Cementos Molins, S.A. and Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2018 and Consolidated Directors' Report, together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

Deloitte.

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Cementos Molins, S.A.,

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Cementos Molins, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2018, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2018, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of property, plant and equipment associated with certain cash-generating units

Description	Procedures applied in the audit
As described in Note 3-i to the accompanying consolidated financial statements, the Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired, and, if any such indication exists, it assesses the related potential impairment loss. In this context, the cash-generating unit in Tunisia incurred losses this year and in previous years. Also, as described in Note 2, Group management considered Argentina to be a hyperinflationary economy for the purpose of preparing the consolidated financial statements. Both circumstances are indicative of the existence of a potential risk of impairment of the property, plant and equipment associated with the aforementioned cash-generating units, the carrying amount of which at 31 December 2018 totalled EUR 332 million (see Note 9).	Our audit procedures included, among others, the obtainment of the analysis performed by management and the performance of tests on the clerical accuracy and the logic of the impairment test, in order to assess whether it had been prepared in accordance with the content of the regulatory financial reporting framework applicable to the Group. In this connection, our review of the impairment test included, among others, the identification of key assumptions in the aforementioned test and the assessment of the reasonableness thereof, including cross-checking them against available external evidence. These key assumptions include the discount rate used, which our internal experts assessed based on general market indicators, as well as production and sales volumes, selling prices and production costs.

Impairment of property, plant and equipment associated with certain cash-generating units

Description

We identified this matter as key in our audit based on both the magnitude of the amounts affected and the high degree of judgement and estimates required of management when assessing the potential impairment of the assets associated with the aforementioned cash-generating units.

Procedures applied in the audit

We also retrospectively reviewed the predictions made in prior years in order to identify bias in management's assumptions, and assessed the companies' historical achievement of budgets in order to assess the reliability of the estimates made by management.

Lastly, we performed a sensitivity analysis on the key hypotheses and assumptions identified and also assessed whether Note 9 to the accompanying consolidated financial statements includes all the relevant disclosures required in accordance with the applicable regulatory financial reporting framework.

Impairment test on goodwill

Description

The accompanying consolidated balance sheet presents goodwill amounting to EUR 22 million relating to investments associated with the cement cash-generating unit (CGU) in Spain.

Each year the Group must assess whether there is any indication that this asset might have become impaired and test the goodwill for impairment.

Management's assessment of the possible impairment is a key matter in our audit since the assessment is a complex process that requires a significant level of estimates, judgements and assumptions to be made, mainly in relation to production and sales volumes, selling prices and production costs and discount rates.

Procedures applied in the audit

Our audit procedures included, among others, involving internal valuation experts to help us in the process of assessing the assumptions and methodologies used by the Group and, in particular, those related to the discount rates used. We also analysed the reasonableness of the operating assumptions projected, as well as whether the assumptions included in the impairment test for the previous year are consistent with the actual data relating to the CGU's business.

Furthermore, we reviewed the disclosures made by the Group relating to the sensitivity analyses of the key assumptions.

Note 7 to the accompanying consolidated financial statements contains the disclosures relating to the impairment tests performed on those assets and, in particular, the detail of the main assumptions used, the consistency of the assumptions from prior years with actual figures and a sensitivity analysis of changes in the key assumptions in the tests performed.

Ability to recover deferred tax assets

Description

The consolidated balance sheet as at 31 December 2018 includes a balance of EUR 23.5 million of deferred tax assets recognised, of which EUR 16.4 million relate to tax credits and tax losses. Of the latter amount, EUR 13.1 million relate to tax credit and tax loss carryforwards of the Spanish consolidated tax group headed by the Parent and EUR 3.3 million to tax loss carryforwards of the Tunisian companies Sotacib, S.A. and Sotacib Kairouan, S.A.

At the end of the year Group management prepares financial models to assess the ability to recover the tax losses and tax credits recognised, taking into consideration new legislative developments and the most recently approved business plans.

We identified this matter as key in our audit, since the preparation of these models requires a significant level of judgement, largely in connection with the projections of business performance, which affect the estimate made of the recoverability of the deferred tax assets.

Procedures applied in the audit

Our audit procedures included, among others, the review of the aforementioned financial models, including the analysis of the consistency of the actual results obtained by the various companies compared with the results projected in the previous year's models, the obtainment of evidence of the approval of the budgeted results included in the current year's models and the tax legislation applicable where the deferred tax assets are recognised, as well as the reasonableness of the projections for future years and the consistency of the projections used with those used in other areas of estimation such as those used in the impairment test performed on assets.

We also involved our internal experts from the tax area in the analysis of the reasonableness of the tax assumptions considered on the basis of the applicable legislation.

Lastly, we assessed whether Note 23 to the accompanying consolidated financial statements contains the disclosures required in this connection by the regulatory financial reporting framework applicable to the Group.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2018, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the information contained in the consolidated directors' report is defined in the audit regulations in force, which establish two distinct levels of responsibility in this regard:

a) A specific level that applies to the consolidated non-financial information statement, as well as to certain information included in the Annual Corporate Governance Report, as defined in Article 35.2.b) of Spanish Audit Law 22/2015, which consists solely of checking that the aforementioned information has been provided in the consolidated directors' report, or, as the case may be, that the consolidated directors' report contains the corresponding reference to the separate report on non-financial information as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) A general level applicable to the other information included in the consolidated directors' report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements and excluding any information other than that obtained as evidence during the audit, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we have checked that the information described in section a) above is provided in the consolidated directors' report and that the other information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2018 and its content and presentation are in conformity with the applicable regulations.

Responsibilities of the Directors and Audit and Compliance Committee of the Parent for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit and compliance committee is responsible for overseeing the process involved in the preparation and presentation of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix I to this auditor's report. This description in Appendix I forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

Additional Report to the Parent's Audit and Compliance Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit and compliance committee dated 27 February 2019.

Engagement Period

The Annual General Meeting held on 29 June 2017 appointed us as auditors for a period of one year from the year ended 31 December 2017, i.e., 2018.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the consolidated financial statements uninterruptedly since the year ended 31 December 1990, taking into account the content of Article 17.8 of Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Albert Riba Barea
Registered in ROAC under no. 21437

27 February 2019

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.

- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's audit and compliance committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit and compliance committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the Parent's audit and compliance committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Cementos Molins, S.A. and Subsidiaries

Consolidated Annual Accounts
for the financial year
ended on 31 December 2018,
drafted pursuant to the
International Financial
Reporting Standards (IFRS)
adopted by the European Union, and
Consolidated Management Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish language version prevails.

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Translation from the original issued in Spanish.
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CEMENTOS MOLINS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2018
(Thousands of euros)

ASSETS	Notes	31/12/2018	31/12/2017
Intangible fixed assets	8	26,279	27,957
Tangible fixed assets	9	534,871	439,817
Investment property	11	2,127	3,491
Financial fixed assets	12.a	24,389	5,254
Companies accounted for via equity method	10	365,759	351,650
Consolidation goodwill	7	25,115	22,826
Deferred tax assets	23	23,508	24,642
NON-CURRENT ASSETS		**1,002,048**	**875,637**
Stocks	14	97,882	78,866
Trade debtors and other receivables	15	144,582	144,957
Temporary financial investments	12.b	2,301	800
Cash and equivalents	12.c	61,653	170,790
CURRENT ASSETS		**306,418**	**395,413**
TOTAL ASSETS		**1,308,466**	**1,271,050**

NET EQUITY AND LIABILITIES	Notes	31/12/2018	31/12/2017
Capital		19,835	19,835
Reserves of the Parent Company		182,411	166,843
Consolidated reserves		679,852	623,060
Net result attributed to the Parent Company		85,333	89,078
Interim dividend		(17,851)	(15,868)
Own funds		**949,580**	**882,948**
Adjustments due to value changes		**(230,827)**	**(247,247)**
NET EQUITY ATTRIBUTED TO THE PARENT COMPANY	16	**718,753**	**635,701**
NET EQUITY FROM MINORITY SHAREHOLDERS	17	**120,320**	**90,467**
TOTAL NET EQUITY		**839,073**	**726,168**
Income to distribute amongst several financial years		8,934	9,805
Non-current financial debt	21.a	209,568	278,273
Deferred tax liabilities	23	35,220	13,005
Provisions	19	14,220	16,479
Other non-current liabilities		261	343
NON-CURRENT LIABILITIES		**268,203**	**317,905**
Current financial debt	21.a	39,490	73,860
Commercial creditors		113,786	94,383
Public Administrations	23	31,348	38,486
Other current liabilities		16,566	20,248
CURRENT LIABILITIES		**201,190**	**226,977**
TOTAL NET EQUITY AND LIABILITIES		**1,308,466**	**1,271,050**

Notes 1 to 35 and Annexes I and II described in the attached consolidated annual report are part of the consolidated balance sheet as of 31 December 2018.

Translation from the original issued in Spanish.
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CEMENTOS MOLINS, S.A. AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT CORRESPONDING TO FINANCIAL YEAR ENDED ON 31 DECEMBER 2018

(Thousands of euros)

	Notes	Year 2018	Year 2017
Net turnover	6 and 25.a	588,154	645,620
Other income		10,289	12,344
		598,443	**657,964**
Provisions	25.b	(199,187)	(216,080)
Staffing costs		(111,593)	(119,963)
Variations in operating provisions		(662)	(1,561)
Other operating expenses	25.d	(195,676)	(209,687)
Work on the company's fixed assets		766	125
		(506,352)	**(547,166)**
Amortizations		(39,587)	(34,323)
Result from impairment and sale of assets	26	159	(2,742)
Other results		257	(426)
Operating result		**52,920**	**73,307**
Financial results	27	(1,974)	(5,778)
Profit sharing in consolidated companies via equity method	10	73,415	78,649
Results before tax		**124,361**	**146,178**
Corporate Tax	23	(25,584)	(32,747)
Net consolidated result		**98,777**	**113,431**
Net result for minority shareholders	17	13,444	24,353
Net result for the period attributed to the parent company		**85,333**	**89,078**
Profit per share in euros	28	1.29	1.35

Notes 1 to 35 and Annexes I and II described in the attached consolidated annual report are part of the consolidated loss and profit account of the financial year ended on 31 December 2018.

CEMENTOS MOLINS, S.A. AND SUBSIDIARIES

STATEMENT OF THE CONSOLIDATED GLOBAL RESULT CORRESPONDING TO FINANCIAL YEAR ENDED ON 31 DECEMBER 2018

(Thousands of euros)

	31/12/2018			31/12/2017		
	Of the Parent Company	**Of the Minority**	**Total**	**Of the Parent Company**	**Of the Minority**	**Total**
A.- NET CONSOLIDATED RESULT FOR THE PERIOD	**85,333**	**13,444**	**98,777**	**89,078**	**24,353**	**113,431**
B.- OTHER GLOBAL RESULTS RECOGNISED DIRECTLY IN NET EQUITY	**16,636**	**14,867**	**31,503**	**(65,858)**	**(25,261)**	**(91,119)**
Items that will not be recognised in the results:	**(206)**	**(30)**	**(236)**	**(127)**	**(80)**	**(207)**
For actuarial gains and losses and other adjustments	(280)	(43)	(323)	(186)	(123)	(309)
Tax effect	74	13	87	59	43	102
Items that may be recognised in the results in the future:	**16,842**	**14,897**	**31,739**	**(65,731)**	**(25,181)**	**(90,912)**
For valuation of financial instruments:						
a) Financial assets available for sale	-	-	-	-	-	-
In hedge transactions:						
a) For cash flow hedges	372	-	372	448	-	448
b) Tax effect	(56)	-	(56)	(102)	-	(102)
In translation differences	16,526	14,897	31,423	(66,077)	(25,181)	(91,258)
C.- TRANSFERS TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT	**(423)**	**-**	**(423)**	**-**	**-**	**-**
In translation differences	(423)	-	(423)	-	-	-
In hedge transactions						
a) For cash flow hedges	-	-	-	-	-	-
b) Tax effect	-	-	-	-	-	-
CONSOLIDATED TOTAL GLOBAL RESULT FOR THE YEAR	**101,546**	**28,311**	**129,857**	**23,220**	**(908)**	**22,312**

Notes 1 to 35 and Annexes I and II described in the attached consolidated annual report are part of the consolidated total global result of the financial year ended on 31 December 2018.

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CEMENTOS MOLINS, S.A. AND SUBSIDIARIES

STATEMENT OF CHANGES IN THE CONSOLIDATED NET EQUITY FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2018
(Thousands of euros)

	Capital share (Note 16.a)	Reserves of the parent company	Own shares (Notes 16.e and 16.f)	Other Consolidated reserves (Note 16.f)	Conversion differences (Note 16.g)	Other adjustments due to value changes	Results for the financial year (Note 16.h)	Complementary dividend (Note 18)	Interim dividend (Note 18)	Minority interests (Note 17)	Total
31/12/2016	**19,835**	**163,213**	**(30,144)**	**608,720**	**(180,807)**	**(710)**	**63,869**	**-**	**(14,545)**	**95,819**	**725,250**
Distribution of results	-	3,630	-	45,033	-	-	(63,869)	661	14,545	-	-
Complementary dividend	-	-	-	-	-	-	-	(661)	-	-	(661)
Interim dividend year 2017	-	-	-	-	-	-	-	-	(15,868)	-	(15,868)
Dividend to minority shareholder	-	-	-	-	-	-	-	-	-	(5,383)	(5,383)
Own shares	-	-	(9)	-	-	-	-	-	-	-	(9)
Variation of the limits	-	-	-	(936)		-	-	-	-	936	-
Others	-	-	-	523	-	1	-	-	-	3	527
Global result	-	-	-	(127)	(66,077)	346	89,078	-	-	(908)	22,312
31/12/2017	**19,835**	**166,843**	**(30,153)**	**653,213**	**(246,884)**	**(363)**	**89,078**	**-**	**(15,868)**	**90,467**	**726,168**
Distribution of results	-	15,567	-	56,982	-	-	(89,078)	661	15,868	-	-
Complementary dividend	-	-	-	-	-	-	-	(661)	-	-	(661)
Interim dividend year 2018	-	-	-	-	-	-	-	-	(17,851)	-	(17,851)
Dividend to minority shareholder	-	-	-	-	-	-	-	-	-	(38)	(38)
Own shares	-	-	(480)	-	-	-	-	-	-	-	(480)
Variation of the limits	-	-	-	147		-	-	-	-	1,605	1,752
Others	-	1	-	349	-	1	-	-	-	(25)	326
Global result	-	-	-	(206)	16,103	316	85,333	-	-	28,311	129,857
31/12/2018	**19,835**	**182,411**	**(30,633)**	**710,485**	**(230,781)**	**(46)**	**85,333**	**-**	**(17,851)**	**120,320**	**839,073**

Notes 1 to 35 and Annexes I and II described in the attached consolidated annual report are part of the consolidated changes to equity statement of the financial year ended on 31 December 2018.

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CEMENTOS MOLINS, S.A. AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT
CORRESPONDING TO FINANCIAL YEAR ENDED ON 31 DECEMBER 2018
(Thousands of euros)

	Notes	Year 2018	Year 2017
Cash flow from ordinary activities			
Profits from ordinary activities before taxes		124,361	146,178
Adjustments of the items that do not involve ordinary cash flows:			
Amortizations		39,587	34,323
Valuation corrections due to working capital impairment		871	1,659
Variation of contributions to provisions		405	(531)
Impairment and result for the transfer of fixed assets	26	(159)	2,742
Impairment and result for the transfer of financial instruments	27	(1,389)	-
Variation financial instruments reasonable value	27	(1,853)	(485)
Results by equity method	10	(73,415)	(78,649)
Financial income and expenses	27	5,216	6,263
Income to distribute amongst several financial years		(810)	(354)
Work on the company's fixed assets		(766)	(125)
Cash generated by operations (I)		**92,048**	**111,021**
Stocks		(31,391)	(7,356)
Debtors and Other receivables		(15,952)	(27,589)
Other current assets		476	(82)
Creditors and Other payables		40,441	16,450
Other current liabilities		2,866	(5,343)
Cash from variation in working capital (II)		**(3,560)**	**(23,920)**
Company Tax (III)		**(29,169)**	**(25,542)**
Net cash flows from ordinary activities (A) = (I)+(II)+(III)		**59,319**	**61,559**
Cash flow from investment activities			
Investment in net subsidiaries of the existing cash items		(15,227)	(23,464)
Net variation in financial investments		(21,001)	76,716
Acquisition of intangible assets		(2,494)	(1,820)
Transfer of intangible assets		6	(4)
Acquisition of properties, plant and equipment		(75,329)	(39,362)
Transfer of properties, plant and equipment		192	821
Investment properties		-	-
Dividends received from companies accounted for via equity method	10	76,925	79,261
Net cash flows used in investments activities (B)		**(36,928)**	**92,148**
Cash flow from financing activities			
Issuance of equity instruments of minority shareholders	17	1,615	-
Variation in financial debt	21.c	(82,786)	(18,794)
Variation in Other long term creditors	21.c	1	83
(Payments) / receivables for transactions with treasury shares		(480)	(9)
Financial income received		2,567	5,522
Financial expenses paid		(13,954)	(14,346)
Dividends paid by the Parent Company		(25,366)	(15,215)
Dividends paid to minority shareholders by Group Companies	17	(38)	(5,383)
Net cash flows used in financing activities (C)		**(118,441)**	**(48,142)**
Effect of exchange rate variations and hyperinflation (D)		**(13,087)**	**(13,230)**
Net variation of cash and other equivalents (A + B + C + D)		**(109,137)**	**92,335**
Cash and equivalents at the start of period		**170,790**	**78,455**
Cash and equivalents at the end of period	**12.c**	**61,653**	**170,790**
Cash		51,450	149,831
Other equivalent methods of payment		10,203	20,959

Notes 1 to 35 and Annexes I and II described in the attached consolidated annual report are part of the consolidated cash flow statement of the financial year ended on 31 December 2018.

Cementos Molins, S.A. and Subsidiaries

Consolidated report for the financial year ended on 31 December 2018

1. Identification and activity of the Group

Cementos Molins, Limited Company, hereinafter "Parent Company", was founded by means of public deed authorised by the Notary of Barcelona, Mr Cruz Usatorre Gracia, on 9 February 1928.

The Parent Company has its registered office in Madrid, Calle Espronceda, 38.

It is recorded in the Commercial Register of Madrid, page M-660923. Its tax ID code is the number A.08.017535.

It was incorporated for an indefinite term. Therefore, it remains in force as long as none of the dissolution circumstances mentioned in article 363 of the applicable Companies Act concurs.

Its business purpose, as stated in article 2 of the articles of association, consists of:

a) Establishment and exploitation of cement, limestone and gypsum factories. The manufacturing of any kind of building materials. The operation of quarries and deposits of clay, limestone and gypsum and the creation and operation of any industries related to such products.

b) Real estate activity.

c) The acquisition, holding and disposal of movable property and securities.

The main activities developed by Cementos Molins, S.A. and subsidiaries (hereinafter, "Cementos Molins Group" or "the Group") are the manufacturing of cements and limes, concrete precasts and precasts made of other construction materials, the extraction of aggregates, the production of concretes, as well as the development of environmental activities.

The Group is present in Spain, Mexico, Argentina, Uruguay, Bolivia, Colombia, Tunisia, India and Bangladesh.

2. Bases for the presentation of consolidated annual accounts

Presentation guidelines

These annual consolidated accounts of Cementos Molins Group have been drafted by the Directors of the Parent Company in accordance with the International Financial Report Standards approved by the European Union (hereinafter, IFRS-EU), taking into account all the accounting principles and rules and the mandatory valuation criteria, as well as the Code of Commerce, the Spanish Corporate Law, the Securities Market Law and other applicable commercial legislation, as well as that set forth by the Securities Exchange Commission (CNMV) in such a way that they give a fair view of the consolidated equity and financial situation of the Group as of 31 December 2018 and of the consolidated results of its transactions, of the changes in consolidated net equity and in the statement of recognised income and expenses in the consolidated net equity, as well as of the consolidated cash flows that have taken place within the Group during the financial year ended on such date.

This consolidated annual accounts have been drafted from the individual accounting records of Cementos Molins, S.A. and of each of the consolidated companies (detailed in annexes I and II) so that the provide a fair overview of the consolidated equity, of the consolidated financial situation and of the consolidated results of the Group under IFRS-EU. However, given the accounting principles and valuation standards applied in the drafting of the Group's consolidated annual accounts for the current year may differ from the ones used by some of the companies of the group, adjustments and necessary reclassifications have been introduced in the consolidation process to unify these principles and criteria, and to adapt them to the IFRS-EU.

In order to present the different entries that make up the consolidated annual accounts in a unified way, we have applied on all the companies included in the consolidation perimeter the valuation principles and rules followed by the Parent Company.

These consolidated annual accounts of the Group for the year 2018, prepared by the Managing Director of the Parent Company at the meeting held on 27 February 2019, will be submitted to the General Meeting of Shareholders of Cementos Molins, S.A. for approval. They are expected to be approved without modifications. On the other hand, the consolidated annual accounts of financial year 2017 were approved by the General Meeting of Shareholders of Cementos Molins, S.A. held on 28 June 2018.

The IFRS-EU establish specific alternatives in their application. Those applied by the Group while preparing these consolidated annual accounts for the year 2018 are individually included in Note 3 'Accounting Policies And Valuation Rules'.

The accounting policies used to prepare these consolidated annual accounts comply with each of the IFRS in force as of the day they were presented.

Consolidation principles

The consolidated annual accounts enclosed have been prepared from the accounting records of Cementos Molins, S.A. and of the company it controls, whose annual accounts have been drafted by the Directors of each company.

The criteria followed to determine the applicable consolidation method of each of the companies that make up the Group are:

Subsidiary entities:

Subsidiary companies are those entities in which the Group controls, directly or indirectly, the financial and operative policies, in such a way that it has powers over the relevant activities of the investee. Additionally, to assess whether the Group controls another entity, we take into account the power over the investee, the exposure or the right to the variable results of the investment and the ability to use said power to influence the amount of these returns. This, generally, comes with a participation of over half the voting rights. In order to assess if the Group controls another entity we take into account the existence and the effect of the potential voting rights, both held by the Parent Company and by third parties, as long as said rights have of significant nature. Subsidiary companies are consolidated from the date in which control is transferred to the Group and are excluded from the consolidation the date in which this controls ceases.

The financial statements of the subsidiaries are consolidated with those of the Parent Company using the global integration method for those companies that are effectively controlled, as there is a majority of voting rights in the representation and decision-making bodies (Annex I).

The equity of the minority is represented as follows:

The equity of its investees: it is presented in the heading "Net equity from minority shareholders" of the consolidated balance sheet attached, within the chapter "Net Equity", of the Group. Any loss applicable to the minority interests that exceeds the book value of said minority interests would be recognised, given the case, charged to the participations of the Parent Company.

The results of the financial year: they are presented in the chapter "Net result for minority shareholders" of the consolidated profit and loss account attached.

All the accounts receivable and payable, as well as the transactions between consolidated companies, have been removed in the consolidation process.

Joint businesses

We understand "Joint businesses" as the contractual agreements by virtue of which two or more entities hold interests in entities (multigroup) or carry out transactions or hold assets of any kind in a way that any strategic decisions of financial or operational nature that affects requires the unanimous consent of all the parties that share control. The Group, through the application of the IFRS 11 Joint agreements, proceeds to integrate the interests in companies jointly controlled by the equity method and are included under the heading "Companies accounted for via equity method" of the consolidated balance sheet enclosed. The participation in the results net of taxes of these companies is registered in the heading "Profit participation companies consolidated equity method" of the consolidated profit and loss account enclosed.

If, due to the losses incurred by an associated entity, its accounting equity was negative, the consolidated balance sheet of the Group would record it as a null asset contribution; unless the Group is required to provide financial support.

Therefore, the investments in joint businesses have been integrated using the equity method (Annex II).

Other aspects

In the conversion of the financial statements of foreign companies the following methods have been used:

- exchange rate at closing, applying as general rule, the exchange rates in force as of 31 December of each year for the entries of the consolidated balance sheets (assets and liabilities), except for capital and reserves that have been converted at historical exchange rate,

- monthly average exchange rate for entries of the profit and loss account (income and expenses), except for Argentine companies in 2018 to which an exchange rate at closing is applied pursuant IAS 21.42 for inflation adjustment (Note 2 Comparison of the information).

  The differences are registered in the heading "Conversion differences" of the chapter "Net equity attributed to the Parent Company" of the consolidated balance sheet enclosed.

There are no investments in the Group with a currency other than the local currency in which their financial statements are to be presented.

The conversion differences included in the fixed assets transactions are originated by applying the year-end exchange rate method in the consolidation of foreign companies and have their counterpart in the heading "Conversion differences" of the consolidated net equity.

The Group has applied, in all cases of business combinations after the date of the transition to IFRS-EU, the acquisition method to account for these transactions and it has registered as goodwill of the combination the difference between the cost of the combination and the fair net value of the assets, liabilities and contingent liabilities identified and registered of the acquired company.

Information comparison

As required by the IFRS-EU, the information contained in this consolidated report regarding the previous year is presented, solely and exclusively, for comparison purposes, alongside the information for this financial year.

IAS 29 Financial reporting in hyperinflationary economies

In accordance with IAS 29 Financial reporting in hyperinflationary economies, the hyperinflation is informed by the features of the country's economic environment, among which the existence of an aggregate rate of inflation in three years nearing or exceeding 100% is included. In this sense, despite the existence of several reference inflation indexes in Argentina, taking into consideration the "national wholesale price index" (WPI) reported on 14 June 2018 with the data regarding May 2018, an aggregate inflation rate in three years of 109% is shown, surpassing a quantitative reference established by IAS 29.

As a result, the Group applies the inflation adjustment of the subsidiary companies Cementos Avellaneda and Minus Inversora, S.A., whose operating currency is the Argentine peso, for the financial statements of periods closed after 1 July 2018. In accordance with said accounting regulations, the inflation adjustment will be calculated with retrospective effect as of 1 January 2018 and the financial statements submitted in previous periods will not be restated.

The rates used to prepare the inflation-adjusted statements are IPIM (Wholesalers Price Index published by the National Institute of Statistics and Registrations of the Argentinian Republic, INDEC) until 31 December 2016 (the only coherent index and published on such period) and the domestic CPI from 1 January 2017. The inflation (CPI) registered in the 2018 financial year was 47.6%.

Likewise, the exchange rate used to convert the local inflation-adjusted financial statements becomes the closing exchange rate in each period, pursuant to IAS 21 Effects of changes in foreign exchange rates (paragraph 42), which has a significant and negative impact on the results, due to the important devaluation of the Argentine peso in the last months, higher than the registered inflation.

During the first quarter of 2018, a currency devaluation cycle started and reached its peak in September 2018, to then become stable, ending the year in ARS / EUR 43.3, which represents a 93.6% variation in regards to the rate of this currency as of 31 December 2017.

Furthermore, hyperinflation implies an increase in the total net equity, recognised in conversion differences, by inflation adjustment applied on the historical cost of the non-monetary assets from the acquisition or incorporation date in the Group, net liability by deferred taxes. In this sense, the accumulated effect of the accounting restatement prior to the 2018 financial year is recognised at the beginning of the current year in conversion differences.

The most significant impacts in the consolidated financial statement of the Group in the year 2018 are the following:

	(in million euros)
Consolidated Profit and Loss Account:	
Net turnover	(17)
Operating result	(14)
Net result for the period attributed to the parent company	(11)
Consolidated Balance Sheet:	
Tangible fixed assets	115
Total net equity (conversion differences)	98

Currency

These consolidated annual accounts are expressed in euros, as this is the currency of the primary economic environment where the Group operates. Transactions in working currency other than the euro, are recorded according to the policies described in Note 3.

Correction of errors

We have not detected any significant errors in the preparation of the enclosed consolidated annual accounts which might require the restatement of the figures included in the consolidated annual accounts for the financial year 2017, pursuant to the requirements set forth in IAS 8.

Grouping of entries

Certain items in the consolidated balance sheet, the consolidated profit and loss account and the consolidated statement of changes in net equity and cash flow statement, are presented in group form in order to facilitate their understanding; nonetheless, to the extent that it is significant, the information has been broken down in the corresponding notes to the consolidated annual accounts.

Responsibility for the information and estimates made

The information contained in these consolidated annual accounts is under the responsibility of the Directors of the Parent Company, who have verified that the different established controls, in order to ensure the quality of the financial and accounting information they draft, have operated effectively.

In these consolidated annual accounts of the Group, judgements and estimates made by the Board of the Parent Company have been occasionally used and the one of the consolidated entities in order to quantify some of the assets, liabilities, income, expenditure and commitments recorded therein. Basically, these estimates refer to:

- the useful life of property, plant and equipment, and intangible assets,
- hypotheses used in the impairment test to determine the recovery value of the goodwill, intangible assets and other non-financial assets,

- estimation of the appropriate impairments and/or provisions for insolvency of accounts receivable, obsolescence of stock kept and quarry restoration,

- the hypotheses used in the actuarial calculation of the pension commitments,

- the assessment of contingent litigations, commitments, assets and liabilities at year-end,

- determining the recoverable amount of the shareholdings of the Group accounted for via the equity method, and

- the recovery of tax credits for negative taxable bases and for deferred tax assets.

Despite the fact that these judgements and estimates were performed according to the best possible information available on the events assessed as of 31 December 2018, it is possible that certain events (economic, changes in rules, etc.) that may take place in the future, lead to their adjustment (upwards or downwards) in the next financial years, which would be carried out pursuant the IAS 8, prospectively, recognising the effects of the change in estimate with counterpart in the consolidated profit and loss account of the year in which these occur.

3. Accounting policies and valuation rules

The consolidated annual accounts of the Group for the financial year ended on 31 December 2018 have been prepared according to the International Financial Reporting Standards (IFRS), pursuant to the provisions set forth by the Regulation (EC) num. 1606/2002 of the European Parliament and the Council on 19 July 2002. In Spain, the obligation to present consolidated annual accounts under the IFRS approved by the European Union was, likewise, regulated in the final eleven provision of the Law 62/2003, of 30 December 2003, on tax, administrative and social measures.

The main valuation rules used to draft the attached consolidated annual accounts, in accordance with the rules established by the International Financial Reporting Standards, as well as the interpretations in force at the time these statements are drafted, are the following:

a) Changes in the accounting policies and the breakdowns of information effective in the financial year 2018

During the financial year 2018, new accounting standards have entered into effect:

New standards, amendments and interpretations		Compulsory application for the financial years that start from
IFRS 15 - Revenue from contracts with customers (published in May 2014).	New income recognition standard (it replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31).	1 January 2018 (1)
IFRS 9 - Financial Instruments (last stage published in July 2014).	It replaces the requirements of classification, valuation, recognition and derecognition of financial assets and liabilities, the accounting of hedges and impairments stated in IAS 39.	1 January 2018
IFRS 15 - Revenue from contracts with customers, clarifications (published in April 2016).	They revolve around the identification of the performance obligation, of the main versus agent, of the licence concession and accrual at a point in time or throughout the time, as well as some clarifications on the transition rule.	1 January 2018
Amendment IFRS 4 - Insurance contracts (published in September 2016).	It grants companies within the scope of IFRS 4 the option of applying IFRS 9 ("overlay approach") or its temporary exemption.	1 January 2018
Amendment IFRS 2 - Classification and valuation of share based payment transactions (published in June 2016).	These are limited amendments that clarify specific matters, like the effects of accrual conditions in share base payments to be settled in cash, the classification of share-based payments when they have net settlement clauses and some aspects of the amendments of share-based payments.	1 January 2018
Amendment IAS 40 - Reclassification of real estate investment (published in December 2016).	The amendment clarifies that a reclassification of an investment from or to real estate investment is only permitted when evidence of a change of use exists.	1 January 2018
IFRIC 22 - Transactions and advanced payments in foreign currency (published in December 2016).	This interpretation established the "transaction date" for the purpose of determining the applicable exchange rate in transactions with advanced payments in foreign currency.	1 January 2018
Improvements to IFRS Cycle 2014-2016 (published in December 2016).	Minor amendments to a series of standards.	1 January 2018

(1) The initial entry into force date of the IASB for this standard was 1 January 2017. However, IASB issued a clarification to the standard in which its entry into forced was delayed to 1 January 2018.

The Group has incorporated from its entry into force on 1 January 2018 the standards and interpretation mentioned above that it is required to applied.

IFRS 15 Revenue from contracts with customers

The IFRS 15 is the comprehensive standard for the recognition of income with customers that, from 1 January 2018, replaces the following standards and interpretations: IAS 18 Income from ordinary activities, IAS 11 Construction contracts, IFRIC 13 Customer loyalty programmes, IFRIC 15 Agreements for the construction of real estate, IFRIC 18 Transfers of assets from customers and SIC 31 Revenue – Barter transactions involving advertising services.

The new ordinary income model established by this Standard can be applied to all the contracts with customers unless for those that fall within the scope of other IFRS, such as leases, insurance contracts and financial instruments.

