11)
Charge (payment) to net equity	-	(73)	112	39
Balance as of 31 December 2016	3,446	602	2,431	6,479

	Thousand Euros			
Deferred tax liabilities:	Freedom of depreciation	Conversion differences	Other	Total
Balance as of 1 January 2016	5,509	521	214	6,244
Charge (payment) to profit and loss account	(417)	-	46	(371)
Charge (payment) to net equity	-	1,159	1	1,160
Other	1,135	-	-	1,135
Balance as of 31 December 2017	6,227	1,680	261	8,168

	Thousand Euros			
Deferred tax liabilities:	Freedom of depreciation	Conversion differences	Other	Total
Balance as of 1 January 2016	6,692	1,231	239	8,162
Charge (payment) to profit and loss account	(107)	-	(5)	(112)
Perimeter variations	(1,076)	-	-	(1,076)
Charge (payment) to net equity	-	(710)	(20)	(730)
Balance as of 31 December 2016	5,509	521	214	6,244

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Deferred tax assets due to deductions pending application and negative tax bases pending compensation are registered to the extent that it is likely that future tax profits allowing its application are obtained. In this sense, Group companies have negative tax bases (in addition to the ones activated in Spain and Colombia) amounting approximately to 17 million Euros considering the basis (2017: 30 million Euros) corresponding mainly to the activity exercised by the Group in Peru and in Mexico.

24. INCOME AND EXPENSES

Transactions made in Foreign Currency

These are the amounts of those transactions executed in foreign currency:

	Thousand Euros			
	Financial		financial	
	2017	2016	2017	2016
Peso - Colombia	19,007	14,406	(13,860)	(10,777)
Peso - Mexico	4,987	517	(6,846)	(23,916)
Nuevo Sol - Peru	22,890	13,397	(19,559)	(9,730)
Peso - Chile	6,098	986	(7,101)	(58,461)
Zloty - Poland	-	-	(16)	(14)
Lei - Romania	1,216	1,383	(641)	(1,930)
Balboa- Panama	37,978	12,167	(27,418)	(9,025)
American dollar	101,272	107,496	(104,226)	(1,213)
Yen - Japan	33,846	6,768	(32,396)	(688)
Lempira - Honduras	288	-	(356)	-
Colon - El Salvador	2,809	-	(2,789)	-
Quetzal-Guatemala	963	-	-	-
Other currencies	160	-	-	(14)
Total	231,514	157,120	(215,522)	(115,768)

Net turnover

The breakdown of the net turnover corresponding to the ordinary activities of the Group by geographic area is as follows:

Market	Thousand Euros			
	2017	%	2016	%
National	196,761	46%	190,039	55%
International	232,441	54%	157,120	45%
	429,202		347,159	100%

Likewise, the net amount of the turnover may be analysed by activity categories as follows:

Activity	Thousand Euros			
	2017	%	2016	%
Construction & services	240,673	55%	195,559	56%
Energy	177,534	41%	138,770	40%
Concessions	9,514	2%	9,630	3%
Real Estate	1,481	1%	3,200	1%
Total	429,202	100%	347,159	100%

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Consumption of goods, raw materials and other consumables

	Thousand Euros	
	2017	2016
a) Consumption of goods	(3)	(3)
Variation in inventories of goods	(3)	(3)
b) Consumption of raw materials and other consumable materials	107,561	67,212
Purchase of storable materials and elements	673	509
Purchase of Other Supplies	107,191	66,919
Rebates, Purchase of other Supplies	(37)	(86)
Changes in inventories: raw materials/Lands and plots of land	(240)	(177)
Changes in inventories: Other Supplies	(26)	47
c) Works carried out by other companies	179,100	144,829
Work Certificates and Expenses of On-going Urban Developments	-	-
Works-Services Pending Reception or Execution	104,572	43,027
External supplies and works	37	44
Works carried out by other Companies	74,491	101,758
d) Impairment of goods, raw materials and other supplies	-	-
Total	286,658	212,038

Personnel expenses

	Thousand Euros	
	2017	2016
Wages, salaries and similar payments	65,076	55,529
Social Security Contributions	17,228	15,244
Long-term compensation through defined contribution systems	73	73
Total	82,377	70,846

The heading "wages and salaries" include compensations to personnel amounting to 723 thousand Euros in 2017 (720 thousand Euros in 2016).

Personnel expenses include all assets and liabilities for voluntary or mandatory contributions to the social security fund, recognition of extra payments, holiday allowances or other assets and expenses in connection thereto.

The average number of employees during the financial year corresponding to the companies included by means of global integration in the consolidation, distributed by categories, is as follows:

Category	2017	2016
Directors	8	8
Senior Management	5	5
Administrative, Technical and Project Managers	400	386
Middle management	253	214
Administrative personnel	255	163
Operators	1,483	1,266
Total	2,404	2,042

The distribution by categories and gender of the Group personnel at the end of financial years ended on 31 December 2017 and 2016 is as follows:

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

	2017		
	Men	Women	Total
Directors	7	1	8
Senior Management	5	-	5
Administrative, Technical and Project Managers	327	110	437
Middle management	254	20	274
Administrative personnel	116	129	245
Operators	1,020	249	1,269
Total	1,729	509	2,238

	2016		
	Men	Women	Total
Directors	7	1	8
Senior Management	5	-	5
Administrative, Technical and Project Managers	341	97	438
Middle management	238	18	256
Administrative personnel	79	100	179
Operators	1,074	477	1,551
Total	1,744	693	2,437

The average number of employees during the financial year corresponding to the companies included in the consolidation, with a disability equal or over 33% by category comes up to 44 employees as of 31 December 2017 and 37 employees as of 31 December 2016.

Impairment and profit/loss due to disposal of fixed assets

In financial year 2017 and 2016, the heading includes the benefit arising from the sale of real estate investments (Note 8).

25. PROFIT TAX AND TAX STATUS

Ortiz Construcciones y Proyectos, S.A. pays taxes under the tax consolidation regime and it is the parent company of the Group since financial year 2015.

The reconciliation between the net amount of earnings and expenses of the financial year and the taxable income of the corporate tax is as follows:

	Profit and Loss Account			Income and expenses directly attributed to net equity.		
	Increases	Decreases	Total	Increases	Decreases	Total
Income and expenses balance for 2017			15,600			(11,883)
Corporate Tax						
Permanent differences	8,737	(7,599)	1,138			
Temporary differences	898	(316)	582	11,883	(6,402)	11,883
- Originating in the financial year		(138)	(138)	11,883		11,883
- Originating in previous financial years	898	(178)	720		(6,402)	(6,402)
Rent exemption, permanent		(5,059)	(5,059)			

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

establishments		
Capitalisation reserve	(1,495)	(1,495)
Consolidation adjustments		2,690
Tax base /tax result		13,456
Negative tax bases previous fin. years		(559)
Net base		12,897

	Profit and Loss Account	Thousand Euros Income and expenses directly attributed to net equity.
Income and expenses balance for 2016	10,622	(8,687)

	Increases	Decreases	Total	Increases	Decreases	Total
Corporate Tax	4,581	(36,967)	(32,386)			
Permanent differences	1,119	(316)	803	17,337	(8,650)	8,687
Temporary differences	-	(133)	(133)	17,337	-	17,337
- Originating in the financial year	1,119	(183)	936	-	(8,650)	(8,650)
- Originating in previous financial years		(2,580)	(2,580)			-
Rent exemption, permanent establishments			38,725			-
Consolidation adjustments		(822)	(822)			-
Tax base /tax result			14,362			-
Negative tax bases previous fin. years			(29)			-
Net base			14,333			-

Expenses arising from the corporate tax is made up of:

	Thousand Euros	
	2017	2016
Current tax	3,732	2,030
Deferred tax	1,914	3,619
Positive adjustments on profit tax:	(395)	-
Total	5,251	5,649

The main nominal tax rates applied for the calculation of the profit tax payable by companies of the Group for financial years 2017 and 2016 are as per below:

Country	2017	2016
Spain	25%	25%
Poland	19%	19%
Colombia	34%	25%
Mexico	30%	30%
Brazil	34%	34%
Peru	29.5%	28%
Chile	25.5%	24%

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Honduras	25%	25%
Italian Branch	24%	27.50%
French Branch	33.33%	33.33%
Guatemala	25%	25%
El Salvador	30%	30%
Japan	30.86%	30.86%

In financial year 2017, the tax rate of Income Tax in Colombia was modified, unifying the previously existing taxes into one and raising the rate from 25% to 34%, so that a positive adjustment is recorded in the taxation of profits of 395 thousand Euros derived from the effect of this change in the tax bases pending compensation at the Ortiz branch in the country.

The deductions to the share applied during financial year 2017 come up to 1,143 thousand euros (2016: 2,403) and the withholdings and payments on account to 267 thousand Euros (2016: 278 thousand Euros). The amount to be paid to the Tax Administration comes up to 1,815 thousand Euros (2015: 633 thousand Euros). The main taxes applicable for the last 4 financial years indicated are to be inspected by Tax Authorities.

Due to the potentially different interpretation of tax rules, the results of future inspections performed by the Tax Authorities on fiscal years subject to verification may lead to fiscal liabilities, the amount of which cannot be possibly ascertained now in an objective way. However, company directors estimate that potential liabilities that could arise from those circumstances will not have a relevant effect on the consolidated annual accounts of the Group.

Deductions for double taxation, for investments and donations in favour of entities benefiting from sponsorship are still pending application; the corresponding amounts are the following:

	Thousand Euros		
	2017	2016	Last Year
Deduction for double taxation of dividends	-	192	Without restriction
Deduction for international double taxation	281	305	Without restriction
Deductions for investments	229	402	2,032
Deductions for donations	-	-	2,025
Total	510	899	

26. FINANCIAL PROFIT/(LOSS)

	Thousand Euros	
	2017	2016
Financial income	4,081	3,771
From shares in equity instruments	106	140
Dividends	106	140
From marketable securities and other financial instruments	3,975	3,631
From Group and Associated Companies	3,014	3,115
From third parties	961	516
Income from debt securities, other companies	961	516
Financial expenses	18,754	17,088
For debts with Group and Associated Companies	28	136
For debts with third parties	18,726	16,952
Interests corresponding to Obligations and Bonds	2,457	2,695
Long-term Debt Interests with Credit Companies	3,380	3,717
Short-term Debt Interests with Credit Companies	5,026	3,675
Long-term Debt Interests with Other Companies	165	162

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Interests for discount of effects with other credit entities	432	608
Interests for Factoring Operations without Recourse	2,001	2,971
Interests for Factoring Operations with Recourse	292	80
Other financial expenses	4,973	3,044
Variation in fair value of financial instruments	(213)	360
Trading book and others	(213)	360
Exchange differences	1,556	2,295
Impairment and profit/loss due to disposal of financial instruments	(11)	604
Impairment and losses	-	(1)
Losses due to impairment of long-term credits to third parties	-	(1)
Profit/loss on disposals and others	(11)	605
Benefits from Long-term Participations in Other Companies	-	615
Benefits from Long-term Participations in Associated Companies	-	(10)
Losses from Long-term Participations in Associated Companies	-	-
Losses due to short-term participation and debt securities in other companies	(11)	-
Other financial income and expenses	-	-

27. GUARANTEES WITH THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

Securities and guarantees

As of 31 December 2017 the Group has offered to third parties guarantees before their clients, Public Administrations or financial institutions for a total value of 397 million Euros (2016: 270 million Euros), of which 323 million Euros have been loaned to guarantee before several clients that the works executed are successfully completed (2016: 204 million Euros). The Group estimates that those liabilities that may arise from the guarantees awarded, if any, would not be significant.

The Group guarantees loans with credit institutions of the multi-group and associated companies for an amount of 36,537 thousand Euros (2016: 53,103 thousand Euros).

Other financial liabilities

At the close of financial years 2017 and 2016 the Group has provisions to hedge risks resulting from legal claims pending resolution related to several claims arising from Group activities. The Group Management deems that no significant additional liabilities to those already provisioned for on the consolidated financial statements as of 31 December 2017 and 2016 will occur.

As a result of several inspection activities carried out on the multi-group company Urbanizadora Gade, S.A., two Corporation Tax reports were prepared for financial years 2003 to 2004 and 2005 to 2007 for a total amount of 6,894 thousand Euros and 6,255 thousand Euros, respectively, that correspond to our participation percentage, signed indicating disagreement, which were under appeal as of 31 December 2015 before the Supreme Court and before the National Court (Audiencia Nacional).

During financial year 2016, the Supreme Court dismissed the appeal filed regarding the 2003 and 2004 reports so the multi-group company Urbanizadora Gade, S.A. has finally registered that tax liability (Note 10). As a consequence of the fact that it was found that Urbanizadora Gade, S.A. did not meet the requirements to be an equity company in financial years 2003 and 2004, we recognised a collection right amounting to a total of 5,422 thousand Euros in the company Ortiz Área Inmobiliaria, S.A.U. arising from the application of the deduction for double taxation of dividends at 100% instead of at 50% as foreseen for equity companies (2004-2006), of which 2,460 thousand Euros have been received in the year 2017. The National Court has granted such right regarding the tax statement corresponding to financial year 2006 for an amount of 2,806 thousand Euros by means of judgement issued on 12 December 2016. The remaining amount corresponding to financial years 2004 and 2005 is currently under appeal in different instances.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

During the year 2017, the Group has recorded the interest accrued regarding these minutes for an amount of 1,431 thousand Euros (Note 22).

As of 31 December 2017, the report resulting from the audit of financial periods 2005 to 2007 is still under appeal at the Supreme Court. It is the opinion of the Directors of the Parent Company and its tax counsellors that the aforementioned appeal will be favourable to the Group. However, the Group chose for the sake of prudence, to record a provision corresponding to such item in 2016, which is maintained in 2017 (Note 22).

The payment of such amounts is guaranteed by means of bank guarantee for an amount of 6,894 thousand Euros and by mortgage guarantee on several plots classified in the real estate investment items for a total book value of 8,641 thousand Euros (2016: 8.641 thousand Euros) to guarantee payment of the second notice for an amount of 6,255 thousand Euros.

28. UNDERTAKINGS

Total minimum future payments corresponding to non-cancellable operating leases are as follows:

	Thousand Euros	
	2017	2016
< 1 year	151	178
1 - 5 years	906	1,072
> 5 years	87	27
Total	1,144	1,277

29. TEMPORARY JOINT VENTURES (TJVS)

The Group takes part in several Temporary Joint Ventures (TJVs), the activity and share held of which are detailed in Addendum III.

Group companies usually develop most of its activities jointly with other companies through Joint Ventures, which are entities without an own legal personality that are created to start a business partnership along with other companies for a specific period of time so as to perform or execute some works, services or supplies. Shareholders undertaking any contract managed by means of a Joint Venture will be jointly and severally liable for the activities carried out.

As of 31 December 2017, subsidiary companies take part in 120 Temporary Joint Ventures (122 as of 31 December 2016).