The IFRS 15 establishes the criteria for the accounting record for income from contracts with customers and establishes a new five-step model that is applied to the accounting of income from contracts with customers:

- Step 1: Identify the contract or contracts with a customer.
- Step 2: Identify the liabilities of the contract.
- Step 3: Determine the price of the transaction.
- Step 4: Distribute the price of the transaction among the liabilities of the contract.
- Step 5: Recognise the income when (or as) the entity complies with each of the liabilities.

The Group has analysed the different type of transactions through which historically it has generated income to identify the impact of the application of the IFRS 15. In this way, the main activities analysed are related to the trading and manufacturing of cement, concrete and aggregate, adhesive cement and mortars and concrete prefabs.

Most of the income from the activities above do not include separate performance obligations. In those cases in which several performance obligations are identified, they are complied with at the same moment in time and with the same pattern of transfer to the customer. Consequently, in these cases, we have identified a single performance obligation by combining the different obligations. This is the case of commercial contracts related to the concrete business, where the following obligations are identified contractually:

- Trading and transport of different types of concrete.
- Extras of concrete (waiting hours, surcharges for supply at night time, or on public holidays, incomplete barrels, etc.).
- Pumping service.

The price of the transaction is determined based on the terms of the contract. This price must be a fixed or variable amount for concepts such as discounts, payments, incentives, bonuses for complying with objectives (rappels). The discounts are directly deducted of the invoice, which means it is not necessary to revert the income. The discounts for sales volume or compliance of objectives are recognised in the net income of the period.

The companies of the Group assign the price of the transaction to each of the performance obligations identified in the contract, based on an independent sale price, assigning discounts and variable amounts. The discount for the sale of goods or services is applied to the price of the goods sold. Likewise, when the performance obligation is represented by the product plus the transport, the discount is applied to the total.

The specific characteristics of the markets and the trade practices in cement, concrete and aggregates business and in the adhesive cements and mortars business allow us to say that the companies of the Group recognise the income when the performance obligation is met (sale of cement, concrete and aggregates and of adhesive cement and mortars), transferring the good or service promised to the client. In general, this moment coincides with the moment in which the client gains control over the good or service.

As for the prefabs business, the Group's activities focus on projecting, producing and trading concrete prefabs for the construction of buildings in general, public works and railway lines. In this line of business, the Group recognise the income by the degree of progress, using the resource method.

Based on the analysis carried out, the adoption of this Standard will not have a significant impact on the Group.

IFRS 9 Financial Instruments

The IFRS 9 entered into force on 1 January 2018 and it has replaced the IAS 39. This standard affects the financial instruments in the assets and in the liabilities, covering three big blocks: (i) Classification and measurement, (ii) value impairment and (ii) hedge accounting.

There are relevant differences between the previous standard for the recognition and valuation of financial instruments and the IFRS 9, being the most important ones:

- The investments in debt that are kept within a business model aimed at obtaining contractual cash flows that only consist in principal and interests payments, in general, will be valued at amortised cost. When said debt instruments are kept within a business model whose objective is reached by obtaining contractual cash flows of principal and interests and the sale of financial assets, in general, they will be measured by its fair value with changes in the global consolidated statement. Any other investment in debt and equity will be measured at its fair value with changes in profit and losses. However, the entities can irrevocably choose to present in the global consolidated statement the subsequent changes in the fair value of certain investments in equity instruments and, in general, in this case only the dividends will be then recognised in the result.

- The contractual amendments of the financial liabilities that do not determine its derecognition from the balance sheet must be recorded as an estimation change of the contractual flows of the liabilities, keeping in effect the original interest rate and adjusting its book value on the date of the change and registering the different in the income statement.

- Regarding the impairment in value of financial assets, the new IFRS 9 requires the application of a model based on the expected loss, instead of the model of the IAS 39 structured on the incurred loss. Under said model, the entity has recorded the expected loss, as well as any changes thereto at each presentation date, to reflect the changes in the credits risk from the initial recognition date. In other words, it is no longer necessary for an impairment event to take place before you recognise a credit loss.

- The IFRS 9 has adopted a greater degree of flexibility regarding the type of transactions suited for the application of accounting hedges, in particular extending the types of instruments that meet the criteria to be considered hedge instruments, and regarding the types of risk components of non-financial entries that are suitable for hedge accounting.

The Group has applied the IFRS 9 retroactively, without restatement of the comparative information, being the following the most relevant conclusions regarding its application:

Classification and valuation of financial instruments

The credits granted and the accounts receivable at amortised cost, whose amounts are detailed in Note 12.a, as well as the temporary financial investments whose amounts are detailed in Note 12.b, are kept within a business model aimed at receiving the contractual cash flows that are only principal and interests payments on pending principal. Accordingly, these financial assets are still valued at amortised cost in compliance with the application of the IFRS 9.

The Group does not keep, as of 31 December 2018 nor as of 31 December 2017, debt assets classified as investments available for sale, equity instruments (both listed and unlisted), equity assets, nor has it carried out, in previous years, renegotiations of its financial liabilities that, according to the IAS 39, were regarded as non-substantial (meaning they did not require the modification of the book value of financial liabilities not derecognised from the balance). Accordingly, the changes entered by the IFRS 9 in relation to the classification and measurement of these instruments have not had an impact on the consolidated of annual accounts.

Value impairment of financial assets

The financial assets valued at amortised cost, the accounts receivable for financial lease, the amounts pending to be paid by clients and the financial guarantee contracts are subject to the provisions set forth by the new IFRS 9 on value impairment.

The new standard replaces the “Incurred loss” models established by the IAS 39 by a single “Expected loss” model. This model requires the registration, on the initial recognition date of the financial assets, of the expected loss that result from a “default” event in the next 12 months or during the entire life of the contract, depending on the evolution of the credit risk of the financial assets from its initial recognition in the balance or due to the application of the “simplified” models allowed by the standard for some financial assets.

The Group has applied the simplified approach to recognise the expected loss based on the twenty-four-month historical information. We have used a provision matrix to calculate the expected credit losses on the balances of financial assets and trade receivables kept as of 1 January 2018. The historical information obtained has been adjusted taking into account market variables and their projections at the date of the calculation.

The amount of the additional allocation required for the application of the new model on the balances of the financial assets kept as of 1 January 2018 have had a negative impact on the consolidated reserves of the Group for an amount of 188 thousand euros.

On the other hand, during the year 2018 the company of the Group Cemolins Internacional, S.L. signed a loan contract with the associated company Empresa Colombiana de Cementos, S.A.S. to finance investments in foreign countries (Note 12.a). Associated to this loan, the Group took out a derivate not deemed an accounting hedge aimed at mitigating the risk of the exchange rate in relation to future cash flows.

The Group has analysed the effects of applying the expected loss model in relation to this loan and no significant impacts have been detected.

b) Issued accounting policies not in force in the financial year 2018

At the time these consolidated annual accounts are formulated, the following standards, amendments or interpretations had been published by the IASB but were not yet applicable, whether because they were not in force yet, or they come into force after the date of the consolidated annual accounts, or because they had not been adopted yet by the European Union (IFRS-EU):

New standards, amendments and interpretations		**Compulsory application for the financial years that start from**
	Approved for their use in the European Union	
Amendment IFRS 9 - Features of the advanced cancellation with negative offset (published in November 2017).	The valuation at amortized cost of some financial assets cancelled in advance in exchange for an amount lower than the amount pending of the principal and interests.	1 January 2019
IFRS - 16 Leases (published in January 2016).	It replaces IAS 17 and related interpretations. The main news is that the new standard proposes a sole accounting model for leaseholders, who shall include in the balance all leases (with some limited exceptions) with a similar impact to that of current financial leases (there will be amortization of assets for the right of use and a financial expense for the amortized cost of the liability).	1 January 2019
IFRIC - 23 Uncertainty over income tax treatments (published in June 2017).	This interpretation clarifies how to apply the criteria of recording and valuation of IAS 12 when uncertainty exists with regard the acceptability by the tax authority of a certain tax treatment applied by the entity.	1 January 2019
	Not approved for their use in the European Union	
Revision of the Conceptual Framework (published in March 2018).	It updates and provides a more complete group of concepts to issue standards and guidelines that help issuers develop their accounting policies, and that help the users of the financial information to interpret and understand the standards.	1 January 2020

New standards, amendments and interpretations		Compulsory application for the financial years that start from
IFRS 17 - Insurance contracts (published in May 2017).	Supersedes IFRS 4. It adheres to the principles of recording, valuation, filing and breakdown of insurance contracts for the purpose of the entity to provide relevant and reliable information permitting the users of information to determine the effect the contracts have on the financial statements.	1 January 2021 (1)
Amendment IAS 28 - Investments in associates and joint ventures (published in October 2017).	It clarifies that IFRS 9 must be applied to long term interests in an associate or joint venture if the equity method is not applied	1 January 2019
Amendment IAS 19 - Accounting of an amendment, reduction or settlement of a defined benefit plan (published in February 2018).	It clarifies how to calculate the cost of the service for the current period and the net interest for the rest of the annual period when an amendment, reduction or settlement of a defined benefit plan takes place.	1 January 2019
Amendment of the IAS 1 and IAS 8 (published in October 2018).	Amendments to align the definition of "materiality" with that contained in the conceptual framework.	1 January 2020
Improvements to IFRS 3 - Business combinations (published in October 2018).	Clarifications to the definition of business.	1 January 2020
Improvements to IFRS Cycle 2015-2017 (published in December 2017).	Minor amendments to a series of standards.	1 January 2019

(1) The date of first application of this standard is still being reviewed by the IASB.

The application of new standards, amendments or interpretations will be subjected to consideration by the Group once they have been ratified and adopted, when applicable, by the European Union. In any case, the Directors of the Parent Company have assessed the potential impacts of the future application of these standards and they consider that their enforcement would not have a significant effect on the Group's consolidated financial statements, to the except of the entry into force of IFRS 16 Leases described below.

IFRS 16 Leases

IFRS 16 "Leases" replaces the IAS 17, IFRIC 4, SIC-15 and SIC-27 and establishes the principles for the accounting record of the leases. The mandatory entry into force of IFRS 16 is for the financial years starting on 1 January 2019. The Group has decided not to adopt the IFRS 16 in advance.

The IFRS 16 changes the accounting method applied by the lessees. These will have to apply to virtually all the leases (with some exceptions) a capitalisation accounting model. This model consists in recognising in the balance a liability (equivalent to the current value of the lease payments to carry out during the term of the lease) and an asset (right of use) that are initially valued as an amount equal to the liabilities plus other concepts (such as initial direct activation costs).

In addition, it changes the criteria for the recognition of the lease expenses in the previous operative leases. Which before was an operative expense is now an expense for the amortisation of the asset and financial expense for the liability recognised. Moreover, in general, the recognition of expenses changes from a lineal model to a decreasing one.

On the other hand, the cash flows of the operating activities increase as a result of the increase of the gross operating profit, compensated with a decrease in the cash flows of financing activities for the same amount, since the reimbursement of the part of the principal of the lease liabilities is classified as cash flows from financing activities, which means the generation of cash is not affected.

As for the current accounting of the lessor, the standard does not change significantly and will continue to classify the lease as operating or financial, based on the level of substantial transmission of risks and associated benefits of the property.

Cementos Molins Group has applied the following policies, estimations and criteria:

- The mandatory exception to the scope of the IFRS 16 included in paragraph 3a: "*leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources*". This kind of agreements are not recorded under IFRS 16.

- The voluntary exemption to the capitalisation model in cases of underlying assets of low value (its new value is lower to an amount similar to US$ 5,000) and to short term (expiration of 12 months or less) (paragraph 5 of IFRS 16). The capitalisation model is not applied to this type of leases, despite falling within the scope of IFRS 16 (they are registered as expenses).

- The practical solution indicated in paragraph C3 of appendix C of IFRS 16 which stipulates that an entity is not required to reassess whether a contract is, or contains, a lease at the date of initial application.

- The separation of non-lease components from lease components in those assets in which the relative importance of these components is not significant in relation to the total value of the lease.

- For the transition, a modified retrospective approach, by which no comparative information from previous years will be restated.

- The initial measure of the right-of-use asset at the amount of the lease liability as of 1 January 2019 for all the lease contracts.

- An incremental effective interest rate for financing a uniform leasing, currency and contract term portfolio, corrected by the average credit risk of entities with a credit quality similar to that of the Cementos Molins Group. The average incremental interest rate at the date of initial application was 3.05% in Spain and 8.56% in the rest of the world.

- To determine the lease term, the initial term of each contract (non-cancellable period) has been taken into consideration, unless the Group has a unilateral extension or termination option and there is a reasonable certainty that said option will be exercised. In this case the extension term will be added or the term of the early termination will be subtracted.

- For the presentation in the consolidated balance sheet, the Group will choose to present the assets for right of use separately from other assets. As for the lease liabilities will be included in the headings "Non-current financial debts" and "Current financial debts".

The estimated reasonable impacts derived from the initial application on 1 January 2019 of the IFRS 16 will the following (regarding contracts in which the Group is the lessee):

a) Recognition of the assets in the heading "Assets for rights of use" (non-current asset) for the amount of 12,037 thousand euros and debt increase in the headings "Non-current and current financial debt" of 9,274 thousand euros and 2,763 thousand euros, respectively. Basically, they correspond to land, real properties, warehouses, vehicles and machinery leases.

b) As for the financial leases prior to the initial application date, the Group does not have contracts of said nature with a significant impact.

The conciliation between the operating lease commitments broken down in Note 25.e) "Operating leases" as of 31 December 2018 and liabilities recognised as of 1 January 2019 in the initial application of IFRS 16, in thousands of euros, is the following:

	Amount (thousands of euros)
Operative lease commitments as of 31/12/2018 (Note 25.e)	20,418
Discounted using the corresponding interest rate	(1,348)
Leases outside the scope of IFRS 16 (*)	(7,033)
Liabilities as leases acknowledged as of 01/01/2019	**12,037**

(*) Short term leases, of low value, quarries and similar to them (IFRS 16.3 and 16.5)

c) Intangible assets

Intangible assets are initially recognised by its acquisition or production cost. Subsequently, and when applicable, they are valued at cost minus the corresponding accumulated amortisation and the impairment losses they have suffered, as appropriate.

They can be "indefinite useful life" nature when, on the basis that the analyses carried out for other relevant factors, it is concluded that there is no foreseeable limit during which net cash flows in favour of the consolidated entities are expected to be generated, or of "definite useful life" in the other cases.

Intangible assets consist of the administrative concessions, licences, trademarks, IT applications and expenses related to the prospection and conditioning of quarries.

There are trademarks (intangible assets) that have been considered of indefinite useful life, which means their contribution to the profits is not limited in time. Intangible assets of indefinite useful life cannot be amortised, even if, at year-end, the consolidated entities review their respective remaining useful lives in order to ensure that they are still indefinite or, otherwise, that they act accordingly.

The assets for prospecting and conditioning of quarries are valued at incurred costs, and are registered when the legal rights for the exploitation have been received and it has been guaranteed the technical and economic feasibility of each project. Its transfer to results is done based on the extraction rate of the mineral resource in relation to the maximum capacity assessed. The expenses related to the exploration and assessment of mineral resources prior to obtaining its technical and commercial feasibility are not relevant to the effects of these consolidated annual accounts enclosed.

The companies of the Group amortise their intangible assets following the lineal method and distribute the cost of the assets between the years of estimated useful life, based on the following detail:

	Estimated useful life in years
IT applications	3 to 6
Administrative concessions	10 to 20
Remainder	5 to 10

Emission rights:

In the year 2013, the subsidiary Cementos Molins Industrial, S.A.U., was assigned emission rights equivalent to 7.1 million tonnes of CO_2 for the period 2013-2020, which is approximately 0.9 million per year in the period, pursuant to the Agreement of 15 November 2013 of the Council of Ministers of the Spanish Government.

The emission rights given for free for each of the years are registered in the assets of the consolidated balance sheet under "Intangible Assets" at market value with a credit to the heading "Income to distribute amongst several financial years". These subsidies are allocated in the consolidated profit and loss account under the heading "Other operating income" inasmuch as the emissions of CO_2 for which said rights were granted take place. Likewise, it is followed the criterion of register a provision for risks and expenses in order to recognise the obligation to deliver the CO_2 emission rights with credit to the heading "Other operating expenses" in the consolidated profit and loss account (Note 19). The amount of said provision is determined taking into account that the obligation will be cancelled by delivering the emission rights transferred at no cost to the company or through other emission rights that appear in the consolidated balance sheet and which are acquired or generated later.

If, at the end of the year, the gas emissions released in the production process create the need to acquired emission rights because they exceed those that can be cancelled with the property rights of the Group at said date, a provision is registered to cover said deficit at the list value of the emission right at the end of the year (Note 29).

d) Goodwill and business combinations

The acquisition by the Parent Company of the control of a subsidiary constitutes a business combination to which the acquisition method will be applied. In prior consolidations, the removal of the investment-net equity of the subsidiaries will be carried out with general character based on the values resulting from applying the acquisition method that is described below at the control date.

The business combinations will be accounted by applying the acquisition method for which the acquisition date is determine and the cost of the combination is calculated, registering the identifiable acquired assets and the liabilities assumed at their fair value on said date.

The positive difference between the cost of the business combination and the allocation to assets, liabilities and contingent liabilities of the company acquired is recognised as goodwill, which represents, therefore, the advanced payment carried out by the Group of the future economic benefits arising from the assets that have not been individually and separately identified and recognised.

The negative difference, given the case, between the cost of the business combination and the allocation to assets, liabilities and contingent liabilities of the company acquired is recognised as a result of the year in which it is incurred.

The cost of the combination is determined by the addition of:

- The fair values at acquisition date of the assets transferred, the liabilities incurred or assumed or the equity instruments issued.

- The fair value of any contingent consideration that depends on future events or the compliance with specified conditions.

The expenses related to the issuance of equity instruments or of financial liabilities delivered in exchange of acquired elements are not part of the cost of the combination.

If the business combination is done by stages, in a way that prior to the acquisition date (date on which control is obtained) there was a previous investment, the goodwill or negative difference will be obtained by the different between:

- The cost of the business combination, plus the fair value at acquisition date of any previous participation of the acquiring company in the acquired one, and,

- The value of identifiable assets acquired minus that o the liabilities assumed, determined according to the indications above.

Any benefit or loss that arise due to the valuation at a fair value on the date in which control is obtained over the existing previous participation in the investee, will be recognised in the consolidated profit and loss account. If previously, the investment in this investee had been valued at fair value, the valuation adjustments pending to be recognised in the result of the year will be transferred to the consolidated profit and loss account. On the other hand, it is considered that the cost of the business combination is the best referent to estimate the fair value at acquisition date of any prior participation.

The goodwill from the acquisition of companies with an operational currency other than the euro are valued in the operational currency of the acquired company, making the conversion into euros at the exchange rate in force on the date consolidated balance sheet.

The goodwill is assigned by the Board of the Parent Company to the different Cash Generating Units (hereinafter "CGUs"), that are expected to benefit from the synergies of the business combination, independently from other assets or liabilities of the entity acquired that are assigned to those units or groups of units.

The Board of the Parent Company checks the impairment of the value of each one of the CGUs at the closure of each financial year, as well as when there are any sings of value impairment of the CGU, comparing the carrying amount of the cash generating unit, including goodwill, with the recoverable amount of said CGU.

If the recoverable amount of the CGU exceeded their book amount, the cash generating unit and the goodwill that can be assimilated thereto would be considered as not impaired. Otherwise, the Group recognises the loss for impairment of the value in accordance to the following criterion:

- First the value of the goodwill assigned to the cash generating unit is reduced and, if the loss surpasses said value,

- It is distributed among the other assets of the cash generating unit, apportioned for each of the assets based on their book value.

Goodwill is not amortised and are later valued at cost minus the losses for value impairment. The value adjustment for impairment recognised in the Goodwill may not be subsequently reversed.

If at the end of the year in which the combination takes place, it is not possible to include the necessary valuation processes to apply the acquisition method previously described, this accounting will be deemed provisional and it would be possible to adjust said provisional values within the necessary period to obtain the information required that under no circumstances can be greater than a year. The effects of the adjustments made in this period are accounted retroactively and modify the comparative information if necessary.

Later changes to the fair value of the contingent consideration are adjusted against the results, unless said consideration has been classified as equity, in which case later changes in its fair value are not recognised.

e) Property, plant and equipment

The property, plant and equipment are valued at acquisition price or manufacturing cost.

The extension, modernisation or improvement costs that represent an increase in productivity, capacity or efficiency, or a longer useful life of the goods are accounted as a greater cost of the goods in question.

In-house works carried out by companies on its own assets are registered based on their own consumption of warehouse materials and the direct labour force used.

The expenses by interests directly attributable to the acquisition or production of certain assets are capitalised as a greater value of the asset until said assets are in working conditions and as long as the total value of the asset does not exceed its realisable value.

Repair and maintenance expenses are charged to the operating account for the financial year in which they are incurred.

The ongoing elements are transferred to the operating property, plant and equipment once the installation and start-up periods have finalised.

The companies of the Group amortise their property, plant and equipment following the lineal method and distribute the cost of the assets between the years of estimated useful life, based on the following detail:

	Estimated useful life in years
Buildings	25 to 68
Technical installations	7 to 20
Machinery	16 to 33
Tools	3 to 8
Furniture	10 to 15
Computer processing equipment	4 to 8
Transport elements	8 to 18

f) Official subsidies

Non-repayable official subsidies are valued at the amount awarded. Operating subsidies are directly allocated to results. Capital subsidies are allocated to results proportionally to the depreciation experienced by the assets associated to said subsidies. In the case of non-depreciable assets, they will be allocated to the result of the year in which their disposal, impairment or derecognition from stock takes place.

See the information about the greenhouse gas emissions allowances available in Note 29.

g) Leases

Financial leases

In the financial lease transactions in which the companies of the Group act as lessee, the cost of the leased assets is presented in the consolidated balance sheet based on the nature of the good under contract and, at the same time, a liability for the same amount. Said amount will be the lowest between the fair value of the good leased and the current value at the beginning of the lease of the minimum amounts agreed, including the purchase option, when there are reasonable doubts on their exercise. The contingency fees, the cost of the services and the taxes applicable by the lessor will not be included in the calculation. The total financial load of the contract is allocated to the consolidated profit and loss account for the period in which they are accrued, applying the effective interest rate method. The contingency fees are recognised as an expense in the year in which they are incurred.

The assets registered for this kind of transactions are amortised with similar criteria to that applied to property, plant and equipment, based on their nature.

Operating leases

In the operating lease transactions, the property of the good leased and substantially all the risks and benefits that fall upon the good belong to the lessor.

When the consolidated entities act as lessee, the lease expenses are recognised on an accrual bases on their profit and loss accounts.

h) Investment properties

The heading “Investment properties” includes those assets, mainly land and constructions, aimed at generating long-term income or gains for the Group, instead of using them for the production or for management purposes.

The property, plant and equipment are initially valued at cost price updated according to several legal provisions, and in the case of constructions, they are lineally amortised at a 3% annual rate.

i) Value impairment of property, plant and equipment, intangible assets and goodwill

At the closure date of each balance, the Group assesses if there are any indications of value impairment recorded for PP&E and intangible assets with definite useful life. If there are any indications, the recoverable amount of said assets is estimated to determine the value impairment. When the assessed asset does not generate cash flows independently from other assets, the fair value of the cash generating unit in which said asset has been included is estimated.

In the case of PP&E and intangible assets with indefinite useful lives which are not subject to a systematic amortisation, impairment tests are performed at least once a year or when there are indications that the asset has suffered value impairment.

The recoverable value of an asset subject to impairment is its fair value less the sales costs or its value in use, whichever the highest. To estimate its value in use, the present value of the future cash flows of the evaluated asset (or of the cash generating unit which it belongs to, if this is the case) is calculated using a discount rate that reflects the temporary value of money as well as the specific risk related to the asset. When it is estimated that the recoverable amount of an asset is less than its carrying amount, the difference is recorded in item "Result from impairment and sale of assets" of the consolidated profit and loss account. Recognised impairment losses of an asset are reversed with a credit to the above-mentioned item when the estimates of its recoverable amount improve, increasing the value of the asset until it reaches the limited of the carrying amount that the asset would have had if it had not been updated, except in the case of goodwill, whose impairment is not reversible.

The methodology used to carry out the impairment test discriminates between assets associated to business of indefinite or limited term. For businesses with an indefinite term, financial projections that cover a specific limited horizon plus a permanent income are used. For businesses with a limited life, projections adjusted to the actual life period of the assets or the activity are used. In both cases, to estimate the value in use, the Group prepares forecasts of future cash flows from the projections approved by the Board. These projections are deemed available estimates of income and expenses of the cash generating units in accordance to the business plan and calculating a residual value based on the flow of the last year projected. In any case, the hypotheses on which the cash flow projections have been based are:

- Production and sales volume.
- Sales prices and production costs.
- Discount rates.

At the end of the year, the Board of the Parent Company considers valid all the hypotheses carried out as of the date in which the impairment test was prepared. In addition, sensitivity analyses are carried out in relation to said key hypotheses in order to foresee the impact of future changes in these variables.

j) Financial instruments

Financial assets

The Group classifies its financial assets based on their valuation category which is determined on the basis of the business model and the characteristics of the contractual cash flows. The classification of the financial assets is determined at the time of their initial recognition based on the following categories:

i) Financial assets at amortised cost: it refers to the investments in debt that are kept within a business model aimed at obtaining contractual cash flows that only consist in principal and interests payments and which, in general, will be valued at amortised cost.

ii) Debt instruments classified at fair value with changes in another global statement: when the debt instruments are kept within a business model whose objective is to obtain contractual cash flows of principal and interests and the sale of financial assets, in general, they will be measured by its fair value with changes in the "Global Consolidated Income Statement".

iii) Equity instruments designated at fair value with changes in another global statement: it refers to equity instruments for which the Group decides, irrevocably, to present later changes in the fair value in the "Global Consolidated Income Statement". They are recognised by their fair value and the increases or decreases caused by changes in this fair value are registered in a different global statement, to the exception of the dividends of said investments that will be recognised in the result of the period. Therefore, losses for impairment are not recognised in the results, and the moment they are sold profits or losses are not reclassified in the consolidated profit and loss account.

iv) Financial assets at fair value with changes in the consolidated income statement: the investments in debt and equity that do not meet the requirements to be classified under any of the previous categories will be measured at its fair value with changes in the consolidated profit and loss account.

Financial assets are derecognised when the contractual rights to the cash flows of the asset have either expired or been transferred, having also substantially transferred the risks and rewards inherent to its ownership. Financial assets are not derecognised and a financial liability recognised for an amount equal to the compensation received, in the transfer of assets for which the risks and rewards inherent to it are kept.

The impairment of the value of the financial assets is based on an expected loss model. The group records the expected loss, as well as any changes thereto, at each presentation date, to reflect the changes in the credits risk from the initial recognition date, without having to wait for an impairment event to take place.

The Group applies the general expected loss model for its financial assets, to the exception of trade accounts receivable and other receivables without a significant financial component, to which the simplified expected loss model is applied. In this context, the Group uses a provision matrix to calculated the expected credit losses on the trade accounts receivable that takes into account its experience in historical credit losses, adjusted as appropriate pursuant to the standards in place to estimate credit losses of their receivables. The historical information obtained is adjusted taking into account market variables and their projections at the date of the calculation.

Financial liabilities

All financial liabilities are measured at amortised cost using the effective interest method or as financial liabilities at fair value with changes in the profit and loss account.

Financial liabilities measured later on at amortised cost

Financial debts are initially recognised at fair value, adjusted by the directly attributable transactions costs. Any difference between the amount receive and its reimbursement value is recognised in the consolidated profit and loss account during the amortisation period of the financial debt, using the effective interest rate method, classifying the financial liabilities as later measured at amortised cost.

The effective interest rate is used to calculate amortised cost of a financial liability and to assign interest expenses during the life of the financial liability at amortised cost. The effective interest rate is the rate that exactly discount the future payments in cash (including transaction costs) during the expected life of a financial liability or when a shorter period is appropriate.

Current trade and other payables are short-term financial liabilities that are initially valued at fair value, they do not explicitly accrue interests and they are recognised at their nominal value. Debts with an expiry date of over twelve months are considered non-current debts.

Financial liabilities at fair value with changes in the income statement

Financial liabilities are classified at fair value with changes in the income statement when they are, mainly, financial liabilities held for trading. Derivatives are recognised in this category unless they are designated as hedge instruments.

Financial liabilities at fair value with changes in the income are measured at fair value, with any profit or loss that arises from changes in the fair value recognised in the income statement.

Financial liabilities are derecognised when they obligations specified in the obligations that have generated them cease to exist.

Likewise, when there is an exchange of debt instruments between the Group and a third party, and as long as they have significantly different conditions, the Group derecognises the original financial liability and recognises the new financial liability. In this sense, the Group considers that the conditions of the financial liabilities are not significantly different if the value present in the cash flows discounted under the new conditions, including any commission paid net of any commission received, and using for the discount the original interest rate, does not differ in over 10% with the present discounted value of the cash flows that still remain of the original financial liability.

The contractual amendments of the financial liabilities that do not determine its derecognition from the balance sheet must be recorded as an estimation change of the contractual flows of the liabilities, keeping in effect the original interest rate and adjusting its book value on the date of the change and registering the different in the consolidated income statement.

Hierarchy of the fair value

The measurement of assets and liabilities valued at fair value can be broken down into three levels based on the following hierarchy defined in the IFRS 7 and IFRS 13:

- Level 1: Inputs are based on quoted prices (not adjusted) in active markets for identical assets or liabilities.

- Level 2: Inputs are based on quoted prices for similar instruments in active markets (no included in level 1), quoted prices for identical or similar assets or liabilities in markets that are not active, and techniques based on measurement models for which all significant inputs are observable in the market or can be corroborated by observable market data.

- Level 3: Inputs are generally unobservable and, in general, reflect estimates of the market situations to determine the price of the asset or liability. Non-observable data used in the measurement model are significant in the fair values of assets and liabilities.

As of 31 December 2018 and 2017, the Group does not have assets or liabilities that must be valued according to level 1 and 3 of the fair value hierarchy. On the other hand, the derivative financial instruments described in Note 21 are included in the 2nd level.

k) Derivative financial instruments derivatives and hedge accounting

The Group uses derivative financial instruments to cover the risks to which it is exposed. In the framework of said transactions, the Group has contracted certain hedge financial instruments and other not regarded as hedge accounting.

The use of derivative financial products is governed by the management policies of financial risks of the Group, which establish the guidelines for their use.

Implicit derivatives (trading at fixed price and term) have not been identified in any of the companies of the Group at the end of the financial years 2018 and 2017.

a. Hedging derivative financial instruments:

The transactions with hedging financial derivatives, at the end of the year 2018, correspond to:

- Interest rate hedge in certain financial debts.

- Hedging exchange rate transactions in Bangladesh for internal trade transactions with India.

The accounting treatment of hedging transactions with derivative instruments is the following:

- Fair value hedge: The changes in market value of the derivative financial instruments recognised as hedge instruments, as well as of the elements thereto, are recognised with a charge or credit to the heading “Financial result” of the consolidated profit and loss account.

- Cash flow hedge: The changes in the market value of these derivative financial instruments are recognised, in their efficient part, directly in the net equity, while the non-efficient part is recognised in the consolidated profit and loss account. The amount recognised in the net equity is not transferred to the profit and loss account until the results of the hedge transactions are recognised there or until the expiry date of said transactions.

If the hedge is discontinued, the accrued loss or profit to that moment in the net equity will remain there until the underlying hedge transaction is carried out. At that moment, the loss or profit accrued in the equity will revert over the profit and loss account affecting the results of said transaction. The market value of the different financial instruments corresponds to their quote at the end of the financial year.

b. Derivatives financial instruments not regarded as hedge accounting:

Derivative financial instruments not regarded as hedge accounting contracted throughout 2018 correspond to the type *Non-Delivery Forward and Cross Currency Swap,* aimed at mitigating the exchange rate risk in relation to the cash flows in certain financial transactions. In the year 2018, a financial income of 1,853 thousand euros has been registered in the consolidated profit and loss account to recognise the effect of the contracts described above (Note 27).

At the end of the year 2018, the derivative financial instrument not regarded as hedge accounting *Cross Currency Swap* is kept, while at the end of the year 2017 the Group did not have position in derivative financial instruments not regarded as hedge accounting.

l) Companies accounted for via equity method

The investments in associated companies in which a significant influence is kept are valued using the equity method and are shown by the value of the fraction they represent of the net equity of the investee, increased by the value of the goodwill remaining at closing.

The companies valued using the equity method from a loss of control are recognised at their fair value at the moment of the transaction and the existence of impairment evidence is reviewed annually as mentioned in Note 3.i.

m) Shares of the Parent Company

The treasury shares of the Parent Company, which are listed, are recognised at their acquisition cost reducing the net equity.