Below are the main details of the contracts undertaken in joint ventures, which are also included below in the headings of the consolidated balance sheet and profit and loss account attached hereto. All information below is provided in line with the holding in the relevant agreements as of 31 December 2017 and 2016, excluding any adjustments with regard to the Group companies:

	Thousand Euros	
	2017	2016
Non-current assets	5,072	5,417
Current assets	39,818	33,920
Total Assets	44,990	39,337
Net Equity	19,568	13,517
Non-current liabilities	601	622
Current liabilities	24,720	25,198
Total Liabilities and Net Equity	44,990	39,337
Net turnover	36,507	34,596
Accounting result	3,592	399

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

30. BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Compensation to members of the Board of Directors

During financial year 2017, the amount accrued by the members of the Board of Directors increased to 1,608 thousand Euros (1,564 thousand Euros in 2016) and is composed by the following items and amounts:

	Thousand Euros	
	2017	2016
Wages, travel allowances and other compensations	1,608	1,564
Compensation for termination	-	-
Payments based on equity instruments	-	-
Total	1,608	1,564

The members of the Board of Directors of the Company have not received any compensation whatsoever arising from participation in benefits or bonuses. Besides, they have not have they received any stock options during this financial year, nor have they exercised any options or have actions pending exercising.

Compensations and loans to senior managers

	Thousand Euros	
	2017	2016
Wages, travel allowances and other compensations	1,433	1,737
Obligations acquired regarding pensions	-	-
Loans	4,073	4,234
Total	5,506	5,971

During financial years 2017 and 2016 the Group did not grant any loans to senior managers or members of the Board. The existing balance of 4,073 corresponds to loans granted to senior managers in past years, who are also part of the Board of Directors.

It has not been necessary to establish any provision in regard of the loans granted to senior managers.

Situation of conflict of interest for directors

Pursuant to the obligation to avoid any situations of conflict with the Company's interests, during this financial year the Directors that have occupied specific roles within the Board of Directors have complied with obligations stated on article 228 of the recast text of the Corporate Tax Act. Besides, both Directors and their proxies have refrained from incurring on the possible situations of conflict stated on 229 of this same Act, except on those cases when the corresponding authorisation has been obtained.

31. BALANCES AND OPERATIONS WITH RELATED PARTIES

The balances with related parties have been the following during the years 2017 and 2016, in thousand Euros:

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

	Thousand Euros						
2017	Short-term debtors	Short-term suppliers	Short-term credits	Long-term credits	Other short-term credits	Short-term loans	Long-term loans
Accesos de Ibiza, S.A.	189	-	-	1,146	-	-	-
Africana Energia, S.L.	8	-	-	17,661	-	-	-
Alten Alange, S.L.	-	-	-	6,168	-	-	-
Alten Alconera Dos, S.L.	114	-	-	881	-	-	(743)
Alten Alconera, S.L.	-	-	-	-	-	-	-
Alten Renewable Energy Developments, B.V.	-	-	-	495	-	-	(5,976)
Alten Renewable Energy Investment, B.V.	-	-	-	-	-	-	(2,499)
Alten Gestion de Proyectos, S.L.U.	135	-	-	-	-	-	-
Alten El Casar, S.L.	-	-	-	35	-	-	-
Bulevar del Arte y La Cultura, S.A.	-	-	-	1,120	-	-	-
Consortio Inca-Ortiz	121	-	-	-	-	-	-
Explotaciones Eólicas Velez Rubio, S.L.	-	-	-	2,993	-	-	-
Expociencia, S.L.	-	-	-	-	-	-	-
Fortem Integral, S.L.	1	(3)	-	45	-	-	-
Inmuebles Gade, S.L.	-	-	8,622	-	-	(3)	-
Medsolar SPV	585	-	460	-	-	-	-
Ola Ortiz Construcción, S.P.A.	4,713	-	-	8	-	-	-
Ormats Mantenimiento Integral, S.L.	-	-	-	-	-	-	-
Ortiz Sport Factory, S.L.	12	-	645	3,682	-	-	-
Superficie Cartera Inversiones, S.A.	38	-	-	1,176	-	-	-
Concesión del Sisga, S.A.S.	-	-	-	9,571	-	-	-
Urbanizadora Gade, S.A.	1	-	-	-	-	(29)	(3,651)
Autopistas del Nordeste, S.A.S.	-	-	-	13,395	-	-	-
TOTAL	5,917	(3)	9,727	58,376	-	(32)	(12,869)

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

	Thousand Euros						
2016	Short-term debtors	Short-term suppliers	Short-term credits	Long-term credits	Other short-term credits	Short-term loans	Long-term loans
Accesos de Ibiza, S.A.	1	-	-	2,278	-	-	-
Africana Energía, S.L.	5	-	-	18,540	-	-	-
Alten Alange, S.L.	-	-	-	6,073	-	-	-
Alten Alconera Dos, S.L.	134	-	-	1,880	-	-	(739)
Alten Alconera, S.L.	-	-	-	3,691	-	-	(1,064)
Bulevar del Arte y La Cultura, S.A.	-	-	-	1,171	-	-	-
Consorcio Inca-Ortiz	128	-	-	-	-	-	-
Explotaciones Eólicas Velez Rubio, S.L.	-	-	-	3,747	-	-	-
Expociencia, S.L.	-	-	-	-	-	-	-
Fortem Integral, S.L.	6	(4)	-	1,202	-	-	(111)
Inmuebles Gade, S.L.	-	-	2,060	-	-	(3)	-
Medsolar SPV	266	-	-	-	-	-	-
Ola Ortiz Construcción, S.P.A.	3,843	-	-	10	-	-	-
Ormats Mantenimiento Integral, S.L.	871	-	-	-	-	-	-
Ortiz Sport Factory, S.L.	3	-	540	3,278	-	-	-
Superficie Cartera Inversiones, S.A.	55	-	-	1,432	-	-	-
Concesión del Sisga, S.A.S.	-	-	-	7,034	-	-	-
Urbanizadora Gade, S.A.	-	-	-	-	-	(140)	(7,323)
Autopistas del Nordeste, S.A.S.	-	-	-	12,636	-	-	-
TOTAL	5,312	(4)	2,600	62,972	-	(143)	(9,237)

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

The transactions with related parties have been the following during the years 2017 and 2016, in thousand Euros:

	Thousand Euros					
2017	Sales	Purchases	Expense for Interests	Income for Interests	Other profits/losses	Dividends
Accesos de Ibiza, S.A.	-	-	-	99	-	-
Africana Energia, S.L.	981	836	-	302	-	-
Alten Alange, S.L.	-	-	-	205	-	-
Alten Alconera Dos, S.L.	437	-	5	-	-	-
Alten Alconera, S.L.	-	-	5	190	-	-
Alten El Casar, S.L.	602	-	-	-	-	-
Bulevar del Arte y La Cultura, S.A.	-	-	-	49	-	-
Explotaciones Eólicas Velez Rubio, S.L.	47	-	-	286	-	-
Fortem Integral, S.L.	-	1,096	-	-	-	-
Medsolar, S.L.	430	-	-	-	-	-
Ola Ortiz Construction, S.P.A.	-	-	-	-	-	-
Ortiz Sport Factory, S.L.	2	-	-	194	-	-
Superficie Cartera de Inversiones, S.A.	-	-	17	7	-	9
Urbanizadora Gade, S.A.	-	-	1	-	-	-
Viario A-31, S.A.	120	-	-	-	-	-
Autopistas del Nordeste, S.A.S.	-	-	-	1,684	-	-
Ormats Mantenimiento Integral, S.L.	124	-	-	-	-	76
TOTAL	2,743	1,932	28	3,014	-	85

	Thousand Euros					
2016	Sales	Purchases	Expense for Interests	Income for Interests	Other profits/losses	Dividends
Accesos de Ibiza, S.A.	-	-	-	124	-	-
Africana Energia, S.L.	265	27	-	476	-	-
Alten Alange, S.L.	-	-	-	162	-	-
Alten Alconera Dos, S.L.	-	-	7	-	-	-
Alten Alconera, S.L.	-	-	5	115	-	-
Bulevar del Arte y La Cultura, S.A.	-	-	-	49	-	-
Explotaciones Eólicas Vélez Rubio, S.L.	-	-	-	-	-	-
Expociencia, S.L.	46	-	-	281	-	-
Fortem Integral, S.L.	2	150	26	48	-	-
Ola Ortiz Construcción, S.P.A.	-	-	-	-	-	-
Ortiz Sport Factory, S.L.	-	-	-	163	-	-
Superficie Cartera de Inversiones, S.A.	1	-	-	(24)	-	13
Urbanizadora Gade, S.A.	-	-	-	-	-	-
Viario A-31, S.A.	88	-	-	-	-	-
Autopistas del Nordeste, S.A.S.	-	-	-	1,132	-	-
Ormats Mantenimiento Integral, S.L.	31	-	-	-	-	186
TOTAL	433	179	38	2,526	-	199

Loans to related companies earn an interest rate of between 3% and 8%.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Transactions with directors or senior managers

No relevant operations implying a transaction of resources or obligations between the Parent Company or other Group organizations and the Company directors or senior managers have occurred.

32. SEGMENTED INFORMATION

The Group's financial information has been broken down by operational segments for financial years ended on 31 December 2017 and 2016 as shown below:

2017	Construction and Services	Energy	Real Estate - Equity	Concessions
Assets	346,120	192,995	168,060	45,335
Liabilities	320,014	143,916	50,908	7,050
Net turnover	240,673	177,534	1,481	9,514
Profit/Loss before Taxes	10,147	9,886	(298)	715

2016	Construction and Services	Energy	Real Estate - Equity	Concessions
Assets	399,116	96,985	155,137	49,257
Liabilities	359,285	69,154	41,229	19,254
Net turnover	195,559	138,770	9,630	3,200
Profit/Loss before Taxes	18,919	8,269	26,224	1,097

33. INFORMATION ON THE ENVIRONMENT

The Group has adopted the corresponding measures regarding protection and improvement of the environment and minimization, when appropriate, of environmental impact, in compliance with relevant current regulations. In consequence, it has not been deemed necessary to record any provision for environmental risks and expenses and there are no contingencies related to protection and improvement of the environment.

The main environmental issue arising from the activities of the companies that entails a risk for the environment is the generation of hazardous waste.

The different companies of the Group have implemented an Environmental Management System compliant to standard UNE-EN ISO 14001:2.004 certified by AENOR. Ortiz Construcciones y Proyectos, S.A.U., with certification number GA-2000/0039 and issued on 10 March 2000. Compañía Internacional de Construcción y Diseño, S.A.U., with certification number GA-2007/0166 and issued on 16 April 2007. Ingeniería y Diseños Técnicos, S.A.U., with certification number GA-2006/0486 and issued on 30 November 2006. Ortiz Área Inmobiliaria, S.L.U., with certification number GA-2005/0292 and issued on 1 July 2005. Asteisa Tratamiento de Aguas, S.A.U., with certification number E-199534 and issued on 26 January 2000. Construcciones I.C.M.A.-PROAKIS, S.A.U., with certification number GA-2001/0373 and issued on 18 December 2001. Contratas y Servicios Ferroviarios, S.A.U., with certification number GA-2003/0021 and issued on 28 January 2003. Elecor, S.A.U., with certification number GA-2009/0756 and issued on 26 November 2009. Juan Galindo, S.L.U., with certification number GA-2010/0101 issued on 02/03/2010. Ortiz Energía, S.A.U. in December 2012 Indag, S.A.U., in process of study and implementation.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

34. EVENTS AFTER THE CLOSING DATE

After the closing of the financial year, the Group has sold an additional 5.10% of the shares of its subsidiary Grupo Ortiz Properties SOCIMI, S.A., in compliance with its divestment plan in the subgroup of companies held for the sale (Note 14).

In the opinion of the directors of the Parent Company, no other matter that could have any significant effect on the consolidated financial statements after the year ended on 31 December 2017 has been disclosed.

35. FEES OF THE AUDITORS

Fees charged during the financial year by PricewaterhouseCoopers Auditores, S.L. in consideration for auditing services in relation to the financial statements came up to 184 thousand Euros (2016: 149 thousand Euros) and 23 thousand Euros for other services provided (2016: 13 thousand Euros).

Besides, fees charged during the financial year by other companies of the PwC networks for other services rendered to the Company amounted to 68 thousand Euros (2016: 0).

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

SUBSIDIARIES

31 December 2017			Share			Audit
Name	Registered Address	Activity	%	Thousand Euros	Company of the holding Group	
Compañía Internacional de Construcción y Diseño ,S.A.U.	Madrid	Construction	100	1,560	Ortiz CYP	PWC
Indag, S.A.U.	Madrid	Construction	100	1,679	Ortiz CYP	Not audited
Ingeniería y Diseños Técnicos, S.A.U.	Madrid	Construction	100	120	Ortiz CYP	PWC
Agrícola El Casar, S.L.U.	Madrid	Real Estate	100	52,393	Ortiz CYP	PWC
Prorax, S.A.U.	Madrid	Real Estate	100	726	Ortiz Área I.	Not audited
Ortiz Área Inmobiliaria, S.L.U.	Madrid	Real Estate	100	6,665	Ortiz CYP	Not audited
EMCA Sociedad Concesionaria, S.L.U.	Madrid	Concessions	100	100	Ortiz CYP	Not audited
Asteisa Tratamiento de Aguas, S.A.U.	Madrid	Construction	100	1,889	Ortiz CYP	Not audited
Construcciones Icma-Proakis, S.A.U.	Asturias	Construction	100	12,400	Ortiz CYP	Not audited
Contratas y Servicios Ferroviarios, S.A.U.	Orense	Construction	100	25,545	Ortiz CYP	PWC
Arquitectura Industrializada Andaluza, S.L.	Seville	Construction	55	342	Indagsa	Not audited
Elecor, S.A.U.	Guadalajara	Electricity	100	8,421	Ortiz CYP	PWC
Concesionaria Collado Villalba, S.A.U.	Madrid	Concessionaire	100	6,050	Ortiz CYP	Not audited
El Arce de Villalba, S.L.U.	Madrid	Real Estate	100	3	Agricasa	PWC
Ortiz International Investment, S.L.U.	Madrid	Construction	100	50	Ortiz CYP	Not audited
Impulsa Grup Ortiz, S.L.	Barcelona	Construction	92.5	0	Ortiz CYP	Not audited
Juan Galindo, S.L.U.	Almería	Electricity	100	3,484	Ortiz CYP	PWC
Tendidos y Redes del Sur, S.L.U.	Almería	Electricity	100	486	Ortiz CYP	Not audited
Ortiz Energía, S.A.U.	Madrid	Energy	100	1,000	Ortiz CYP	PWC
Grupo Ortiz Polska, S.A.	Poland	Construction	100	25	Ortiz Int. Inv.	Pol-Tax S.P.
Ortiz Colombia, S.A.S.	Colombia	Construction	75	176	Ortiz CYP / Ortiz Int. Inv	Not audited
Águeda Educatís, S.L.	Madrid	Real Estate	100	18	Ortiz Area I.	Not audited
Grupo Ortiz Construcciones México, S.A.	Mexico	Construction	99.99	709	Ortiz Int. Inv.	Not audited
Personal Management, C.V.S.A.	Mexico	Construction	100	3	Condisa	Not audited
Ortiz Brasil Construções, Limitada	Brazil	Construction	100	2,050	Ortiz Int. Inv.	Not audited
Ortiz Construcciones Colombia, S.A.S.	Colombia	Construction	100	236	Ortiz CYP / Ortiz Int. Inv	Not audited
Tecasol, S.A.	Uruguay	Construction	70	2	Ortiz CYP	Not audited
Ortega y Gasset Park, S.L.	Madrid	Concessionaire	100	9,287	GOP SOCIMI, S.A.	PWC
Águeda Educatís Tres Cantos, S.L.U.	Madrid	Real Estate	100	3	Águeda Educatís	Not audited
Aldigavia, S.A.U.	Madrid	Real Estate	100	19,618	GOP SOCIMI, S.A.	PWC
Aldigavia Oficinas, S.L.U	Madrid	Real Estate	100	16,194	GOP SOCIMI, S.A.	PWC
Grupo Ortiz Properties, S.A.U.	Madrid	Real Estate	88.62	66,517	Ortiz CYP / Viario A31	PWC
Galindo Subestaciones Mexico,S.A.P.I de C.V.	Madrid	Construction	99.99	1	Ortiz CYP	Not audited
Ortiz Energía Japan, K.K.	Japan	Energy	100	325	Ortiz Energía	SANSEI TrusT
GO Barajas 2017, S.A.	Madrid	Concessionaire	100	60	Ortiz CYP	Not audited
Total subsidiaries				238,137		

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

31 December 2016			Share			
Name	Registered Address	Activity	%	Thousand Euros	Company of the holding Group	Audit
Compañía Internacional de Construcción y Diseño ,S.A.U.	Madrid	Construction	100	1,560	Ortiz CYP	PWC
Indag, S.A.U.	Madrid	Construction	100	1,679	Ortiz CYP	Not audited
Ingeniería y Diseños Técnicos, S.A.U.	Madrid	Construction	100	120	Ortiz CYP	PWC
Agrícola El Casar, S.L.U.	Madrid	Real Estate	100	52,393	Ortiz CYP	PWC
Prorax, S.A.U.	Madrid	Real Estate	100	726	Ortiz Área I.	Not audited
Ortiz Área Inmobiliaria, S.L.U.	Madrid	Real Estate	100	6,665	Ortiz CYP	Not audited
EMCA Sociedad Concesionaria, S.L.U.	Madrid	Concessions	100	100	Ortiz CYP	Not audited
Asteisa Tratamiento de Aguas, S.A.U.	Madrid	Construction	100	1,889	Ortiz CYP	Not audited
Construcciones Icma-Proakis, S.A.U.	Asturias	Construction	100	12,400	Ortiz CYP	Not audited
Contratas y Servicios Ferroviarios, S.A.U.	Orense	Construction	100	25,545	Ortiz CYP	PWC
Arquitectura Industrializada Andaluza, S.L.	Seville	Construction	55	342	Indagsa	Not audited
Elecor, S.A.U.	Guadalajara	Electricity	100	8,421	Ortiz CYP	PWC
Concesionaria Collado Villalba, S.A.U.	Madrid	Concessionaire	100	6,050	Ortiz CYP	Not audited
El Arce de Villalba, S.L.U.	Madrid	Real Estate	100	3	Agricasa	PWC
Ortiz International Investment, S.L.U.	Madrid	Construction	100	50	Ortiz CYP	Not audited
Impulsa Grup Ortiz, S.L.	Barcelona	Construction	92.5	0	Ortiz CYP	Not audited
Juan Galindo, S.L.U.	Almería	Electricity	100	3,484	Ortiz CYP	PWC
Tendidos y Redes del Sur, S.L.U.	Almería	Electricity	100	486	Ortiz CYP	Not audited
Ortiz Energía, S.A.U.	Madrid	Energy	100	1,000	Ortiz CYP	PWC
Grupo Ortiz Polska, S.A.	Poland	Construction	100	25	Ortiz Int. Inv.	Pol-Tax S.P.
Ortiz Colombia, S.A.S.	Colombia	Construction	75	176	Ortiz CYP / Ortiz Int. Inv.	Not audited
Águeda Educatís, S.L.	Madrid	Real Estate	100	18	Ortiz Area I.	Not audited
Grupo Ortiz Construcciones México, S.A.	Mexico	Construction	99.99	709	Ortiz Int. Inv.	Not audited
Personal Management, C.V.S.A.	Mexico	Construction	100	3	Condisa	Not audited
Ortiz Brasil Construções, Limitada	Brazil	Construction	100	2,050	Ortiz Int. Inv.	Not audited
Ortiz Construcciones Colombia, S.A.S.	Colombia	Construction	100	236	Ortiz CYP / Ortiz Int. Inv.	Not audited
OSM Construcciones, S.A. Promotora de C.V.	Mexico	Construction	49.99	25	Grupo Ortiz C. México	Not audited
Tecasol, S.A.	Uruguay	Construction	70	2	Ortiz CYP	Not audited
Ortega y Gasset Park, S.L.	Madrid	Concessionaire	100	9,287	GOP SOCIMI, S.A.	PWC
Águeda Educatís Tres Cantos, S.L.U.	Madrid	Real Estate	100	3	Águeda Educatís	Not audited
Aldigavia, S.A.U.	Madrid	Real Estate	100	18,118	GOP SOCIMI, S.A.	PWC
Aldigavia Oficinas, S.L.U.	Madrid	Real Estate	100	13,193	GOP SOCIMI, S.A.	PWC
Grupo Ortiz Properties, S.A.U.	Madrid	Real Estate	100	59,798	Ortiz CYP	PWC

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Galindo Subestaciones Mexico, S.A.P.I de C.V.	Madrid	Construction	99.99	1	Ortiz CYP	Not audited
Ortiz Energía Japan, K.K.	Japan	Energy	100	325	Ortiz Energía	Not audited
Total subsidiaries				226,882		

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

MULTI-GROUP COMPANIES

31 December 2017			Share			Audit
Name	Registered Address	Activity	%	Thousand Euros	Company of the holding Group	
Inmuebles Gade, S.L.	Madrid	Real Estate	79.21	14,802	Ortiz Área I.	Not audited
Urbanizadora Gade, S.A. In liquidation	Madrid	Real Estate	50	4,318	Ortiz Área I.	Not audited
Accesos de Ibiza, S.A.	Balearic Islands	Concessionaire	50	6,400	Ortiz CYP	Gabinete de Auditoria Ribas
Alten Alconera Dos, S.L.	Madrid	Energy	61.3	2,064	Agricasa & Alten ER	PWC
Alten Alange, S.L.	Madrid	Energy	61.31	1,464	Agricasa & Alten ER	PWC
Medsolar SPV10, S.R.L.	Italian Branch	Energy	50	5	Agricasa	Not audited
Ortiz Sport Factory	Madrid	Concessionaire	64.31	5	Agricasa/Fortem	Not audited
Alten El Casar, S.L.	Madrid	Energy	61.31	688	Ortiz CyP and Alten Energ. Renov.	Not audited
Total Multi-Group				29,747		

31 December 2016			Share			Audit
Name	Registered Address	Activity	%	Thousand Euros	Company of the holding Group	
Inmuebles Gade, S.L.	Madrid	Real Estate	79.21	14,802	Ortiz Área I.	Not audited
Urbanizadora Gade, S.A. In liquidation	Madrid	Real Estate	50	4,318	Ortiz Área I.	Not audited
Accesos de Ibiza, S.A.	Balearic Islands	Concessionaire	50	6,400	Ortiz CYP	Gabinete de Auditoria Ribas
Alten Alconera, S.L.	Madrid	Energy	61.31	2,667	Agricasa & Alten ER	PWC
Alten Alange, S.L.	Madrid	Energy	61.31	1,464	Agricasa & Alten ER	PWC
Alten Alconera Dos, S.L.	Madrid	Energy	61.3	963	Agricasa & Alten ER	PWC
Medsolar SPV10, S.R.L.	Italian Branch	Energy	50	5	Agricasa	Not audited
Ortiz Sport Factory	Madrid	Concessionaire	64.31	5	Agricasa/Fortem	Not audited
Total Multi-Group				30,625		

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

ASSOCIATED COMPANIES

31 December 2017			Share			
Name	Registered Address	Activity	%	Thousand Euros	Company of the holding Group	Audit
Bulevar del Arte y la Cultura, S.A.	Valencia	Concessionaire	33.34	467	Ortiz CyP	Not audited
Alten Energías Renovables, S.L.	Madrid	Energy	22.62	2,909	Alten Investments	PWC
Fortem Integral, S.L.	Madrid	Training	51.32	51	Agricasa	Not audited
Viario A - 31, S.A.	Madrid	Concessionaire	39	2,458	Ortiz CyP	Deloitte
Africana Energía, S.L.	Córdoba	Energy	39.36	1,495	Ortiz CyP	PWC
Alten Renewable Energy Investments, B.V.	Holland	Energy	22.74	5,449	Ortiz CyP	Not audited
Superficie Cartera de Inversiones, S.A.	Madrid	Real Estate	1	130	Ortiz CyP	PWC
Ormat's mantenimiento Integral, S.L.	Córdoba	Energy	33.33	1	Ortiz CyP	Not audited
Explotaciones Eólicas Vélez Rubio, S.L.	Valencia	Energy	40	5,671	Agricasa	PwC
Alten Renewable Energy Developments, B.V.	Holland	Energy	32.8775	4,438	Ortiz CyP	Not audited
Construcciones Inca-Ortiz, S.A.	Chile	Construction	50	3	Ortiz Sucursal Chile	Not audited
SCPA Marabá	Brazil	Construction	25	400	Ortiz Brasil	Not audited
Ola Ortiz Construction	Algeria	Construction	49	543	Ortiz CyP	Not audited
Alten 2.010 Energías Renovables, S.A.	Madrid	Energy	32.8775	1,909	Alten Developments	PWC
Dumar Ingenieros, S.L.	Madrid	Energy	22.62	460	Alten Energ. Renov.	Not audited
Alten Gestión de Proyectos, S.L.	Madrid	Energy	32.8775	1	Alten 2010	Not audited
Autopistas del Nordeste	Colombia	Concessionaire	25	35	Ortiz CyP	Not audited
Concesión del Sisga, S.A.S.	Colombia	Concessionaire	50	6	Ortiz CyP	Not audited
OrtizCocomex, S.A.P.I. de C.V.	Mexico	Construction	50	1	Ortiz CyP/JG	Not audited
Alten Renewable Energy Developments America, B.V.	Holland	Energy	10.96	706	Alten Developments	Not audited
Cubico Alten Aguascalientes 1, S.A.P.I. of C.V.	Mexico	Concessionaire	3.29	1	Alten Dev. America	Not audited
Cubico Alten Aguascalientes 2, S.A.P.I. of C.V.	Mexico	Concessionaire	3.29	1	Alten Dev. America	Not audited
Promotora Hospitalaria TEPIC, S.A.P.I. of C.V.	Mexico	Concessionaire	47.5	5,039	Ortiz CyP	Not audited
Total Associated Companies				32,175		

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

31 December 2016			Share			
Name	Registered Address	Activity	%	Thousand Euros	Company of the holding Group	Audit
Expociencia, S.L.	Madrid	Education	40	0	Condisa	Not audited
Bulevar del Arte y la Cultura, S.A.	Valencia	Concessionaire	33.34	467	Ortiz CyP	Not audited
Alten Energías Renovables, S.L.	Madrid	Energy	22.62	5,189	Alten Investments	PWC
Fortem Integral, S.L.	Madrid	Training	51.32	51	Agricasa	Not audited
Viario A - 31, S.A.	Madrid	Concessionaire	21	2,106	Ortiz CyP	Deloitte
Africana Energía, S.L.	Córdoba	Energy	39.36	315	Ortiz CyP	PWC
Alten Renewable Energy Investments, B.V.	Madrid	Energy	22.74	5,449	Ortiz CyP	PWC
Superficie Cartera de Inversiones, S.A.	Madrid	Real Estate	1	157	Ortiz CyP	PWC
Ormats mantenimiento Integral, S.L.	Córdoba	Energy	33.33	1	Ortiz CyP	Not audited
Explotaciones Eólicas Vélez Rubio, S.L.	Valencia	Energy	40	4,631	Agricasa	PwC
Alten Renewable Energy Developments, B.V.	Madrid	Energy	32.8775	4,438	Ortiz CyP	PWC
Construcciones Inca-Ortiz, S.A.	Chile	Construction	50	3	Ortiz Sucursal Chile	Not audited
SCPA Marabá	Brazil	Construction	25	400	Ortiz Brasil	Not audited
Ola Ortiz Construction	Algeria	Construction	49	543	Ortiz CyP	Not audited
Alten 2.010 Energías Renovables, S.A.	Madrid	Energy	32.8775	1,909	Alten Developments	PWC
Alten Pozohondo, S.L.	Madrid	Energy	22.62	586	Alten Energ. Renov.	PWC
Alten Los Hinojosos, S.L.	Madrid	Energy	22.62	212	Alten Energ. Renov.	PWC
Alten El Casar, S.L.	Madrid	Energy	22.62	1	Alten Energ. Renov.	Not audited
Dumar Ingenieros, S.L.	Madrid	Energy	22.62	460	Alten Energ. Renov.	Not audited
Alten Gestión de Proyectos, S.L.	Madrid	Energy	32.8775	0	Alten 2010	Not audited
Alten Hinojosa del Valle, S.L.	Madrid	Energy	32.8775	331	Alten 2010	Not audited
Autopistas del Nordeste	Colombia	Concessionaire	25.5	40	Ortiz CyP	Not audited
Concesión del Sisga, S.A.S.	Colombia	Concessionaire	40	6	Ortiz CyP	Not audited
OrtizCocomex, S.A.P.I. de C.V.	Mexico	Construction	50	1	Ortiz CyP/JG	Not audited
Total Associated Companies				27,493		

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

TEMPORARY JOINT VENTURES

			2017	
ASTEISA, TRATAMIENTO DE AGUAS, S.A.U.	% Share	Activity	Turnover	Profit/Loss
UTE BRETONA.	50%	Construction	-	-
UTE CANTON CASA DE CAMPO.	50%	Construction	207	(83)
UTE EDAR ARANJUEZ.	50%	Construction	1,458	(184)
UTE EDAR MIRAFLORES.	50%	Construction	-	-
UTE EDAR RIBADEO.	50%	Concessions	130	30
UTE EDAR VEGA.	75%	Construction	-	33
UTE ETAP VALMAYOR.	80%	Construction	760	(20)
UTE EXTRACO-ASTEISA.ARCADE.	50%	Construction	144	(7)
UTE MOLAR SUR.	50%	Construction	-	-
UTE RED LOS OLIVOS.	50%	Construction	-	-
UTE SARDERA OSSO.	80%	Construction	-	-
UTE VIVEROS.	50%	Construction	-	-
Total ASTEISA, TRATAMIENTO DE AGUAS, S.A.U.			2,699	(231)