The loss or benefits from the purchase, sale, issue or amortisation of the Parent Company's own equity instruments are directly recognised in the net equity.

n) Non-current assets and disposal group of elements held for sale

The Group classifies a non-current asset or a disposal group as held for sale when its book value is to be recovered by a sales transaction instead of by its continued use. These conditions will be met when the decision to sell it is taken, and it is highly likely, the asset is in immediate selling conditions in its current state and it is expected to happen within the next twelve months.

These assets or disposal groups are value at book value or at fair value minus the necessary costs for its ale, the lowest.

The assets classified as non-current held for sale cannot be amortised, but at the time of each balance sheet the necessary value corrections are made so that the book value does not exceed the fair value minus the sale costs.

Profits and losses generated by non-current assets and disposal groups of elements, held for sale, that do not meet the requirements to be classified as discontinued operations, are recognised in the entry of the consolidated profit and loss account based on their nature.

When an asset (or disposal group) ceases to meet the requirements to be classified as held for sale it will be reclassified in the entries of the balance that correspond to its nature and it will be valued at the lower amount, on the date in which it is reclassified, between its book value prior to the reclassification as non-current asset held for sale, adjusted, when applicable, to the amortisations and value corrections that would have been recognised if it had not been classified as held for sale; and its recoverable amount, recognising any difference in the entry of the consolidated profit and loss account that fits its nature.

o) Stocks

Raw and auxiliary materials are recognised at acquisition cost or market cost value, the lowest. In general, the acquisition cost is calculated using the average annual price method.

Finished products and under manufacturing are valued at average costs, which includes the cost of the incorporated materials, labour and direct and indirect manufacturing costs.

The valuation of obsolete, defective or slow-moving products has been reduced to its possible realisation value.

Unrealised loss between the cost and the recoverable value of this stock at the end of the financial year are recorded, where appropriate, under the heading “Provisions” in the liabilities of the consolidated balance sheet enclosed.

p) Cash and equivalents

For the purposes of the determination of the consolidated cash flow statement, “Cash and other equivalent means” refer to the treasury of the Group and short-term bank deposits with an initial expiry of three months or less. The amount of these assets in the books is close to their fair value.

q) Obligations for pensions and similar commitments

Pension obligations with employees in the Spanish companies are strictly those established in current collective agreements instrumentalised through pension plans provided for in Law 8/87. These are of defined contribution and the total amounts provided are recorded in item “Pension plan contributions”, within the section “Staff expenses” of the consolidated profit and loss account enclosed.

Defined contribution obligations, for Cementos Molins, S.A., are limited to retirement pensioners before the commitment became a collective agreement for defined contribution.

<u>Assessment criteria</u>

The amounts for retirement defined contribution commitments has been determined following these criteria:

- Calculation method: the calculation method used in the actuarial valuations has been the “projected unit credit method”, which is the method accepted by the IFRS-EU. The value of pension obligations is calculated on the basis of the current value of the benefits committed and taking into consideration the number of years that the staff has rendered their services.

- Actuarial assumptions used: unbiased and mutually compatible.

- The estimated retirement age for each employee is the first one they are entitled to according to labour and social security regulations in force in each country, considering, where appropriate, the labour agreements that may be reached from time to time within the legal framework in effect.

Regular contributions of the financial year, basically comprised by normal cost and, where appropriate, the risk premium, are accounted with credit to the consolidated profit and loss account of the year.

At closing date, the positive difference between the current value of the defined benefit obligations and the reasonable value of the supporting assets, is recognised as a liability in the consolidated balance sheet. If this difference were negative, it would be recorded as an asset in the consolidated balance sheet, only for the part corresponding with the current value of any future financial benefit that could be available in the form of reimbursements from the plan, or reductions of future contributions to the plan.

The actuarial profits and losses that can take place either due to increases or decreases in the current value of the defined benefit obligations, or due to variations in the fair value of the plan assets, are directly recognised in the net equity. Actuarial profits and losses have their origin in the differences between the estimate and the reality of the behaviour of actuarial hypotheses or in the reformulation of the actuarial hypotheses established.

Some of the causes of said losses or profits are:

- The effect of the changes in the estimates of the employee turnover rate, mortality rate, early retirements, of the increase in employee salaries, as well as the effect of the variations in the benefits related to deviations in inflation and,

- The yields of the plan assets, excluding the amounts included in the net interest.

r) Provisions and contingent liabilities

1. Provisions: the Group records a provision when there is a commitment or an obligation before third parties from past events and its settlement will imply an output of resources, for an amount and/or term not known for certain, but which can be estimated with reasonable reliability.

   The quantification of the provisions is carried out taking into account the best information available on the event and its consequences and it is estimated at the end of each financial year. The provisions constituted are used to face the specific risks for which they were initially recognised, being reviewed, totally or partially, when said risks disappear or get reduced.

   The provision for responsibilities includes the emission rights and the cost of restoring the quarries.

   The criterion of the Group, for those companies that have acquired restoration commitments based on the applicable regulations in each of the countries where they operate, consists in recognising a provision for those restoration costs that are incurred as the exploitation proceeds and an additional one for those restoration costs that will be only carried out once the exploitation has finished.

   Regarding the provision on greenhouse gas emissions, see Note 29 of these consolidated annual accounts.

2. Contingent liabilities: all those possible obligations arising from past events, whose future materialisation and equity loss is conditioned to one or more future events happening, or not, independently from the will of the consolidated entities. In accordance with IFRS-EU, the Group does not recognise any provision for these concepts, even if, as required, they are detailed in the consolidated annual accounts.

s) Termination benefits

In accordance to the current legislation in each case, the Spanish consolidated entities and some entities of the Group, with registered offices in other countries, are under the obligation to compensate those employees that are terminated without just cause. Therefore, termination benefits that may be reasonably quantified are recorded as expenses in the year the decision to terminate said contracts is made.

t) Income

The income arising from contracts with customers must be recognised according to the compliance with the performance obligations before the customers.

Ordinary income represents the transfer of goods or services promised to the customers for an amount that reflect the consideration that the Group expects to have the right to replace said goods and services.

Five steps are established to recognise income:

- Step 1: Identify the contract or contracts with a customer.
- Step 2: Identify the liabilities of the contract.
- Step 3: Determine the price of the transaction.
- Step 4: Distribute the price of the transaction among the liabilities of the contract.
- Step 5: Recognise the income when (or as) the entity complies with each of the liabilities.

In this sense, the income is recognised as the obligations are met, that is, when the “control” of the underlying goods and services underlying the obligation are transferred to the customer.

The income from interests accrued, generally, following a temporary financial criterion, according to the principal pending payment and the applicable effective interest rate.

The income from dividends in investments are recognised the moment in which the shareholders have the right to receive the payment thereto, that is, the moment in which the General Shareholders’ Meeting of the investees approve their distribution.

u) Corporate Tax

The current income tax expense is the amount payable by the Group as a result of income tax settlements for a given year. Tax deductions and other tax advantages, net of withholdings and payments on account, as well as offsettable losses from previous financial years applied during the current year, reduce current tax.

Deferred tax expenses or income correspond to the recognition or derecognition of deferred tax assets and liabilities. These include temporary differences which are identified as payable or recoverable amounts resulting from differences between the carrying amount of assets and liabilities and their tax value, as well as unused tax loss carryforwards and non-applied tax credits. These amounts are recorded by applying the tax rate at which they are expected to be recovered or settled to the temporary differences.

Deferred tax assets are only recognised to the extent that it is considered probable that the Group will have future taxable profit that will allow the deferred tax asset to be recovered.

Likewise, at a consolidated level the differences that may exist between the consolidated value of an investee and its tax base are also taken into account. In general, these differences arise from the accumulated income generated from the date when the investee was acquired, from tax deductions associated to the investment and from the conversion difference, in the case of investees with an operating currency other than the euro. The assets and liabilities by deferred taxes originated by these differences are recognised unless, in the case of taxable differences, the investor can control the moment of the reversion of the difference and, in the case of deductible differences, if said difference is expected to be reversed in a foreseeable future and it is possible that the company generates sufficient future taxable profit.

For deferred tax assets and liabilities, which are the result of transactions with direct debits and credits in equity accounts, a balancing entry is also recognised in the net equity.

At each year end the deferred tax assets recorded are reconsidered, making the appropriate adjustments to them to the extent that there are doubts about their future recovery.

In addition, the amount of the deductions that are deemed to be applicable are recognised (Note 23).

Cementos Molins, S.A. is subject to the Corporate Tax under the consolidated taxation regime according to Chapter VI of Title VII of the Law 27/2014, of 27 November, of the Corporate Tax. The companies that for tax purposes constitute the Group are: Cementos Molins, S.A., Cementos Molins Industrial, S.A.U., Cemolins Internacional, S.L.U., Cemolins Servicios Compartidos, S.L.U., Prefabricaciones y Contratas, S.A.U., Promotora Mediterránea-2, S.A., Propamsa, S.A.U., Monsó-Boneta, S.L. and Pronatur Energy 2011, S.L.U. Therefore, the consolidated expense of the Corporate Tax reflects those benefits from using negative tax basis and deductions pending to be applied that had been registered in the case of individual taxes of the companies that make said tax group.

v) Result per share

The basic result per share is calculated as a coefficient between the next benefit of the period attributed to the Parent Company and the number of ordinary shares outstanding during said period.

The diluted result per share is calculated as a coefficient between the diluted net result attributed to the Parent Company and the weighted average number of ordinary shares outstanding during said period, adjusted by the weighted average of effective ordinary shares that would be issued if all the potential ordinary shares were converted into ordinary shares of the Parent Company. To this end, it is considered that the conversion takes place at the beginning of the period or the moment the potential ordinary shares are issued, if they had been outstanding during the period itself.

In the case of Cementos Molins Group, there is no dilution in the weighted average number of shares since there are no additional net equity instruments.

w) Foreign currency transactions

The Group's operating currency is the euro. The conversion into euros of balances in foreign currencies is done in two consecutive stages:

- Conversion of the foreign currency into the operating currency of the subsidiaries, and

- Conversion into euros of the balances kept in the operating currencies of the subsidiaries which are not the euro.

The transactions in foreign currency carried out by the consolidated entities are initially registered in their respective financial statements for the exchange value in their operating currencies after applying the exchange rate in place on the dates in which the transactions take place. Later, and in order to present their individual annual accounts, the consolidated entities convert the balances in foreign currencies to their own operating currency using the exchange rates in place at closing.

The balances of the annual accounts of the consolidated entities with an operating currency other than the euro are converted into euros according to Note 2 Consolidation principles - *Other aspects.*

The balances kept in euros in the companies inside the consolidation perimeter with an operating currency other than the euro do not generate impacts in the consolidated profit and loss account for differences in exchange rate.

x) Related-party transactions

All of the Group's related-party transactions are carried out at market rates. In addition, transfer prices are properly supported, and therefore the Managers of the Parent Company consider that no significant risks exist for this concept from which future liabilities could arise.

y) Environment

The companies of the Group follow, in general, the criterion to consider as an expense of environmental nature the amounts aimed at the protection and improvement of the environment. However, the amounts of element incorporated in installations, machinery and equipment aimed to the same end are considered as fixed assets.

z) Consolidated cash flow statement

In the consolidated cash flow statement, the following expressions are used in the following ways:

- Cash flows: inflows and outflows of cash and equivalent financial assets, which comprise short-term investments with high liquidity and low risk of changes in their value.

- Ordinary activities: typical activities of the operational aspect of the Group's businesses, as well as other activities that cannot be classified as investment of financing.

- Investment activities: those of acquisition, disposal or removal by other means of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that produce changes in the size and composition of equity and liabilities that are not part of the ordinary activities.

aa) Classification between current and non-current

Current assets are those related to the normal exploitation cycle that is generally set at one year; also, those assets which are expected to expire, be disposed of or realised within a short term from the closing date of the year; the financial assets held for trading, to the exception of the financial derivative with a settlement period of over one year; and the cash and other cash equivalents. The assets that do not meet these requirements are classified as non-current.

Likewise, current liabilities are those related to the normal exploitation cycle, the financial liabilities held for trading, to the exception of the financial derivative with a settlement period of over one year, and in general all the liabilities with a short-term expiry or extinction. Otherwise, they are classified as non-current.

4. Variations of the perimeter

Year 2018

LafargeHolcim Bangladesh, Ltd.

In December 2016, LafargeHolcim Bangladesh, Ltd. (Bangladesh investee company of Cementos Molins Group and LafargeHolcim Group) reached an agreement with LafargeHolcim Group for the purchase of 100% of the shares in Holcim Cement (Bangladesh), whose main assets are three cement milling plants located in Bangladesh. After receiving authorization from the Bangladesh Bank on 7 January 2018, the transaction has been finalized. The final price of the transaction was US$ 60 million.

As a result of the difference between the price of acquiring the Holcim Cement (Bangladesh), Ltd. shares and the theoretical value of them at the time of acquisition, goodwill that, as of 31 December 2018, has been assigned to assets, remaining a pure goodwill of 974 thousand euros.

Granulated Rubber Project, S.L.

On 27 March 2018, the subsidiary company Promotora Mediterránea-2, S.A. has acquired from Internitco Comerç, S.L. the 33.33% of its shareholding in the company Granulated Rubber Project, S.L, whose purpose is the acquisition, recycling, transformation, recovery and management of latex products, for 450 thousand euros. Through this operation, Promotora Mediterránea-2, S.A. goes from holding the 33.33% of the shareholding in this company to 66.66% and going from the equity method to the full consolidation method in its valuation. This transaction has shown the difference between the reasonable value of the acquired shares and their book value amounting to 212 thousand euros accounted as consolidation goodwill in the enclosed consolidated balance sheet (Note 7).

Precon (Linyi) Construction CO., Ltd.

On 21 May 2018, the Group proceeded to sell the company Precon (Linyi) Construction CO., Ltd. (China), held in 100% by the subsidiary company Prefabricaciones y Contratas, S.A.U., and a result of 1.4 million euros was generated from this transaction (Note 27). The assets originating in such company were mostly impaired.

Year 2017

Precon (Linyi) Construction CO., Ltd.

On 3 July 2017, the subsidiary company Prefabricaciones y Contratas, S.A.U., agreed with the minority partner Precon (Linyi) Construction Co., Ltd. (China) the delivery of 20% of its shares, being formally established on 20 November 2017. After this transaction, the percentage of direct participation of Prefabricaciones y Contratas, S.A.U. in Precon (Linyi) Construction Co., Ltd. went from 80% to 100%.

The accumulated total in “Net equity from minority shareholders” that correspond to Precon (Linyi) Construction Co., Ltd was transferred to the heading “Reserves in consolidated companies” and to “Conversion Differences”.

5. Risk management

The Group is exposed to several financial market risks as a result of its ordinary businesses, of the debt taken to finance its business and of its investments in companies. The geographic diversification of the Group helps compensate part of these risks.

In particular, the main market risks that affect the companies of the Group are:

1) Exchange rate risk:

The exchange rate risk comes, mainly, from:

(i) the international presence of the Group, with investments and businesses in countries with currencies other than the euro: Mexico, Argentina, Uruguay, Bolivia, Colombia, Bangladesh, India and Tunisia. The balance risk of these investments is not covered since it is deemed that the evolution of its results far offsets possible currency depreciations in said countries. In the last 5 years, the subsidiaries have contributed to the results positively in foreign currency in 404 million euros, whereas the differences in conversion have had a negative contribution of 111 million euros.

The sensitivity of the Group’s consolidated net result and the net equity to the variation in current exchange rates, as of 31 December 2018 and 2017, is the following:

	(in million euros)			
	2018		**2017**	
	+10%	**-10%**	**+10%**	**-10%**
Effect on net result	(7.9)	9.7	(9.2)	11.3
Effect on equity	(47.4)	58.0	(41.7)	50.9

(ii) for the debt or treasury in currencies other than that of the countries where they carry out their businesses or where the companies that have taken the debt reside.

In indebted countries, any potential loss in cash flow values generated by businesses in those currencies (caused by the depreciation of the exchange rate against the euro), is mitigated by the Group (partially at least) with the lesser value savings in euros of the debt in currencies. This is the case of the participations we hold in Tunisia (where our debt in local currency represents 32.1% of the total gross debt of the Group and 100% of our debt in said country).

In countries where we hold surplus positions, any potential loss in cash flow values generated by businesses in those currencies (caused by the depreciation of the exchange rate against the euro), are mitigated (partially at least) with savings for holding cash positions in euros or USD that are also managed, in some cases, by investing in non-resident accounts in foreign countries in said currencies to somehow avoid the country's risk components. This is the case for Argentina, where we hold cash in USD and euros that represents 65.2% of the total cash held in the investee company.

Sometimes, and for certain financial transactions, the Group uses financial instruments to cover possible variations in the exchange rate (Note 3.k)

2) Interest Rate Risk:

During the year 2009, the Group took out new loans to finance its investments, which lead to the formalisation of the financial risk management policy to cover, mainly, the exposure to interest rates.

The hedging instruments subscribed by the Group, swaps of variable interest to fixed interest, are perfectly aligned with the covered elements (debt solely with bank institutions), both in nominal amounts and repayment periods and financial interest accruals.

24.8% of the gross debt is at a fixed rate. Out of this 24.8%, 3.7% is materialised using instruments of interest swaps and the remainder 21.1% using financing contracts directly set at fixed rate.

The impact of a variation on the interest rates is low due to the structure of our balance sheet and income statement. This way, an increase of 100 basic points in the interest rate would have a negative effect in our net result of 1.5 million euros.

3) Liquidity Risk

As of 31 December 2018, the current gross debt maturities expected for 2019 add up to 39,490 thousand euros, which are lower than the availability of funds, measured as the addition of: a) Cash and equivalents, which at the closing of 2018 have a balance of 61,653 thousand euros, and temporary financial investments, which as of 31 December 2018, have a balance of 2,301 thousand euros; b) long-term deposits with no balance in 2018; and c) the credit lines committed by banking entities, unused and with an initial maturity longer than a year amounting to 71,640 thousand euros.

As of 31 December 2017, the current gross debt maturities expected for 2018 added up to 73,860 thousand euros, which are lower than the availability of funds, measured as the addition of: a) Cash and equivalents, which at the closing of 2017 added up to a balance of 170,790 thousand euros, and temporary financial investments, which as of 31 December 2017 added up to a balance of 800 thousand euros; b) long-term deposits of 151 thousand euros; and c) the credit lines committed by banking entities, unused and with an initial maturity longer than a year (amounting to 68,372 thousand euros) and with maturity during the financial year 2018 (amounting to 26,478 thousand euros).

4) Credit Risk

For indebtedness transactions, the Group operates with financial entities with high credit ratings.

Regarding the credit risk of the cash and cash equivalents, the Group places its cash and banks surpluses mainly in fixed-term investments and deposits in current accounts.

For the subsidiaries, the management of Cementos Molins, S.A., establishes a control of the investments made outside the country of origin of the subsidiary (whose policy is established by the Board of each subsidiary in which Cementos Molins, S.A. is duly represented).

Note 21.a includes the details of the hedge instruments contracted by the Group, as well as their fair value.

Regarding the credit risk of our customers, the Group is exposed to delays in receivables and insolvencies.

The Group pays special attention to the management of the credit granted and its monitoring. It is valued as one of the essential elements for the growth of the Group.

Each customer has an assessment of the maximum credit it can assume based on external reports, internal valuations or credit institutions.

The Risk Committees of the different Group companies analyse the credit limits granted and their evolution. Likewise, the respective Boards of Directors of each of the companies, monitor the situation of the customers.

As of 31 December 2018 and 2017, there was no significant credit risk concentration not covered or guaranteed. The amount of the net bad debt provision of the Group for the years 2018 and 2017 was 0.1 and (0.3) million euros respectively (Note 15).

The balance of the non-provisioned matured debt as of 31 December 2018 and 2017 added up to 15.1 and 14.1 million euros, respectively, with the following maturities

	2018		2017	
	Million euros	**% s/Total**	**Million euros**	**% s/Total**
Under 30 days	11.3	75%	8.8	62%
Between 30 and 60 days	0.2	1%	1.4	10%
Between 60 and 90 days	0.7	5%	1.4	10%
Over 90 days	2.9	19%	2.5	18%
Total	**15.1**	**100%**	**14.1**	**100%**

As of 31 December 2018, in Spain, the matured debt amounts to 5.5 million euros. Credit hedges or other guarantees allow to ensure the collection of 54% of the matured debt. The matured debt of foreign companies, which amounts to 9.6 million euros, does not create collection risks, being the allocation for insolvencies in 2018, for all the foreign companies, 0.21% of the sales.

As of 31 December 2017, at a national level, the matured debt amounted to 4.7 million euros. Credit hedges or other guarantees allowed the collection of 67% of the matured debt. The allocation for insolvencies in 2017, for all the foreign companies, was 0.33% of the sales.

6. Financial information by operating segments and joint businesses

a. Operating segments

The Cementos Molins Group has determined that the main format of its segments is by geographic areas, because it understands that the risks and performance of the Group are influenced mainly by the fact that it operates in different countries. As a result, the information regarding the segments by business area is presented on a second level. The geographic segments identified by the Group are the following:

Spain, Argentina, Tunisia, China (*), Mexico, Uruguay, Bangladesh, Bolivia and Colombia

(*) *The geographical segment China is cancelled by the Group in May 2018 when the subsidiary Precon (Linyi) Construction CO., Ltd. was sold (Note 4).*

The breakdown by operating segments of certain entries of the Group's consolidated profit and loss account, is as follows:

										(in thousands of euros)
Year 2018	**Geographical segment**									
	Spain	**Argentina**	**Tunisia**	**China**	**Mexico**	**Uruguay**	**Bangladesh**	**Bolivia**	**Colombia**	**Total**
Turnover	256,007	263,210	68,937	-	-	-	-	-	-	588,154
Other income	9,200	4	1,061	24	-	-	-	-	-	10,289
Total income	**265,207**	**263,214**	**69,998**	**24**	-	-	-	-	-	**598,443**
Operating expenses	(246,277)	(203,773)	(55,378)	(924)	-	-	-	-	-	(506,352)
Amortizations	(16,347)	(15,715)	(7,409)	(116)	-	-	-	-	-	(39,587)
Results from impairment and from sale of assets	80	57	22	-	-	-	-	-	-	159
Other results	257	-	-	-	-	-	-	-	-	257
Operating result	**2,920**	**43,783**	**7,233**	**(1,016)**	-	-	-	-	-	**52,920**
Financial results										(1,974)
Stakes in associated companies	5	-	-	-	63,922	7,513	4,355	(1,243)	(1,137)	73,415
Profits before taxes										**124,361**
Tax on profit										(25,584)
Stakes External Partners										(13,444)
Results after taxes										**85,333**

(in thousands of euros)										
Year 2017	**Geographical segment**									
	Spain	**Argentina**	**Tunisia**	**China**	**Mexico**	**Uruguay**	**Bangladesh**	**Bolivia**	**Colombia**	**Total**
Turnover	229,880	344,457	71,283	-	-	-	-	-	-	645,620
Other income	11,818	7	513	6	-	-	-	-	-	12,344
Total income	**241,698**	**344,464**	**71,796**	**6**	**-**	**-**	**-**	**-**	**-**	**657,964**
Operating expenses	(227,842)	(259,404)	(59,823)	(97)	-	-	-	-	-	(547,166)
Amortizations	(15,800)	(8,580)	(9,582)	(361)	-	-	-	-	-	(34,323)
Results from impairment and from sale of assets	(2,770)	25	3	-	-	-	-	-	-	(2,742)
Other results	11	-	-	(437)	-	-	-	-	-	(426)
Operating result	**(4,703)**	**76,505**	**2,394**	**(889)**	**-**	**-**	**-**	**-**	**-**	**73,307**
Financial results										(5,778)
Stakes in associated companies	(75)	-	-	-	73,384	5,303	2,175	(2,075)	(63)	78,649
Profits before taxes										**146,178**
Tax on profit										(32,747)
Stakes External Partners										(24,353)
Results after taxes										**89,078**

The breakdown by operating segments of certain entries of the Group's consolidated balance sheet, is as follows:

(in thousands of euros)										
31 December 2018	**Geographical segment**									
	Spain	**Argentina**	**Tunisia**	**China**	**Mexico**	**Uruguay**	**Bolivia**	**Colombia**	**Bangladesh**	**Total**
ASSETS										
Non-current assets	296,099	234,807	111,004	-	149,250	58,332	30,127	74,648	47,781	1,002,048
Current assets	171,235	97,506	37,677	-	-	-	-	-	-	306,418
Total consolidated assets	**467,334**	**332,313**	**148,681**	**-**	**149,250**	**58,332**	**30,127**	**74,648**	**47,781**	**1,308,466**
LIABILITIES										
Total net equity	718,750	135,646	(81,430)	53	66,743	472	(1,130)	(8,430)	8,399	839,073
Non-current liabilities	160,512	33,409	74,282	-	-	-	-	-	-	268,203
Current liabilities	95,816	80,434	24,940	-	-	-	-	-	-	201,190
Total consolidated liabilities	**975,078**	**249,489**	**17,792**	**53**	**66,743**	**472**	**(1,130)**	**(8,430)**	**8,399**	**1,308,466**

(in thousands of euros)										
31 December 2017	**Geographical segment**									
	Spain	**Argentina**	**Tunisia**	**China**	**Mexico**	**Uruguay**	**Bolivia**	**Colombia**	**Bangladesh**	**Total**
ASSETS										
Non-current assets	285,342	108,885	134,830	849	146,710	61,397	30,368	63,000	44,256	875,637
Current assets	233,373	128,712	32,584	744	-	-	-	-	-	395,413
Total consolidated assets	**518,715**	**237,597**	**167,414**	**1,593**	**146,710**	**61,397**	**30,368**	**63,000**	**44,256**	**1,271,050**
LIABILITIES										
Total net equity	647,096	91,728	(74,592)	(8,095)	67,717	635	(892)	(4,052)	6,623	726,168
Non-current liabilities	217,905	7,867	91,299	834	-	-	-	-	-	317,905
Current liabilities	121,613	75,942	23,772	5,650	-	-	-	-	-	226,977
Total consolidated liabilities	**986,614**	**175,537**	**40,479**	**(1,611)**	**67,717**	**635**	**(892)**	**(4,052)**	**6,623**	**1,271,050**

As of 31 December 2018, the foreign geographical segments corresponding to Tunisia and Argentina are consolidated by the global integration method.

On the other hand, the foreign geographical segments corresponding to Mexico, Uruguay, Bangladesh (which includes India), Bolivia and Colombia are consolidated by the equity method.

The segment China is not considered a discontinued operation since for the Group no significant business line nor geographic area were put in place.

b. Business Segments

Basis and methodology of the information by geographic segments

The net turnover of the segment corresponds to the ordinary income directly attributable to the segment.

The assets of the segments are those directly related to its exploitation.

The breakdown of the net turnover by segments of activity in which the Group operates, is as follows (Note 25.a):

(in thousands of euros)		
Business segment	**2018**	**2017**
Cement	347,159	403,849
Concrete and aggregate	98,709	106,017
Prefabricate	85,824	69,853
Adhesive cements and mortars	59,972	66,526
Others	27,319	27,064
Total aggregated turnover	**618,983**	**673,309**
Intragroup sales	**(30,829)**	**(27,689)**
Total	**588,154**	**645,620**

The following detail shows the amount of the assets in property, plant and equipment and in intangible assets broken down by business segment (Notes 8 and 9):

(in thousands of euros)		
Business segment	**31/12/2018**	**31/12/2017**
Cement	480,670	390,928
Concrete and aggregate	23,602	15,015
Prefabricate	30,507	32,660
Adhesive cements and mortars	14,008	14,225
Others	12,363	14,946
Total	**561,150**	**467,774**

7. Consolidation goodwill

The breakdown of the balance of the "Consolidation goodwill" heading, according to the companies that originate it, is the following:

	(in thousands of euros)	
	31/12/2018	**31/12/2017**
Depending entities:		
Cementos Avellaneda, S.A.	2,663	586
Monsó-Boneta, S.L.	443	443
Granulated Rubber Project, S.L.	212	-
Cementos Molins Industrial, S.L.U.	21,797	21,797
Total	**25,115**	**22,826**

The transactions (net amounts) in this heading of the consolidated balance sheet have been:

	(in thousands of euros)	
	2018	**2017**
Initial balance	22,826	23,144
Increases due to new acquisitions	212	-
Exchange rate differences and hyperinflation	2,077	(318)
Final balance	**25,115**	**22,826**

As indicated in Note 3.d, the Group assesses at the end of the year whether any of the registered goodwill presents impairment losses based on the calculations of the value in use of its cash generating unit, or the market value (price of recent similar transactions in the market) it if it is higher.

The current value of future cash flows derived from the investments has been determined as follows:

- A term has been determined for the corresponding investment to generate flows (in most cases an infinite time horizon).

- As a step prior to the preparation of the income and expenses projections, the Group has contrasted, among other aspects, the evolution of the most significant variables included in the impairment test for 2017, as well as the compliance of the key hypotheses of said test, with the results obtained this year 2018, to assess, in any case, possible deviations.

- The corresponding income and expenses projections have been carried out, in accordance with the following general criteria:

    - For income, in order to estimate the evolution of production, the future estimations of the Group's management have been taken into consideration.

    - With regards to sale prices, their evolution has been estimated by the Group's management based on their market knowledge of the geographical area of influence of the cash generating unit.

    - Regarding the expenses, their evolution has been considered based on the foreseeable evolution of the CPI, as well as on the projected evolution of the activity and the production optimisation plans in place, that allow stabilising or even improve the technical production ratios of the installation.

    - Likewise, the impact of the works to carry out has been taken into consideration, for which the best available estimations have been used based on the Group's experience and taking into account the projected activity.

- The cash projections obtained from the projection of income and expenses carried out in accordance with the above criteria have been updated by applying a discount rate resulting from adding to the cost of the long-term money without risk, the risk premium assigned by the market to the country where they activity is carried out, the risk premium assigned by the market to the business, as well the financial structure market target of the cash generating unit considered.

Spain - CGU Cement (Cementos Molins Industrial, S.A.U.)

In particular, the main hypotheses used in the test were:

- Cash flow discount period: 2019-2021
- Discount rate (WACC): 6.2%
- Perpetual growth rate: 1%

Production and sales volume:

During 2018, our cement sales have experienced an 8.6% increase. The sales are expected to increase at a 5% annual rate in the period from 2019 to 2021.

Sales prices and costs:

In the year 2018, the average sale prices of cement have increased by 9%. In the period between 2019 and 2021 it is expected that the average prices will increase by 5.8%.

In connection with the impairment test of the goodwill of the cash generating unit of cement in Spain, Cementos Molins Industrial, S.A.U., the recoverable value obtained exceeds the book value of the respective goodwill. In this sense, the implementation of changes in the hypotheses used for these calculations do not reveal the existence of a significant impairment risk. To this end, the use of a discount rate 1.6% higher than the current one, as well as a 30% reduction of the free cash flows projected in the period has been considered without the need, in any case, to register an impairment on the assets being seen under any circumstances.

8. Intangible assets

The variations during financial years 2018 and 2017 in the main intangible assets accounts and the relevant accumulated amortisation have been as follows:

(in thousands of euros)

Account	Balance 01/01/2018	Variation of perimeter	Translation differences	Additions or endowments	Increase (decrease) due to transfer or transfer of another account	Withdrawals or reductions	Balance 31/12/2018
Development	**1,100**						**471**
Cost	5,170	(149)	-	9	-	-	5,030
Accumulated amortisation	(4,070)	212	-	(701)	-	-	(4,559)
Administrative concessions	**4,180**						**3,814**
Cost	8,957	-	-	-	-	-	8,957
Accumulated amortisation	(4,201)	-	-	(654)	-	-	(4,855)
Impairment of value	(576)	-	-	-	288	-	(288)
Industrial property	**52**						**152**
Cost	7,750	-	(903)	110	-	-	6,957
Accumulated amortisation	(832)	-	-	(10)	-	-	(842)
Impairment of value	(6,866)	-	903	-	-	-	(5,963)
Goodwill	**1,447**						**1,840**
Cost	1,447	-	(13)	406	-	-	1,840
Transfer rights	-						-
Cost	8	-	-	-	-	-	8
Accumulated amortisation	(8)	-	-	-	-	-	(8)
IT applications	**3,143**						**4,369**
Cost	10,061	(6)	(649)	1,267	1,305	-	11,978
Accumulated amortisation	(6,918)	3	485	(1,179)	-	-	(7,609)
Other intangible assets	**18,035**						**15,633**
Cost	19,784	(1,828)	(37)	7,405	(1,241)	(8,216)	15,867
Accumulated amortisation	(384)	180	(8)	(22)	-	-	(234)
Impairment of value	(1,365)	1,734	(81)	-	(288)	-	-
Total	**27,957**						**26,279**
Cost	**53,177**	**(1,983)**	**(1,602)**	**9,197**	**64**	**(8,216)**	**50,637**
Accumulated amortisation	**(16,413)**	**395**	**477**	**(2,566)**	**-**	**-**	**(18,107)**
Impairment of value	**(8,807)**	**1,734**	**822**	**-**	**-**	**-**	**(6,251)**

(in thousands of euros)						
Account	**Balance 01/01/2017**	**Translation differences**	**Additions or endowments**	**Increase (decrease) due to transfer or transfer of another account**	**Withdrawals or reductions**	**Balance 31/12/2017**
Development	**1,845**					**1,100**
Cost	5,335	(215)	47	3	-	5,170
Accumulated amortisation	(3,490)	158	(738)	-	-	(4,070)
Administrative concessions	**4,505**					**4,180**
Cost	8,957	-	-	-	-	8,957
Accumulated amortisation	(4,164)	-	(37)	-	-	(4,201)
Impairment of value	(288)	-	-	(288)	-	(576)
Industrial property	**55**					**52**
Cost	9,603	(1,853)	-	-	-	7,750
Accumulated amortisation	(829)	-	(3)	-	-	(832)
Impairment of value	(8,719)	1,853	-	-	-	(6,866)
Goodwill	**1,540**					**1,447**
Cost	1,540	(93)	-	-	-	1,447
Transfer rights	**-**					**-**
Cost	8	-	-	-	-	8
Accumulated amortisation	(8)	-	-	-	-	(8)
IT applications	**3,032**					**3,143**
Cost	9,582	(867)	870	475	-	10,061
Accumulated amortisation	(6,550)	545	(913)	-	-	(6,918)
Other intangible assets	**18,545**					**18,035**
Cost	20,654	(211)	6,399	(475)	(6,583)	19,784
Accumulated amortisation	(347)	8	(45)	-	-	(384)
Impairment of value	(1,762)	109	-	288	-	(1,365)
Total	**29,522**					**27,957**
Cost	**55,679**	**(3,238)**	**7,316**	**3**	**(6,583)**	**53,177**
Accumulated amortisation	**(15,388)**	**711**	**(1,736)**	**-**	**-**	**(16,413)**
Impairment of value	**(10,769)**	**1,962**	**-**	**-**	**-**	**(8,807)**

"Greenhouse gases emission rights" are included under the heading "other intangible assets" (Note 29).

The fully-amortised intangible assets for financial year 2018 and 2017 amount to 17,016 and 11,422 thousand euros respectively.

As at 31 December 2018 and 2017, all intangible assets, except for the Goodwill, have a definite useful life, and there are no assets subject to ownership restrictions or pledged as collateral for liabilities.

9. Property, plant and equipment

The variations during financial years 2018 and 2017 in the different property, plant and equipment accounts and the relevant accumulated amortisation have been as follows:

(in thousands of euros)

Account	Balance 01/01/2018	Variation of perimeter	Translation differences	Additions or endowments	Increase (decrease) due to transfer or transfer of another account	Withdrawals or reductions	Balance 31/12/2018
Land and buildings	**146,815**						**151,076**
Cost	212,812	(1,719)	(3,133)	3,414	1,865	(4)	213,235
Accumulated amortisation	(48,363)	446	4,876	(4,370)	(374)	-	(47,785)
Impairment of value	(17,634)	1,768	1,492	-	-	-	(14,374)
Technical inst. and machinery	**216,785**						**259,418**
Cost	569,993	21	81,543	2,679	26,393	(338)	680,291
Accumulated amortisation	(342,293)	436	(42,326)	(26,611)	(341)	338	(410,797)
Impairment of value	(10,915)	-	839	-	-	-	(10,076)
Other installations, tools and furniture	**39,562**						**50,194**
Cost	111,649	(129)	12,326	1,274	1,575	-	126,695
Accumulated amortisation	(71,989)	237	(22)	(4,656)	27	-	(76,403)
Impairment of value	(98)	-	-	-	-	-	(98)
Other intangible fixed assets	**3,619**						**4,626**
Cost	21,774	(43)	432	1,986	495	(293)	24,351
Accumulated amortisation	(17,961)	28	(556)	(1,348)	1	288	(19,548)
Impairment of value	(194)	-	17	-	-	-	(177)
Current fixed assets and advanced payments	**33,036**						**69,557**
Cost	33,036	(112)	(5,045)	70,097	(28,396)	(23)	69,557
Total	**439,817**						**534,871**
Cost	**949,264**	**(1,982)**	**86,123**	**79,450**	**1,932**	**(658)**	**1,114,129**
Accumulated amortisation	**(480,606)**	**1,147**	**(38,028)**	**(36,985)**	**(687)**	**626**	**(554,533)**
Impairment of value	**(28,841)**	**1,768**	**2,348**	**-**	**-**	**-**	**(24,725)**

Account	Balance 01/01/2017	Translation differences	Additions or endowments	Increase (decrease) due to transfer or transfer of another account	Withdrawals or reductions	Balance 31/12/2017
						(in thousands of euros)
Land and buildings	**148,789**					**146,815**
Cost	219,310	(25,326)	803	18,187	(162)	212,812
Accumulated amortisation	(51,137)	5,305	(4,190)	1,584	75	(48,363)
Impairment of value	(19,384)	3,353	(1,603)	-	-	(17,634)
Technical inst. and machinery	**272,789**					**216,785**
Cost	640,734	(77,901)	4,346	3,421	(607)	569,993
Accumulated amortisation	(356,420)	37,285	(22,605)	(1,584)	1,031	(342,293)
Impairment of value	(11,525)	1,722	(1,061)	-	(51)	(10,915)
Other installations, tools and furniture	**44,608**					**39,562**
Cost	113,379	(4,618)	2,007	1,196	(315)	111,649
Accumulated amortisation	(68,771)	1,118	(4,442)	-	106	(71,989)
Impairment of value	-	-	(24)	-	(74)	(98)
Other intangible fixed assets	**3,946**					**3,619**
Cost	22,222	(1,932)	1,460	90	(66)	21,774
Accumulated amortisation	(18,088)	1,393	(1,308)	-	42	(17,961)
Impairment of value	(188)	35	(41)	-	-	(194)
Current fixed assets and advanced payments	**31,394**					**33,036**
Cost	31,394	(5,564)	30,392	(22,897)	(289)	33,036
Total	**501,526**					**439,817**
Cost	**1,027,039**	**(115,341)**	**39,008**	**(3)**	**(1,439)**	**949,264**
Accumulated amortisation	**(494,416)**	**45,101**	**(32,545)**	**-**	**1,254**	**(480,606)**
Impairment of value	**(31,097)**	**5,110**	**(2,729)**	**-**	**(125)**	**(28,841)**

At the end of the financial years 2018 and 2017, the heading “Land and buildings” includes 58,961 and 59,579 thousand euros respectively corresponding to “Land”.

The main investments of the Group during financial year 2018 have consisted of the works on the new San Luis’s Plant, Argentina, on the activated clay project in the Olavarría factory, Argentina, as well as those related to the maintenance of the production facilities of the other facilities of the Group where operations are carried out.

During financial year 2017, the main investments of the Group have consisted of the activated clay project in Olavarría, Argentina, the project to increase the capacity of the plant that the Group has in San Luis, Argentina, the storage and dispensing facility of disused tyres, to be used as fuel, in the precalcination tower of the factory of Sant Vicenç dels Horts, Spain, as well as those related to the maintenance of the production facilities of the other facilities of the Group where operations are carried out.

"Increase or (decrease) due to transfer from another account" includes a transfer of 1,309 thousand euros to the heading "Land and Buildings" from investment properties (see Note 11).

In financial year 2018, costs from interests have been capitalised amounting to 317 thousand euros (in financial year 2017 no costs from interests were capitalised).

The effects of the hyperinflation in Argentina have been included in the column “Translation differences”.

The fully-amortised property, plant and equipment for financial years 2018 and 2017 amount to 380,990 and 194,446 thousand euros respectively.

In financial year 2017, certain assets related to the cement activity in Spain were impaired, amounting to 2,729 thousand euros, as they were out of use.

The accumulated impairment amount at close of the financial years 2018 and 2017 correspond to productive assets as broken down below by country:

(in thousands of euros)

	31/12/2018	31/12/2017
Tunisia	(16,056)	(18,487)
Spain	(8,669)	(8,669)
China	-	(1,685)
Total	**(24,725)**	**(28,841)**

The breakdown, by subgroup, of translation differences and of the adjustment for hyperinflation in Argentina in 2018, included in property, plant and equipment, is as follows:

(in thousands of euros)

	2018	2017
Cementos Avellaneda, S.A. (Argentina)	67,395	(29,650)
Sotacib (Tunisia)	(16,569)	(35,398)
Precon Linyi (China)	(383)	(82)
Total	**50,443**	**(65,130)**

The Group's policy is to take out insurance policies in order to cover the possible risks to which the various elements of its property, plant and equipment are subject. At the end of the financial years 2018 and 2017 there was no deficit of any coverage related to these risks.

Forming part of the net balance as at 31 December 2018 included in the movement of the property, plant and equipment's table, the following should be highlighted:

- 203,177 thousand euros, mainly relating to production facilities regarding the businesses in Spain.
- 224,447 and 107,247 thousand euros relating to the production facilities owned by the Group companies headquartered in Argentina and Tunisia respectively.

The Administrators of the Parent Company assess, at the end of each financial year, if any of the assets shows impairment losses on the basis of the calculation of their value in use or market value if this is higher. The period in which it is estimated that the corresponding investment will generate cash flows has been determined (in most cases a non-finite time horizon) and the corresponding projections for income and expenditure have been made, to determine the actual value of the future cash flows resulting from the investments.

Regarding the property, plant and equipment owned by the Group and based in Tunisia, both Cash Generating Units, Sotacib, S.A. y Sotacib Kairouan, S.A., have been assessed independently.

The key scenarios used in the test were as follows:

- Cash flow discount period: 2019-2021
- Discount rate (WACC): 13.9% (discount rate in local currency)
- Perpetual growth rate: 4% (differences between the local inflation rate and the euro)

The key scenarios used for the cash flow projections are the sales in tons both in the domestic market and in all of the export markets, the sales prices and the production costs (Note 3.i).

Sotacib, S.A.

Production and sales volume:

In financial year 2018, the domestic cement sales volume decreased slightly in comparison to financial year 2017, and the export sales volume experienced operational difficulties in the Libyan and the Algerian markets, which were partially offset by the entry into new markets for both, cement and clinker.

In the future evolution of the operations, some recovery in the domestic cement market is projected, with increases in line with the expected inflation for the period under analysis. In export markets, penetration plans are continuing in order to consolidate the entry into new markets, with some recovery of volumes being estimated.

Sales prices and costs:

In 2018, prices in the domestic cement market increased by 9%. The assumptions for future projections take into account increases in line with the expected inflation. Export prices are in USD or Euro and evolve according to the inflation of those currencies, scenarios that have also been used for future projections, with a positive impact which makes it possible to become more competitive with regards to the recent and future expected devaluations of the Tunisian dinar.

With regard to production costs, in the financial year 2018, these have slightly increased compared to 2017, mainly due to the increase in energy and fuel, partially mitigated by the significant improvement in the efficiency in our operations. However, in the future, cost increases are estimated above the expected rate of inflation.

Sotacib Kairouan, S.A.

Production and sales volume:

In 2018, the volume of sales in tons has increased compared to 2017. The volume of sales in tons has increased, both domestically and in the export market, in the latter case due to sales to Libya. For future projections, sales in the local market are expected to decline in 2019, with a slight increase in 2020 and 2021. In the export market, sales to Algeria are not taken into account due to the import restrictions in that market, but additional sales volumes to Libya are estimated in 2019 and 2020.

Sales prices and costs:

Sales prices in the local market in 2018 have increased compared to 2017, with a sustainable average annual increase also projected for the period 2019-2021. Export prices are in USD or Euro and evolve according to the inflation of those currencies, scenarios that have also been used for future projections, with a positive impact which makes it possible to become more competitive with regards to the recent and future expected devaluations of the Tunisian dinar.

At cost level, future average increases are expected to be higher than the country's inflation rate.

In connection with the impairment test performed on the Group’s cash-generating units (CGUs) in Tunisia, the recoverable value obtained from them exceeds the book value of property, plant and equipment, as of 31 December 2018. In this sense, the implementation of changes in the scenarios used for these calculations do not reveal the existence of a significant impairment risk. The recoverable amount of the assets associated to these CGUs would support a variation of 3% in the discount rate and a decrease of 20% of the projected free cash flows in the period without the need for registration of an impairment on the assets being seen under any circumstances.

Cementos Avellaneda, S.A.

The Cash Generating Unit, Cementos Avellaneda, S.A., has been assessed:

The key scenarios used in the test were as follows:

- Cash flow discount period: 2019-2021
- Discount rate (WACC): 31.20% (discount rate in local currency)
- Perpetual growth rate: 10.30% (differences between the local inflation rate and the USD)

The key scenarios used for the cash flow projections are the sales in tons, the sales prices and the production costs.

Production and sales volume:

The sales in tons have decreased by 2% as compared with the previous year. From 2019 to 2021, a decrease reaching 3% on average in Olavarría and an average increase of 45% in San Luis due to the start-up of a new production line is expected.

Sales prices and costs:

Average sales prices have increased in line with the Consumer Price Index (CPI) provided by the Argentine National Institute of Statistics and Censuses (INDEC). From 2019 to 2021, an average increase of the sales price in line inflation is expected.

Costs are expected to rise above inflation in 2019. In the following years, they will remain slightly below inflation due to the contribution of the new production line in San Luis, and, to a lesser extent, due to an increase in alternative fuels.

In connection with the impairment test performed on the Group’s cash-generating unit (CGU) in Argentina, the recoverable value obtained from it exceeds the book value of property, plant and equipment, as of 31 December 2018. In this sense, the implementation of changes in the scenarios used for these calculations do not reveal the existence of a significant impairment risk.

10. <u>Investments carried out through the equity method</u>

The changes in financial years 2018 and 2017 in the investments carried out through the equity method were as follows:

Year 2018							(in thousands of euros)
	Initial balance	Results of the financial year	Dividends	Translation differences	Acquisitions	Other transactions	**Final balance**
Promsa Group (Spain)	1,567	58	-	-	-	(244)	1,381
Portcemen (Spain)	1,321	(32)	-	-	-	(2)	1,287
Vescem (Spain)	36	(7)	-	-	-	-	29
Escofet Group (Spain and Mexico)	2,937	30	-	-	-	32	2,999
Moctezuma Group (Mexico)	146,768	63,878	(67,345)	5,851	-	23	149,175
Cementos Artigas Group (Uruguay)	61,397	7,513	(8,005)	(2,569)	-	(5)	58,331
LHB Group (Bangladesh and India)	44,256	4,355	(1,575)	874	-	(128)	47,782
Ecocementos e Iacol Agregados (Colombia)	63,000	(1,137)	-	(3,181)	16,024	(57)	74,649
Yacuces Group (Bolivia)	30,368	(1,243)	-	1,199	-	(198)	30,126
Totals	**351,650**	**73,415**	**(76,925)**	**2,174**	**16,024**	**(579)**	**365,759**

Year 2017	(in thousands of euros)						
	Initial balance	Results of the financial year	Dividends	Translation differences	Acquisitions	Other transactions	**Final balance**
Promsa Group (Spain)	1,468	99	-	-	-	-	1,567
Portcemen (Spain)	1,291	30	-	-	-	-	1,321
Vescem (Spain)	40	(4)	-	-	-	-	36
Escofet Group (Spain and Mexico)	3,269	(295)	-	-	-	(37)	2,937
Moctezuma Group (Mexico)	154,229	73,479	(70,835)	(10,116)	-	11	146,768
Cementos Artigas Group (Uruguay)	65,485	5,303	(5,101)	(4,245)	-	(45)	61,397
LHB Group (Bangladesh and India)	53,333	2,175	(3,325)	(7,939)	-	12	44,256
Ecocementos e Iacol Agregados (Colombia)	46,270	(63)	-	(6,467)	23,464	(204)	63,000
Yacuces Group (Bolivia)	36,639	(2,075)	-	(4,264)	-	68	30,368
Totals	**362,024**	**78,649**	**(79,261)**	**(33,031)**	**23,464**	**(195)**	**351,650**

As of 31 December 2018 and 2017, the only companies accounted for via equity method listed on the stock market are LafargeHolcim Bangladesh, Ltd. ("LHB") and Corporación Moctezuma S.A.B. de C.V.

The acquisitions included in financial year 2018 and 2017 correspond to capital increases in Colombian Companies.

In "Other movements", in the Promsa Group (Spain), the derecognition of the amount corresponding to the subsidiary Granulated Rubber Project, S.L., which has been consolidated by the global integration method (Note 4).

The effective participation percentage in the aforementioned companies accounted for via equity method is included in Annex II.

The main parameters of these companies associated to the Group are the following (in thousands of euros):

	Moctezuma Group (Mexico)	**Cementos Artigas Group (Uruguay)**	**LHB Group (Bangladesh and India)**	**Yacuces Group (Bolivia)**	**Ecocementos e Iacol Agregados (Colombia)**	**Remainder companies**
31/12/2018						
Non-current assets	320,010	55,018	205,992	162,450	236,804	6,453
Current assets	316,006	41,857	74,932	32,579	2,607	14,093
Cash and equivalents	125,953	7,124	3,666	11,317	1,136	5,063
Non-current liabilities	(39,590)	(4,507)	(45,096)	(93,587)	(77,227)	(1,600)
Non-current financial liabilities	(645)	-	(10,248)	(90,602)	(76,655)	(145)
Current liabilities	(148,798)	(17,830)	(73,617)	(24,220)	(12,721)	(5,551)
Current financial liabilities	(492)	-	(21,280)	(14,270)	(775)	(54)
Year 2018						
Turnover	626,243	87,025	168,792	68,357	-	18,974
Amortizations	(24,584)	(4,844)	(10,023)	(9,484)	(52)	(761)
Financial income	20,015	1,859	274	397	6,243	49
Financial expenses	(14,949)	(299)	(4,203)	(6,450)	(7,133)	(112)
Tax on profit	(78,117)	(3,737)	(8,177)	(2,005)	(146)	157
Period result	191,314	15,272	14,928	(4,386)	(2,519)	150

	Moctezuma Group (Mexico)	Cementos Artigas Group (Uruguay)	LHB Group (Bangladesh and India)	Yacuces Group (Bolivia)	Ecocementos e Iacol Agregados (Colombia)	Remainder companies
31/12/2017						
Non-current assets	314,068	60,838	127,904	170,982	122,567	6,927
Current assets	333,112	38,815	89,462	20,246	5,285	13,628
Cash and equivalents	143,984	9,864	35,730	4,443	3,655	6,428
Non-current liabilities	(39,552)	(5,481)	(21,235)	(102,953)	853	(1,904)
Non-current financial liabilities	(664)	(100)	-	(102,034)	924	(992)
Current liabilities	(167,195)	(13,454)	(45,885)	(9,092)	(2,706)	(5,053)
Current financial liabilities	(519)	-	(6,117)	-	-	(430)
Year 2017						
Turnover	696,484	79,801	116,346	56,274	-	16,293
Amortizations	(27,101)	(5,216)	(7,212)	(8,472)	(39)	(993)
Financial income	17,120	446	1,235	632	1,834	114
Financial expenses	(15,366)	(221)	(135)	(6,763)	(952)	(179)
Tax on profit	(84,594)	(1,420)	(6,884)	(918)	25	70
Period result	220,450	11,064	7,989	(6,225)	246	(734)

The previous parameters correspond to the Financial Statements of the individual companies, and do not include consolidation adjustments, with the exception of those referring to the business combinations which took place in Cementos Artigas in 2010 and 2012.

11. Investment properties

The net balances arising from investment properties are as follows:

		(in thousands of euros)
	31/12/2018	**31/12/2017**
Land	1,888	3,197
Buildings	239	294
Total	**2,127**	**3,491**

The heading of the consolidated balance sheet reflects the values of land, buildings and other structures held either to exploit them as rented, or to obtain a capital appreciation on their sale as a result of increases occurring in the future in their respective market prices.

These assets are measured according to the criteria indicated in the point relating to property, plant and equipment (Note 3.e).

There are no plans for the short-term disposal of these properties.

The decrease in the heading “Lands” corresponds mainly to a transfer to property, plant and equipment amounting to 1,309 thousand euros (Note 9).

The amortisation provision recognised under the "Amortisations" heading in the accompanying consolidated profit and loss account for 2018 and 2017 amounts to 36 thousand euros and 34 thousand euros, respectively.

12. Financial fixed assets, temporary financial investments, cash and cash equivalents

The changes in 2018 and 2017 in different accounts of "Financial fixed assets" and “Temporary financial investments" on the asset side of the accompanying consolidated balance sheet and in the related provisions accounts were as follows:

a) Financial fixed assets

					(in thousands of euros)
Year 2018	**Balance initial**	**Differences of conversion**	**Increases**	**Decreases**	**Final balance**
Other Companies	**162**				**774**
Cost	623	(22)	98	(14)	685
Provision	(461)	10	(649)	1,189	89
Fixed income	340	(162)	-	-	178
Other intangible financial fixed assets	4,752	(236)	21,123	(2,202)	23,437
Total	**5,254**	**(410)**	**20,572**	**(1,027)**	**24,389**

					(in thousands of euros)
Year 2017	**Balance initial**	**Differences of conversion**	**Increases**	**Decreases**	**Final balance**
Other Companies	**182**				**162**
Cost	647	(19)	3	(8)	623
Provision	(465)	4	-	-	(461)
Fixed income	453	(113)	-	-	340
Other intangible financial fixed assets	913	(445)	4,513	(229)	4,752
Total	**1,548**	**(573)**	**4,516**	**(237)**	**5,254**

In 2018, the increase in "Other financial fixed assets" relates mainly to the loan that Cemolins Internacional, S.L. signed on 10 September 2018 with the associate Empresa Colombiana de Cementos, S.A.S., amounting to 120,000 million Colombian pesos, of which 65,260 million Colombian pesos were disbursed to finance investments abroad, the outstanding balance of which at 31 December 2018 amounted to 17.6 million euros. The loan is scheduled to mature in 2029, with the annual breakdown of its maturities being as follows:

						(in thousands of euros)
Credit to associated companies	**Balance 31/12/2018**	**2020**	**2021**	**2022**	**2023**	**Remainder**
Empresa Colombiana de Cementos S.A.	17,550	-	329	932	1,537	14,752
Total	**17,550**	**-**	**329**	**932**	**1,537**	**14,752**

As of 31 December 2018 and 2017, the heading “Other financial fixed assets” includes a financial advance given for the project which aims to increase the capacity of the San Luis plant, Argentina (Note 30.a).

b) Temporary financial investments

At 31 December 2018, the amount of 2,301 thousand euros consisted mainly of short-term financial derivatives in the trading portfolio due to the cross-currency swap arranged by Cemolins Internacional, S.L. on a Colombian peso loan with Empresa Colombiana de Cementos, S.A.S., short-term loans (see Note 3k) and short-term guarantees.

As at 31 December 2017, the amount of 800 thousand euros was mainly comprised of short-term guarantees, short-term loans and due dividends.

c) Cash and equivalents

The cash balance as of 31 December 2018 amounts to 51,450 thousand euros, whereas cash equivalents amount to 10,203 thousand euros. The latter correspond mainly to deposits maturing in less than 3 months. 58.1% of cash and equivalents corresponds to national companies, 25.5% corresponds to Tunisian subsidiaries, and the remaining 16.4% corresponds to the Argentine subsidiary. Of the total figure, 59.7% is in euros, 23.2% is in Tunisian dinars, 11.4% is in American dollars and, finally, 5.7% is in Argentine pesos.

The cash balance as of 31 December 2017 amounted to 149,831 thousand euros, whereas cash equivalents amounted to 20,959 thousand euros. The latter corresponded mainly to deposits maturing in less than 3 months. 63.2% of cash and equivalents corresponded to national companies, 29.8% corresponded to the Argentine subsidiary, and the remaining percentage corresponded to the companies in Tunisia and China. Of the total figure, 64.1 % is in euros, 19.1% is in American dollars, 10.2% is in Argentine pesos and, finally, 6.6% is in Tunisian dinars.

13. Non-current assets held for sale

As of 31 December 2018 and 2017, the Group did not have any assets under the heading “Non-current assets held for sale”.

14. Stocks

Stocks are composed as follows:

	(in thousands of euros)	
	31/12/2018	**31/12/2017**
Raw materials and auxiliary products	22,993	20,616
Fuels	9,618	7,144
Spare parts	30,868	21,984
Finished products and in-process products	31,465	26,794
Others	2,938	2,328
Total	**97,882**	**78,866**

There are no significant amounts of stocks whose acquisition cost is less than their net realisable value, nor commitments to purchase or sell stocks for significant amounts.

The most significant increase in these headings corresponds to the “Spare parts” item and is explained by the effect of the hyperinflation in Argentina.

The Group’s policy is to take out insurance policies in order to cover the possible risks to which the various elements of its stocks. At the end of the financial years 2018 and 2017 there was no deficit of any coverage related to these risks.

15. Commercial debtors and other receivables

“Commercial debtors and other receivables” is composed as follows:

	(in thousands of euros)	
	31/12/2018	**31/12/2017**
Customer receivables for sales and services	114,278	124,341
Current tax asset (Note 23)	35,198	28,222
Other accounts receivable	5,349	4,810
Impairment of value	(10,243)	(12,416)
Total	**144,582**	**144,957**

The variations in “Impairment” of loans from commercial operations in financial years 2018 and 2017 are as follows:

		(in thousands of euros)
	2018	**2017**
Balance as of 1 January	**(12,416)**	**(14,646)**
Provisions and additions	(754)	(479)
Applications	667	783
Cancellations	1,050	1,536
Translation differences	1,210	390
Results as of 31 December	**(10,243)**	**(12,416)**

16. Net equity of the Parent Company

a) Share capital

The share capital of Cementos Molins, S.A. as at 31 December 2018 and 2017, is represented by 66,115,670 bearer shares of a nominal value of 30 cents each, fully subscribed and paid-up.

At the end of financial years 2018 and 2017, the shareholders of the Parent Company with a holding equal to or greater that 10% of the subscribed capital were as follows:

	31/12/2018	**31/12/2017**
Otinix, S.L.	33.195%	32.968%
Noumea, S.A.	31.708%	32.068%
Cartera de Inversiones CM, S.A.	24.185%	24.038%

A portion of the aforementioned shares are syndicated by virtue of the Vote and Shares Syndication Agreement executed on 17 December 2015 by the syndicated shareholders of Cementos Molins, S.A. This Agreement is published in full on the CNMV’s and the Cementos Molins Group’s websites. The significant shareholders intervening in the agreement, and their corresponding participation in said agreement, is the following:

Intervening parties in the shareholders' agreement	**% of the affected share capital**
Otinix, S.L.	32.968%
Noumea, S.A.	23.410%
Cartera de Inversiones CM, S.A.	24.000%

The total amount of shares of Cementos Molins, S.A. are admitted to trading on the Official Barcelona Stock Exchange.

b) Legal reserve

According to the Company Law, the public limited company (sociedad anónima) must destine an amount equal to 10% of the profit of the year to the legal reserve, until it reaches at least 20% of the share capital. The legal reserve, which amounts to 3,967 thousand euros as at 31 December 2018, can be used to increase capital by the amount exceeding 10% of the increased share capital amount. Otherwise, until it exceeds 20% of the share capital and provided that there are no other sufficient available reserves, the legal reserve may only be used to offset losses.

As at 31 December 2018 and 2017, this reserve was fully constituted.

c) Issue premium

The balance of the account “Issue premium” of the Parent Company arose from the increases in the share capital of Cementos Molins, S.A. that took place from 31 July 1950 to 30 December 1968.

The consolidated text of the Spanish Corporation Law expressly allows for the use of the balance of the “Issue premium” account to increase the company’s capital and does not establish any specific limitations as to the availability of this balance.

d) Limitations to the distribution of dividends

As at 31 December 2018 and 2017, there were no limitations to the distribution of dividends on behalf of the Parent Company.

e) Own shares of the Parent Company

At the beginning of the financial year 2018, the subsidiary Cementos Molins Industrial, S.A.U. had 2,720,571 shares of the Parent Company totalling 30,154 thousand euros, which represented 4.11% of the share capital. During this financial year, 39,987 additional shares have been purchased amounting to 682 thousands euros, and 18,340 have been sold amounting to 322 thousand euros. Consequently, as of 31 December 2018, Cementos Molins Industrial, S.A.U. had 2,742,218 shares of the Parent Company totalling 30,634 thousand euros, which represented 4.15% of the share capital.

During financial year 2017, 633 shares were also purchased, amounting to 9 thousand euros, and no actions were sold.

All the impacts arising from the sales of treasury shares in the Group have been transferred directly to equity in accordance with IAS 32.

The General Meeting of Shareholders held on 30 June 2015 adopted the following resolution:

Authorizing and empowering for five years the Cementos Molins, S.A. Board of Directors as well as those companies for which CEMENTOS MOLINS, S.A. is the main parent company, to acquire, under the existing legal regulations, the shares of CEMENTOS MOLINS, S.A., within the following limits and according to the following requirements:

- The nominal value of all the shares acquired, in addition to those already held by Cementos Molins, S.A. and its subsidiary companies, must not exceed at any time 10% of the share capital.

- The acquisition, including those shares previously acquired by the Parent Company and held in its portfolio, shall not lead to the net equity being less than the amount of the share capital plus the legally or statutory-wise unavailable reserve.

- The shares acquired must be fully paid up.

- Since they are acquisitions for a value, they must be effected at a minimum price of the shares’ nominal value and at a maximum price of the stock market price at the time of acquisition, with express compliance with any other applicable legal requirements.

f) Consolidated reserves

The composition of the consolidated reserves is as follows:

		(in thousands of euros)
	31/12/2018	**31/12/2017**
Reserves in held companies	710,485	653,213
Own shares	(30,633)	(30,153)
Total	**679,852**	**623,060**

g) Translation differences

The detail of the translation differences attributable to the Parent Company is as follows:

	(in thousands of euros)	
	31/12/2018	**31/12/2017**
Cementos Avellaneda Group (Argentina)	(101,960)	(121,746)
Grupo Cementos Artigas (Uruguay)	(13,134)	(10,565)
Corporación Moctezuma Group (Mexico)	(65,282)	(71,133)
Surma Group (Bangladesh)	(1,409)	(2,314)
Precon Linyi (China)	-	635
Grupo Sotacib (Tunisia)	(42,942)	(37,840)
Colombian Companies	(7,894)	(4,563)
Yacuces Group (Bolivia)	1,840	642
Total	**(230,781)**	**(246,884)**

This heading in the consolidated balance sheet includes translation differences arising from changes in the euro exchange rate with respect to the main currencies of the foreign companies forming part of the Cementos Molins Group. Additionally, this heading includes the adjustment caused by the hyperinflation of the financial statements of the Cementos Avellaneda Group (Argentina).

h) Contribution to the consolidated result

The individual contributions to consolidated results, after the consolidation adjustments and the calculation of the minority interests, are as follows:

	(in thousands of euros)	
	2018	**2017**
Cementos Molins, S.A. (Spain)	(8,186)	(7,997)
Cemolins Internacional, S.L.U. (Spain)	(5,105)	(5,833)
Cementos Molins Industrial, S.A.U. (Spain)	5,487	(2,405)
Grupo Promotora Mediterránea-2 (Spain)	1,164	1,502
Propamsa, S.A.U. (Spain)	1,205	1,886
Prefabricaciones y Contratas, S.A.U. (Spain)	3,660	2,024
Corporación Moctezuma Group (Mexico)	63,878	73,479
Precon Linyi (China)	53	(1,346)
Cementos Avellaneda Group (Argentina)	14,269	28,018
Grupo Cementos Artigas (Uruguay)	7,513	5,303
Yacuces Group (Bolivia)	(1,243)	(2,075)
Ecocementos e Iacol Agregados (Colombia)	(1,137)	(63)
LHB Group (Bangladesh and India)	4,355	2,175
Grupo Sotacib (Tunisia)	(631)	(5,178)
Other Companies	51	(412)
Net result for the year attributed to the Parent Company	**85,333**	**89,078**

For its part, the results attributable to minority interests for financial years 2018 and 2017 amount to 13,444 and 24,353 thousand euros respectively (Note 17).

i) Capital risk management

The Group has leverage levels which are consistent with the growth, solvency and profitability objectives. In this sense, financial leverage is one of the relevant ratios used to manage capital risk.