			2017	
CIA.INTNAL.CONSTRUCCION Y DISEÑO,S.A.U.	% Share	Activity	Turnover	Profit/Loss
UTE BIBLIOTECA BURGOS.	50%	Construction	-	-
UTE CASA DEL CIGRONER.	90%	Construction	-	-
UTE CASA ROMANA.	50%	Construction	13	25
UTE CATEDRAL DE JAEN.	80%	Construction	-	-
UTE CERAMICA TRIANA.	100%	Construction	-	-
UTE CULTURA Y DEPORTE 2016.	50%	Construction	158	-
UTE DG.SEGURIDAD.	50%	Construction	-	-
UTE EDIFICIOS P-VALLECAS.	50%	Construction	1,377	(21)
UTE GESTION CARABANCHEL 2010.	50%	Construction	-	-
UTE GESTION CHAMARTIN 2010.	50%	Construction	-	-
UTE GESTION CIUDAD LINEAL 2011-2012.	50%	Construction	-	-
UTE GESTION FUENCARRAL 2010.	50%	Construction	-	-
UTE GESTION LATINA 2010.	50%	Construction	-	-
UTE GESTION PUENTE VALLECAS 2010.	50%	Construction	-	-
UTE GESTION SAN BLAS 2010.	50%	Construction	-	-
Total CIA.INTNAL.CONSTRUCCION Y DISEÑO,S.A.U.			1,548	4

			2017	
CONTRATAS Y SERVICIOS FERROVIARIOS,S.A.U.	% Share	Activity	Turnover	Profit/Loss
UTE ALICANTE.	20%	Construction	-	-
UTE CONTROL DE VEGETACIÓN.	75%	Construction	4	-
UTE ETXEBARRI.	30%	Construction	-	-
UTE HENDAYA.	65%	Construction	-	(1)
UTE MANTENIMIENTO LOTE 2 NOROESTE.	25%	Construction	209	(4)
UTE MANTENIMIENTO OLMEDO PEDRALBA.	8%	Construction	314	2
UTE MANTENIMIENTO ORENSE 2017.	50%	Construction	2,520	154
UTE MANTENIMIENTO OURENSE II.	50%	Construction	-	-
UTE METRICO 2016.	33.33%	Construction	309	1
UTE METRICO 2017.	33.33%	Construction	785	33
UTE METRO MONTECARMELO.	30%	Construction	-	-
UTE OLMEDO PEDRALBA.	8%	Construction	415	163
Total CONTRATAS Y SERVICIOS FERROVIARIOS,S.A.U.			4,556	348

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

			2017	
ELECOR, S.A.U.	% Share	Activity	Turnover	Profit/Loss
UTE CAMPO DE GIBRALTAR.	50%	Energy	-	-
UTE CUADROS ELECTRICOS AEROPUERTO ALDOFO SUAREZ.	50%	Energy	-	(2)
UTE CUADROS PRINCIPALES DE BAJA TENSION AEROPUERTO ADOLFO SUAREZ MADRID-BARAJAS	50%	Energy	4	-
UTE ELECTRICIDAD B.T. HOSPITAL ZAMORA.	50%	Energy	138	28
UTE ENERGIA MALAGA.	45%	Energy	144	50
UTE HIDRO-CAJAL.	50%	Energy	-	-
UTE ILUMINACION EFICIENTE LED METRO MADRID LOTES 1	45%	Energy	1,029	(104)
UTE MECANICAS HOSPITAL ZAMORA.	60%	Energy	148	(47)
UTE MECANICAS SPA ABADIA.	50%	Energy	12	(1)
UTE MONTAJE CAJAL.	50%	Energy	-	(29)
UTE PLANTAS SOLARES FOTOVOLTAICAS EN AEROPUERTOS CANARIOS.	65%	Energy	69	1
UTE TUNELES AV ZAMORA.	20%	Energy	-	(1)
UTE TUNELES NORTE.	30%	Construction	65	8
Total ELECOR, S.A.U.			1,609	(97)

			2017	
EMCA SOCIEDAD CONCESIONARIA, S.L.U.	% Share	Activity	Turnover	Profit/Loss
UTE PAR ANDORRA.	70%	Concessions	37	(86)
Total EMCA SOCIEDAD CONCESIONARIA, S.L.U.			37	(86)

			2017	
IMPULSA GRUP ORTIZ, S.L.	% Share	Activity	Turnover	Profit/Loss
UTE AULARI BELLVITGE.	45%	Construction	-	-
UTE SANT ROC.	80%	Construction	-	-
UTE VALLES OCCIDENTAL.	80%	Construction	-	-
Total IMPULSA GRUP ORTIZ, S.L.			-	-

			2017	
INDAG, S.A.U.	% Share	Activity	Turnover	Profit/Loss
UTE LOTE 3	50%	Construction	-	-
Total INDAG, S.A.U.			-	-

			2017	
INGENIERIA Y DISEÑOS TECNICOS, S.A.U.	% Share	Activity	Turnover	Profit/Loss
UTE CONEXION PARQUES.	90%	Construction	303	-
UTE CONTROL DE VEGETACIÓN.	25%	Construction	1	-
UTE CR MACETEROS.	80%	Construction	1,931	-
UTE EDIFICIOS XATIVA.	80%	Construction	526	(54)
UTE INDITEC-SICE-PLAYAS CADIZ.	60%	Construction	638	28
UTE INDITEC-SICE-SAN FULGENCIO.	50%	Construction	173	12
UTE LA VAGUADA.	50%	Construction	-	-
UTE MOBILIARIO LA VAGUADA.	50%	Construction	-	(1)
UTE ORQUIDIARIO.	80%	Construction	90	(35)
UTE PARQUES FORESTALES Y VIVEROS.	45%	Construction	4,091	132
UTE PARQUES RED REGENERADORA.	80%	Construction	11	-
UTE PLANTA RESIDUOS BADAJOZ.	60%	Construction	-	(1)
UTE SAPLAYA.	80%	Construction	-	-
UTE TAJO SALOR.	60%	Construction	214	38
UTE VILLA ESTEPONA.	80%	Construction	4,238	14
Total INGENIERIA Y DISEÑOS TECNICOS, S.A.U.			12,216	133

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

			2017	
JUAN GALINDO,S.L.U.	% Share	Activity	Turnover	Profit/Loss
UTE CAMPO DE GIBRALTAR.	50%	Construction	-	-
UTE CATEDRAL DE JAEN.	20%	Construction	-	-
UTE POSADAS.	50%	Construction	-	-
Total JUAN GALINDO,S.L.U.			-	-

			2017	
ORTIZ CONSTRUCCIONES Y PROYECTOS,S.A.	% Share	Activity	Turnover	Profit/Loss
UTE A-31.	27%	Construction	865	227
UTE ACCESOS IBIZA.	50%	Construction	-	-
UTE AEROPUERTO GI	50%	Construction	-	-
UTE AFINO ETAP SANTILLANA.	50%	Construction	-	-
UTE AFRICASOLAR.	25%	Construction	201	81
UTE ALCOVER.	50%	Construction	(51)	63
UTE AMBIENTAL AMBROZ-CAMPO ARAÑUELO.	60%	Construction	-	-
UTE AULARI BELLVITGE.	20%	Construction	-	-
UTE AUTOVIA ARGAMASILLA.	40%	Construction	-	-
UTE BIBLIOTECA BURGOS.	50%	Construction	-	-
UTE BOLAÑOS DE CALATRAVA.	60%	Construction	-	(4)
UTE CANTON CASA DE CAMPO.	50%	Construction	207	(83)
UTE CARIÑENA.	80%	Construction	142	142
UTE CASA DEL CUENTO.	50%	Construction	57	128
UTE CENTRO ACUATICO 2012.	20%	Construction	-	(6)
UTE CLINICO MADRID.	30%	Construction	-	-
UTE COLEGIO NOBELIS.	50%	Construction	-	-
UTE COMARCA DE GATA.	80%	Construction	-	-
UTE CONEXION PARQUES.	10%	Construction	34	-
UTE CONSERVACIÓN CUENCA.	50%	Construction	654	54
UTE CR MACETEROS.	20%	Construction	483	-
UTE CULTURA Y DEPORTE 2016.	50%	Construction	158	-
UTE DG.SEGURIDAD.	50%	Construction	-	-
UTE EDIFICIOS EDUCACION.	50%	Construction	3	3
UTE EDIFICIOS P-VALLECAS.	100%	Construction	1,377	(21)
UTE EDIFICIOS XATIVA.	20%	Construction	132	(14)
UTE ELEJALDE.	40%	Construction	-	-
UTE ENERGIA MALAGA.	50%	Energy	144	50
UTE EQUIPAMIENTO SOLAR DE CABALLERIA.	46%	Construction	-	117
UTE ESTACION DELICIAS.	40%	Construction	23	389
UTE ETAP VALMAYOR.	20%	Construction	190	(5)
UTE EZKIO.	30%	Construction	-	3
UTE GESTION CARABANCHEL 2010.	50%	Construction	-	-
UTE GESTION CHAMARTIN 2010.	50%	Construction	-	-
UTE GESTION CIUDAD LINEAL 2011-2012.	50%	Construction	-	-
UTE GESTION FUENCARRAL 2010.	50%	Construction	-	-
UTE GESTION LATINA 2010.	50%	Construction	-	-
UTE GESTION PUENTE VALLECAS 2010.	50%	Construction	-	-
UTE GESTION SAN BLAS 2010.	50%	Construction	-	-
UTE HIDRO-CAJAL.	50%	Construction	-	-
UTE HOSPITAL ALBACETE.	37.50%	Construction	2,615	2,218
UTE ILLESCAS.	50%	Construction	-	-
UTE LA PIZARRA.	80%	Construction	-	(8)
UTE LOTE 3	50%	Construction	-	-
UTE MANTENIMIENTO EMVS ORTIZ-FERNANDEZ MOLINA.	50%	Construction	1,105	-
UTE MATADERO.	42.50%	Construction	-	-
UTE METRO MONTECARMELO.	70%	Construction	-	-

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

UTE ORTIZ-SICE-ITUVAL GESTION ENERGETICA.	60.01%	Construction	3,296	156
UTE PABELLON MELIANA.	60%	Construction	-	(1)
UTE PALACIO FAISANERA.	50%	Construction	1	-
UTE PAR ANDORRA.	30%	Concessions	16	(37)
UTE PARKING VILLALBA.	50%	Construction	-	-
UTE PARQUES FORESTALES Y VIVEROS.	10%	Concessions	909	29
UTE PARQUES RED REGENERADORA.	20%	Construction	3	-
UTE PISCINA COLMENAR.	70%	Construction	-	-
UTE PLANTA EL MOLAR.	80%	Construction	-	-
UTE PLANTA RESIDUOS BADAJOZ.	20%	Construction	-	-
UTE POLIDEPORTIVO COLMENAR.	55%	Construction	-	(1)
UTE PRESA ARBAS.	50%	Construction	61	(12)
UTE RAMOS CARRION.	80%	Construction	-	(43)
UTE RUTA DE LA PLATA 2015.	50%	Construction	777	2
UTE RUTA DE LA PLATA.	50%	Construction	-	-
UTE SALAS.	50%	Construction	-	-
UTE SAN CRISTOBAL-GETAFE.	50%	Construction	193	-
UTE SANT ROC.	20%	Construction	-	-
UTE SAPLAYA.	20%	Construction	-	-
UTE SARDERA OSSO.	20%	Construction	-	-
UTE SECTOR LA ESTACION.	55%	Construction	-	-
UTE SIMANCAS.	50%	Construction	-	-
UTE SOLAND CENTER.	80%	Construction	-	8
UTE SOTANO TC.	50%	Construction	-	-
UTE TEATRO RAMBLETA.	40%	Construction	-	-
UTE TUNELES NORTE.	20%	Construction	43	6
UTE VADO.	100%	Construction	-	-
UTE VALLES OCCIDENTAL.	20%	Construction	-	-
UTE VIVEROS.	50%	Construction	-	-
UTE ZONAS VERDES ENSANCHE VALLECAS.	33.33%	Construction	-	-
Total ORTIZ CONSTRUCCIONES Y PROYECTOS,S.A.			13,638	3,441

			2017	
ORTIZ ENERGIA,S.A.U.	% Share	Activity	Turnover	Profit/Loss
UTE AFRICASOLAR.	25%	Construction	201	81
UTE CUADROS ELECTRICOS AEROPUERTO ADOLFO SUAREZ.	40%	Energy	-	(1)
UTE CUADROS PRINCIPALES DE BAJA TENSION AEROPUERTO ADOLFO SUAREZ MADRID-BARAJAS	40%	Energy	3	-
Total ORTIZ ENERGIA,S.A.U.			204	80

General Total			36,507	3,592
----------------------	--	--	---------------	--------------

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

1. BUSINESS DEVELOPMENT AND SITUATION OF THE GROUP

GRUPO ORTIZ stands out for the diversification of its business lines and the internationalisation as well as for its economic-financial solvency, its skill and experience in executing large technical, financial, design, maintenance and operation projects.

The Group's business areas are:

- **Concessions.** Concession operator with wide experience in investment financing, execution design, operation and maintenance.
- **Energy.** Construction of photovoltaic, wind, thermal-solar and hydraulic power generation plants, high and middle voltage lines, electric substations, as well as maintenance of electro-mechanic installations and energy services.
- **Construction.** Construction of civil works infrastructure, buildings, railway, water, environment, renovations, engineering and Indagsa industrialised construction system.
- **Services.** Maintenance of infrastructure, roads, railways, comprehensive maintenance of buildings, urban and environmental services.
- **Real Estate.** Real estate properties for rental and tertiary level products (offices and business premises).

It must be mentioned that during financial year 2017 the situation of the company has evolved positively.

CONSOLIDATED Ortiz Construcciones	2013	2014	2015	2016	2017
Turnover	392	412	376	347	429
Ebitda	47	53	41	36	36
EBITDA/Turnover margin	11.98%	12.86%	10.95%	10.34%	8.39%
RESULT	14	(7)	16	5	17

Data in millions of Euros

It must be stressed that the turnover of the Consolidated Group for the year 2017 amounted to 429 million Euros, accounting for a 25% increase in relation to the previous year, and recorded a Consolidated EBITDA of 36.57 million Euros.

The EBITDA/invoicing ratio comes up to 8.39%.

Profit/loss for financial year 2017 is 17.19 million Euros, which represents a considerable increase compared to the result of 2016, which was 5.36 million Euros.

The Group's robust situation is evidenced by the evolution of the main items of GRUPO ORTIZ over the last five years, whose amounts have been remained practically constant as a result of the internalization and the diversification of business areas undergone by the Group.

The consequence of using the equity method for consolidation of related companies, concessionary companies' is that EBITDA and turnover are not included on the financial statements of the Consolidated Group.

The Group's turnover amounts to 466.99 million Euros if the concessional business is added, which is not consolidated in the Group, with an EBITDA that comes up to 66.97 million Euros in case of adding the concessions that do not consolidate in the Group.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Portfolio

The current contracted portfolio pending execution of GRUPO ORTIZ amounts to almost 6,000 million Euros, which represents an increase in the total portfolio of 45% compared to the 2016 portfolio.

The portfolio of contracts mainly involved the Concessions and Energy Projects Divisions as well as the International Construction Division.