At the end of financial year 2018 and 2017, the data regarding the financial leverage are as follows (in thousands of euros):

	2018	2017
Financial liabilities	249,058	352,133
Long term credit to group companies	(17,550)	-
Long term deposits	-	(151)
Temporary financial investments	(2,301)	(800)
Cash and equivalents	(61,653)	(170,790)
Net financial debt	167,554	180,393
Total net equity	839,073	726,168
Net debt / Net Equity	**19.97%**	**24.84%**

17. Net equity from minority shareholders

The balance included in this chapter of the consolidated balance sheet gathers the underlying book value of the equity holding of the minority shareholders in the consolidated companies. Also, balances shown in the consolidated Profit and Loss Account represent the equity holding of these minority shareholders in the results for the financial year.

The breakdown of this header in the consolidated balance sheet is as follows:

	(in thousands of euros)	
	31/12/2018	**31/12/2017**
Grupo Promotora Mediterránea-2, S.A. (Spain)	1,525	1,264
Catprecon, S.L. (Spain)	112	95
Cementos Avellaneda, S.A. (Argentina)	104,781	74,096
Sotacib (Tunisia)	13,902	15,012
Total	**120,320**	**90,467**

Changes in this heading during financial years 2018 and 2017 have been as follows:

	(in thousands of euros)	
	2018	**2017**
Initial balance	**90,467**	**95,819**
Results for the financial year (Note 16.h)	13,444	24,353
Capital increases	1,615	-
Dividends paid to minority	(38)	(5,383)
Translation differences	14,897	(25,181)
Transfers and other	(55)	859
Variations of the limits	(10)	-
Final balance	**120,320**	**90,467**

18. Dividends and distribution of results

During financial year 2018 the Parent Company paid the following dividends:

- On 11 January 2018, an interim dividend was paid for the financial year 2017 for 0.12 gross euros per share, which entailed a total disbursement of 7,934 thousand euros.

- On 12 July 2018, an interim dividend was paid for financial year 2017 for 0.01 gross euros per share, which entailed a total disbursement of 661 thousand euros.

- Additionally, on 12 January 2018, an interim dividend was paid for the financial year 2018 for 0.14 gross euros per share. The total disbursement in this case was 9,256 thousand euros.

- Similarly, in November 2018, the Parent Company agreed to pay, on 13 January 2018, 0.13 gross euros per share as a new interim dividend. The disbursement was 8,595 thousand euros.

A complementary dividend of 0.01 euros per share for the financial year 2018 will be presented for approval by the General Meeting of Shareholders, with a total disbursement of 661 thousand euros.

The agreements of the General Meeting of Shareholders were made on 28 June 2018 and the agreements of the Board of Directors of the Parent Company were made on 29 November 2018.

The Parent Company's provisional liquidity statements, prepared in accordance with the legal requirements established in article 277 of the Spanish Corporation Law, which reflect the results and the existence of sufficient liquidity to allocate the interim dividends, are as follows:

(thousands of euros)

	Net profit	Not drawn balances
31/05/2018	27,091	87,259
31/10/2018	34,097	78,732

The proposal to distribute the profit corresponding to the Parent Company for the financial year 2018, prepared by its Directors, is the following:

(thousands of euros)

	2018
Basis for distribution (Individual):	
Profit and loss	31,770
Distribution:	
To dividends	18,512
To voluntary reserves	13,258

19. Provisions

The itemised breakdown of the variations in "Provisions" in financial years 2018 and 2017 is as follows:

(in thousands of euros)

	Balance at 01/01/18	Provisions and additions	Reductions	Translation differences	Balance at 31/12/18
Greenhouse gases emission rights	8,217	6,788	(8,217)	-	6,788
Reversion fund quarry restoration and environmental activities	4,297	442	(175)	(699)	3,865
Staffing liabilities	1,839	1,031	(115)	(348)	2,407
Others	2,126	279	(886)	(359)	1,160
Total	**16,479**	**8,540**	**(9,393)**	**(1,406)**	**14,220**

(in thousands of euros)					
	Balance at 01/01/17	**Provisions and additions**	**Reductions**	**Translation differences**	**Balance at 31/12/17**
Greenhouse gases emission rights	6,412	8,217	(6,412)	-	8,217
Reversion fund quarry restoration and					-
environmental activities	4,330	575	33	(641)	4,297
Staffing liabilities	905	1,286	116	(468)	1,839
Others	4,674	807	(2,975)	(380)	2,126
Total	**16,321**	**10,885**	**(9,238)**	**(1,489)**	**16,479**

In the reductions of the heading "Others" corresponding to the financial year 2017, the payment of 2,351 thousand euros corresponding to the resolution of the National Exchange Commission and Competition ("CNMC") dated 5 December 2016 was included. (Note 30.b).

See the information about the greenhouse gas emissions allowances available in Note 29.

20. Pension plans

In 1990, Cementos Molins, S.A. established two pension plans under Law 8/1987 and Royal Decree 1307/1988, one for staff in active employment and the other, for retired staff.

The one for staff in active employment is a defined contribution plan and the entire workforce of Cementos Molins, S.A., Cementos Molins Industrial, S.A.U., Cemolins Servicios Compartidos, S.L.U. and Cemolins Internacional S.L.U. is adhered to it, with a contribution in 2018 amounting to 499 thousand euros. This contribution has been recognised under "Staff expenses" in the accompanying consolidated profit and loss account. The contribution made in the financial year 2017 was 485 thousand euros.

The plan for retired staff is of defined contribution. It is limited to retirement pensioners before the commitment became a collective agreement for defined contribution. The Parent Company is committed to carrying out the necessary annual contributions to ensure the benefits with some solvency margin. The contribution to be made to the corresponding plan in the financial year 2018 amounts to 13 thousand euros. In financial year 2017, the resulting contribution amounted to 10 thousand euros. As of 31 December 2018 and 2017, no additional contribution will be made if there are no additional changes in plan expectations.

The Parent Company is involved in the management of this plan by participating in the Control Committee.

There are no specific risks related to the plan beyond the possible unfavourable evolution of the investments, which is mitigated to a great extent by the solvency margin of the pension plan.

The financial-actuarial scenarios used to quantify the actuarial liabilities and mathematical provisions, according to the applicable legislation on Pension Plans and Funds for the financial year 2018, are as follows:

- Technical interest rate 1.53%
- Annual rate of revaluation of pensions: 2%
- Mortality tables: PERM/F-2000C

The total number of participants and beneficiaries of the defined contribution and benefit plans in financial years 2018 and 2017 has been 331 and 339 people, respectively. The value of the assets covering the commitments was 9,932 thousand euros, and 10,126 thousand euros in the financial year 2017. As of 31 December 2018, assets are comprised of 84.31% bond investments, 14.24% equity investments and 1.45% monetary assets. As of 31 December 2017, assets were comprised of 79.18% bond investments, 19.36% equity investments and 1.46% monetary assets.

In financial year 2006, the national companies implemented a social security system with the aim of improving the social benefits of the Group companies' executives. The contributions will be determined annually, and therefore, at all times and in the way established in the Regulations, the Directors of the Spanish companies will be able to suspend or cancel them unilaterally. The contribution made in the financial year 2018 was 591 thousand euros (547 thousand euros in 2017).

The subsidiary Cementos Avellaneda, S.A. (Argentina) has established a personal defined contribution plan for executives, whose effect on the consolidated profit and loss account in 2018 was 82 thousand euros (116 thousand euros in 2017).

The variation in the current value of the defined benefit plan obligation of Cementos Molins, S.A. is as follows:

(in thousands of euros)

	2018	2017
Current value of the committed remunerations as of 1 January	**642**	**663**
Financial expenses for the update of provisions	11	15
Payments for plan benefits	(51)	(54)
Actuarial gains	(3)	-
Actuarial losses	-	18
Current value of the committed remunerations as of 31 December	**599**	**642**

Changes in the fair value of the plan assets are as follows:

(in thousands of euros)

	2018	2017
Fair value of plan assets as of 1 January	**633**	**679**
Expected return	11	15
Payments for liabilities	(51)	(54)
Contributions of the company	10	-
Return of plan assets	(16)	(7)
Fair value of plan assets as of 31 December	**587**	**633**

The estimated average weighted term of the obligations of the defined benefit plan of Cementos Molins, S.A is expected to be less than 20 years.

For the financial year 2019, it is estimated that the contributions to pension plans will be similar to those in the financial year 2018.

21. Financial debts

The information regarding financial debts is as follows:

a) Current and non-current

The balance of financial debts and the annual breakdown of their maturities is presented in the following table:

Debts with credit entities	Short-term balance as of 31/12/2018	Long-term balance as of 31/12/2018						(in thousands of euros)
	2019	2020	2021	2022	2023	Remainder	Total long-term	
Spanish companies	**30,357**	53,438	60,837	13,960	5,713	477	**134,425**	
Tunisian companies	**8,281**	4,962	13,395	13,459	13,529	26,429	**71,774**	
Argentine company	**852**	1,162	1,162	1,045	-	-	**3,369**	
Total	**39,490**	**59,562**	**75,394**	**28,464**	**19,242**	**26,906**	**209,568**	

Debts with credit entities	Short-term balance as of 31/12/2017	Long-term balance as of 31/12/2017						(in thousands of euros)
	2018	2019	2020	2021	2002	Remainder	Total long-term	
Spanish companies	**65,446**	33,740	85,867	37,602	27,710	5,127	**190,046**	
Tunisian companies	**8,050**	5,751	5,714	15,425	15,499	45,838	**88,227**	
Argentine company	**364**	-	-	-	-	-	**0**	
Total	**73,860**	**39,491**	**91,581**	**53,027**	**43,209**	**50,965**	**278,273**	

All the liabilities described in the table above correspond to "Debts and other accounts payable", and no instruments have been held or designated as "Financial liabilities at fair value" by the Company other than the hedging instruments described above. In this sense, the debts with financial entities held by the Group have been contracted under market conditions. Therefore, their fair value does not differ significantly from their carrying amount.

The main financial debts, their characteristics and short and long-term outstanding balance is detailed below:

Ref.	Financial debts	Long-term debts 31/12/2018	Long-term debts 31/12/2017	Short-term debts 31/12/2018	Short-term debts 31/12/2017	Date start	Maturity
		(thousands of euros)					
	Spain:						
A	Loan to finance foreign investments	10,000	28,750	10,000	10,000	December 2007	December 2022
B	Loan entered into with EIB	15,000	22,500	7,500	7,500	May 2009	December 2021
	Loan to finance investments in Spain	-	10,000	-	4,000	July 2013	December 2018
	Loan to finance foreign investments	6,500	9,500	3,000	2,500	May 2015	December 2021
	Loan to finance foreign investments	6,970	10,455	3,485	3,485	July 2015	December 2021
	Loan to finance foreign investments	20,000	20,000	-	-	October 2015	October 2023
	Loan to finance foreign investments	25,000	40,000	5,000	-	July 2015	February 2022
	Credit lines with several financial entities	48,360	46,628	91	23,522	-	2020 and 2021
C	Others	2,595	2,213	1,281	14,439		
	Tunisia:						
D	Banking pool to finance investments in Sotacib Kairouan, S.A. facilities	18,104	23,195	2,266	2,877	April 2008	June 2029
E	Banking pool to finance investments in Sotacib Kairouan, S.A. facilities	53,670	65,032	2,887	3,635	January 2009	December 2025
	Rest of Tunisian companies debt	-	-	3,141	1,538	-	-
	Argentina:						
F	Loan to finance investments in Cementos Avellaneda, S.A. facilities.	3,369	-	774	-	-	-
	Others	-	-	65	364	-	-
	Totals	**209,568**	**278,273**	**39,490**	**73,860**		

Spanish companies

Regarding the loan agreement (A), in the first semester of 2009, the Group entered into two agreements for interest rate swap, from variable to fixed rates, amounting to 60 million euros to partly cover the exposure to the interest rate. These hedges, which have the same amortisation and repayment terms as the associated debt, have been renewed to adjust them to the new repayment schedule.

Regarding this debt with the European Investment Bank (EIB) (B), the Group entered into a financial counter-guarantee agreement with a bank institution which acts as the guarantors of the transaction.

The average interest rate for the entire debts of the Spanish companies, including credit lines, for the financial year 2018, has been 1.61% (1.82% for the financial year 2017).

As of 31 December 2018 and 2017, the negative fair value of the hedge derivative instruments, which amounts to 272 and 537 thousand euros respectively, is included in the long-term “Others” (C). For its part, as of 31 December 2017, the approved interim dividend pending payment to the shareholders was included in the short-term heading (Note 18).

The consideration of the credit risk in the assessment of the hedge instruments held by the Group on 31 December 2018 and 2017 would not have a significant effect on their fair value.

Tunisian companies

The contract to finance investments in the Sotacib, S.A.’s facilities (D) is given in local currency (Tunisian dinar) without recourse to the shareholders of the company and at an interest rate referenced at the local indicator (TMM), plus a spread of 2.25%.

The contract to finance investments in the Sotacib Kairouan, S.A.’s facilities (E) is given in local currency (Tunisian dinar) without recourse to the shareholders of the company and at an interest rate referenced at the local indicator (TMM), plus a spread of 2.25%.

Argentine company

The contract to finance investments in the Cementos Avellaneda, S.A.’s facilities (F) is given in local currency (Argentine pesos) without recourse to the shareholders of the company and at an interest rate referenced at the local indicator (Badlar rate), plus a spread of 4.50%.

b) Financing activities

In application of the amendment to IAS 7, the reconciliation of the cash flows arising from financing activities with the corresponding liabilities in the initial and final consolidated balance sheet is included, separating the movements that involve cash flows from non-cash flows:

(in thousands of euros)

			Without flow impact			
	31/12/2017	**Cash flows**	**Exchange rate**	**Variation in fair value**	**Others**	**31/12/2018**
Financial debts	351,596	(90,402)	(12,442)	-	34	248,786
Derivatives	537	-	-	(265)	-	272
Other non-current liabilities	343	1	-	-	(83)	261
Total	**352,476**	**(90,401)**	**(12,442)**	**(265)**	**(49)**	**249,319**

The cash flows included in Financial Debt for the financial year 2018 relate to "Changes in Financial Debt" in the consolidated cash flow statement (82,786 thousand euros) and to the outstanding dividend for 2017 paid in January 2018 (see Note 18) which was included as financial debt at the end of the previous year amounting to 7,616 thousand euros.

(in thousands of euros)

	31/12/2016	Cash flows	Without flow impact			31/12/2017
			Exchange rate	Variation in fair value	Others	
Financial debts	397,348	(18,794)	(27,165)	-	207	351,596
Derivatives	943	-	-	(406)	-	537
Other non-current liabilities	380	83	(83)	-	(37)	343
Total	**398,671**	**(18,711)**	**(27,248)**	**(406)**	**170**	**352,476**

22. Information on average supplier payment period

Detailed below is the information required by the Third Additional Provision of Law 15/2010, of 5 July (amended through the Second Final Provision of Law 31/2014, of 3 December), prepared according to the ICAC Resolution of 29 January 2016, on the information to be included in the report of the annual accounts in relation to the average payment period to suppliers in commercial transactions.

	2018	2017
	Days	Days
Average supplier payment period	62	63
Ratio of transactions paid	63	66
Ratio of transactions pending payment	56	51
	Thousands of euros	Thousands of euros
Total payments made	167,468	153,327
Total outstanding payments	45,397	41,529

In accordance with the resolution of the ICAC, the trade transactions corresponding to the delivery of goods or rendering of services accrued since the effective date of Law 31/2014 of 3 December have been considered in these consolidated annual accounts in the calculation of the average payment period to suppliers, although only with respect to the companies based in Spain and consolidated by the global integration method.

For the sole purpose of providing the information contained in this Resolution, suppliers are those trade creditors for debts with suppliers of goods or services, included under “Trade creditors” in current liabilities of the consolidated balance sheet.

“Average supplier payment period” is understood to be the period between the delivery of the goods or the provision of services by the supplier and the material payment of the transaction.

23. Tax situation

Given the presence of the Cementos Molins Group in several tax jurisdictions, the companies that are part of the Group file their tax declarations according to the tax laws applicable in each country. For this reason, the effective tax rate of the Cementos Molins Group is affected by the distribution of the result in each of the countries in which it operates, in addition to the nominal rate of the own tax in each of the jurisdictions.

a) In Spain

Most companies registered in the Spanish territory pay Corporate Tax under the special tax consolidation scheme. The companies in the Tax Group jointly determine the Group's taxable result, deductions and tax, allocating among them the tax charge as determined by the Spanish Accounting and Audit Institute.

Since the financial year 1997, Cementos Molins, S.A. is the parent company of the consolidated Tax Group 70/97. The companies that are part of the Tax Group are those where the Parent Company holds a direct or indirect participation of more than 75%, and which meet certain requirements. More specifically, in financial year 2018, the aforementioned Tax Group is made up of the following companies:

Parent company: Cementos Molins, S.A.

Subsidiaries:
Cementos Molins Industrial, S.A.U.
Cemolins Internacional, S.L.U.
Prefabricaciones y Contratas, S.A.U.
Promotora Mediterránea-2, S.A.
Propamsa, S.A.U.
Monsó-Boneta, S.L.
Cemolins Servicios Compartidos, S.L.U.
Pronatur Energy 2011, S.L.U.

The remaining companies resident in Spain which are not part of the Tax Group pay the Corporate Tax individually.

The Spanish companies of the Group, both those that are taxed under the tax consolidation regime and those that are not, apply the general tax rate (25%).

b) In the other countries

The foreign subsidiaries consolidated by the global integration method or accounted for via equity method calculate the Income Tax expense, as well as the dues resulting from the different applicable taxes according with their corresponding legislation and the tax rates in force in each country.

The Income Tax rate is not uniform, it varies depending on the residence of the foreign affiliated companies and the particular tax situations.

The (nominal) income tax rates applicable in each of the jurisdictions in which the Group operates are as follows:

Country	Type of tax rates
Argentina	30%
Bangladesh	25% - 35%
Bolivia	25%
China	25%
Colombia	20% - 37%
Mexico	30%
Tunisia	25%
Uruguay	25%

Financial years eligible for tax audit

As established by current legislation, taxes cannot be considered as definitely settled until the tax returns presented have been inspected by the tax authorities or the statutory term has elapsed.

At the end of financial year 2018, Cementos Molins, S.A., as the Parent Company of the Tax Group, has 2014 and subsequent years open for review for the Company Tax, and 2015 and subsequent years open for review for the remaining taxes applicable. Similarly, most of its subsidiaries have the last 4 financial years open for review for all applicable taxes.

In the other countries where the Group has a significant presence, the financial years open for review are:

Country	Financial years open for review
Argentina	2012-2018
Bangladesh	2012-2018
Bolivia	2010-2018
Mexico	2013-2018
Tunisia	2015-2018
Uruguay	2013-2018

The criteria that the tax authorities may adopt could give rise to contingent liabilities for which no provision has been recorded in these consolidated annual accounts. However, the directors consider that the effect that this difference in criteria might have would not be material in relation to the consolidated annual accounts at 31 December 2018.

In this regard, the company resident in Tunisia, Sotacib, S.A., has had a tax inspection from 2013 to 2014 for the following tax concepts: Income tax, VAT, withholdings, TFP; FOPROLOS and stamp duty. As a result of the aforementioned inspection, the tax authorities have proposed non-significant adjustments in VAT, income tax and withholdings, which the management considers to be unfounded, and therefore have presented their objection to the tax authorities' proposal, although they have recorded a provision to cover this possible risk.

Reconciliation of accounting and tax results

The reconciliation of consolidated accounting profit to the income tax expense resulting from applying the standard tax rate in force in each jurisdiction recognised in the consolidated profit and loss account for the financial years 2018 and 2017 is presented below:

(in thousands of euros)

	2018	2017
Accounting results before tax	**124,361**	**146,178**
Result consolidated companies by equity method	(73,415)	(78,649)
Consolidation adjustment	(3,029)	(13,054)
Adjusted accounting results before tax	**47,917**	**54,476**
Tax rate impact on the adjusted accounting result	**20,365**	**30,831**
Impact of permanent differences on the individual companies	1,417	149
Deductions and allowances	-	(118)
Other adjustments	3,802	1,885
Total recognized expense for Corporate Tax in the profit and loss account	**25,584**	**32,747**

In the financial year 2018, "Other adjustments" mainly includes the impact on deferred taxes and on the takeover of the inflation adjustment made at the Argentine company Cementos Avellaneda. It also includes the amount of taxes paid abroad and the income tax adjustments relating to prior financial years.

In the financial year 2017, the item "Other adjustments" mainly includes, the deposit of 775 thousand euros as a result of the phasing of the tax rate from 35% to 30%, in the Argentine company, and the expenditure due to the deactivation of 2,755 thousand euros for the tax credit for tax loss carryforwards pending compensation by the Tunisian companies Sotacib, S.A. and Sotacib Kairouan, S.A.

The reconciliation of consolidated accounting result to the taxable income for income tax purposes is presented in the following tables:

Year 2018

(in thousands of euros)

Adjusted consolidated accounting results before tax			**124,361**
Cancellations			
- Result consolidated companies by equity method			(73,415)
	Increases	Decreases	
Permanent differences:			
- Of the individual companies	8,352	5,570	2,782
- Of the consolidation adjustments	5,755	8,784	(3,029)
Temporary differences:			
- Of the individual companies			
Originated in the financial year	18,877	162	18,715
Originated in past financial years	1,957	5,248	(3,291)
- Of the consolidation adjustments			
Originated in the financial year	-	-	-
Originated in past financial years	7,371	-	7,371
Compensation for tax losses from previous years			-
Taxable base (tax result)			**73,494**

The permanent differences from consolidation adjustments relate primarily to the deletion of the impairment of goodwill registered by individual companies, as well as to the incorporation of the impairment registered by the company Cemolins Internacional for the value of their stake in Sotacib Kairouan and Sotacib. In addition, the impairment of Tunisian shareholdings is part of the permanent differences between individual companies, but with the opposite sign.

The temporary differences of the individual companies are mainly due to the different valuation criteria for stocks and property, plant and equipment, as well as for the depreciation of goodwill and property, plant and equipment. In addition, these temporary differences incorporate the effect of the reversal mechanism, in Spanish companies, of the losses due to impairment of value of shareholdings in entities which, in previous years, were tax deductible.

Temporary consolidation differences are composed of the reversal of the revaluation of the assets of Cementos Avellaneda, S.A. which occurred in 2010 as a result of the takeover of the company.

The negative tax base generated in the Spanish Consolidated Tax Group has amounted to 1 million euros.

Year 2017

(in thousands of euros)

Adjusted consolidated accounting results before tax			**146,178**
Cancellations			
- Result consolidated companies by equity method			(78,649)
	Increases	Decreases	
Permanent differences:			
- Of the individual companies	946	-	946
- Of the consolidation adjustments	29	13,083	(13,054)
Temporary differences:			
- Of the individual companies			
Originated in the financial year	22,836	87	22,749
Originated in past financial years	2,742	8,754	(6,012)
- Of the consolidation adjustments			
Originated in the financial year	-	-	-
Originated in past financial years	2,045	-	2,045
Compensation for tax losses from previous years			-
Taxable base (tax result)			**74,203**

The permanent differences from consolidation adjustments relate primarily to the incorporation of the impairment registered by the company Cemolins Internacional, S.L. for the value of its stake in Sotacib Kairouan., S.A. In addition, this impairment was part of the temporary differences between individual companies, but with the opposite sign.

The other temporary differences of the individual companies were mainly due to the different depreciation criteria for goodwill and property, plant and equipment, impairment losses on stocks, bad debts and property, plant and equipment, as well as pension plans or long-term remuneration. In addition, these temporary differences incorporate the effect of the new reversal mechanism, in Spanish companies, of the losses due to impairment of value of shareholdings in entities which, in previous years, were tax deductible.

Temporary consolidation differences were composed of the reversal of the revaluation of the assets of Cementos Avellaneda, S.A. which occurred in 2010 as a result of the takeover of the company.

The negative tax base generated in the Spanish Consolidated Tax Group has amounted to 8 million euros.

Temporary differences

Temporary differences are generated by the difference between the tax values of assets and liabilities and their book values. Deductible temporary differences, tax deductions and tax relief and tax loss carryforwards give rise to deferred taxes which are classified as non-current assets in the consolidated balance sheet, whereas taxable temporary differences give rise to deferred taxes which are presented as non-current liabilities in the consolidated balance sheet. The breakdown of deferred taxes for temporary differences recorded at 31 December 2018 and 2017 is shown in the following tables:

Deferred tax assets

(in thousands of euros)

	2018	2017
Provisions for pension plans	1,171	1,251
Goodwill (impairment)	4,505	5,081
Tax losses credit	14,593	14,994
Deductions	2,808	2,808
Other provisions	431	508
Total deferred tax assets	**23,508**	**24,642**

Deferred tax liabilities

(in thousands of euros)

	2018	2017
Revaluation taking control assets	15,542	6,659
Amortizations	15,333	3,494
Other provisions	4,345	2,852
Total deferred tax liabilities	**35,220**	**13,005**

At 31 December 2018 and 2017, the balance of deferred tax assets includes mainly tax credits for unused tax credits, tax losses of Group companies and impairment of goodwill.

The amount of "Goodwill" mainly reflects the deferred assets generated by the recorded impairment of the goodwill of the Tunisian investee Sotacib, S.A.

The deferred tax liabilities reflected at 31 December 2018 and 2017 mainly include the tax effects of the takeover of (i) the subsidiary Cementos Avellaneda, S.A. in 2010 and (ii) Santa Pamela, S.A. by the Argentine company Cementos Avellaneda, S.A. in 2016. In addition, they reflect the difference in the accounting and tax valuation of the assets, mainly of the Argentine company and Tunisian companies. The increase in deferred tax generated by both concepts is due to the restatement of the values of the Argentine company Cementos Avellaneda, S.A. as a consequence of the adjustment for inflation in application of IAS 29 (Note 2).

Tax credits for tax bases

The tax loss carryforwards of the Spanish Group companies at 31 December 2018 amount to 188,153 thousand euros, of which 186,999 thousand euros relate to the consolidated Tax Group.

The breakdown of the tax loss carryforwards at 31 December 2018 of the Spanish companies, activated and non-activated, is as follows:

(thousands of euros)

Year of generation	Generated amount
2009	18
2010	9,280
2011	46,940
2012	48,393
2013	32,834
2014	20,943
2015	10,682
2016	10,106
2017	7,467
2018	1,490
TOTAL	**188,153**

The Group companies, according to the best foreseeable estimate of future results and depending on the recovery period of the tax losses, record the deferred tax assets corresponding with tax loss carryforwards pending compensation following a conservative approach. As for the term in which tax losses may be offset, the tax regulations in force in Spain do not set a maximum limit for their recovery, although the Directors have opted to consider a definite period of 10 years for the recovery.

Consequently, the accompanying consolidated financial statements at 31 December 2018 include deferred tax assets amounting to 14,593 thousand euros relating to tax bases pending to be offset, of which 11,300 thousand euros relate to Spanish companies and 3,293 thousand euros to Tunisian companies (10,857 thousand euros and 4,137 thousand euros at 31 December 2017).

As of 31 December 2018, there are non-recorded tax credits for tax losses amounting to 39,483 thousand euros, with 35,736 thousand euros corresponding to Spanish companies and 3,747 thousand euros to the Group's Tunisian companies (35,893 thousand euros and 3,680 thousand euros as of 31 December 2017).

Deductions

The Group has recognised the credit for those deductions which, based on the best estimate of future results, are likely to be recovered.

The consolidated financial statements at the close of the financial year 2018 include 2,808 thousand euros relating to the unused tax credits generated by the Spanish consolidated Group. These deductions have been calculated in accordance with the provisions of the Company Tax Law and relate mainly to the elimination of double taxation, investments in environmental protection assets, expenses for research and development and technological innovation and donations. The period for applying the deductions varies according to the type of deduction in question, generally prescribing 15 or 18 years after their generation. The breakdown of the deductions generated by the Spanish Group, recognised and not recognised in the accompanying consolidated balance sheet, and of the deadline for their application, is as follows:

(thousands of euros)

Year of generation	Quota	Last financial year to be applied
Deductions generated financial year 2010	30	Without limit
	117	Without limit
	163	2020
	170	2025
	142	2028
Deductions generated financial year 2011	105	Without limit
	91	Without limit
	227	2021
	227	2026
	384	2029
Deductions generated financial year 2012	1	Without limit
	56	Without limit
	123	2022
	724	2027
	422	2030
Deductions generated financial year 2013	63	Without limit
	79	Without limit
	114	2023
	103	2028
	258	2031
Deductions generated financial year 2014	200	Without limit
	120	2024
	79	2029
	112	2032
Deductions generated financial year 2015	102	Without limit
	22	Without limit
	170	2025
	107	2033
Deductions generated financial year 2016	239	Without limit
	54	Without limit
	181	2026
	23	2031
	124	2034
Deductions generated financial year 2017	83	Without limit
	54	Without limit
	168	2027
	19	2032
	147	2035
Deductions generated financial year 2018	55	Without limit
	219	2027
	58	2035
TOTAL	**5,936**	

At 31 December 2018, there were unrecognised tax credits for deductions amounting to 3,128 thousand euros, generated entirely by the Spanish Group (31 December 2017: 2,532 thousand euros).

Public Administrations

The balances with Public Administrations in the consolidated balance sheet are as follows:

		(in thousands of euros)
	31/12/2018	**31/12/2017**
Public Administrations (creditors)		
Short term:		
Tax office as debtor: V.A.T.	9,855	5,396
Other debtor accounts	25,343	22,826
Total (Note 15)	**35,198**	**28,222**
Public Administrations (creditors)		
Short term:		
Tax office as creditor: V.A.T.	(301)	(522)
Income tax withholdings	(2,090)	(1,823)
Social Security bodies, creditors	(3,434)	(3,722)
Tax office as creditor: Company tax	(20,945)	(27,102)
Other creditor accounts	(4,578)	(5,317)
Total	**(31,348)**	**(38,486)**

24. Guarantees committed to third parties

At 31 December 2018 and 2017, in addition to those disclosed in Note 21, the Group had received guarantees committed to third parties from financial institutions and insurance companies amounting to 37,290 thousand euros and 30,231 thousand euros, respectively. These guarantees correspond to guarantees given to public bodies to guarantee the restoration of natural areas subject to quarrying, in accordance with current legislation, as well as to cover the liability of the different businesses.

The Directors do not expect these guarantees to give rise to additional liabilities for the Group.

25. Operating income and expenditure

a) Sales

The breakdown, by company, of the net turnover is as follows (in the amounts shown, the transactions between group companies have already been eliminated).

		(in thousands of euros)
	2018	**2017**
Cementos Molins Industrial, S.A. (Spain)	68,253	63,308
Promotora Mediterránea-2 Group (Spain)	67,500	62,994
Prefabricaciones y Contratas Group (Spain)	83,411	68,014
Propamsa, S.A. (Spain)	36,844	35,563
Cementos Avellaneda Group (Argentina)	263,210	344,458
Sotacib Group (Tunisia)	68,936	71,283
Total	**588,154**	**645,620**

The breakdown of the net turnover by segments of activity in which the Group operates is shown in Note 6.b.

b) Provisioning

The composition of the balance of “Provisioning" is as follows:

(in thousands of euros)

	2018	2017
Consumption of goods:		
Purchases	6,544	8,498
Stock variation	(6,604)	(4,992)
Total	**(60)**	**3,506**
Raw material consumption and other consumables		
Purchases	186,574	173,045
Works carried out by other companies	36,917	42,040
Stock variation	(25,027)	(2,856)
Total	**198,464**	**212,229**
Impairment:		
Raw material and other consumables	235	192
Finished product and being manufactured	548	153
Total	**783**	**345**
Total provisions	**199,187**	**216,080**

c) Staff

All the employees of the Group companies that are fully consolidated by the global integration method are presented below.

The average number of employees in Group Companies during the financial years 2018 and 2017, is as follows:

	Women	Men	Total 2018	Total 2017
Cementos Molins, S.A.	15	20	35	34
Cementos Molins Industrial, S.A.	14	164	178	172
Cemolins Servicios Compartidos, S.L.	27	13	40	38
Promotora Mediterránea-2 Group	26	212	238	214
Prefabricaciones y Contratas, S.A. / Catprecon, S.L.	56	572	628	570
Propamsa, S.A.	27	109	136	132
Cemolins Internacional, S.L.	3	10	13	9
Cementos Avellaneda, S.A. Group	50	715	765	742
Sotacib, S.A. / Sotacib Kairouan, S.A.	31	446	477	539
Precon (Linyi) Construction Co., Ltd	-	-	-	4
Totals	**249**	**2,261**	**2,510**	**2,454**

In compliance with the provisions of the law on integration of disabled people, the average number of staff members with disabilities in companies based in Spain is 15 for 2018 and 14 for 2017.

The average number of employees in Group Companies during the financial years 2018 and 2017 is as follows:

	Women	Men	Total 2018	Total 2017
Cementos Molins, S.A.	16	19	35	35
Cementos Molins Industrial, S.A.	13	165	178	171
Cemolins Servicios Compartidos, S.L.	26	13	39	39
Promotora Mediterránea-2 Group	29	220	249	219
Prefabricaciones y Contratas, S.A. / Catprecon, S.L.	62	592	654	594
Propamsa, S.A.	27	104	131	133
Cemolins Internacional, S.L.	3	11	14	11
Cementos Avellaneda, S.A. Group	50	728	778	750
Sotacib, S.A. / Sotacib Kairouan, S.A.	27	421	448	532
Precon (Linyi) Construction Co., Ltd	-	-	-	4
Totals	**253**	**2,273**	**2,526**	**2,488**

d) Other operating expenses

The composition of the heading "Other operating expenses" is as follows:

	(in thousands of euros)	
	2018	**2017**
Leases and taxes	9,332	10,203
Repairs and maintenance	24,663	23,638
Professional services	7,829	7,453
Transport	54,215	59,158
Supplies	60,577	61,762
Other current management expenses	6,931	8,408
Taxes	15,700	22,420
Others	16,429	16,645
Total	**195,676**	**209,687**

e) Leases

<u>Operating leases</u>

The amount for operating lease payments recognised as expense is as follows:

	(in thousands of euros)	
	2018	**2017**
Minimum operating lease payments recognised in profit or loss during the period	8,891	9,662

As of 31 December 2018 and 2017, the Group had outstanding commitments for future minimum lease payments under operating leases, without considering common expenses, future increases according to the CPI or future revaluations of contractually-agreed dividends, with the following maturities:

	(in thousands of euros)	
	2018	**2017**
Less than a year	3,643	3,592
One to five years	6,966	6,619
More than five years	9,809	10,246
Total	**20,418**	**20,457**

The items to which the rental commitments relate basically to land, buildings, quarries, warehouses, vehicles and machinery. The average duration of the contracts is very diverse, as the facilities for the production of concrete and the extraction and treatment of aggregates are mainly located on the various lands that have been leased. These activities are carried out in different production centres.

f) Auditors' remuneration

During the financial years 2018 and 2017, the amounts for fees charged relating to auditing services and other services provided by the auditor of the consolidated annual accounts of the Group, Deloitte, S.L., and by companies belonging to the Deloitte network, as well as fees for services billed by the auditors of the individual annual accounts of the companies included in the consolidation and for entities related to these due to control, common ownership or management have been the following:

	(in thousands of euros)			
	2018		**2017**	
	Fees for services charged by the main auditor	Fees charged by other audit firms	Fees for services charged by the main auditor	Fees charged by other audit firms
Audit services	375	427	321	540
Other verification services	36	71	7	-
Total audit and related services	**411**	**498**	**328**	**540**
Tax advice services	68	15	20	36
Other services	-	141	-	33
Total professional services	**68**	**156**	**20**	**69**
Total	**479**	**654**	**348**	**609**

The foregoing amounts correspond to 100% of the fees, despite the fact that in the consolidated profit and loss account this amount has been allocated taking into account the integration method of each of the Group companies.

26. Result from impairment and sale of assets

The breakdown of the gains/(losses) obtained from impairment losses and from the sale of assets is as follows:

	(in thousands of euros)					
	2018			2017		
	Losses	Profit	Net result	Losses	Profit	Net result
Result for impairment, sale or cancellation of:						
Tangible fixed assets	-	159	159	(2,785)	43	(2,742)
Intangible fixed assets	-	-	-	-	-	-
Investment property	-	-	-	-	-	-
Total	**-**	**159**	**159**	**(2,785)**	**43**	**(2,742)**

In financial year 2017, certain assets relating to the cement activity in Spain and amounting to 2,729 thousand euros were impaired because they were out of use (Note 9).

27. Financial results

The breakdown, by type, of the financial result is as follows:

		(in thousands of euros)
	2018	**2017**
Financial income:		
Increases due to capital holding	4	3
Income from other financial interests	2,309	4,633
Other financial income	-	672
Result exposed to inflation	1,236	-
Variation reasonable value of financial instruments (Note 3.k)	1,853	485
Result for the transfer of financial instruments	1,389	-
Positive exchange differences	11,644	6,507
Total financial income	**18,435**	**12,300**
Financial expenses:		
Financial expenses as debts	(12,656)	(13,527)
Other financial expenses	(711)	(392)
Impairment of financial instruments	-	(635)
Negative exchange differences	(7,042)	(3,524)
Total financial expenses	**(20,409)**	**(18,078)**
Total negative financial result	**(1,974)**	**(5,778)**

The “Financial result on disposals of financial instruments" in 2018 includes the gain obtained on the sale of Precon (Linyi) Construction Co. Ltd. (Note 4).

28. Result per share

The calculation of the result per share is as follows:

	2018	**2017**
Net result attributed to the Parent Company (thousands of euros)	85,333	89,078
Weighted average of number of ordinary shares	66,115,670	66,115,670
Basic and diluted earnings per share (€)	**1.29**	**1.35**

29. Information on Greenhouse Gas Emissions Allowances

In the company Cementos Molins Industrial, S.A.U., the emission allowances received free of charge under Law 1/2005, of 9 March, that regulates the greenhouse gas emissions trading scheme, the Council of Ministers of the Spanish Government, according to the Agreement of 15 November 2013, established the final allocations of gas emissions allowances related to Phase III of trading (period 2013-2020), amounting to 7.1 million tons of CO_2. For financial year 2018, the number of allowances allocated was 865,260, totalling 6.7 million euros.

The emission allowances used in 2018 were 1,043,755 amounting to 6.8 million euros. This consumption was recorded as “Other current management expenses”, while it includes a balancing entry in ”Provisions for contingencies and charges”. Similarly, those 6.8 millions have been deducted from “Income to be distributed amongst several financial years” and credited to “Other income”.

For financial year 2017, the number of rights used was of 1,051,532 amounting to 8.2 million euros.

The balance of emission allowances as at 31 December 2018 and 2017 is 1,128,871 and 1,307,270 respectively.

30. Commitments and contingencies

a) Commitments

In 2015, the Group commenced a project to build a cement factory in Colombia whose commitments at the close of the financial year 2018 amounted to 54.2 million USD (155.8 million USD at 31 December 2017).

The main commitments at close of the financial year 2018 that the Group has in relation to other projects in progress are as follows:

- Incorporations of fixed assets in the plants in San Luis and Olavarría in Argentina: 0.8 million USD.
- Incorporations of fixed assets in the white and grey cement plants in Tunisia: 1.3 million USD.

The main commitments at close of the financial year 2017 that the Group had in relation to other projects in progress were as follows:

- Project to increase the capacity of the San Luis plant in Argentina: 78.2 million USD.
- Project to activate clays in the Olavarría Plant in Argentina: 2.7 million USD.

b) Contingencies

CNMC Ruling

On 5 December 2016, the Spanish Securities Exchange Commission (“CNMC”) issued a Ruling in the sanction procedure S/DC/0525/14 (the “Ruling”) by virtue of which:

The breach of article 1 of Law 15/2007 on the Protection of Competition by Promotora Mediterránea-2, S.A as a result of certain collusive practices was ascertained and a fine of 2,351 thousand euros was imposed (Note 19).

The action against Cementos Molins Industrial, S.A.U. was dismissed.

For these purposes, although the Group recorded at the end of 2016 a provision in this respect under the heading “Provisions” in non-current liabilities in the accompanying consolidated balance sheet, Promotora Mediterránea-2, S.A. lodged an administrative appeal against the Resolution on the grounds of being null and void. The judicial procedure is still ready for judgement.

The fine was paid on 17 October 2017.

Propamsa, S.A.: Guadassuar

By means of a ruling dated 22 April 2016, the Works Permit and the Environmental Permit granted by the Council of Guadassuar to Propamsa, S.A.U. for the mortar manufacturing centre located there was declared null and void in a legal review procedure. The Council of Guadassuar is currently carrying out the necessary actions to adapt the activity to urban planning regulations, and for such purpose, the plenary meeting held on 30 March 2017 agreed to start the modification of the planning rules of the sector where the Propamsa S.A.U.'s activity is included in the General Plan. Within the framework of this modification, the Committee of Environmental Evaluation belonging to the Environment and Evaluation Directorate General of the Valencian Government has issued a favourable strategic environmental and territorial report.

The local administrations involved (The Councils of Guadassuar, La Alcúdia, Massalavés), have issued their corresponding reports regarding the possible accesses and viability of the industrial estate in which the Propamsa, S.A.U. plant is located, which have been sent to the Ministry of Development (Madrid) for authorisation.

31. Related-party transactions

a) Trade transactions

In accordance with the provisions of Order *ECC 461/2013*, of 20 March, and *Order EHA/3050/2004*, of 15 September, the Directors have not carried out any related-party transactions with Cementos Molins, S.A. or the companies of its consolidation group.

b) Direct or indirect situations of conflict with the business interest of Cementos Molins, S.A.

There are no direct or indirect situations of conflict caused by the Directors of the Parent Company or by those related to them regarding the business interest of Cementos Molins, S.A.

c) Existence and identity of directors that, at the same time, are directors of companies holding significant holdings in Cementos Molins, S.A.

In accordance with the provisions Order ECC/ 461/2013, of 20 March:

a) The following companies that hold a significant participation of the share capital of Cementos Molins, S.A. are members of the Board of Directors:

Mr. Joaquín Mª Molins López-Rodó is director of OTINIX, S.L.

Mr. Juan Molins Amat is director of NOUMEA, S.A.

Mr. Juan Molins Amat is the Vice president of Cartera de Inversiones CM, S.A.

b) The remaining members of the Board of Directors are not directors of any company that has a significant holding of the share capital of Cementos Molins, S.A.

d) Existence and identity of directors that are appointed as directors or management members in other companies that are part of Cementos Molins Group, S.A.

a) The members of the Board of Directors or executives of the following companies, that are part of the Cementos Molins Group:

Mr. Juan Molins Amat is:

- President of (i) Cemolins Internacional, S.L.U., and of (ii) Corporación Moctezuma, S.A.B. of C.V.

Mr. Julio Rodríguez Izquierdo is:

- President of (i) Sotacib-Kairouan, S.A.; (ii) Sotacib, S.A; (iii) Cementos Avellaneda, S.A.; and (iv) Minus Inversora, S.A.

- First Vice-President in Cementos Artigas, S.A.

- Director in (i) Cemolins Internacional, S.L.U., (ii) LafargeHolcim Bangladesh Limited, (iii) Corporación Moctezuma, S.A.B. de C.V., (iv) Insumos y Agregados de Colombia, S.A.S., and (v) Empresa Colombiana de Cementos, S.A.S.;

b) The remaining members of the Board of Directors are not directors or executives of any company that is part of Cementos Molins Group.

e) Remuneration of executives

The remuneration of key executives of the Parent Company (for all concepts, including long-term variable remuneration accrued during the year by some of the executives to be perceived at the end of a 3-year period from 2016 onwards) is the following:

(thousands of euros)

Remuneration Top Management	2018	2017
Amount	3,065	2,836
Number of people	10	10

f) Transaction and balances with related companies

The transactions between the Parent Company and its subsidiaries have been eliminated in the consolidation process and are not broken down in the consolidated annual accounts. The transactions between the Parent Company and its subsidiaries are broken down in the separate financial statements.

Below is the breakdown of the transactions and balances with related companies which were not eliminated in the consolidation process as they were integrated through the equity method:

	(in thousands of euros)	
Related-party transactions	**2018**	**2017**
Sales of materials	506	515
Other ordinary income	1,170	1,592
Rendering of services	70	161
Purchases of materials	(3,349)	(9,018)
Reception of services	(1,821)	(2,026)
Financial results	391	-

	(in thousands of euros)	
Related-party balances	**31/12/2018**	**31/12/2017**
Credits to companies	17,551	-
Commercial debtors	2,469	2,906
Commercial creditors	(1,037)	(3,169)

At the close of the financial year 2018, "Loans to Companies" includes the loan arranged by Cemolins Internacional, S.L. with the associate Empresa Colombiana de Cementos, S.A.S. amounting to 17.6 million euros (Note 12.a).

32. Remuneration and other benefits of the Board of Directors

The members of the Board of Directors of the Parent Company have received the following remunerations:

(in thousands of euros)

Concept	2018	2017
Attendance allowances	234	213
Board's remuneration	540	419
Commission's remuneration	140	153
Professional fees	1,405	1,462
Total	**2,319**	**2,247**

Professional fees correspond to the remuneration of the Managing Director for the performance of their executive duties (for all concepts, including the long-term variable remuneration accrued during the year to be perceived at the end of a 3-year period from 2016 onwards) and the specific remuneration of the Chairman of the Board of Directors.

On the other hand, the rights accumulated in pension plans and life insurances as of 31 December 2018 and 2017, amount to 2,536 and 2,498 thousand euros, respectively.

In addition, the civil liability insurance premium for Directors paid by the Parent Company for the financial year 2018 was 21 thousand euros (22 thousand euros in the financial year 2017).

33. Breakdown of shareholdings in Cementos Molins, S.A.

In compliance with article 540 of the Company Law, following are the shareholdings of the members of the Board of Directors of Cementos Molins, S.A.:

Holder	Number of shares		Nominal value	Date of acquisition	Last date of communication to the CNMV
Juan Molins Amat	66,421	0.100%	19,926.30	Several	01-08-2018
Cartera de Inversiones CM, S.A.	15,990,000	24.185%	4,797,000	Several	27-11-2018
Miguel del Campo Rodríguez	1,000	0.002%	300	12-11-2004	15-04-2008
Otinix, S.L.	21,947,316	33.195%	6,584,194.80	Several	27-11-2018
Noumea, S.A.	20,963,713	31.708%	6,289,113.90	Several	27-11-2018
Foro Familiar Molins, S.L.	377	0.001%	113	Several	01-08-2008
Eusebio Díaz-Morera Puig-Sureda	0	0%	0	-	31-05-2012
Francisco Javier Fernández Bescós	500	0.001%	150	02-08-2012	03-08-2012
Joaquín Mª Molins López-Rodó	29,962	0.045%	8,988.60	Several	05-12-2017
Julio Rodríguez Izquierdo	0	0%	0	-	03-07-2015
Andrea Kathrin Christenson	0	0%	0	-	03-07-2015
Socorro Fernández Larrea	0	0%	0	-	14-12-2017
Rafael Villaseca Marco	0	0%	0	-	25-10-2018
Juan Molins Monteys	14,870	0.022%	4,461	Several	05-07-2017

34. Information on the environment

The Group companies have been carrying out a series of actions aimed at preventing, reducing or repairing damage to the environment, which has entailed a series of investments and expenses, as detailed below.

The main investments accumulated by companies in the plants, machinery and equipment included in fixed assets used to protect and improve the environment, and their value and related accumulated depreciation, are as follows:

(in thousands of euros)				
	2018		**2017**	
Company	Cost	Accumulated depreciation	Cost	Accumulated depreciation
Cementos Molins Industrial, S.A.U.	24,262	11,451	23,618	10,693
Promotora Mediterránea-2, S.A.	8,216	6,806	8,169	6,549
Prefabricaciones y Contratas, S.A.U.	498	366	498	346
Propamsa, S.A.U.	1,853	1,370	1,850	1,310
Cementos Avellaneda, S.A.	9,669	6,842	2,575	1,571
Sotacib (Tunisia)	791	451	907	403
	45,289	**27,286**	**37,617**	**20,872**

The most significant increase in this heading relates to Cementos Avellaneda, S.A. and is explained mainly by the effect of hyperinflation in Argentina.

The main expenses incurred to protect and improve the environment, broken down by company, were as follows:

(in thousands of euros)		
	2018	**2017**
Company	Ordinary expenses	Ordinary expenses
Cementos Molins Industrial, S.A.U.	575	658
Prefabricaciones y Contratas, S.A.U.	189	-
Promotora Mediterránea-2, S.A.	1,458	1,148
Propamsa, S.A.U	20	21
Cementos Avellaneda, S.A.	615	633
Sotacib (Tunisia)	58	264
	2,915	**2,724**

The expenditure items described have consisted of waste disposal, water, air and noise measurements, reforestation, studies and audits.

35. Subsequent events

Since the closing date of the financial year 2018, no additional relevant events have taken place that may materially affect these consolidated annual accounts.

ANNEX I

Group Companies:

	Name / Address	Activity	Participation percentage Direct	Indirect	Total	Capital	Net result	Rest Net Equity	Total Net Equity	Dividends collected
										(thousands of euros)
(A)	CEMENTOS MOLINS INDUSTRIAL, S.A.U. CN-340, km. 1242,300, nº 2-38 08620 - Sant Vicenç dels Horts (Barcelona)	Cement	100	-	100	56,247	4,057	78,690	138,994	761
(A)	PROMOTORA MEDITERRÁNEA-2, S.A. CN-340, km. 1242,300, nº 2-38 08620 - Sant Vicenç dels Horts (Barcelona)	Concrete and aggregate	98.94	-	98.94	36,148	365	46,637	83,150	
(A)	PREFABRICACIONES Y CONTRATAS, S.A.U. Espronceda, 38, local 3 28003 - Madrid	Prefabricate	100	-	100	56,577	2,834	(5,152)	54,259	77
(A)	PROPAMSA, S.A.U. CN-340, km. 1242,300, nº 2-38 08620 - Sant Vicenç dels Horts (Barcelona)	Construction materials	100	-	100	469	1,097	21,450	23,016	
(A)	CEMOLINS INTERNACIONAL, S.L.U. Espronceda, 38, local 3 28003 - Madrid	Holding	100	-	100	30,468	71,827	263,360	365,655	76,932
(H)	CEMOLINS SERVICIOS COMPARTIDOS, S.L.U. CN-340, km. 1242,300, nº 2-38 08620 - Sant Vicenç dels Horts (Barcelona)	Services	100	-	100	2,037	49	(411)	1,675	
(H)	CEMOL CORPORATION, B.V. Naritaweg, 165 1043 BW Amsterdam (Holland)	Holding	-	100	100	16,032	(98)	4,354	20,288	
(A)	MINUS INVERSORA, S.A. Reconquista, 336, 3º H 1335- Buenos Aires (Argentina)	Holding	4	96	100	126	9,731	16,949	26,806	
(A)	CEMENTOS AVELLANEDA, S.A. Defensa, 113, 6º 1065 - Buenos Aires (Argentina)	Cement	-	51	51	693	41,887	72,730	115,310	
(A) (F)	SOCIÉTÉ TUNISO ANDALOUSE DE CIMENT BLANC, S.A. "Sotacib" Immeuble Alyssa Angle rue du Lac Tanganyika et le pasage du Lac Neusie Les Berges du Lac, 1053 -Tunisia	Cement	-	67.05	67.05	41,108	(1,606)	(18,913)	20,589	
(A) (F)	SOTACIB KAIROUAN, S.A. 6 Rue IBN - Hazm Cite Jardins Le Belvédère 1002 - Tunisia	Cement	-	70.27	70.27	63,405	1,342	(15,877)	48,870	
(H)	PROMSA DEL BERGUEDÀ, S.L. CN-340, km. 1242,300, nº 2-38 08620 - Sant Vicenç dels Horts (Barcelona)	Concrete	-	50.46	50.46	400	34	(171)	263	
(H)	MONSO-BONETA, S.L. Pallars, 15 25620 - Tremp (Lleida)	Aggregate	-	79.17	79.17	72	(49)	1,228	1,251	
(A)	SANTA PAMELA, S.A.U. Defensa, 113, 6º 1065 - Buenos Aires (Argentina)	Cement	-	51	51	63	11	23	97	
(H)	CATPRECON, S.L. CN-340, km. 1242,300, nº 2-38 08620 - Sant Vicenç dels Horts (Barcelona)	Prefabricate	-	67	67	50	164	125	339	
(H)	PRONATUR ENERGY 2011, S.L. CN-340, km. 1242,300, nº 2-38 08620 - Sant Vicenç dels Horts (Barcelona)	Services	-	98.94	98.94	2,000	746	(145)	2,601	
(H)	GRANULATED RUBBER PROJECT S.L. Avinguda Pirelli, s/n 08241 - Manresa (Barcelona)	Services	-	65.95	65.95	453	83	214	750	

These companies belong to the Group because it has the majority of the voting rights. The consolidation method used has been the global integration method.

ANNEX II

Associates and multigroup companies:

(thousands of euros)

	Name / Address	Activity	Participation percentage Direct	Indirect	Total	Capital	Net result	Rest Net Equity	Total Net Equity	Dividends collected
(A)	FRESIT, B.V. Johannes Vermeerplein, 11 1071 - DV Amsterdam (Holland)	Holding	-	50	50	6,795	104,144	112,512	223,451	104,209
(A)	PRESA INTERNATIONAL, B.V. Johannes Vermeerplein, 11 1071 - DV Amsterdam (Holland)	Holding	-	50	50	7,900	30,605	163,778	202,283	30,651
(G)	CEMENTOS ARTIGAS, S.A. María Orticohea 4704 Montevideo (Uruguay)	Cement	-	49	49	26,275	16,624	17,030	59,929	
(G)	COLINA JUSTA, S.A. Rambla República de Chile, 4511 Montevideo (Uruguay)	Services	-	49	49	7	(1)	(8)	(2)	
(G)	FRESH MARKETS, S.A. María Orticohea 4704 Montevideo (Uruguay)	Services	-	49	49	11	(2)	26	35	
(G)	EROMAR, S.A. María Orticohea 4704 Montevideo (Uruguay)	Cement	-	49	49	1,037	(133)	(504)	400	
(G)	MONDELLO, S.A. María Orticohea 4704 Montevideo (Uruguay)	Services	-	49	49	993	(21)	(194)	778	
(C)	CORPORACIÓN MOCTEZUMA, S.A.B. de C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec Dir. Miguel Hidalgo 11000 - Mexico D.F.	Holding	-	33.33	33.33	7,616	191,496	248,631	447,743	
(C)	CEMENTOS PORTLAND MOCTEZUMA, S.A. de C.V. Carretera Tezoyuca - Tepetzingo, km. 1.9 Municipio Emiliano Zapata 62765 - Estado de Morelos (Mexico)	Services	-	33.33	33.33	2	831	277	1,110	
(C)	CEMENTOS MOCTEZUMA, S.A. de C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec Dir. Miguel Hidalgo 11000 - Mexico D.F.	Cement	-	33.33	33.33	50,247	180,355	153,057	383,659	
(C)	LATINOAMERICANA DE CONCRETOS, S.A de C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec Dir. Miguel Hidalgo 11000 - Mexico D.F.	Concrete	-	33.33	33.33	41,047	708	4,827	46,582	
(C)	INMOBILIARIA LACOSA. S.A. de C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec Dir. Miguel Hidalgo 11000 - Mexico D.F.	Real Estate	-	33.33	33.33	2,225	319	3,502	6,046	
(C)	LATINOAMERICANA DE COMERCIO, S.A. de C.V. Carretera Tezoyuca - Tepetzingo, km. 1.9 Municipio Emiliano Zapata 62765 - Estado de Morelos (Mexico)	Services	-	33.33	33.33	479	685	232	1,396	
(C)	LACOSA CONCRETOS, S.A. de C.V. Carretera Tezoyuca - Tepetzingo, km. 1.9 Municipio Emiliano Zapata 62765 - Estado de Morelos (Mexico)	Services	-	33.33	33.33	491	773	231	1,495	
(C)	CONCRETOS MOCTEZUMA DE XALAPA, S.A. de C.V. Calle B, Isla B, Bodega 7 Balcones de Xalapa 91194 - Xalapa . Veracruz	Concrete	-	20	20	444	145	1,514	2,103	
(C)	MAQUINARIA Y CANTERAS DEL CENTRO. S.A. de C.V. Avda.Molier, 328, número 328, Dpto. 602 Colonia Los Morales Sección Palmas Dir. Miguel Hidalgo 11540 - Mexico D.F.	Aggregate	-	17	17	871	175	(52)	994	
(C)	CONCRETOS MOCTEZUMA DEL PACÍFICO, S.A. de C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec Dir. Miguel Hidalgo 11000 - Mexico D.F.	Concrete	-	33.33	33.33	1,310	(419)	(348)	543	

			Participation percentage						(thousands of euros)	
	Name / Address	Activity	Direct	Indirect	Total	Capital	Net result	Remaining Own Funds	Total Own Funds	Dividends
(C)	CONCRETOS MOCTEZUMA DE JALISCO, S.A. de Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec Dir. Miguel Hidalgo 11000 - Mexico D.F.	Concrete	-	17	17	4	(90)	(657)	(743)	
(C)	CEMOC SERVICIOS ESPECIALIZADOS, S.A. de C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec Dir. Miguel Hidalgo 11000 - Mexico D.F.	Services	-	33.33	33.33	2	4,257	44	4,303	
(C)	CYM INFRAESTRUCTURA , S.A.P.I. DE C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec Dir. Miguel Hidalgo 11000 - Mexico D.F.	Infrastruc-tures	-	16.67	16.67	1,782	935	(1,576)	1,141	
(B)	ESCOFET 1886, S.A. c/ Montserrat, 162 08760 – Martorell	Prefabricate	-	36.73	36.73	1,602	(2)	6,562	8,162	
(H)	ESCOFET PAVIMENT, S.L.U. c/ Montserrat, 162 08760 – Martorell	Pavements	-	36.73	36.73	217	(45)	(14)	158	
(H)	ESCOFET PRETECNO, S.A. DE C.V. Carretera Federal Libre Cancún Chetumal km.328 Cancún Puerto Morelos, Quintana Roo, 77580 - Mexico	Prefabricate	-	18.37	18.37	16	11	(9)	18	
(H)	PORTCEMEN, S.A. Moll Contradic Sud, s/n - Port Autónom Barcelona 08039 – Barcelona	Services	33.33	-	33.33	3,736	(93)	223	3,866	
(H)	MONTASPRE SERVEIS AMBIENTALS, S.L. Barri La Garriga, s/n 17481 – Sant Julià de Ramis (Girona)	Services	-	49.47	49.47	7	42	296	345	
(H)	PROMOTORA DE FORMIGONS, S.A. Carretera de la Comella, 11 AD 500 – Andorra la Vella	Aggregate	-	49.47	49.47	300	21	152	473	
(H)	TÈCNIQUES AMBIENTALS DE MUNTANYA, S.L Zona Industrial Sant Marc -P.S Sant Marc, Nau 4 17520 - Puigcerdà (Girona)	Services	-	49.47	49.47	6	10	217	233	
(H)	VESCEM-LID, S.L. c/ València, 245, 3r 5ª 08009- Barcelona	Services	-	25	25	200	2	(87)	115	
(A)	SURMA HOLDING, B.V. Strawinskylaan, 3127 1077 ZX - Amsterdam (Holland)	Holding	-	50	50	28,636	3,156	50,056	81,848	3,360
(D)	LAFARGEHOLCIM BANGLADESH LTD 65 Gulshan Avenue, Gulshan -1 Dhaka 1212 (Bangladesh)	Cement	-	29.45	29.45	120,893	8,703	14,198	143,794	
(E)	LAFARGE UMIAM MINING PRIVATE LTD Hotel Polo Tower, Polo Ground Oakland Road Shillong 793001, Meghalaya (India)	Mining activity	-	29.45	29.45	5,147	4,406	153,567	163,120	
(E)	LUM MAWSHUN MINERALS PRIVATE LTD Hotel Polo Tower, Polo Ground Oakland Road Shillong 793001, Meghalaya (India)	Services	-	21.79	21.79	7	(1)	(20)	(14)	
(D)	HOLCIM CEMENT (BANGLADESH) LTD. NinaKabbo Leven7 227/A Tejgaon Gulshan Link Road Dhaka 1208 (Bangladesh)	Cement	-	29.45	29.45	110	(1,586)	44,084	42,608	
(F)	SOCIÉTÉ TUNISIENNE DE TRANSPORT EN VRAC-STTV 22, Avenue Taieb Mhri 1240 - Feriana Kasserine (Tunisia)	Transport	-	23.47	23.47	223	46	(457)	(188)	
(H)	YACUCES, S.L. Carretera Fuencarral-Alcobendas, Km. 3.800 28108 - Alcobendas (Madrid)	Holding	-	49	49	7,220	(2)	56,846	64,064	
(G)	ITACAMBA CEMENTO, S.A. Av. Brasil, entre Segundo y Tercer Anillo Parque Industrial Liviano, Santa Cruz de la Sierra (Bolivia)	Cement	-	32.67	32.67	70,155	(2,579)	17,440	85,016	
(G)	GB MINERALES Y AGREGADOS, S.A. Av. Brasil Calle 1 nº S/N Zona: This Santa Cruz de la Sierra (Bolivia)	Services	-	49	49	11,376	1,371	(1,255)	11,492	
(A)	EMPRESA COLOMBIANA DE CEMENTOS SAS CR. 48 NRO. 72 SUR 01 , municipio de Sabaneta Antioquia (República de Colombia)	Services	-	50	50	21,275	(1,981)	86,985	106,279	
(A)	INSUMOS Y AGREGADOS DE COLOMBIA SAS CR. 49 NRO. 72 SUR 01 , municipio de Sabaneta Antioquia (República de Colombia)	Mining activity	-	50	50	8,727	(538)	34,828	43,017	

The information has been provided by the entities and their equity situation is reflected in their separated Financial Statements as at 31 December 2018.

Dividends correspond to dividends received by the different companies.

The consolidation method used has been the equity method (Note 2).

The above data are translated at the closing exchange rate of their respective currencies into euros, except for the net result which has been translated at the average effective exchange rate.

The company Corporación Moctezuma, S.A.B. de C.V. is listed on the Mexican stock market. On the other hand, LafargeHolcim Bangladesh, Ltd is listed on the stock markets of Dhaka and Chittagong.

Companies with Annual Accounts audited by:

A = Deloitte, S.L.
B = RSM Spain Auditores, S.L.P.
C = Mancera S.C. (Ernst & Young)
D = Hoda Vasi Chowdhury & Co (Deloitte)
E = Deloitte Haskins and Sells
F = KPMG
G = PricewaterhouseCoopers
H = Non-audited Annual Accounts (without obligation to be audited)

CONSOLIDATED MANAGEMENT REPORT 2018

STRUCTURE AND COMPOSITION OF CEMENTOS MOLINS

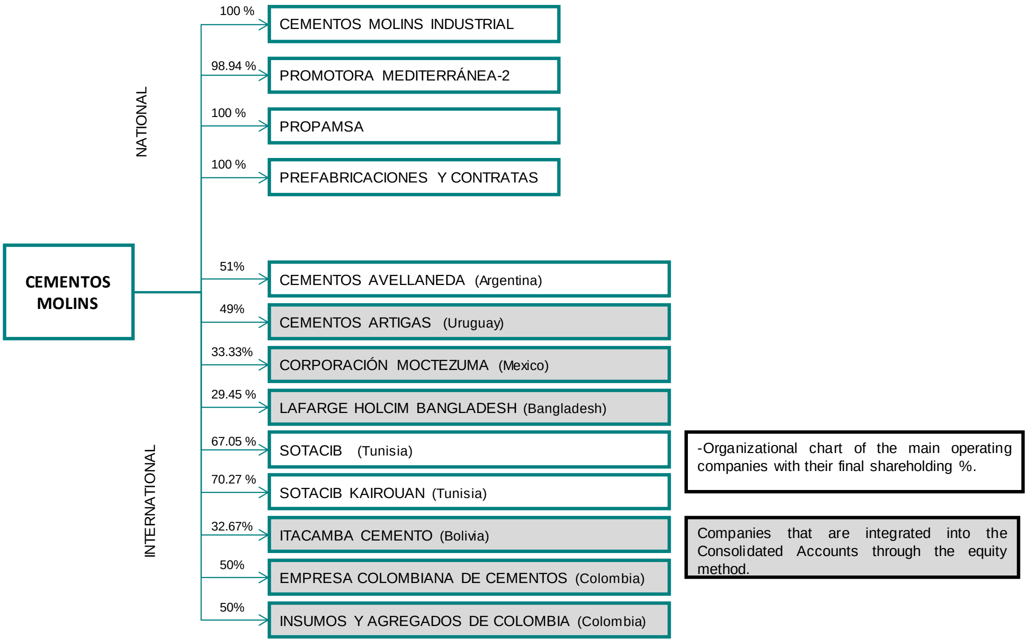
Cementos Molins has 90 years of experience in the cement industry and is active in Spain, Argentina, Uruguay, Mexico, Bolivia, Colombia, Tunisia, Bangladesh and India. In addition to the manufacture and sale of cement, it participates in the business of concrete, aggregates, prefabricated concrete, special mortars and adhesive cement, as well as environmental activities.

The company, founded in 1928 by Juan Molins Parera, began with the exploitation of quarries and the manufacture of lime and natural cement in the municipalities of Pallejà, Vallirana and Sant Vicenç dels Horts (Barcelona, Spain), before expanding and diversifying in the 80's, to become what is today a large group of national and international companies.

Cementos Molins operates in Spain through the companies Cementos Molins Industrial, dedicated to the commercialization and manufacture of portland cement and calcium aluminate; Promsa, which operates in the concrete and aggregates markets. and environmental activities; Precon, dedicated to prefabricated concrete; and Propamsa, which focuses its activity on special mortars and adhesive cements.