- The portfolio corresponding to the Concessions area amounts to 4,993 million Euros, which represents an increase of 64% over the previous year due to the incorporation into the portfolio of concessions of Tepic Hospital projects in Mexico and the concession of the Caribbean Route in Colombia.
- The portfolio corresponding to the Energy area amounts to 360.30 million Euros, 73% of which correspond to international projects.
- The portfolio corresponding to the International Construction area amounts to 389.96 million Euros, increasing by 10% thanks to new construction projects in Mexico and Panama.
- The total portfolio corresponding to the National Construction and Services areas amount to 271.95 million Euros, a 16 % lower than in the previous year.
- The portfolio corresponding to the Real Estate area amounts to 51.18 million Euros, practically stable compared to the previous year.

During 2017, 438 Mwp are contracted under EPC agreements.

The Group's portfolio has three concessions in Colombia, the first one, Conexión Norte, the second one, Tránsito del Sisga (Bogotá), and the third one is the Private Initiative Caribbean Route. In addition, it has the first international hospital concession, the Tepic Hospital in Mexico.

In summary, GRUPO ORTIZ has a highly diversified portfolio both geographically and by business area, which a high growth potential.

53% of the portfolio corresponds to international businesses.

Financing

Debt

The gross Debt of GRUPO ORTIZ with Consolidated RECOURSE in 2017 amounts to 149.3 million; 7% decrease of the gross debt as compared to the previous year. This decrease is mainly due to the policy of debt reduction. In 2017, the policy of acquiring Grupo Ortiz bonds (1.3 million Euros) has continued, bringing the final position of Grupo Ortiz to 17.6 million Euros on the issue of 50 million Euros.

Debt WITHOUT RECOURSE corresponds to the following operations:

- Public houses under lease with a purchase option (VPPAOC as per the Spanish acronym) in Villalba, Madrid, amounting to 11 million.

The total amount of credit policies as of 31 December 2017, was uncalled, that is to say, 100% available.

Lending Positions

It is necessary to evaluate lending positions in order to analyse net debt. The active positions as of 31 December 2017 amounted to 70.55 million Euros. The reduction with respect to the 2016 cash flow is due to the investment

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

cycle in which the Group has made an effort in concession investments and, in addition, some early repayments have been made regarding 2017 loans.

Despite the investment effort and debt amortisation, the active positions at the end of 2017 are still very high.

Net Financial Debt

As a result, we the current financial year has ended with a net debt figure of 67.78 million Euros, with the previous year's figure 48.64 million Euros. This increase in the NFD occurs, although the total debt is lower compared to 2016 due to the reduction in the Group's cash flow as a result of investments in concessions and the amortisation of debt during 2017, as indicated above.

As a consequence of the reduction of the Group's gross debt and the high number of active positions, the Company Ratios required by the Bonds and the Syndicate are compiled comfortably.

1.1 INTERNATIONAL ARENA

International invoicing corresponds to the 54% of turnover, reaching sales figures of 234.20 million Euros, considerably higher than the previous year (45% of total turnover and an international sales figure of 157.12 million Euros).

The turnover of the Energy area reaches 93% internationally.

International activity for year 2017 reaches 234.20 million Euros and its breakdown by countries is as follows:

Peru 22.8, Colombia 19.0, Mexico 101.2, Panama 34.3, El Salvador 14.0, Japan 35.9; and Other countries 7.0 million Euros.

INTERNATIONAL ENERGY

The Group's Energy Area reached 163.48 million Euros in invoicing, more than 36% more than the previous year

It starts the year 2017 with the execution of major projects in the international scope. Much work had been done on the internationalisation of the Latin American market area and the activity in the Asian market was consolidated via Japan, a hard country for Western operators, but with an energy policy focused on the development of renewable energies. This country is trying to expand this policy to other South-east Asian countries, such as Vietnam and Malaysia.

It should be noted that the commitments of the EPC contracts with delivery in 2017 have been strictly complied with, among others:

- Photovoltaic Park Chile (57 MWp),
- High Voltage Lines and 400kV Substations in Sinaloa, Mexico for the Federal Electricity Commission (CFE),
- 2 Power Plants in Japan (2 MW),
- 1 Power Plant in El Salvador (13MW).

These works have been carried out successfully and have allowed to gain prestige internationally in the sector, ensuring the contracting of new plants, highlighting the following projects that shall be executed between 2018 and 2019:

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

- A new photovoltaic project (15 MWp) in Japan (Shirakawa),
- Two projects (348 MWp) in Aguascalientes, Mexico (Solem I and Solem II)
- A project in Honduras of 34,5 MWp (Nacaome)

Policies to prevent climate change for energy reasons are still an economy driver, especially in developing countries or developed countries such as Japan with a radical change in its energy policy related to the programmed shutdown of nuclear energy and energy. coal-fired power plants and the development of renewable energies. The growth of electricity demand in developing countries, with policies of respect for the environment, involves the need of opening new generation facilities with renewable energy sources and the resulting transport and distribution facilities. This circumstance together with the degree of development of photovoltaic and wind solar technologies, with competitiveness procedures based on auctions, have enabled an important development of these technologies. Our experience, together with the need to satisfy the energy demands with respect to the environment, enables us to have an optimistic vision of the consolidation of the Energy Area in this matter and contribute to the sustainable development of the Ortiz Group.

It is important to highlight what was registered in the 2017 report regarding the financial model of these large energy projects, where the figure of the promoter has changed due mainly to the size, not only of the project but also of the promoters; today, the largest Electric Companies are usual in this market. This fact implies that Grupo Ortiz does not need to act as investor in energy facilities and may act as EPC contractor in said projects.

The GROUP has managed to maintain its position as constructor for turnkey generation facilities and electric transportation infrastructures, maintaining the activity of the projects it builds and carrying out Operation and Maintenance activities.

Strategically, and taking advantage of the position in some markets, this division is trying to diversify in technologies, paying particular attention to the wind, biomass and co-generation areas, which should allow, in the event of accessing such markets, to obtain a medium and long term stability guarantee for the division.

It should be noted that the Energy Area of the GROUP has promising forecasts of continuing to grow in the following years.

At the end of 2017, the Energy Area conducted international activities in the following countries: Mexico, Guatemala, Honduras, Panama, El Salvador, Peru, Chile, Japan, France e Italy.

Relevant markets in 2018:

Mexico: The economic, political and social conditions in Mexico are showing signs of growth in energy demand. This circumstance will cause the government to continue with its policy of expansion in energy infrastructure, both in generation and in transportation and distribution networks. This, together with the policy of respect for the environment, will make this country continue holding long-term energy auctions, also motivated by the success obtained in the previous ones, where the expectations of bidders have always been met regarding energy offered and price. Estimations state that Mexico will become the 8th world economy in 2040, and this will require an important growth of energy facilities. The forecasts of the State Secretary for Energy is to increase installed power by 60 GW from now to 2029, and 33.5 GW of the new power will be clean energy. These numbers show that Mexico is a very interesting market for the development of the GRUPO ORTIZ Energy Area.

This scenario allows us to be optimistic in this market where new tender processes are foreseen and where the co-generation potential to be developed exceeds 8,000 MW, SENER data. This potential, together with the references obtained in the country, allows us to be optimistic and plan on accessing the market of new generation technologies. Currently, two new contracts, which would add another 200 MW to the group in the country, are in an advanced phase of being formalised.

Japan: The activities carried out in this country must be highlighted since, despite of the short period of time, four EPC contracts for photovoltaic plants have been obtained such as, for example, the project being executed in YAMAGATA for Trina Solar Japan Energy, with a power of 25 MW. There are many opportunities for growth and mature projects that make us think that hiring will be increased during 2018.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Additionally we thought about reaching the emerging market of South-east Asia from the headquarters of Japan.

Finally, it must be noted that in France, Italy, Guatemala, Honduras and Chile Operation and Maintenance works are being carried out in photovoltaic plants built in previous years for different clients with a total installed power of more than 260 MW. This will allow to maintain direct contact with the market and to facilitate the contracting of new projects.

Today, the Division is studying electric energy generation projects with renewable sources, mainly photovoltaic and wind, exceeding a power of 1,500 MW, most of them in developing countries. Likewise, projects are being studied for Spanish developers, who have been awarded in the tendering process that the government held at the beginning of 2018, which would enable a certain revitalisation of the national activity.

INTERNATIONAL CONSTRUCTION.

The Group's international construction activity has a **turnover of 70.83 million Euros**, which represents an increase of 87.97% compared to 2016.

The international construction area has a **portfolio, at 31 December 2017, of 389.96 million Euros**, 10% higher than the portfolio of 31 December 2016.

GRUPO ORTIZ is still located during this year in the Latin American markets of Colombia, Panama, Peru and Mexico.

COLOMBIA: Over this financial year 2017 the following works have been concluded:

Central Transversal Pacific Road, Section Virginia – Mumbú, for the National Road Institute (INVIAS).

Rehabilitation works for the "Facatativa – El Rosal" road, Department of Cundinamarca, for the Equity of the National Road Institute (INVIAS).

The following works are still under execution:

- Construction and enlargement of the Distribution System of the Aqueduct located in the municipality of Magangué, in the Department of Bolívar, for the Financial Institution for Development (FINDETER).
- Construction works under the EPC regime of the Northern Connection (Conexión Norte) between Remedios, Zaragoza and Caucasia, Department of Antioquia, for the concession holder Autopistas del Nordeste S.A.S.

In 2017, after the first disbursement of debt, it was not necessary to make more equity contributions.

In May 2017, we increased our investment in the concession and in the EPC by 1.5%. This investment was obtained from Valorcon.

In July 2017, we sold 4.213% of our shares in the concession to the COFIDES fund. The sale entailed a benefit for ORTIZ of 4,363 mm COP. The total income was 13,320 mm COP (4,363 premium + 8,957 reimbursement of contributions made by ORTIZ).

- Construction works under the EPC regime of the Sisga Transversal Road, between Sisga and El Secreto, in the Departments of Boyacá y Casanare, for the concession holder Autopistas del Nordeste S.A.S.

Regarding the tendering and awarding processes, we highlight:

The private initiative submitted before the National Agency of Infrastructure (ANI), CARIBBEAN HIGHWAY CONCESSION. This concession connects the cities of Barranquilla and Cartagena (interior route) (260 km dual carriageway). Foreseen investment: €600 M. It is likely to be awarded at the beginning of 2017.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

At the end of January 2017, the Term for declaration of interest expired and, given that there were no more interested parties, we were declared the tender awardees.

In September, the work was awarded with the Findeter administration "Optimisation of the aqueduct system of the city of Valledupar by means the construction of treated water storage tanks and aqueduct matrices", for a value of 5.20 million Euros.

It is important to note that, with the financial indicators, according to the financial statements with a cut-off date of 31 December 2016, the company ORTIZ C Y P SA does not comply with all the requirements established in the tender documents. Specially, with regard to the indebtedness, liquidity and interest coverage ratio.

Also, with regard to the commercial agreements of Colombia with the European Union, for which it is established that, in projects below 5,140,000 Euros, the commercial agreement does not apply and therefore the score for supporting the national industry is not received.

In the particular case of FINDETER, an entity that promotes water projects (sanitation, supply, treatment, among others), Ortiz CYP SA SUCURSAL COLOMBIA has the limitation of fines; and, on the other hand, Asteisa SAU SUCURSAL COLOMBIA does not meet the requirements of legal capacity since, as indicated in the specifications, the branches must be incorporate for a minimum of 5 years in Colombia, and ASTEISA did it on 13 August 2014.

As mentioned, we have studied since 2017 the alternative of opening a new company "SAS", which could prove the experience of its partners during the first 3 years of constitution as established by law.

In December 2016, the tax reform was approved. We are legally defending that the VAT increase set forth therein does not has effect on the previously formalised projects, since this law provides a lot of legal gaps.

It should also be noted the filling of claims of the completed works amounts to 5.50 million Euros. Some of these processes will be carried out before an arbitration court and, the others, by means of ordinary administrative litigation.

PERU. During year 2017, we executed the works of the Alcides Carrión Hospital for the Regional Government of Cerro de Pasco, reaching, at the end of the year, a development degree of 90.07%. It is a very important work from the social perspective with a major impact on this mining city located at more than 4,300 m above sea level, which, for the first time in its story, installed tower cranes for the execution of works and for which more than 200 workers are currently employed.

At the end of 2017, an Addendum to the Contract was signed with the Regional Government of Apurímac, which ensured restarting the works of the new hospital of Andahuaylas, and approving modifications to the project that imply a 15% increase in contracting.

On the other hand, within the field of road concessions, Ortiz Construcciones y Proyectos, S.A. Sucursal Perú developed the following activity during 2017:

- We are pre-qualified in the Longitudinal Concession of the Sierra, Section 4: Huancayo-Izcuchaca-Mayocc-Ayacucho-Ayacucho-Andahuaylas- Sahuinto Bridge/Dv. Pisco - Huaytará - Ayacucho. The Project consists of the execution of upgrade and rehabilitation works (117 km), initial periodic maintenance (498 km) and subsequent maintenance and operation, with the purpose of maintaining the road at the established service levels. ORTIZ Construcciones y Proyectos, S.A. Sucursal Perú comprises the Consorcio Vial Centro (Central Road Consortium) together ALVAC, company specialising in road maintenance and the Peruvian company JOHESA, expert in road construction, with a share of 50-25-25% respectively. The process of selecting bidders for the Longitudinal Concession of Sierra Section 4 was suspended by PROINVERSION due to the expiration of the pre-investment studies and the report of completed works. The tendering process was postponed until the end of 2018.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

- The IP Sierra Road was ruled out by Proinversión, a public body that manages Public-Private Association (PPA) projects after a report from the Ministry of Transport and Communications, for demanding a greater action scope, which was not bankable.

In relation to the political situation, the Authority for Reconstruction with Changes has not managed to execute the investment planned for this year 2017 regarding the projects associated with the reconstruction of roads, hospitals and education centres, due to the effects of the South America floods (Niño Costero), which will probably end in 2018.

The tender process of the Pan American Games of different venues was launched, to which we participated, and we were one of the six selected consortiums, among more than 50 international companies, for the Athlete Village, one of the most important venues in the Pan American Games, but it was finally awarded to another bidder.

We are pre-qualified in tenders regarding different public agencies, sanitation works for Sedapal and the Ministry of Housing, road works for Arequipa Regional Government, prison establishment for National Penitentiary Institute, and hospitals for the National Programme of Investments in Health, Ministry of Health.

We have also tried to enter the private sector several times, but we have never been successful, except in the case of the Remodelling of the Camino Real Shopping Centre, of the Grupo Centenario, a Peruvian investment group, in which we are preselected together with a Peruvian construction company.

PANAMA. During year 2017, we continued the execution of those works contracted in 2015 with the Ministry of Public Health, corresponding to the "Third Phase of the San Miguelito and Bay Sewer Networks of Panamá. Lots 1 & 3". Its completion was scheduled for 2018, but proposals have been submitted by both of us for extending the deadline for 2019. These works are instrumental for the improvement of the water quality in the Bay of Panamá and they had a major social impact on a poor area of the City of Panamá both due to the improvement of the sanitary conditions and the direct and indirect job creation they generate.