In the international sphere, Cementos Molins, is present in Argentina through Cementos Avellaneda, a company dedicated to the manufacture and sale of cement, lime and concrete. In Uruguay, with Cementos Artigas, it operates in the cement and concrete businesses. It is present in the cement business in Bolivia, through Itacamba Cemento and a new factory is being built in Colombia, which will allow it to operate in the cement sector there. Cementos Molins operates in Mexico through Corporación Moctezuma, in the markets of cement, aggregates and concrete. In Bangladesh, LafargeHolcim Bangladesh is engaged in the manufacture and marketing of cement, and finally in Tunisia, Sotacib and Sotacib Kairouan, focus their activity on the manufacture and marketing of white and grey cement, respectively.

The following organigram shows the main operating companies, with the final percentage of participation that Cementos Molins holds in each of them:



Cementos Molins makes a significant effort to develop a business model based on sustainability which generates value and which meets the expectations of interested parties, with the mission of being a respected and attractive family business in the global cement sector, creating value for all stakeholders and bearing in mind, above all, client satisfaction.

Technological know-how, an obsession for costs, the quality of manufactured products, work culture, and the strength and growth of the Group, as well as respect for the environment, the integration of sustainability in all processes and the appropriate emphasis on people, are pillars upon which our activity is built.

CORPORATE GOVERNANCE

The general principles that make up the Corporate Governance System are set out in the Ethical Code and in the Mission, Vision and Values of Cementos Molins. These principles are aligned with the obligations and duties of the Directors, as set out in the Capital Companies Act (LSC), and respond to the Good Corporate Governance and Corporate Social Responsibility practices of listed companies.

In order to comply with the Good Governance obligations contained in the Capital Companies Act (LSC) and the recommendations of the Unified Code of Good Governance, the Cementos Molins Group has structured the Corporate Governance System into the following 5 pillars:

- **Articles of Association:** The Articles of Association of Cementos Molins, S.A.
- **The Group's Mission, Vision and Values:** The Cementos Molins Group's Mission, Vision and Values describe the main principles necessary for the Group to operate smoothly.
- **Corporate Policies:** These Corporate Governance Policies have the purpose of establishing the guidelines of each of the areas that form part of the Corporate Governance System as well as the action framework for the Group's employees, and are divided into the following sections: 1) Corporate Governance and Regulatory Compliance, 2) Risk Management and 3) Corporate Social Responsibility. To ensure a greater control environment on material issues, specific protocols have been developed that complement corporate policies, such as: on corruption in business, prevention of money laundering, equality, anti-discrimination and environmental matters.
- **Internal regulations**: Corresponds to the Group's operating rules. The General Shareholders' Meeting and Board of Directors Regulations are included. The latter includes the Auditing and Compliance Commission Regulations and the Remuneration and Appointments Commission Regulations.
- **Codes and procedures**: The codes and procedures used by the Cementos Molins Group are the Ethical Code, the Ethics and Compliance Committee Regulations, the Internal Code of Conduct in Securities Markets, Internal Rules for the Treatment of Insider Information, the Shareholders' Electronic Forum Regulation and the procedures related to the Internal Financial Information Control System (SCIIF). The Compliance Body must ensure compliance with the aforementioned codes and procedures.

On the basis of this structure, the Corporate Governance model of Cementos Molins is defined according to certain internal entities that differentiate the functions of ordinary management and effective management from those of supervision and control. These entities are listed below:

- The Board of Directors of Cementos Molins, S.A. is responsible for adopting and effectively executing an organizational and management model that includes appropriate surveillance and control measures to prevent bad practice. This translates into the approval of corporate policies and the strategy of Cementos Molins within this area, as well as supervision of the proper functioning of internal controls established for this purpose.
- The Auditing and Compliance Commission's function is to support the Board of Directors in the periodic preparation of regulated information, the Group's internal controls and the independence of the Company's External Auditor. In turn, it oversees the Ethics and Compliance function and the Internal Audit function, which ensure the proper functioning of Cementos Molins' IT, internal control and regulatory compliance systems.
- The Remuneration and Appointments Commission must propose to the Board of Directors the remuneration policy for Directors and general managers or those who

perform senior management functions under the direct authority of the Board of Directors, Executive Commissions or Managing Directors. Likewise, it is the duty of the Remuneration and Appointments Commission to periodically review the remuneration policy established and to ensure that conflicts of interest do not prejudice the independence of external advice provided to the Commission.

- The Board of Directors of Cementos Molins, S.A has delegated all delegable functions to the Managing Director.
- The Board of Directors of Cementos Molins, S.A has delegated the supervisory and advisory tasks of the Corporate Governance System to the Ethics and Compliance Committee, which in turn reports to the Auditing and Compliance Commission. Similarly, the Ethics and Compliance Committee must monitor the corporate policies developed, as well as ensure that the information posted on the website is correct, accurate and up to date at all times.
- The General Management is responsible for implementing those measures which may be necessary for the proper functioning of the Group's Corporate Governance System.

In this regard, it should be noted that Cementos Molins complies with 88% of the recommendations of the Unified Code of Good Governance of the CNMV. For more details, see the annexe of the Annual Corporate Governance Report, which indicates the status of these recommendations.

Cementos Molins aims to develop a sustainable business model, generating value and meeting the expectations of interested parties. This is all based on a structure of Good Corporate Governance which, aligned with the values of the company, promotes integrity and business ethics in the development of our activities.

In this respect, during fiscal year 2018, a system of internal control was established, both nationally and internationally, and corporate policies and principles developed.

At the national level, an internal control system has been implemented through the identification and achievement of key controls derived, on the one hand, from the corporate policies and protocols of the Crime Prevention Model and, on the other hand, from the redesign of the Internal Control System for Financial Information. This has meant the design, implementation and evaluation of 214 controls, and the drawing up of 97 action plans during 2018. Likewise, 332 hours of specific training were given to 166 professionals in charge of ensuring the realization and evaluation of controls.

Furthermore, a new Ethics Channel (EthicsPoint) managed by an independent organization has been designed to guarantee the total anonymity and confidentiality of the communications received through it. We believe that our employees are our most valuable asset and by creating open communication channels we can foster a positive work environment and maximise productivity. In addition, an effective complaints system will increase the success of our efforts to promote a culture where decision making is honest and ethical. It should be noted that this channel is open both for internal communications (employees) and for our interested parties through the corporate website. This channel is open to everyone both electronically and via telephone calls that are answered 24 hours a day, 365 days a year.

All the activities described above have been periodically passed on to the executive teams of Cementos Molins national companies to ensure proper alignment from the management. This was carried out in different sessions held on a quarterly basis with 98 managers attending per session.

During 2018 at the international level, through coordination between the Global Ethics and Compliance Committee and the local committees in each country, the principles of our Code of Ethics were transposed to all our foreign subsidiaries. This was done by means of the development of proper ethical codes for each of them, with the exception of Tunisia which is still in process. In the same way, local corporate policies have been developed following the basic principles of those already implemented at the national level, adapting them to local jurisprudence in each case. The policy development areas in this first phase were anti-corruption, competition, nepotism and conflict of interest, information technology and IT resources, as well as complaints and internal investigations. This plan for implementing the code of ethics and corporate policies is accompanied by a local training plan developed by the Ethics and Compliance Committees in each of the international subsidiaries. These international training plans have involved 1,355 workers of all professional categories in Spain, Argentina, Uruguay, Mexico and Bangladesh on specific issues such as anti-corruption, privacy and personal data or prevention of money laundering.

During the 2018 financial year, 43 complaints were received through the ethics channels that the different Cementos Molins companies established for this purpose, of which 30 have been processed, applying the corresponding disciplinary regime depending on each case.

RISK MANAGEMENT

The Cementos Molins Group has designed a risk control and management system that allows risks to be appropriately identified and managed. The risk control and management system is implemented in the following phases:

- **Preparation of the inventory of risks:** The Internal Audit Department of the Cementos Molins Group draws up an inventory of risks, on the basis of the Group's knowledge, the monitoring activities carried out and the business goals established by the Group, that may occur in each company at both the corporate level and the operational level, and which include environmental, social and good governance risks.
- **Identification**: The General Management, the area managers and the Internal Audit Department identify, by means of the risk inventory, the risks to which the companied of the Cementos Molins Group are exposed.
- **Assessment**: After identifying the risks to which the Group's companies and the Cementos Molins Group itself are exposed, risks are assessed to identify which are the most relevant. The value of the risks is determined by the probability of occurrence, the impact and the number of businesses and/or areas in which the risk can materialise.
- **Risk map:** Following the selection of the most significant risks, the Group's risk maps, the corporate risk map and the operational risk map for each of the subsidiaries is prepared. These risk maps reflect the importance of each of the risks in the business. They are reviewed annually and a complete evaluation is carried out every three years.
- **Control:** After preparing the risk map and its evaluation, the Management of each of the companies, the Internal Audit Department and functional areas determine the measures and define the controls necessary to mitigate the risks identified. The Internal Control System is defined at this stage and will be evaluated by the Internal Audit Department.
- **Supervision:** The risk maps and the control measures identified form the basis of the Annual Internal Audit Plan.

Once a year the scope of the risk management model is described through the Corporate Governance Annual Report, stating the risks that have materialised during the year and the status of the Risk Control and Management System.

Based on this, the risk categories assessed in the Risk Control and Management System of the Cementos Molins Group are defined as follows:

- **Corporate Governance Risks:** Corporate Governance risks are risks related to non-compliance with the internal rules established by the Group in relation to compliance with the principles set forth in the Capital Companies Act (LSC) and the Recommendations of the Good Governance Code of Listed Companies.
- **Strategic Risks**: Strategic risks are risks that arise from factors both external and internal to the Group, and which affect long-term objectives. Generally speaking, strategic risk causes the Group's companies or the Group itself to lose value due to unwanted activities that affect demand. Below are some examples of these types of risks:
    - Risk involving brand and reputation.
    - Risk due to inability to adapt to changes.
    - Risk involving competition, country and market.
    - Risk due to customers' needs.
    - Risk in the communication strategy.
- **Financial or Reporting Risks:** Financial or reporting risks are the risks that arise from the inability to finance business obligations and risks that the information provided to

third parties (Financial Statements) are not reliable and complete. Below are some examples of these types of risks:

- Risk involving budget.
- Risk due to Cash Flow.
- Risk due to Financial Statements.

- **Operational Risks**: Operational risks are risks due to the activities carried out by the Cementos Molins Group. This type includes risks due to business management and risks due to internal and external communication. Below are some examples of these types of risks:

  - Risk in Cost Management (raw materials, fuels, electricity, etc.).
  - Risk in the Business Continuity Plan.
  - Risk due to quality.

- **Compliance Risks**: Compliance risks are the risks due to non-compliance with internal and external regulations which affect Cementos Molins companies. Below are some examples of these types of risks:

  - Risks arising from the status of Cementos Molins, S.A. as a listed company.
  - Regulatory risks in social, economic and environmental matters. Despite the geographical distribution of the Cementos Molins companies, and their different environmental regulations depending on the country where they operate and their internal requirements deriving from the different Corporate Policies that the organization has in force, the Company places special emphasis on compliance with current environmental regulations. Behavioural guidelines are established to give specific answers to current and future environmental regulation through the performance of controls derived from the internal control system of corporate governance that Cementos Molins has established or through the inclusion of environmental variables in the calculation of the variable remuneration of its workers.
  - Fiscal risks.
  - Risks due to fraud or corruption in business.

Forced labour, child labour and freedom of association in our operations have not been identified among the risks evaluated.

Within the scope of the management of human resources, Cementos Molins has identified as a risk the matching of the human structure to meet the operational needs of international expansion. In this regard, several internal action plans have been developed for the recruitment and development of talent within the organization with the aim of minimizing the impact of said risk.

Likewise, in order to respond to the risks of fraud and corruption, Cementos Molins has approved and developed the Prevention of Crimes and Anti-Fraud Policy that encompasses the Crime Prevention Model of the organization. In turn, the Crime Prevention Model of Cementos Molins includes the Protocol for the Prevention of Fraudulent and Unfair Conduct, the Protocol for the Prevention of Corruption within the Framework of the Public Sector, and the Protocol for the Prevention of Corruption in Businesses, among others. Some of the principles of action that have been established in these protocols for all employees are:

- Commitment to ethical and legal compliance: the activities of Cementos Molins are carried out in accordance, not only with current anti-corruption laws, but also with what is established in its Code of Ethics and in other internal regulations.
- In its business relations, Cementos Molins will base all contracting on merit and transparency. No directors, administrators, employees or collaborators shall receive, request or accept, directly or through an intermediary, any benefit or advantage as consideration which has not been justified, in order to improperly favour another in the acquisition or sale of goods, in contracting services, or in any commercial relationship. Likewise, no member of Cementos Molins, directly or through an intermediary, shall promise, offer or grant to directors, administrators, employees or collaborators of another company any unjustified benefit or advantage as consideration in order to obtain undue advantage in the acquisition or sale of goods, contracting services or in any commercial relationship

- Cementos Molins is committed to transparent accounting and financial management. In this regard, for the purposes of preventing and detecting bad practices, all financial and commercial operations that it carries out will be documented, with books and accounting records being kept up to date.
- In order to avoid risks of corruption, before initiating a commercial relationship with a third party, the attitude of the third party will be scrutinised with regards to ethics and compliance in business (due diligence measures within the framework of relations with third parties). In the framework of a public procurement, subsidy or auction procedure, no member or employee of Cementos Molins may offer or deliver a gift or any other type of compensation to an authority, public official or person participating in the execution of public function, as well as not respond to a request for a gift or remuneration made by them.
- Cementos Molins prohibits facilitation payments. This is understood to be those small amounts paid to an authority or public official to ensure or expedite the performance of a routine or necessary action, to which the payer is legally entitled.
- It is generally prohibited for any member or collaborator of any of the companies of Cementos Molins to offer or deliver gifts or invitations to any authority or public official.
- Cementos Molins will ensure that none of its members or collaborators use their possible personal relationships with any public official or authority to obtain a resolution that may generate an economic benefit for themselves or a third party.

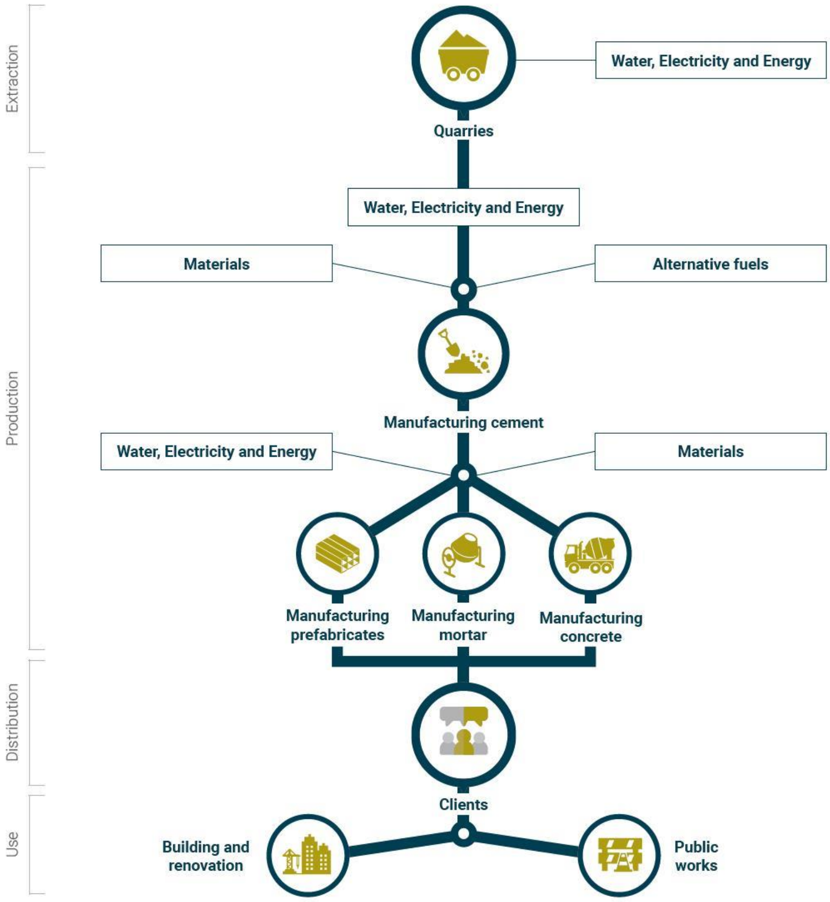
In order to control compliance with what is found in the different corporate policies and protocols of the crime prevention model that Cementos Molins has established, the Ethics and Compliance Committee, under the auspices of the Audit and Compliance Committee, has implemented a series of controls to mitigate said risks which are carried out by the different members of the areas involved, and which are reported on every six months. The Ethics and Compliance Committee evaluates the results and, if necessary, proposes corresponding plans of action and adaptation.

SUSTAINABILITY MANAGEMENT

The value chain of the organization consists of four main stages related to the production process of cement and its related products (mainly prefabricated cement, mortar and concrete): extraction, production, distribution and use. The quarries involved in the extraction stage are considered together with the cement production process, regardless of whether operational control is by the organization directly, or indirectly through the subcontracting of other companies.

Thus, published data contemplates all activities jointly. Non-financial performance data is considered to have been included with a scope of 100%, independent of the percentage of participation that exists in each of the subsidiaries. The scope of the non-financial information includes practically all of the turnover of the organization.

Value chain of the organization



The most significant environmental, social and good governance impacts that could occur in each of the stages are diverse, and include the following

- Extraction: possible loss of biodiversity, soil contamination, dust generation, direct impact on local neighbouring communities, emission of greenhouse gases and particles, depletion of non-renewable resources, consumption of raw materials and natural resources, occupational health and safety, public policy and relations with society.

- Production: energy and water consumption, air pollution and emission of greenhouse gases, generation of heat and dust, impact on local neighbouring communities, soil pollution, noise, potential injuries and occupational diseases.

- Distribution and use: energy consumption and emission of greenhouse gases and particles, direct impact on local neighbouring communities and road safety for the distribution phase. The impacts related to the use phase, mainly linked to the construction and renovation of buildings together with public works, are highly complex, so they will be analysed in the medium term in a shared manner with the clients of the organization.

The previous potential impacts are mitigated by specific actions in each of these areas. Furthermore, some of the additional mitigations that are transversal to all stages of the value chain are: generation of stable employment, direct and indirect economic contribution, energy recovery from waste and strengthening of circular flows within the economy, and innovation applied to product development with positive environmental and social impact.

Material aspects related to human resources include health and safety at work, both for direct and indirect staff, as well as employment, professional development, and diversity and equal opportunities mainly in accordance with the materiality analysis conducted in the year 2015.

Likewise, material environmental aspects include climate change and energy consumption related to production activity, the consumption of materials and the waste generated, atmospheric emissions, water consumption, and the management of biodiversity and natural habitats affected by production activity.

Finally, material aspects of a social nature include the relationship with the local community and the direct impact linked to extraction and production activities in addition to those already described in the previous areas, among which are aspects of local purchasing. It is worth noting that the current materiality analysis is in the process of being updated and expanded with the aim of incorporating the new recommendations made by the published specific materiality studies in the sector, together with the international dimension. Also, due to the application of the new non-financial information law, new material aspects have been incorporated into the analysis carried out, among which are issues related to noise and equal opportunities.

During 2018, the organization formalised associate membership of the Global Cement and Concrete Association (GCCA) initiative, which promotes the integration of the five pillars of sustainability among Portland cement manufacturers: health and safety, climate change and energy, social responsibility, environment and nature, and circular economy. The objective is to align the organizational practices and the action plans to the requirements established by the GCCA so that in the medium-term full membership can be achieved in accordance with the related management and performance requirements.

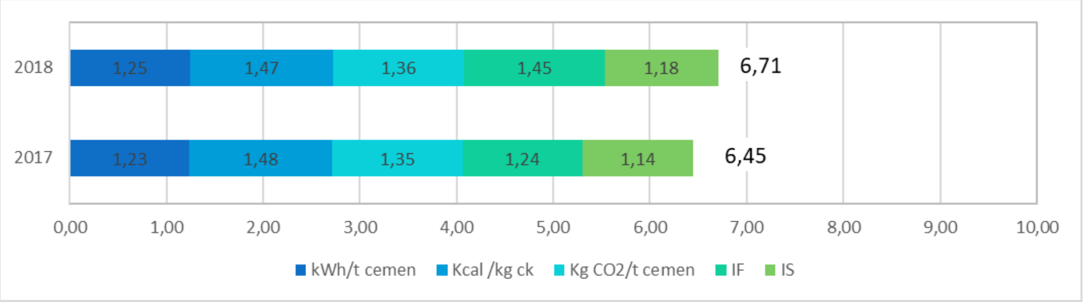
The CSR and sustainability policy of Cementos Molins, approved in 2016 and available on the website, establishes four lines of action that include 15 priorities related to competitiveness and long-term economic profitability, maximizing shared value for interested parties, the promotion of development and the improvement of the quality of life of local communities and society in general, and the minimization of the environmental impact of all the activities of the organization.

The sustainability barometer, a key tool that makes explicit the management approach of environmental, social and good governance aspects, consists of a total of five indicators linked to the material aspects identified, specifically:

- The electricity consumption related to cement production (measured in kwh/t of cement).
- The caloric consumption related to the production of cement (measured in kcal/kg of clinker).
- The carbon intensity of cement production (measured in kg of CO_2/t of cement).
- The accident frequency index of direct employees.
- The worker satisfaction index.

The evolution of these indicators has been positive, thus contributing to achieving the performance objective linked to the barometer for the year 2018.

Evolution of the sustainability barometer and its components



The objectives for the year 2019 are in line with the improvement of the indicators of energy consumption, the reduction of the impact of CO_2 and the accident frequency index.

ECONOMIC RESULTS

The results of the 2018 financial year have been strongly conditioned by the situation of the markets in Mexico and Argentina, and the negative evolution of the exchange rate of the currencies of the countries where Cementos Molins is present, mainly the severe depreciation of the Argentine peso, which has fallen by 94% during the year.

Thus, the consolidated **Turnover** for the 2018 financial year decreased by 9% with respect to that of 2017, totalling 588 million euros. The turnover of international companies decreased by 20% (at constant exchange rates an increase of 37% would have been recorded), mainly due to the impact of the severe devaluation of the Argentine peso with regards to the subsidiary in Argentina. On the other hand, companies based in Spain increased their turnover in 2018 by 11% compared to the previous year.

The **Operating result** for the year 2018 totalled 53 million euros, 28% less than in the year 2017. The depreciation of currencies, especially in Argentina, reduces the result by 59 million euros. At constant exchange rates an increase of 53% would have been recorded.

The consolidated **Results for Companies using the Equity Method** for the year 2018 is 73 million euros, 7% lower than the previous year, mainly due to the decrease in the results obtained in Mexico and the depreciation of its currency. At the constant exchange rates of the previous year, the decline in results in Mexico is offset by the better results obtained in other countries, which would have led to maintaining the results of the year 2017. Based on this consolidation method, the Group has incorporated the results of its businesses in Mexico, Uruguay, Bangladesh, Bolivia and Colombia.

The **Consolidated Net Result** for 2018 was 85 million euros, 4% lower than the previous year. The Group's international companies contributed a net profit of 87 million euros, 13% lower than the results with respect to the same period of the previous year, mainly due to the depreciation of currencies, especially in Argentina, and the decrease in results in Mexico.

In the case of Argentina, the declaration of its economy as hyperinflationary for accounting purposes as of the period beginning on January 1, 2018, in application of IAS 29, implies the adjustment of its financial statements for inflation, which registered an increase of CPI of 47.6% in the period and conversion, by application of IAS 21.42, of such financial statements at the year-end exchange rate, which fell by 94% in the 2018 period. Consequently, the net result for the financial year 2018 was reduced by 11 million euros.

Thousands of euros

Years	2014	2015	2016	2017	2018
Consolidated Net Result	**30,811**	**50,833**	**63,869**	**89,078**	**85,334**
Spanish companies	-27,675	-13,122	-28,379	-11,139	-1,767
Foreign companies	58,486	63,955	92,248	100,217	87,101
Dividends for the finanacial year	**10,579**	**12,562**	**15,206**	**16,529**	**18,512**

With regards to Investments, the projects that are being grown in Colombia and Argentina are to be noted for:

- Construction of a new cement production plant in the municipality of Sonsón, Antioquia (Colombia), in partnership with the Colombian group Corona. Its start-up is expected for the third quarter of 2019. The planned investment is approximately of 370 million USD (100%).

- Project to increase the capacity of the plant that the Group has in San Luis, Argentina, by 700 thousand tonnes of cement annually up to one million tonnes in the third quarter of 2019. A 170 million USD investment has been planned (100%) in association with the Brazilian group Votorantim.

Total consolidated net equity is 839 million euros, 113 million higher than that registered on December 31, 2017. The positive equity impact of the application of IAS 29, concerning hyperinflation in the Argentine economy, due to the revaluation of non-monetary assets and liabilities up to December 31, 2017, was 98 million euros, and is the main cause of the increase.

Economic management information

Cementos Molins actively takes part in the management of the companies that it is part of through the accounting equity method, whether this is in conjunction with another shareholder or by means of relevant participation in its decision-making bodies.

Following the guidelines and recommendations of the European Securities and Markets Authority (ESMA), whose objective is to promote the usefulness and transparency of the Alternative Performance Measures that are included in the regulated information or in any other information submitted by the listed companies, the information that is included in this section of the report is based on the application of the proportionality principle in the consolidation method of its investees, applying the final shareholding percentage to each one of them. This way, Grupo Cementos Molins deems that the management of the businesses and the way that their results are assessed for the decision-making process are reflected in a suitable way.

Therefore, the following parameters are defined in the following sections of the report as:

- "Income": Turnover reported in the individual and consolidated financial statements of the different companies accounted for in the consolidation perimeter, multiplied by the shareholding percentage in each one of them.
- "EBITDA": Operating result before amortizations, and results for impairment losses and sale of assets of the different companies accounted for in the consolidation perimeter, multiplied by the shareholding percentage in each one of them.
- "Net financial debt": Financial debt, subtracting the liquid assets, the temporary financial investments and the long-term deposits of the different companies included in the consolidation perimeter, multiplied by the percentage of participation held in each of them. Cash surpluses are indicated with a negative sign.
- "Volume": Physical units sold by the different companies included in the consolidation perimeter (without taking out internal sales), multiplied by the shareholding percentage in each one of them.
- "Comparable Variation %": This includes the variation that would have been recorded in the current period heading if the exchange rates had not changed (same exchange rates as the previous period) nor the consolidation perimeter, nor had the inflation adjustment been applied in Argentina (IAS 29).

With the aim of providing information to facilitate the monitoring of the evolution of the Group as a whole, the following parameters are detailed below under these criteria:

Thousands of euros

		2014	2015	2016	2017	2018
Income		**635,310**	**746,581**	**690,823**	**779,154**	**764,513**
	Spanish companies	192,959	205,425	207,249	233,817	259,839
	Foreign companies	442,351	541,156	483,574	545,337	504,674
EBITDA		**127,434**	**164,853**	**168,371**	**192,948**	**181,079**
	Spanish companies	6,076	12,467	10,881	14,524	17,513
	Foreign companies	121,358	152,386	157,490	178,424	163,566

Contribution to the consolidated figures of Income and EBITDA[1]:

INCOME

Thousands of euros	31/12/2018	31/12/2017	change %	change % comparable
Spain	259,839	233,817	11.1%	-
Argentina	134,220	175,603	(23.6%)	42.7%
Uruguay	40,242	34,842	15.5%	29.0%
Mexico	209,539	232,273	(9.9%)	(4.3%)
Bolivia	23,441	19,254	21.7%	25.7%
Bangladesh	49,709	34,264	45.1%	10.3%
Tunisia	47,703	49,097	(2.8%)	12.1%
Others	-	-	-	-
Total	764,513	779,150	(1.9%)	14.8%

EBITDA

Thousands of euros	31/12/2018	31/12/2017	change %	change % comparable
Spain	33,103	25,345	30.6%	-
Argentina	30,316	43,394	(30.1%)	30.8%
Uruguay	10,890	8,549	27.4%	42.8%
Mexico	96,132	109,831	(12.5%)	(6.9%)
Bolivia	4,633	3,031	52.9%	60.0%
Bangladesh	11,429	6,580	73.7%	61.1%
Tunisia	10,166	8,288	22.7%	41.6%
Others	(15,590)	(12,068)	(29.2%)	(28.3%)
Total	181,079	192,950	(6.2%)	12.0%

Using the criterion of proportionality, Group **Income** is 765 million euros, 2% lower than in 2017. This decrease is mainly from Argentina and Mexico. On the other hand, there are increases in Bangladesh, Bolivia, Uruguay and Spain. At constant exchange rates, the Group's income would have increased by 15% with respect to the 2017 fiscal year, with increases in all countries except Mexico.

The Group's companies sold, during the year 2018, a volume of 6 million tonnes of cement, 8% higher than the previous year with a positive contribution from all countries with the exception of Mexico and Argentina.

1.5 million cubic meters of concrete were sold, 5% less than the previous year due to the decrease in Mexico, despite growth in the other countries.

Regarding the aggregates business, there was a decrease in sales volumes of 17% in Spain, mainly due to significant works that occurred in 2017 and which did not continue in 2018. On the other hand, sales of prefabricated grew to 83 million euros, 23% higher than in 2017, mainly due to the increase in the activity of railway products and construction.

The **EBITDA** came to 181 million euros and shows a decrease of 6% compared to the year 2017. The positive contributions of all markets except Argentina and Mexico is to be highlighted. At constant exchange rates, the Group's EBITDA would have increased by 12% compared to the year 2017.

The Group's **net debt** stands at 179 million euros on 31 December 2018, an increase of 33 million euros with respect to 31 December 2017.

RESULTS PER GEOGRAPHICAL SEGMENT

SPAIN

The growth of the Spanish economy continued apace in 2018. According to the latest estimates, the Gross Domestic Product (GDP) grew 2.4% in 2018, but there is the suggestion of some signs of moderation with respect to previous years, as a result of internal political uncertainty, the vulnerabilities of emerging economies, rising international trade protectionism and an increase in oil prices.

For its part, the growth of private consumption continues to be dynamic and investment in construction is accelerating, albeit at an uneven pace between regions.

[1] "Spain" includes companies operating in the country, while the "Other" section includes holding companies and businesses that have not yet started operations, such as the new Colombian factory.

The annual change of inflation stood at 1.2% in 2018, remaining at levels similar to those seen in 2017, which closed the year at 1.1%.

Cementos Molins Industrial, S.A.U.

Cementos Molins Industrial, S.A.U. bases its activity in the manufacture and sale of cement, both portland and calcium aluminate through its plant located in Sant Vicenç dels Horts.

Our cement sales in Catalonia in 2018 grew by 8.3% compared to 2017. The evolution of the market continues due to the improvement in private investment. Public bidding is still at very low levels and only some projects that were stopped for several years have been restarted, such as the works at the Sagrera station and the N-II in Girona. No major changes are expected in this sector for 2019.

The world market for Calcium Aluminate Cement (CAC) has not changed significantly compared to 2017, with different behaviour in the two main consumer sectors for this cement.

The Construction Chemicals (CC) sector had very stable consumption in consolidated markets and, globally, has grown slightly as a result of the opening of new plants in new markets by the main multinationals in the sector.

On the other hand, the Refractory sector continues its downward trend in all world markets.

Our sales of CAC have dropped by 4% compared to 2017, although it remains in line with the annual production capacity of the factory.

Clinker exports have been lower than in 2017, but with an improvement in sales prices. The USD/Euro exchange rate has also helped to obtain an improvement in the expected results of exports.

The market for clinker exports for 2019 will be highly conditioned by Turkish producers and the situation in this country, which favours exports at low prices. This is causing destabilization of the international market with a downward trend in sales prices.

The domestic market has continued on the path of growth in recent years allowing the volume of cement sold to increase significantly while continuing to participate in foreign markets where we have supplied all surplus production not absorbed in the domestic market. We have benefited, on the one hand, from a combination of both prices and volatility of favourable exchange rates, which have been partially offset in a negative way by a significant increase in energy prices determined by the markets.

The turnover of Cementos Molins Industrial during 2018 was 87.5 million euros, representing an increase of 9.7% compared to the previous year. Again, the turnover of the national market (57.7 million euros) has exceeded that of export (34.1 million euros) for the year.

The variable margins of portland products sold in the domestic market have increased compared to the previous year. The increase in prices applied during the year has compensated for the significant decrease due to the volatility of the energy costs markets (electricity and fuels) and which this year has had a significant impact on our variable costs.

The technical ratios achieved this year are once again among the best recorded, with the 2nd best historical production both in the portland kiln and in the melting kiln; as well as a ratio of utilization and availability of the furnace not achieved until now. The company continues to commit to the consumption of alternative fuels, this year achieving a record replacement percentage for alternatives which was higher than 38%. Portland cement production has also been superior to that of the previous year by 8.4%.