During this year, the works of Design, layout development, conditioning and integral restoration of the Santa Iglesia Catedral Basílica Metropolitana de Santa María La Antigua of Panamá, located in the Plaza de la Independencia, township of San Felipe, District and Province of Panamá, have begun. Its completion is scheduled for September/October 2018. Therefore, it will be ready for its inauguration by Pope Francis during his visit to Panama due to the World Youth Day (WYD) 2019, to be held from 22 to 27 January 2019.

Besides, the activities of Asteisa during 2016 focused on the international division, in particular in the Republic of Panamá, where the following works have been bid for:

- San Isidro Policentre. 23 February 2017.
- La Arenosa Drinking Water Plant. It was postponed from February until its cancellation in October 2017.

On the other hand, the following awarding notices have been issued:

- Study, design and execution of works for the sustainable upgrade of the drinking water network of the city of Panama: enlargement and rehabilitation of the Northern aqueduct of Panama (88 million dollars). UTE (Joint Venture) Ortiz (70%)-Asteisa(30%). This project is pending until the Notice to Proceed in order to commence the works is delivered.
- Construction of the second module and restoration of the first module of the drinking water plant in the city of Santiago de Veraguas and operation and maintenance of both modules (9 million dollars). Asteisa (100%). This project is pending until the Notice to Proceed in order to commence the works is delivered.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

ALGERIA: In Algeria, an Algerian-Spanish joint partnership was established to construct 5000 homes in five years, with construction technology transfer of knowledge and training. The GRUPO ORTIZ is the only international company that had had its industrialised construction system officially approved in Algeria. In 2016 the execution and commissioning of a concrete plant was completed.

On the 24 January 2017, Ortiz filed for arbitration proceedings before the International Centre for Settlement of Investment Disputes (ICSID), an arbitration institution of the World Bank with headquarters in Washington. The reason for said arbitration is the fact that Ortiz, after many negotiations started in 2012 in which Ortiz complied with all agreements reached, no contract for the execution of houses has been executed, and therefore there has been a breach of the agreements signed by the Algerian authorities.

ROMANIA: During financial year 2017, the execution of the Sanitation Works and Pumping Stations for Waste Water in Breaza, Prahova, for the Public Company Hidroprahova continued. During January to March the work was suspended due to extreme climate conditions which prevented the works from being developed. In September, the work was completed and the settlement and delivery process began. It is a process that can last a year due to the new regulations for the delivery of these works.

No more tendering process have been submitted because the works that are going public are tenders. Likewise, there are no tendering process on water and rail works on which we are focused.

PREFABRICATED During financial year 2017, Indagsa has, on one hand, pursued its activities on its traditional domestic market and, on the other hand, consolidated its internationalisation process in Algeria, Switzerland and Paraguay.

In relation to its internationalisation process, it must be noted that:

- In Paraguay, Engineering and Technical Assistance works have been carried out on the Paseo de la Galería mall in Asunción.
- Collaborating with various works carried out by the group of companies in Colombia, providing technical assistance to the construction solutions to be executed and developing prefabricated solutions for structures.
- Prefabrication study of the structure with establishment of a plant close to the site for the construction of a hospital in Tepic, Mexico.
- Participation in numerous studies of renewable energy plants designing drainage channels and networks.

INTERNATIONAL CONCESSIONS.

TEPIC NAYARIT HOSPITAL, MEXICO

In July of 2017 and regarding the CONCESSIONS division, the tender contract has been awarded to the Institute of Security and Social Insurances of State Workers -ISSSTE-, of the Public Private Association (APP) for the replacement of 150 beds in the Tepic General Hospital, in the state of Nayarit. This project is an important milestone for the Concessions area since, in addition to representing the first contract in the Health Sector, it should be noted that this project comes from a Private Initiative promoted by Grupo Ortiz in 2015.

As part of the scope of the Contract, Ortiz will be held liable of operating Assistance Services regarding: Sterilisation, Haemodialysis, Laboratory, Blood Bank, Pharmacy, as well as the Complementary Services regarding Food, Clothing, Maintenance of Medical Equipment, Surveillance, Cleaning, Mail, Storage, and Integral Maintenance of Facilities, including Telecommunications and Medical Gas Supply Systems.

The project includes the Design, Construction, Equipment and Provision of complementary services during the following 25 years.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

The work will be performed by the CONSTRUCTION team, and will approximately amount to one thousand two hundred million Pesos, and will replace the current general hospital "Dr. Aquiles Ramírez Calles" of the Paseo de La Loma, built in 1964 to serve 16 thousand people entitled. Today, in Nayarit, there are 230 thousand people entitled.

The new hospital will be built on 3.5 hectares donated by the Government of Nayarit. It will have an infrastructure of 200 beds (150 active ones), 35 doctor's offices, seven operating rooms, 31 speciality offices of second and third level of care, 6 diagnostic assistants, 8 treatment assistants and 11 haemodialysis pieces of equipment, among others. The building will have LEED certification standards.

Upon the commissioning of the Hospital, the capacity of health care will be increased from 64 to 150 beds, reducing the time of attention in the Emergency Room and increasing the number of doctor's and speciality offices.

The financial closing is signed in March 2018. The commencement of works, in February 2018. Commissioning of operations, in June 2019. Total Investment € 70 M. Total Works € 50 M. Own Funds of the SPV € 15 M. Grupo Ortiz Funds € 7 M (Paid € 5 M).

ROADS IN COLOMBIA: In 2014 the Company was awarded the first concession contract of the Conexión Norte Road. In 2015 the Company was awarded the concession contract of the Sisga Transversal Road.

In 2018, the contract of the awarded APP Ruta Caribe, which runs from Cartagena to Barranquilla, to the Ortiz KMA consortium, is pending to be signed.

CONEXIÓN NORTE: Length: 145 km (63 km of new construction and 82 km of renovation). Between Antioquia (Remedios—Zaragoza — Cauca). SPV: Autopistas de Nordeste, S.A.S.

Execution Term: Feb16 - Jan21, currently under execution. Concession date: 2015 — 2043.

The investment reaches ≈ € 572 M. Banking funding amounts to ≈ € 415 M, executed in 2016 with a leverage of: 75% / 25%. Foreseen own funds SPV: € 157 M.

In 2016, the investment agreement with COFIDES was executed for the undertaking of 4.2% of the SPV, thus reducing the share of Ortiz and its Equity provision commitment in € 8 M.

The own funds to be provided by ORTIZ amount to € 21 M, 40% of which are already paid up.

Foreseen income SPV: € 2,830 M. Availability payments + Traffic guaranteed by the State (90%), direct tool (10%).

SISGA TRANSVERSAL: Length: 137 km (100% rehabilitation). Between Cundinamarca, Boyacá and Casanare, (Sisga—Guateque—San Luis de Gaceno—Aguaclara) SPV: Concesión del Sisga, S.A.S.

Execution Term: Oct16 - Oct19, currently under execution. Award Term: 2015 — 2044.

The investment amounts to ≈ € 282 M. The banking funding amounts to ≈ € 196 M accredited before the ANI in 2016 in the final stage of contract drafting. Foreseen own funds SPV: € 85 M.

In December 2016, the investment agreement with COFIDES was executed for the undertaking of 24.9% of the SPV, thus reducing the share of Ortiz and its Equity provision commitment in € 24 M.

The own funds to be provided by ORTIZ amount to € 20 M, 70% of which are already paid up.

Foreseen income SPV: € 1,470 M. Availability payments + Traffic guaranteed by the State (70%), direct tool (30%).

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

CARIBBEAN HIGHWAY: We are still working on this private initiative which has already been provisionally awarded pending confirmation. Length: 474 km Cartagena – Barranquilla (dual carriageway and remodelling). Award: Contract pending to be signed.

The foreseen term is: 2018 – 2052. Investment: € 832 M. Need for funding with resources other than the ones corresponding to the project: € 465 M (investment – net income during the construction phase).

Foreseen own funds SPV: € 167 M and the foreseen ORTIZ own funds: € 50 M. Foreseen SPV income: € 6,350 M 100% direct toll (pre-existing). The traffic volume is already highly consolidated.

1.2 DOMESTIC ARENA

NATIONAL CONCESSIONS

Concessions are a line of business that is extremely relevant in the Group.

At present the GRUPO ORTIZ operates a diversified portfolio of concessions, with an excellent track record and recurrent and predictable revenues.

These concessions can be broken down into two large groups:

- Infrastructure (5 roads, 8 car parks, 1 railway, 1 environmental, 1 cultural, 1 sport and other).
- Energy (50 Mw thermal-solar, 50 MW wind, 32 MW photovoltaic (sold in December 2017), 3 power efficiency projects and 290 Mw photovoltaic projects under construction)

The know-how acquired by the GRUPO ORTIZ and its success in developing the large projects it undertakes let it continue to expand its concession business with new investments.

The majority of concessions are developed by corporate vehicles that are established for this sole purpose, which are not consolidated as Group subsidiaries, but instead are consolidated by the equity method. These corporate vehicles represent a very large proportion of the activity in concessions; 80% of the area turnover.

The only consolidated concessionaire companies are Concesionaria Collado Villalba, S.A.U, which runs two car parks in this town, and Ortega y Gasset Park, S.L. (sold to GOP Socimi in December 2017), which manages a car park in Madrid.

The remaining consolidated concessions are integrated on different Group companies, such as:

- Construcciones y Proyectos, S.A: other car parks (6)
- Elecor, S.A.U: efficiency projects and a 1 Mw photovoltaic power plant
- Asteisa: Ribadeo WWTP.

Below, the turnover and EBITDA for each consolidated Concession is specified:

-	Car Parks:	Turnover €2.5 M	Ebitda €1.2 M.
-	Environment:	Turnover €0.1 M	Ebitda €0.1 M.
-	Service Station:	Turnover €5.0 M	Ebitda €0.1 M.
-	UTE Málaga Energía:	Turnover €0.3 M	Ebitda €0.2 M.
-	Energy Efficiency:	Turnover €0.5 M	Ebitda €0.2 M.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

In addition, the Concessions that are consolidated by the equity method have generated an "EBITDA" to the Group (in the form of cash and interest on the loans) amounting to € 4.8 M.

The Equity investment of the Group in Concessions since 2005 amounts to € 150 M, of which 20.5 has been divested.

The Concession Division went from 3 to 111 employees in 10 years.

72 employees working for the SPV companies managing those concessions which are not included in the consolidation process must also be added. Therefore, the total number of employees within the Concessions Division in 183 workers.

NATIONAL ENERGY.

The year 2017 ended with a turnover of 12.02 million Euros in the National Energy Area, 0.86% over the previous year.

In addition, the year 2017, as expected at the end of the previous year's report, has been a year of strong growth, especially due to the significant growth in the international sector.

During 2017, the energy sector at the National level has shown the first signs of getting out of the recession in which it was, the demand for electric power grew over the previous year above 1.5% and the government, as a result of international commitments, has called several tenders for the generation of renewable electricity, awarding energy companies with more than 5,000 MW of power to be built during 2018 and 2019 to meet the obligations to cover 20% of renewable origin before 2020. These are the first symptoms of investment in the energy sector since 2012, when it was paralysed due to the energy reform. This will enable some growth in activity in the coming years, both in terms of generation and transport infrastructure, and therefore optimistic for the immediate future.

Regarding the possibilities stated in the previous report in relation to the development of Integrated Sustainable Urban Development (DUSI) programs with significant ERDF fund allocations and the regulatory modifications in self-consumption, it should be noted that self-consumption continues without regulatory advances which may facilitate their development. However, some actions related to DUSI have recently begun, with relevant expectations for 2018 and 2019.

In this scenario, activities at the National level of the Energy Area are focused, firstly, on consolidating the market and taking advantage of the opportunities arising from the construction of new renewable power, evacuation infrastructures of said generation projects and projects on energy and renewable efficiency from the DUSI Strategy.

Note that, at the end of this report, the evacuation infrastructure of a 36 MW wind farm has been contracted for the company Gas Natural Fenosa in Plasencia, Cáceres. Likewise, corresponding to the last renewable tender, the EPC construction of a 13 MW PV plant in the Casar, province of Guadalajara has been contracted.

It should also be noted that the self-consumption of electricity with photovoltaic generation, even without the regulatory modification, is starting to increase significantly. The Energy Area has been awarded the construction of several plants, with sizes between 1,000 and 1,500 KW for the Canary Islands airports, owned by AENA. It should be noted that, within this same modality, in 2018, tenders will be called for the airports of Madrid and Barcelona.

It should be noted that significant technical and commercial efforts are currently being made for participating in tendering processes for the execution of projects derived from the DUSI strategy, as well as in projects derived from renewable tenders.

Likewise, the Energy Area has kept the activities it has been carrying out in the services sector, among which, we must highlight the electric infrastructures maintenance service for major electric generation and distribution companies such as, for example, Gas Natural Fenosa, ENDESA, and the Trillo and Almaraz Nuclear Power Plant. Likewise, we maintained the provision of Operation and Maintenance services to electric power generation facilities from renewable sources we have been carrying out. Likewise, we continued the provision of Operation and Maintenance Services of the La Africana Thermal-Solar Power Plant (50 MW) in Córdoba. Finally, and within the

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

service division, we continued the provision of energy services for projects regarding public lighting and big buildings in the tertiary sector throughout the entire Spanish territory.

NATIONAL CONSTRUCTION AND SERVICES.

The turnover regarding domestic construction and services in 2017 was 174,92 million Euros, a significant increase as compared to 156,39 million Euros of the year 2016 and 130,38 million Euros of the year 2015.

On the construction area, the Company is present on both public and private markets, and specializes on the execution of civil works, building, rehabilitation, railways, environmental works, full water cycle and Indagada industrialized construction system. In the civil works sphere, the Company build all types of infrastructures: roads, railway, hydraulic works and environmental works.

Building. Throughout 2017, the domestic building turnover increased from over 6.4 million Euros in 2016 to almost 52.66 million Euros, an increase of 13% as compared to 2016. This increase in turnover was due to the increase in tenders and awards of residential works, mainly in Madrid, during 2016, arising from the consolidation of positive expectations and the increase in financing by banking entities, although less than productions between 2015 and 2016, which was the turning point in residential construction, especially in Madrid and Barcelona.

The housing volume completed in 2017 came up to 392, and 1041 homes were in execution, in line with the previous year, when 344 homes were completed and more than 1,000 homes were also executed.

During 2017, the levels of tender processes for works, mainly related to residential building for cooperatives and/or small developers, remained at similar levels than those of 2016. Therefore, the political uncertainty period did not cause a new standstill in the residential sector, especially in Madrid.

This fact, together with the execution of the work contracts with GESTILAR derived from the plot sales contracts, has allowed the portfolio of contracted houses (including delegated management contracts) to total 1,041 dwellings at a national level as of 31 December 2017, virtually the same than Grupo Ortiz's portfolio as of 31 December 2016, which amounted to 1,174.

In addition, as a noteworthy event in 2017, the construction of the Provincial Hospital of Zamora for the Regional Government of Castilla y León was completed, thus expanding the Ortiz Group's notable experience in sanitary construction.

Maintenance and restoration. Within the Maintenance Area, the Tender for Investment in Public Domain Buildings of the Municipal Boards of the Madrid City Council of Moncloa Aravaca, Centre and San Blas has been awarded, as well as the Goods and Public Domain Buildings of the Culture and Sports Area of the City Council of Madrid.

Refurbishment. During 2017, an increase in confidence and liquidity in the investment of the private sector has been perceived in the niche of Renovation, in both Investment Funds and Hotel Entities, Shopping Centres, Teaching Centres, Housing and High-standing Offices. Likewise, an increase in public investment has been perceived by both local and regional administrations. This has resulted in a significant increase in public and private tenders with the consequent increase in the Rehabilitation and Services Business Area of Ortiz Construcciones, both in Billing (3.35% in 2016) and in Portfolio in 2018 (26,18% in 2016).

During 2017, the main works carried out within the Private Sector are: Building accommodating a Shopping Centre, a Gym and a Parking Area in Plaza del Carmen no. 2 in Madrid Renovation of Housing Building in C/ Padre Antoni Maria Claret in Zaragoza. Execution of a Parking Area and Sanitary Centre in C/ Ventisquero de la Condesa in Madrid. Renovation of Commercial Building in C/ Fuencarral 16 in Madrid. Demolition of Building in Avenida Bruselas in Madrid. Demolition of Building and execution of a new structure in C/ Emilio Muñoz in Madrid. Demolition and Execution of Expansion Runnymede School in La Moraleja, Alcobendas. Renovation of Hotel Bahía, Hotel Mar Azul and Fonda Llabrés in Mallorca. Restructuring of Offices in Paseo de la Castellana 18. Demolition of Cine Regio

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Building in Madrid. The contracting of the Structure and Renovation Consolidation for hotel use of the España Building in Madrid is especially relevant.

As for the Public sector, the Renovation of the roof and the restructuring of Usher Rooms in the Spanish Congress of Deputies have to be highlighted. Waterproofing of patios in the Bank of Spain. Emergency Works in Genoa 29 for the Ministry of Justice. Renovation of the Music and Dance Building in C/ Padre Amigo for the Region of Madrid. Renovation and Maintenance of Housing dependent on the Housing Institute of the Region of Madrid. And for the City Council of Madrid, the Municipal Parking Maintenance contracts, Investment Works in Public Domain Buildings and Goods of the Arts Area, Security Area and the Surveying, Demolition and Consolidation Tender of the Sustainable Urban Development Area; as well as the Maintenance and Investment Tenders in Public Domain Buildings of the Municipal Boards of Ciudad Lineal, Fuencarral, Centro, Moncloa Aravaca, Salamanca and San Blas. Other relevant maintenance contracts are those of Leganés, Las Rozas, Alcobendas, Fuenlabrada and Boadilla del Monte.

Civil works. In 2017, there has been again a lack of tenders regarding civil works of the public administration, although it seems that there may be a change in trend pursuant to the expectations for the next year 2018 and a practically null private tender processes.

During this period, the Contract for Maintenance and Operation of a section of the Ruta de la Plata A-66 Highway in Extremadura and continued, as well as the contract for the Maintenance and Operation for several sections of roads N-420, N-301, and N-310, all of them in the province of Cuenca, has been executed. Both contracts have been subscribed with the General Directorate for Roads of the Ministry of Development.

With Adif, company belonging to the Ministry of Public Works, we have completed the emergency embankment containment in Paet de Aramaio corresponding to the high speed railway line Vitoria-Bilbao-San Sebastian.

On the other hand, the City Council of Madrid contracted to paving actions for sidewalks in certain neighbourhoods and the urban development of the execution unit no. 2 of the Adelfas planning area and has contracted the remodelling street works in the vicinity of Chueca, in the Central district of Madrid.

In relation to hydraulic works, works involving urgent actions on the Supply network of the Canal de Isabel II (for a period of two years) have been awarded to a JV with Asteisa.

Regarding private persons, the reform of common areas of the shopping centre (parking area) has been carried out for CUADERNILLOS ESPAÑA, as well as the remodelling of the access points to the shopping centres Cuadernillos and la Dehesa in the N-II, and for CLH, civil works for the treatment plant in the port of Barcelona have been contracted.

Railways. The railway company of the Group, COSFESA, has maintained a steady activity during financial year 2017 through services contracts and renewal works for the conventional rail network.

The contract for the Preventive Treatment of Infrastructures of the Conventional Network (PTIV) in the Northwest Zone, completed in December 2017, has been in force during 2017, as well as the contract on Preventive Treatment of Infrastructures and Railways and Corrective Interventions on the tracks of the Metric Wide Network (RAM) of Adif in the Asturias and Galicia area. In December 2017, the contract for Infrastructure Maintenance and conventional network (MIV) has been renewed for a period of 2 years + 2 extension ones.

On the other hand, works have been resumed for the execution of the base and the track assembly of the pending section between Zamora and Pedralba. In addition, the maintenance works of the commissioned part of the Olmedo - Zamora High Speed section of the line Madrid - Galicia commissioned in December 2015 have also been carried out. Along with the above, works focused on the renovation of the railway, trench treatment, repair, reconstruction and coating of tunnels and bridges, etc. have continued.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Water Treatment. In 2017 ASTEISA Tratamiento de Aguas has continued its operation by tendering and executing the works awarded in Spain.

Among the awards that took place during 2017, it is worth highlighting the works of urgent actions of the Supply network with the Canal de Isabel II (for a period of two years) in JV with Ortiz, together with the works of the construction project of the main plant for experimenting with efficient technologies in Torrejón for the Canal de Isabel II (the contract is signed in the first quarter of 2018) and the improvement works of the WWTP of Villanueva de La Cañada also with the Canal de Isabel II.

The execution works continued for the enlargement of the WWTP of Aranjuez (Madrid), the procedures in the DWTP of Valmayor as well as the maintenance and operations of the Riego de la Vega WWTP and the Ribadeo WWTP have respectively continued.

However, the activities of Asteisa during 2017 focused on the international division, in particular in the Republic of Panamá, where major works have been bid for and awarded. Further information on such works will be provided in the international area.

Indagsa Industrial Construction System. During financial year 2017, Indagsa has worked on the domestic market of pre-fabricated panels and it has also continued its major role for the development of several R&D projects. Indagsa Ingeniería has provided technical support to the different departments within the Group, both for the preparation of project and for the provision of engineering assistance during the execution of the works.

Indagsa's production during 2017 increased by 30% compared to the previous year.

The main R&D Projects in which Indagsa collaborated in 2017 are:

- SISMO PANELS: Behavioural tests in the seismic area of the INDAGSA building system, performed with the UPM and FHECOR.
- UHPC: Development of very-high-strength concrete incorporating recycled materials.
- CONCRETE + FIBRE Development of substitute or complementary assemblies with fibres from multiple sources.
- PILLAR REINFORCEMENT: Reinforcement of existing pillars in rehabilitation works of new invention.
- INPHASE: PHASE CHANGE MATERIALS Use of phase change materials in prefabricated concrete enclosures. Performed with IECA, the Eduardo Torroja Institute among others.
- SENSOSMART PROJECT. Real-time Monitoring and Control System for the Assessment of the structural condition of buildings.

SERVICES.

On the services area, turnover reached 62 million Euros, 0.16% higher than the previous year. Maintenance and conservation service contracts provide a recurring portfolio in the medium term and provide recurring cash flows.

The middle-term contracted works portfolio for maintenance services of the environment (green areas and road cleaning and waste collection) and maintenance of buildings and infrastructures for the following years amounts to 76.276 million Euros.

Maintenance and conservation service contracts provide a recurring portfolio in the medium term and provide recurring cash flows.

The middle-term contracted works portfolio for maintenance services of green areas, road cleaning and waste collection for the following years amounts to 43.48 million Euros.

Integral Maintenance regarding Cleaning, Caretaking, Facilities and Architectural Elements of the Municipal Boards of the City Council of Madrid of Latina, Fuencarral, Puente de Vallecas, Usera, Moncloa and San Blas must be noted. Maintenance of 1,418 homes for SCI and 3,686 homes for the EMVS. Maintenance of Office Buildings for

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

GOP. Maintenance of Buildings, Roads and Public Lighting of Estepona. As well as the Maintenance of the Buildings and Facilities of Casa de Campo and Matadero for Madrid Destino.

Despite of the current economy and the standstill in public tendering, particularly in the construction industry, the company maintained its business level based on the medium-term contracting of maintenance services of green areas, road cleanings and waste collection.

The main contracts under execution during financial year 2017 are the Maintenance of Green Areas and Urban Furniture of Ciudad Real, the Beach Cleaning Service and Park, Garden, Urban Trees, Fountains and Urban Furniture Maintenance Services of Estepona (Málaga), the execution of the Centrality Parks for the Compensation Board of Valdebebas (Madrid) the Park and Municipal Integral Management Service for Public Plant Nurseries of Madrid, lot 3. Park Forest and Plant Nurseries, and Street Cleaning and Urban Waste Collection Services in Xàtiva (Valencia).

Progress has been made in contracting medium-term maintenance and conservation services, contracts that provide stability to society, such as street cleaning and maintenance of green areas in El Casar (Guadalajara), as well as extensions of maintenance services on green areas of Ciudad Real and Humanes de Madrid or extensions of the beach cleaning service of Cádiz.

In addition, important contracts have been obtained such as the environmental recovery of degraded areas in the Commonwealth of the Central and Tajo-Salor Area in Cáceres for the Regional Government of Extremadura, the execution of urban gardens for the City Council of Madrid, the reforestation of the Forest District XV- A Limia (Orense) for the Regional Government of Galicia or the execution of gardening works for the City Council of Pinto (Madrid).

Likewise, the contracts executed in the previous year are still in effect, such as the maintenance of green areas of San Fulgencio (Alicante), Estepona (Málaga), Humanes (Madrid), Ciudad Real, Alboraya (Valencia), the road cleaning and urban waste collection in Xàtiva (Valencia), the cleaning of municipal buildings in Xàtiva and Enguera (Valencia) or the integral management services for municipal parks and greenhouses of the Council of Madrid, lot 3: Forest Parks and greenhouses, as well as the renewal of the contract on connection works of regenerated water network to the parks of the Autonomous Community of Madrid with Canal de Isabel II.

For the following financial year, we will keep our consolidation strategy in the environmental services markets (conservation and maintenance of green areas, trees, urban furniture, road cleaning, management, operation and maintenance of waste treatment plants, waste collection services, beach cleaning, etc.), aiming at all times at an ongoing improvement. The situation of the company is likely to remain stable in 2018 thanks to the continuation of contracts in effect and the execution of new ones.

Even though the economic criteria are still the most relevant ones in tender processes for services, it is likely that the increase of the market share of INDITEC within the service sector (particularly in the field of conservation of green areas), due to external factors, such as the decrease in the number of bidding companies, and also internal factors such as the quality and quantity improvement in terms of experience and capabilities, will allow to increase the range of potential clients.

REAL ESTATE AREA.

In 2017, the transformation process of the Company Grupo Ortiz Properties, S.A. was completed at SOCIMI, a company that holds ownership of the Group's main assets. The Company's long-term business strategy is focused on optimising its solid and diversified asset portfolio, so that value and profitability are added to the portfolio as a whole, with the aim of adding value to the investor's effort.

The purpose of the restructuring of this branch of activity is divestment, so the assets and liabilities integrated in the subgroup GOP and subsidiaries are classified in the Consolidated Financial Statements as held for sale and their profit/loss under the heading "Profit/loss for the year from interrupted operations" which has amounted to 6.83 million Euros.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

In addition, the Group has plots and pieces of land, not associated to any financial debt, amounting to 2 million square metres of which 60.503 sqm correspond to plots for urban development and 38.260 sqm are located at the UZP. 1.03 of Valdecarros, and the rest correspond to pieces of land located in Arroyo Butarque, Barajas, Coslada, Vicálvaro, Burgos, and Seville.

At the end of the financial year, the Group has a total of 40,310 sqm of tertiary area, 484 homes for lease, 16 homes for sale and 986 parking spaces, with the occupations detailed below.

	% Typology	Area no. Homes./no. Spaces	% Occupation
Offices	60%	24,368	97%
Key Account Manager	24%	9,531	90%
Warehouses	16%	6,401	94%
Tertiary	100%	40,310	95%
Paracuellos Houses	36%	176	99%
Colmenar Houses	20%	96	100%
Public houses under lease with a purchase option in Alcalá	17%	80	96%
Public houses under lease with a purchase option in Chopera	17%	84	98%
Public houses under lease with a purchase option in Huerta	10%	48	98%
Homes	100%	484	98%
Ortega y Gasset	83%	814	65%
Rest of Spaces	17%	172	16%
Ortega y Gasset and Spaces	100%	986	58%

The upward trend in the real estate market has been evidenced in the results for the year 2017.

- In the tertiary sector, this upward trend is reflected both in higher occupancy and higher rents, reaching 95% occupancy levels, with a net turnover of 3,137 sqm, of which 2,762 sqm were for rent and 375 sqm for sale. Likewise, it worth noting:
 - In the office buildings of the Gavia, the renegotiation of leases with; (i) increase in periods of mandatory compliance and (ii) increase in income.
 - In the office building of Santa María Magdalena; the commercialisation of the only available area at a rent 8% higher than that contracted in 2016.
 - The lease of the only free industrial area in Madrid (Naves Torres Quevedo).
 - The highest sales of the free standing of Burguer King, what involves greater income by variable rent for the Company.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

- Lease and sale of a larger area of commercial premises and parking spaces at prices higher than initially expected.
- The residential area increases its occupancy up to 98%, with an increase by 6% in the average rental rate in new leases.
- The Ortega y Gasset parking area maintains occupancy in rotation by 9%, with a rate increase of 22%, and increases the average number of monthly instalments by 19% with respect to 2016, with a rate increase of 6%.

2. 2017 RELEVANT EVENTS

This are the relevant events that took place during 2017:

In the CONCESSIONS area:

- **TEPIC HOSPITAL (MEXICO):** Awarding of the construction and operation of a 150-bed hospital in Tepic Mexico for the Institute of Security and Social Insurances of State Workers -ISSSTE. This project is an important milestone for the Concessions area, as well as representing the first contract in the Health Sector. Awarded in July 2017 and the end of the financial year has been signed in the first quarter of 2018.
- **COFIDES:** Entry into Conexión Norte (€4 M on July 2017).
- **Refinancing and Sale PHOTOVOLTAIC AREA IN SPAIN €20.4 M.**
- **Refinancing** of the La Africana Thermosolar Plant in September 2017.
- Awarding in 2nd tender process in Spain of **13 MW** of photovoltaic plant in El Casar, Guadalajara.
- Awarding of the Private Caribbean Route Initiative by the ANI (Colombia).
- Longitudinal de la Sierra, Perú: Preliminary qualification. Pending call of the tender process.
- ALTEN-CUBICO Aguascalientes, Mexico: Signed the end of the financial year in July 2017 and commencement of works August 2017.
- Increase in Ortiz's participation in Viario A31.

In the ENERGY area:

- CFE (Federal Electricity Commission of Mexico): Signed the execution for the April 2017 term.
- X-ELIO: Signature reception of the Uribe Solar plant in Chile (June 2017).
- TRINA SOLAR: Awarding in Japan of the 15 MWp Shirakawa photovoltaic plant.
 - Completed the execution of two photovoltaic plants in Japan of 1 and 2 MW,
- ALTEN CUBICO: Signing EPC contracts for two photovoltaic plants of 150 and 140 MW in Aguascalientes, Mexico. Commencement of the execution of works in August 2017.
- PACIFIC SOLAR: Awarding of a 35.5 MWp photovoltaic plant in Honduras.
- ALTEN EL CASAR: Awarding of a 13 MW photovoltaic plant in El Casar, Guadalajara, Spain.
- AENA: Contract for the electrical maintenance of 4 airports in the Canary Islands.

In the CONSTRUCTION area:

National Construction:

- Renovation Award for the "PLAZA DE ESPAÑA BUILDING" in Madrid.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

- In the Building area, 392 homes were completed during 2017, we have 1,041 homes being build and another 211 homes have been contracted in 2017.

International Construction:

- PANAMA: San Miguelito sanitation works (lot I and III) are being executed, as well as the Restoration of the Cathedral of Panama. And awarding of two new water treatment works: Veraguas and Anillo Hidráulico.
- COLOMBIA: Works on highways of the ANI are being executed: Conexión Norte and Transversal Sisga.
- MEXICO: Construction of a Hospital in Tepic, Mexico.

SOCIMI OPERATION:

- Sale of 18% of the Socimi GOP to individual investors.
- Commencement of the listing in the MAB of Grupo Ortiz Properties Socimi in July 2017.
- Entry of institutional investors: Viario A31 and Premaat.

FINANCING:

- Repurchase of MARF bonds: 2017 investment amounts to 1.3 million Euros, the previous position was 16.3 million Euros, so the current position comes to 17.6 million Euros.
- Amortisation of Section A of the Syndicate as of December 2017: 27% amortised.

Lastly, more concession projects corresponding to the following countries are under study:

- Spain: PIC (Road Investment Plan) Public Works (International Infrastructure Fund Agreement)
- Mexico: Hospitals, Gas Pipelines, Roads.
- Bolivia: Hospitals.
- Peru: Roads and Hospitals
- Colombia: Roads, Energy, Schools/Hospitals.

3. FINANCIAL RISK MANAGEMENT POLICY.

The activities of the Group are exposed to several financial risks: market risk (including the exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The management programme of the global risk of the Group is based on the uncertainty of financial markets and tries to minimise the potential negative effects on its financial profitability.

The management of the Group's financial risks is handled by the Finance Management Department, which has established the necessary mechanisms to control exposure to variations in interest rates and exchange rates as well as credit and liquidity risks.

The management risk is controlled by the Treasury Department of the Group, which identifies, assesses and covers financial risks according to the policies approved by the Board of Directors. The Board provides written policies for the management of global risk, as well as for specific areas such as interest rate risk, liquidity risks, use of derivative and non-derivative instruments and investment of liquidity surplus.

Market Risk

Exchange Rate Risk

The Group operates at an international level in more than 10 countries and therefore, it is exposed to exchange rate risk due to foreign currency operations. As a consequence of the development of its business activities and

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

operations, the Group is affected by financial risks due to exchange rates which are subject to centralised management.

The management has established a policy so as to manage their foreign currency exchange risk before the operating currency which established several "natural coverage" mechanisms, reinvesting liquidity surpluses in those countries in which it is implemented.

Likewise, in order to control the exchange risk arising from future commercial transactions, recognised assets and liabilities, the Company uses, according to the hedging policy established, forward contracts, negotiated through the Group's Corporate Treasury Department. The exchange risk arises whenever future commercial transactions and recognised assets and liabilities are denominated in a currency other than the operating currency of the Company. The Group's Corporate Treasury Department is in charge of managing the net currency position in each foreign currency using external foreign currency forward agreements.

Exposure to interest rate variations

The interest rate risk of the Group arises mainly from long-term debts with credit entities, which are mostly issued at variable rate, being the Euribor the main reference.

The policy of the Group consists of using interest rate swaps so as to convert into fixed debts the long-term debts with credit entities which can also be applied to debts related to concession projects developed through multi-group and associated companies.

The Group analyses its exposure to interest rate risk in a dynamic manner considering long-term financing, renewal of current positions and alternative financing. Said risk is not a significant risk taking into account the amounts financed at long-term.

Price Risk

The Group is not significantly exposed to price risk on capital securities since there are no significant investments, nor it is exposed to price risk on raw materials since on a general basis the variations in value are efficiently transposed to sales prices by all similar contractors operating within the same industry. The Group reduces and mitigates price risk with policies established by the Management, guaranteeing the production or obtaining at a fixed price of several raw materials with framework agreements.

Credit Risk

The credit risk of the Group is mainly related to trade credits. Once the contracts are under execution, the credit quality of the amounts pending collection is periodically assessed and all estimated recoverable amounts are reviewed in relation to those considered bad debts by means of the consolidation of the results of the financial year.

Operations with credit entities included as cash and cash equivalents and other financial assets for short-term deposits with credit entities are purchased with renowned financial entities.

Regarding the balances of heading 'Clients and other accounts receivable', a high proportion of such balances refers to transactions with national and international public entities, so the Group considers that the credit risk is very limited. Regarding public sector clients, a significant portion of the balances refer to companies with a high credit rating with which there are no outstanding payments. A follow-up of the global position of item 'Clients and accounts receivable' is frequently made, as well as an individual analysis of the most significant exposures.

Liquidity risk

During financial year 2015, the Group signed a syndicated loan agreement (Note 21) which has allowed to significantly reduce the short-term debt thus minimising the Group's exposure to the liquidity risk.

However, In order to manage the liquidity risk and to cover the different needs for funds, the Group prepares an annual cash budget and a monthly cash prevision, the latter including a daily breakdown and update. Likewise, the company applies a cautious management of the liquidity risk based on the maintenance of a sufficient cash level and the availability of financing by means of a sufficient amount of committed credit facilities and on a sufficient capacity for settling market positions.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Taking into consideration all of the foregoing, as of the date of issue of the financial statements of the company, the Group covers all need for funds so as to comply with every obligation towards suppliers, employees and administration in accordance with the cash flow foreseen for financial year 2018.

Assessment of the Fair Value

The fair value of financial instruments being traded in active markets (such as assets available for sale) is based on market prices at the date of the balance sheet. The listing price used for financial assets is the current purchase price.

It is assumed that the book value of credits and debits for commercial transactions is similar to that of their fair value.

4. DEFERRAL OF PAYMENTS TO SUPPLIERS

There follows the information required by the Second Final Provision of Act 31/2014, of 3 December, which has been prepared by applying the Resolution of the Institute of Accounting and Account Auditing on the 29 January 2016.

	2017	2016
Average term of payment to suppliers	163	178
Ratio of paid transactions	169	161
Ratio of transactions pending payment	90	112

	Amount (in thousand Euros)	Amount (in thousand Euros)
Total payments made	268,944	189,348
Total pending payments	16,972	19,234

By virtue of the stipulations of the Sole Additional Provisions of the aforementioned Resolution of the Institute of Accounting and Account Auditing, for this first year of application of the Resolution, no comparison information is included, and thus these financial statements are qualified as the first ones for the sole purposes of the application of the uniformity principle and the comparability requirement.

"Average term of payment to suppliers" must be construed as the term elapsing from the invoice date until the material payment of the transaction according to the provisions of the aforementioned Resolution of the Institute of Accounting and Account Auditing.

The ratio of paid transactions is calculated as the coefficient resulting in the numerator multiplied by the sum of the products corresponding to the amounts paid, by the number of payment days (calendar days elapsed from the beginning of the calculation of the term until the material payment of the transaction) and, in the denominator, the total amount of the payments made.

Said "Average term of payment to suppliers" is calculated as the quotient resulting in the numerator by the sum of the ratio of paid transactions by the total amount of payments made plus the ratio of transactions pending payment

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

by the total amount of pending payments and, in the denominator, by the total amount of payments made and pending payments.

Likewise, the ratio of pending transactions is calculated as the coefficient resulting in the numerator multiplied by the sum of the products corresponding to the amounts pending payment, by the number of days pending payment (calendar days elapsed from the beginning of the calculation of the term until the closing of the financial statements) and, in the denominator, the total amount of pending payments.

By virtue of the provisions of article three of the resolution of the Institute of Accounting and Account Auditing dated 29 January 2016, the amount of those transactions accrued before the coming into force of Act 31/2014, of 3 December, has not been considered.

The maximum legal payment term applicable to the Company according to Act 11/2013 of 26 July is 30 days, unless there is an agreement between the parties for a maximum term of 60 days.

5. IMPORTANT EVENTS AFTER THE CLOSE OF THE FISCAL YEAR.

After the closing of the financial year, the Group has sold an additional 5.10% of the shares of its subsidiary Grupo Ortiz Properties SOCIMI, S.A., in compliance with its divestment plan in the subgroup of companies held for the sale.

In the opinion of the directors of the Parent Company, no other matter that could have any significant effect on the consolidated financial statements after the year ended on 31 December 2017 has been disclosed.

6. EXPECTED EVOLUTION OF THE GROUP AND CORPORATE STRATEGY

The economic-financial solvency of the GRUPO ORTIZ, along with its know-how and experience in executing all areas (technical, financial, design, maintenance and operation) of large projects, endorses the continuity of our development in international concessions, a priority and strategy mainstay for the future growth of the different lines of business, due to the synergies that occur.

At an international level, the group will continue developing its growth potential in the countries where it is already present: Mexico, Colombia, Panama and Peru.

In the Energy area, development is mostly founded on EPC photovoltaic contracts on any country on the world, for different developers, and important projects that worth mentioning are located in Japan, Chile, Honduras, Guatemala, El Salvador and Mexico).

The construction of Hospitals in Mexico, Peru and Bolivia stands out.

As indicated on the previous financial year, the strategy for the next years is focused on the financial aspects: reducing indebtedness, increasing capitalisation and liquidity, and having enough resources available as to access concession projects in the infrastructure, environment and energy areas, and therefore gain access to markets where the knowledge collected over the years allows us to improve our profitability and our return on investment.

The Group intends to execute the maximum amount of works with the lowest possible investment.

The Strategic Plan for the next years may be summarized as follows:

Business.

- Significant development of the Energy area by means of EPC turnkey contracts.
- Consolidation of organic growth in the countries where the Group is already present.
- Improvement of profitability at an international level.
- Asset switch policy: disinvestment on mature assets as long as they generate capital gains.
- Take advantage of synergies within the Group to promote growth on every business line.
- Integral development and management of large projects at international level, taking advantage of our extensive expertise in financing, design, construction, operation and maintenance.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

Financing.

- Investment in Concessions, mainly infrastructure concessions, at an international level, since in the Energy field the need for the participation in investment is decreasing.
- Accept the introduction of investment funds in our International Projects, as in the case of Cofides.
- Continuing the Grupo Ortiz policy for reducing indebtedness.

To this corporate strategy underlie a series of commitments and values, based on a responsible and sustainable management of the business at all levels: financial, social, and environmental, and focused on the growth of GRUPO ORTIZ.

7. EMPLOYMENT.

As of 31 December 2016, the total number of employees within the Group is 2,238, 257 employees more than during the previous financial year. As of 31 December 2016, the number of employees within the Group was 2,437, 199 employees less than during the previous financial year.

This decrease is not relevant for the Group since the decrease of workers belongs mostly to the service area and therefore, they are associated to specific contracts.

Employment in the energy business area amounts to 248 workers in 2017, increasing by 46 workers over the previous year, in line with the growth in this strategic area for the Group.

In the construction business area, employment is maintained with respect to the previous year, once the enormous decline during the years of the financial crisis has been overcome, reducing the personnel from 1,320 workers in 2010 to 575 in 2016 and 565 in the year 2017.

In the international area, the number of expatriate workers has increased to 71 workers, an increase over the previous year, with 54 expatriates.

Within the International Division, the total number of local employees in the different countries has increased by 230 workers as compared to the previous years, amounting to 642 employees in December 2017. This figure is subject to high variations since it depends of the needs for local staff on international sites.

The average age of the Company's employees is 44.

8. TECHNOLOGY, RESEARCH AND DEVELOPMENT

During financial year 2017, the companies ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A., ASTEISA TRATAMIENTO DE AGUAS, S.A.U., INDAG, S.A.U., and INGENIERIA Y DISEÑOS TÉCNICOS, S.A.U. incurred expenses and made investments in Research and Development and Technological Innovation.

The policy of the GRUPO ORTIZ is aimed at establishing a favourable climate in which to promote all research and development initiatives required so that the Group is fully situated in the technological innovation culture, so that it can hence increase its national and international competitiveness.

The GRUPO ORTIZ is committed to providing the resources needed to ensure that the services it provides have the highest quality levels. It establishes the essential requirement of focusing on sustainability in all business it does and all the countries in which it is established, taking economic, environmental and social issues into account. To ensure that these commitments set out in its policy are met, the GRUPO ORTIZ has implemented an Integrated Quality, Environmental and R&D Management System, certified pursuant to the standards ISO 9001:2015 and 14001:2015.

Likewise, the companies ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. and ELECOR, S.A.U., have an Energy Management System certificate in compliance with standard ISO 50001.

During financial year 2017, several Research, Development and Technological Innovation projects have been developed for a total amount of 1,896 thousand Euros, 1,655 thousand of which correspond to the expenses incurred in Research&Development projects and the remaining 241 thousand correspond to expenses incurred in Technological Innovation projects.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

These are the R&D projects developed within the Quality Division regarding the Refurbishment Department:

- Development of new solutions for consolidation and reinforcement of concrete structures in building renovation. (Ref. EDIFESPAÑA, FUENCOLABOR)

The main R&D Projects in which Indagsa collaborated in 2017 are:

- UHPC: Ultra-high-performance concrete.
- CONCRETE + FIBRE Fibre-reinforced concrete
- PILLAR REINFORCEMENT: Preparation a Technical Report to be submitted to CDTI.
- INPHASE: PHASE CHANGE MATERIALS

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT

(In thousand Euros)

On the 15 March 2018, the Board of Directors of Grupo Ortiz Construcciones y Proyectos, S.A. in compliance with the provisions set forth in Article 253 of the Act on Capital Companies and Article 37 of the Commercial Code, has prepared the Consolidated Financial Statements of Grupo Ortiz Construcciones y Proyectos S.A. and its subsidiary companies and the Annual Management Report corresponding to the financial year ended on 31 December 2017, which are comprised of the preceding attached documents.

Signed: Gerardo Vicente Recuero

Signed: Emilio Carpintero López

Signed: Javier Carpintero Grande

Signed: Juan Antonio Carpintero López

Signed: Carlos Cuervo-Arango Martínez

Signed: Juan Luis Domínguez Sidera

Signed: Raúl Arce Alonso

Signed: Sara Carpintero Grande