On the other hand, fixed costs have been reduced by more than 5%.

Cement sales volumes for the next year are expected to continue to evolve positively while, on the contrary, export of clinker will fall; variable margins are expected to improve with respect to this year.

The result of all the above is an increase in EBITDA of 43.9% over the previous year, totalling 17.3 million euros.

Investments in the year 2018 amounted to 2 million euros, with those related to improvements in the facilities for the use of alternative fuels being most noteworthy.

Thousands of euros

CMI SA	2014	2015	2016	2017	2018
Sales	71,224	75,058	74,872	79,744	87,507
EBITDA	10,386	16,123	15,400	12,010	17,281

Promotora Mediterránea-2, S.A. (PROMSA)

PROMSA's activity is concentrated in the manufacture and sale of concrete, aggregates, mortars and construction services, with this last line of services incorporating a division for pavements and another for concrete structures. It also has an environmental business area, specializing in recycling, the recovery of waste and the manufacture of alternative fuels. The company operates mainly in the Catalan market, where it has 33 active production facilities.

The market in 2018 has experienced a certain deceleration when compared with 2017. The residential building sector continues to be the main driver of growth, and the demand for housing does not show any symptoms of weakness at the moment. The non-residential market still tends towards growth, but to a lesser extent than residential construction. Finally, although the civil engineering sector has experienced some growth motivated by the municipal elections to be held in 2019, it remains at very low levels and the forecasts for the coming years are similar.

PROMSA's turnover in 2018 was 69 million euros, up 6.6% on the previous year, with uneven behaviour in the different business lines. The increase in the scope of the new investments made throughout the year 2018, both in the concrete division and the environmental division, have contributed to this growth.

Once again, PROMSA has been present in the main works relevant to the market, with the construction work at the Sagrera Station and the work of the Rail Connection of Barcelona with the Airport (Lanzadera) being of note. Both works will continue in 2019.

The growth of turnover has allowed slightly higher results than in 2017, with an EBITDA of 4.5 million euros.

An investment effort has been made throughout the year 2018, achieving a figure of 4.8 million euros in material and growth investments. The acquisition of the assets of a new concrete plant in the town of Ripollet, the renewal of concrete mixers and loaders, and the increase of the capital share in the company Granulated Rubber Project S.L. stand out.

Thousands of euros

PROMSA	2014	2015	2016	2017	2018
Sales	38,685	48,142	51,392	64,865	69,121
EBITDA	-1,504	396	-3,128	4,187	4,473

Consolidation of the companies belonging to the Promsa Group on their final shareholding percentage.

Prefabricaciones y Contratas, S.A.U. (PRECON)

PRECON's activities focus on the personalised projecting, producing and trading of a wide range of concrete prefabs for the construction of buildings in general, public works and railway lines. The company carries out its production in nine factories located throughout the Spain.

The Company's turnover in the 2018 fiscal year has increased 22.6% with respect to the previous year, at 83.4 million euros, although with different behaviour by business lines.

The Construction activity at PRECON increased by 18%, continuing the line of growth of the last years. Being closely linked to private initiative, the company has managed to increase its sales maintaining its policy of incorporating and/or reinforcing unique and important clients. To be highlighted are the construction of the Tempe 3 Satélite logistics platform building for warehousing and distribution of the Inditex group in the Tempe Business Park in Elche (Alicante), the logistics building for Goodman in Alcalá de Henares (Madrid), the building for the VW dealer in Terrassa (Barcelona), the warehouses for Leroy Merlin in Lliçà de Vall (Barcelona) and in Orense, the "VidaNova Parc" Shopping Centre in Sagunto (Valencia), the warehouse for ID Logistics in Granollers (Barcelona), the warehouse for Decathlon in Villadangos del Páramo (León), the athletics stadium with parking, premises and access in Estepona (Málaga), the industrial buildings for the new Gipuzkoa Environmental Complex, the building for the KIA dealer in Palma de Mallorca (Balearic Islands), the logistics platform for the Inditex group in Lelystad (Holland) and the logistics platform Socamil for Quartus Logistique in Castelnaudary (France).

Sales in Civil Works decreased by 13% compared to the previous year, due to the fact that their evolution is closely linked to budgetary allocations for carrying out public works, actions that are maintained in a general context of control due to the public deficit. Unique works include the viaducts for the A-21 Highway Jaca–Santa Cilia section in Huesca, the bridge over the Ribera del Campo stream (Salamanca) on the A-62 Highway, Fuentes de Oñoro–Portugal border section, the supply and assembly of panels on the A-68 Highway Figueruelas–Gallur section (Zaragoza), the supply of beams for the A-38 Highway Cullera–Favara relief road in Valencia, the supply of prefabricated pieces for the Da Fraga Viaduct in the Conversion work on the Highway of the C G – 4.1 Corridor of Morrazo in Lalín (Pontevedra) and the prefabricated covers for the burying of the FGC–Sabadell line from Rambla de Iberia to Paseo de Can Feu in Sabadell (Barcelona).

In this line of business, the manufacture and supply of prefabricated concrete towers for the Wind Farm located in Barásoain (Navarra) should also be noted.

PRECON's activity in railway products has increased by 141% compared to the previous year, as a consequence of the significant increase in the volume of bidding and awarding of projects by ADIF and ADIF – AV for the supply of sleepers for the AVE Network, Mediterranean Corridor and other railway lines.

2018 was characterised by a certain recovery in sales prices within a general environment of low-level prices, which was offset by the increase experienced in the price of raw materials and labour costs.

This effect, together with the greater volume of production activity and the measures for continuous improvement in the processes and supplies of the factories and projects, gave rise to an increase in operating margins for the company with respect to the previous year.

As a consequence of the above, an EBITDA of 8.2 million euros was achieved, which represents an increase of 51.1% over that obtained in the year 2017.

During the 2018 financial year, investments of 2 million euros were made, which were mainly used to increase production capacity, improve occupational risk prevention and product quality, and improve productivity at factories, as well as for the maintenance of facilities.

Thousands of euros

PRECON	2014	2015	2016	2017	2018
Sales	62,770	61,089	61,144	68,014	83,411
EBITDA	2,082	2,473	4,198	5,396	8,155

Propamsa, S.A.U.

PROPAMSA is the Cementos Molins Group company dedicated to chemical specialties for construction.

PROPAMSA's business is focused on technical assessment and sale of solutions and products for construction, both in new buildings and in renovation. Propamsa's wide range of products is structured along the following lines: pavements, ceramic installation, lime coatings, exterior thermal and acoustic insulation, repair and reinforcement of concrete structures and waterproofing systems.

The location of our five factories in Barcelona, Guadalajara, Seville, Pontevedra and Valencia and our two logistics warehouses in Palma de Mallorca and Vizcaya allow us to provide an excellent distribution service to our customers nationwide.

During 2018, the Spanish market has continued to grow. In new construction some 61 thousand homes are estimated to have been finished and in the renovation market there has been an improvement in the growth of consumption by households slightly above 2%.

Propamsa's strategy is focused on the search for value and improvement of margins, maintaining its positioning of quality and differentiation with technical support for distributors and new products.

Once again, it is worth noting the significant sales growth of the Betec special mortar line, with important works for the rehabilitation of buildings and renovation in civil works.

The volume of sales outside Spain represents 7% of total sales in 2018. In France and Portugal, we continue to work commercially with our own sales force and with agreements with commercial agents in other areas of these countries. Among the countries that have received exports outside Europe in 2018 are the following: Tunisia, Morocco, Sierra Leone, Lebanon, Iraq, Madagascar, Mauritius, Japan and French overseas territories in America, the Caribbean and Indian Ocean, as well as Guyana, Martinique, Saint Martin and the Reunion Islands.

One of the most significant events of 2018 has been the launch of the Pam Ecogel Powder Free ceramic adhesive product range. Among the launching activities, the success of a "performance" in various warehouses, presenting the new products with actors putting on an original scene is of note.

Sales growth continued with an increase of 3.9% in 2018 to 37 million euros.

Despite these sales, an improvement in the mix of products sold, strong competition and cost increases meant the result for the year decreased to an EBITDA of 2.1 million euros.

Thousands of euros

PROPAMSA	2014	2015	2016	2017	2018
Sales	26,336	30,530	32,675	35,988	37,404
EBITDA	1,098	1,510	2,113	3,017	2,134

ARGENTINA

According to reports published by the National Institute of Statistics and Censuses (INDEC), the preliminary estimate for the Gross Domestic Product (GDP) for the third quarter of 2018 registered a fall of 3.5% in relation to the same period of the previous year and according to private estimates, 2018 could close with a negative change of 2%.

For its part, the Consumer Price Index (CPI) prepared by INDEC increased by 47.6% in 2018, while the Wholesale Domestic Price Index (IPIM) showed an inter-annual variation of 73.5%.

In accordance with IAS 29 "Financial reporting in hyperinflationary economies", hyperinflation is informed by the features of the country’s economic environment, among which the existence of an aggregate rate of inflation in three years nearing or exceeding 100% is included. In this sense, despite the existence of several reference inflation indexes in Argentina, taking into consideration the “national wholesale price index” (WPI) reported on 14 June 2018 with the data regarding May 2018, an aggregate inflation rate in the last three years of 109% is shown, surpassing the quantitative reference established by IAS 29. According to the aforementioned accounting standard, as of July 1, 2018, the financial statements of the Argentine subsidiary Cementos

Avellaneda are adjusted for inflation, with retroactive effect as of January 1, 2018, and the financial information presented in previous periods is not re-expressed.

With regards to the exchange rate, during the first quarter of 2018, a currency devaluation cycle started and reached its peak in September 2018, to then become stable, ending the year at ARS/EUR 43.3, which represents a 93.6% variation with respect to the rate of this currency as of 31 December 2017.

Cementos Avellaneda, S.A.

Cementos Avellaneda S.A. is an Argentine company that produces and markets portland cement, mortar, lime, cement glue and concrete. It has two cement factories and six operational concrete plants, two mobile plants in operation and three mobile plants at the assembly stage at the close of the 2018 fiscal year.

The cement market in Argentina fell by 2.6% in 2018 compared to the previous year, totalling 11.8 million tonnes. Cement consumption per inhabitant was estimated at 265 kg (source: ANCP).

The Olavarría plant operated during 2018 with the two kilns achieving 1.8 million tonnes of clinker production. In the month of March, a new product was launched, Portland Cement Composite (CPC) with a new component, activated clay, which is obtained after a process of calcining and grinding clay from our quarry. Cementos Avellaneda is a pioneer in the Argentine cement industry in carrying out this process.

The productivity of the lime kilns improved notably in the second half of the year, surpassing even the best recorded ratios.

For its part, the San Luis plant achieved very good operation of its kiln, and consistently attained more than 25% of thermal replacement with alternative fuels. It is important to highlight that work is being done to overcome the challenges involved in opening and developing the Caliminas quarry, which will be the main source of limestone for the expanded plant.

As for the Concrete division, 2018 was a good year. Product was supplied to important works such as the underground car park at Government House (CABA), the Logistics Plaza of the Central Market, the Quilmes–Florencio Varela Metrobus, Axion Campana and Retiro housing, among others.

In terms of sales management, efforts intensified to meet customer satisfaction in a high demand market, importing in the first quarter important volumes from Uruguay.

Sales in 2018 totalled 263 million euros and EBITDA was 59.4 million euros. The application of IAS 29 due to the declaration of the Argentine economy as inflationary and the significant devaluation of the Argentine peso during the year, condition the comparison of results with previous years.

In terms of investments, the solid intention of accompanying the growth of the Argentine market was shown through the increase of production capacity in the San Luis plant and the facilities for producing activated clay in Olavarría, the new aggregates plant and the Residual Solid Fuel (RSF) feeding facilities, placing special emphasis on the care of the environment.

Thousands of euros

C. AVELLANEDA	2014	2015	2016	2017	2018
Assets	184,414	187,256	205,899	221,471	289,764
Shareholder's equity	125,041	124,940	135,947	142,307	184,197
Sales	251,132	344,501	279,575	344,457	263,210
EBITDA	41,215	65,288	59,491	85,085	59,443
Net profit	26,466	46,347	40,929	56,486	33,025

Data corresponding to 100% of the investee company

URUGUAY

In Uruguay, the Gross Domestic Product (GDP) grew by 2.1% in the third quarter of 2018 compared to fiscal year 2017, as a result of the positive performance of most of the activity sectors, with increases in primary activities, transportation, storage and communications, and in manufacturing industries. The latter mainly due to the reopening of the oil refinery which was closed the previous year for maintenance.

It should be noted that the data for the third quarter of 2018 marks a zero variation in relation to the second quarter, which added to growth of only 0.1% compared to the first, indicating a stagnation of the economy.

On the other hand, the added value of construction decreased by 0.7% compared to the previous year, due to the almost zero growth of the construction of buildings and the fall in works for wind energy generation, which was not compensated by the increases observed in other areas, such as roads and those carried out by ANTEL (National Telecommunications Administrator).

The Consumer Price Index (CPI) registered an increase of 8%, while the National Product Producer Price Index (IPPN) increased by 10% in the same period.

The value of the Uruguayan peso against the euro showed a negative variation of 7.5% in the year, trading at the end of the period at 37.1 UYU/EUR.

Cementos Artigas, S.A.

Cementos Artigas S.A. is a company based in Uruguay which focuses its activity on the production and sales of portland cement, mortar and concrete. It has a clinker manufacturing plant in the town of Minas, a grinding plant and a mortar manufacturing plant in Sayago and five concrete production plants.

It is estimated that the cement market in Uruguay increased by 9% compared to the previous year, with a volume of 735 thousand tonnes.

In Minas, about 460 thousand tonnes of clinker were produced, with improvements in costs and productivity. The substitution of fossil fuels with alternative fuels was of the order of 29%, consolidating the use of old tyres not suitable for vehicles.

In Sayago, the development of Portland Composite Cement (PCC) continued. Cementos Artigas is a pioneer in Uruguay in the formulation of low carbon footprint cements, with increasingly sustainable products.

Regarding commercial management, the brand positioning effort continued through an innovative communication and marketing campaign for the line of glues, achieving significant sales growth, increasing several points of market share and the profitability of this line of business which has the products with the highest added-value.

Cement exports to Paraguay also increased in the last months of the year, and to Argentina in the first quarter of the year, in order to support the supply for the high demand in this market.

Additionally, a new product line was launched: Pastinas Perfecto, widely accepted on the market which quickly recognized the quality leadership of the product, and the development of a cement of high initial resistance that is being introduced and which allows for new developments such as railway sleepers.

Hormigones Artigas has been a supplier of concrete for the main road works that are being built in Uruguay: route 24. Product was also supplied for the construction of the most important works in Maldonado, with a 77% increase in the dispatch to that market in relation to 2017, and for an important road maintenance development in the capital. In this exercise, the negative results of the previous year were reversed by a considerable effort to manage costs and optimise expenses.

Among the relevant investments made in 2018, of note are the entrance and truck park at the Sayago plant, the acquisition of a Linde 7-tonne forklift, slag dosing facilities and cement paste storage facilities.

The completion of the installation for the burning of tyres and the exchange of rims and ferrules is underway at the Minas plant.

Sales in 2018 totalled 87 million euros and EBITDA was 22 million euros, which represents an increase of 27.4% compared to that obtained in 2017.

Thousands of euros

C. ARTIGAS	2014	2015	2016	2017	2018
Assets	77,658	70,052	85,591	79,054	79,232
Shareholder's equity	58,573	52,692	69,959	64,410	60,238
Sales	88,230	94,518	74,822	79,801	87,025
EBITDA	23,881	23,473	14,379	17,446	22,225
Net profit	20,134	18,501	11,908	12,912	16,925

Data corresponding to 100% of the investee company

MEXICO

Two factors conditioned the evolution of the economy in Mexico in 2018, the renegotiation of the Free Trade Agreement between Mexico, the United States and Canada, which was finally signed in November 2018; and the presidential elections held in July 2018, after which some of the main infrastructure projects initiated by the previous government were paralyzed, such as the new international airport in Mexico City.

The increase in the prices of petroleum fuels in the international markets and the liberalization in Mexico of the prices of gasoline and diesel, which was started in 2017, kept the price of fuels at high levels during 2018. In addition, industrial electricity tariffs continued to increase throughout the year, negatively impacting the companies' costs.

Annual inflation closed at 4.8% in 2018, a rate lower than that seen in 2017, which was 6.8%.

The value of the Mexican peso against the euro showed a positive change of 4.6% in the year, being quoted at the close of the year at 22.5 MXN/EUR.

For the construction industry, the increase in the prices of raw materials and energy, the tariffs imposed by the US on steel and aluminium, the volatility in peso-dollar parity, and the lower public spending that caused the pause, delay or cancellation of infrastructure works, made the year 2018 a complex exercise. However, private initiative continued with investments in commercial, tourist and housing projects, which allowed the consumption of cement to remain relatively stable.

Corporación Moctezuma S.A.B. de C.V.

Located in Mexico, its activities include the production and sales of cement, concrete and mortar. It has three cement factories located in Tepetzingo, Cerritos and Apazapan, with two production lines each. It has 36 concrete plants, distributed throughout the Mexican territory. The Company is listed on the Mexican stock exchange.

The management team was consolidated throughout the year, with José María Barroso becoming General Manager, who together with the incorporation of a new Director of Administration and Finance and the Corporate Director of Legal Affairs, provides the Company with extensive experience and knowledge in the sector.

The challenging scenario that the year laid out led to the implementation of Fit & Flex, a comprehensive program that aims to reduce fixed and variable costs, increase efficiency and optimize the use of resources, to mitigate cost increases through group work of the various areas in the Company.

The strategy followed in 2018 for Cementos Moctezuma was to prioritise profitability over volume placement, minimizing credit risks and optimizing cash flow. Special attention was paid to customer service.

Distribution is an essential element, considering that it represents the second largest cost after production. For this reason, throughout the year we worked with our road haulage providers to improve efficiencies, costs and training, developing mobile platforms to monitor the routes of the units that serve us and increase their productivity and safety.

As a response to the rise in fuel prices, we continued investing in rail infrastructure which provides us with a more agile and efficient distribution; mainly in areas undergoing great development such as Guadalajara and Bajío.

For the operation of the cement plants, the strategy of the company was to operate the plants following the market, being flexible and seeking to minimise costs and make processes more efficient, in a scenario where electric power increased by 40%, while the cost of pet coke increased by about 20%.

The main investments in production have been to continue incorporating the most advanced technology to control operations which keep us at the forefront of productivity and environmental control.

For concrete, 2018 was a year of consolidation. Thanks to the work done, today we have a lightweight, strong and flexible structure that provides an agile response to market requirements. Throughout this year we have worked on a strict control of costs and expenses.

Various external factors affected performance such as economic uncertainty and the political transition of the federal government and Mexico City local government. One of them was the suspension of construction permits in Mexico City, as well as the loss of water supply at the end of October in the capital and its metropolitan area that lasted for almost a week. It should be noted that this region is of great importance to our business.

Our activity in the aggregate business has been maintained. Throughout the year we have invested in its development, in the first instance to consolidate what we already had, but also to promote and grow the business with a view to the future.

Thousands of euros

C. MOCTEZUMA	2014	2015	2016	2017	2018
Assets	597,534	635,423	589,600	647,077	635,845
Shareholder's equity	473,847	507,257	464,907	440,608	448,709
Sales	529,029	634,614	611,741	696,484	626,243
EBITDA	188,001	257,682	292,411	329,779	288,296
Net profit	114,985	162,030	196,053	220,538	191,426

Data corresponding to 100% of the investee company

BANGLADESH

The economy of Bangladesh experienced a good rate of growth in 2018, underpinned by strong internal and external demand, with good investment and consumption data, and driven by higher exports, currency transfers and private credit growth.

Thus, Bangladesh has achieved a GDP growth of 7.9% in the 2018 fiscal year, greater than the 7.3% achieved in the year 2017.The robust growth is driven mainly by industry, agriculture and services sector activities.

Inflation remains fairly stable, closing the year 2018 at 5.5%, compared to 5.7% in fiscal year 2017.

The value of the currency against the euro showed an appreciation of 3.1% in the year, being quoted at the close of the year at 96.1 BDT/EUR.

LafargeHolcim Bangladesh (LHB)

Based in Bangladesh, LHB dedicates itself to the manufacture and sale of cement. The factory is located in Bangladesh and the limestone quarry in India, connected by a conveyor belt. Cementos Molins and LafargeHolcim jointly hold 60 percent of the capital, with the remainder being almost all local shareholders. The company is listed on the Dhaka and Chittagong exchanges.

In January 2018, the purchase of 100% of the shares of Holcim Bangladesh (Bangladesh) was closed, whose main assets are three cement grinding plants located in the country, with a production capacity of 2.2 million tonnes of cement/year.

With an increasing consumption of fundamental building materials in rural and semi-rural areas and in development projects, the cement industry in Bangladesh recorded its highest annual sales in history in 2018. Consumption grew more than 15% in 2018, above the 8% average annual growth of the last decade.

With the prospect of growing demand, all the leading cement mills in the country continue to grow in capacity, which pushes prices down.

On the other hand, the cost of raw materials, particularly of clinker, has increased considerably due to the shortage of supply from Vietnam (largest supplier of clinker for the country) and other Southeast Asian countries. Although the country has been changing its source of clinker from Southeast Asia to the Middle East, eliminating the risk of shortages, there is still pressure on prices. In turn, shipping costs increased considerably with the increase in the price of fuel and road transport costs also increased markedly due to the weight restriction imposed by the government on highways. The devaluation of the taka with respect to the US dollar has aggravated the increase in prices. As a result of downward pressure on prices and upward pressure on costs, the profitability of the cement industry has suffered greatly in 2018 and this tendency is continuing.

Additionally, clinker production was reduced in the Chatack factory due to a limitation in gas consumption.

Some of the key factors for this year's good result have been that we established ourselves in places where we did not have a presence with new distributors, increasing retail coverage by improving sales productivity in a constant manner which, together with other initiatives in the area of customer relations, has placed the company in fourth position within the cement industry of Bangladesh.

In 2018, LHB released Plastercrete onto the market, a special cement for plastering, thus expanding the range of products which is already one of the widest that any manufacturer in the country offers.

EBITDA has improved substantially due to the increase in volume and sale price, as well as the materialization of synergies resulting from the acquired grinding business, which has made it possible to compensate for the aforementioned cost increases and the shortage of clinker in mills at the beginning of the year.

In 2018, the most relevant investment projects were the updating of the automation system of the power plant, the acquisition of tankers to expand the supply of cement in bulk and the interconnection of the cement silo in mill 7 of HBL.

Thousands of euros

LHB	2014	2015	2016	2017	2018
Assets	211,287	242,152	252,901	217,315	280,876
Shareholder's equity	136,311	163,886	181,027	150,205	162,163
Sales	112,962	127,354	123,943	116,346	168,792
EBITDA	42,695	40,694	40,447	22,342	35,108
Net profit	27,500	26,585	25,721	8,784	11,433

Data corresponding to 100% of the investee company

TUNISIA

The growth of the Tunisian economy would have been 2.6% in 2018, higher than the 1.9% seen in 2017, as a result of the recovery in some sectors of activity, such as agriculture, the agri-food industry and tourism, mainly.

Inflation was estimated at 7.4%, thus increasing with respect to 2017, where it stood at 5.3%. This was mainly impacted by the depreciation of the TND against the EUR, which was around 15% in 2018, being quoted at the end of the year at 3.4 TND/EUR.

In 2019, the expected growth rate will be 2.9% and the inflation rate around 7%.

Société Tuniso Andalouse de Ciment Blanc "SOTACIB"

Located in Tunisia, SOTACIB has a factory located in the city of Feriana, near the border with Algeria, which is dedicated to the production and sale of white cement. SOTACIB sells its products in the region (Tunisia, Algeria and Libya) and also exports to Europe and the rest of Africa.

The sales prices in the domestic market remained controlled by the Ministry of Commerce during the financial year 2018. In February 2018 a price increase of 5% was granted. For its part, the cost of energy, gas and electricity increased significantly in the middle of 2018.

Sales of white cement decreased by 20.7% in total. Domestic sales fell by 3.6% impacted by the loss of sales in January due to a strike at the factory, in addition to the slowdown in construction in Tunisia, as a result of the economic and political situation.

Exports, in turn, decreased by 30% compared to 2017, mainly affected by the import blockade in the Algerian market.

The total investment made by the company in 2018 came to 0.6 million euros, mainly in maintenance of plants.

As a result of all the above, income decreased 22.5% in 2018 compared to the previous year, totalling 25 million euros.

An important process of reduction of fixed costs was completed in 2018, the result of which is expected to contribute notably from 2019 onwards.

EBITDA fell by 9.5%, to 2.7 million euros, despite a very good industrial performance and a reduction in fixed costs.

Thousands of euros

SOTACIB	2014	2015	2016	2017	2018
Assets	83,078	86,236	77,916	55,931	52,244
Shareholder's equity	34,280	36,720	31,793	20,777	16,504
Sales	35,958	36,237	35,278	32,425	25,126
EBITDA	2,159	258	4,766	2,954	2,673
Net profit	-4,875	-7,242	-2,901	-4,619	-1,841

Data corresponding to 100% of the investee company

SOTACIB Kairouan

SOTACIB Kairouan has a grey cement factory in the municipality of Jebel Rouissat (Kairouan, Tunisia), which became operational in early 2012.

Total sales for SOTACIB KAIROUAN increased by 7.7% in 2018 compared to fiscal year 2017, thanks to the 7.5% growth in sales in the local market.

Of note is the recovery of the export market in Libya and the start of clinker exports by ship. Both operations have contributed to the remarkable improvement in the results.

Also of note is that the annual average price for the whole year increased by 24.5% compared to 2017. While export prices decreased by 2.7% compared to 2017, the total average price was 19.1% higher than in 2017.

EBITDA increased by 34.5% in 2018 compared to 2017, coming to 12 million euros, with an increase in income of 8.3% in 2018 compared to the previous year, totalling 49.3 millions of euros.

The total investment made in 2018 amounted to 0.5 million euros, mainly for the maintenance of the plant.

Thousands of euros

SOTACIB KAIROUAN	2014	2015	2016	2017	2018
Assets	198,234	203,807	178,615	137,043	128,570
Shareholder's equity	77,087	83,925	74,834	56,475	55,310
Sales	52,673	57,041	47,797	45,560	49,328
EBITDA	18,940	13,739	11,249	9,019	12,135
Net profit	776	-3,636	-4,435	-3,141	1,309

Data corresponding to 100% of the investee company

BOLIVIA

The year 2018 was characterised by a complex global economic context for Latin America. According to data provided by ECLAC, the year closed with a growth of 1.3%, while the growth of the world economy was estimated at 3.2%.

Bolivia's main economic partners are in recession, with growth figures estimated at 1.4% in Brazil and with a decrease of more than 2% in Argentina. Despite this context, the outlook in Bolivia was more encouraging, with growth compared to the previous year, mainly as a result of better prices for commodities, the good performance of agriculture and public investment. Official figures indicate that GDP growth was 4.7% in 2018.

As for the construction sector, there was a decrease in demand for cement in Bolivia (-1%, compared to 2017), with a greater impact on our main market, which is the department of Santa Cruz (-2.2%).

The value of the currency against the euro showed an appreciation of 3.8% in the year, being quoted at the end of the year at 7.9 BOB/EUR.

Itacamba Cemento, S.A.

In a context of market contraction and greater competitiveness on the part of the various players in the industry, Itacamba maintained a solid strategy of growth and market diversification, both in the domestic market and in the export market.

As a result, during the year 2018, we managed to sell 42% more in the national market than in 2017.

Likewise, sales grew significantly in the departments of Cochabamba, La Paz, Beni and Tarija. The decrease in cement demand prompted the search for export opportunities, with the company managing to export 78 thousand tonnes of clinker and 9 thousand tonnes of bagged cement, being the only cement company in Bolivia that currently exports.

On the other hand, the operating performance of the Yacuses plant was optimal. Thermal consumption was reduced by 15 kcal/kg of cement in relation to the previous year and the kiln remained stable after having made its first big stop for a refractory change.

New records were established for the company's operation during this period: including cement and clinker production, monthly and daily dispatches, bagged cement sales, and continuous kiln operation time, among others.

In the field of institutional relations, a relationship plan with public and private institutions was undertaken, allowing institutions to become acquainted with our company in a transparent way.

Thousands of euros

ITACAMBA	2014	2015	2016	2017	2018
Assets	57,524	120,511	218,928	181,821	183,735
Shareholder's equity	28,455	83,559	85,639	70,142	66,603
Sales	6,799	22,065	30,409	55,890	67,961
EBITDA	940	1,947	1,504	8,875	11,104
Net profit	667	1,616	1,718	-5,970	-5,559

Data corresponding to 100% of the investee company

COLOMBIA

Colombia has many natural resources, such as coal, oil, natural gas, iron ore, nickel and gold. Due to the climate and the topography of the country, agriculture is very broad and diversified. Industry represents around 40% of GDP; the main industries in Colombia are textiles, chemical products, metallurgy, cement, cardboard containers, plastic resins and beverages. But the main economic sector in Colombia is the services sector, which accounts for more than half of the GDP and employs around 60% of the active population.

In the third quarter of 2018 GDP growth in Colombia stood at 2.7%, which would represent an acceleration of 0.9% compared to the growth of 2017, which was 1.8%. In any case, the economy continues to grow below its potential, which is estimated at 3.5%. The construction sector grew by 1.8%, led by buildings, both residential and non-residential.

With respect to inflation, the Central Bank considers that in 2018 the rate would close at 3.2%, a little below the rate recorded in the year 2017 which was 4.1%.

The value of the currency against the euro showed a depreciation of 3.9% in the year, being quoted at the end of the year at 3,718 COP/EUR.

Empresa Colombiana de Cementos, S.A.S./Insumos y Agregados de Colombia S.A.S.

Cementos Molins signed, on September 30, 2015, an agreement with the Colombian Corona Group for the construction of a cement production plant in the municipality of Sonsón in Antioquia, Colombia. The plant, with a production capacity of 1,350,000 tonnes per year, is scheduled to start up in the third quarter of 2019. The plant will be equipped with the most modern technology, including vertical grinding of crude, clinkerisation with vertical grinding of coal, vertical grinding of cement and cement dispatch, both in bulk and in bags.

To this end, the companies Empresa Colombiana de Cementos S.A.S. (Ecocementos S.A.S.) and Insumos y Agregados de Colombia S.A.S. (Iacol Agregados S.A.S) were founded in October 2015. Cemolins Internacional, S.L.U. subscribed for 50% of the shares of both companies at the time of the incorporation and capital increase.

In 2016, the necessary permits were obtained, the construction contract for the factory was closed with OHL for 239 million USD and the local financing found for the investment, with the construction project beginning in December of that year.

The estimated investment is 370 million USD, of which 285 million USD corresponds to the technical investment and the rest to other expenses (land, financial expenses, etc.).

To date, the engineering design has been carried out, equipment and materials have been purchased, earthworks, civil works, and metal structure manufacture have been completed, and the mechanical assembly is at an advanced stage. The refractory assembly and electrical assembly have been started.

The project includes other works such as control room, technical building, access roads, IT, workshop, spare parts, laboratory, etc. which are in the execution and purchase phase.

Ecocementos, in parallel to the construction of the new factory, is designing its operations, administrative and commercial structure, already incorporating key positions in the Company. Market analysis has been completed and a study on the positioning of the brand has been developed.

Tax contribution

The companies in the Molins Group contribute to the progress and socioeconomic development of the countries in which they have a presence by undertaking different contributions for this purpose. This is manifested in our commitment to the payment of taxes to the Public Administrations of the different countries in which we operate.

The Board of Directors of Cementos Molins has the power to determine the fiscal strategy, the control policy and management of fiscal risks, as well as supervise the internal information systems and their control. To this end, Cementos Molins has a Corporate Fiscal Policy whose purpose is mainly aimed at ensuring compliance with tax regulations in the jurisdictions in which the Group operates, in the interest of the company.

The principles of control and management of fiscal risks that are part of the fiscal strategy of Cementos Molins aim to protect decision-making in order to maintain fiscal risk at the lowest possible level.

In accordance with these principles and the recommendations of the Code of Good Tax Practices, the Molins Group does not use opaque structures intended for tax evasion or to hide relevant information from public administrations, nor does it hold any share in companies resident in tax havens.

Our contribution in terms of income tax for the year 2018 is summarised below:

Thousands of euros

2018	Spain	Argentina	Uruguay	Mexico	Bangladesh	Tunisia	Bolivia
Results before tax	113,493	68,267	20,866	269,061	18,567	-282	-4,284
Corporate Income Tax paid	6,245	13,021	2,672	86,658	6,367	-	-

The data correspond to 100% of the companies represented by the country, regardless of the consolidation criterion in the annual accounts

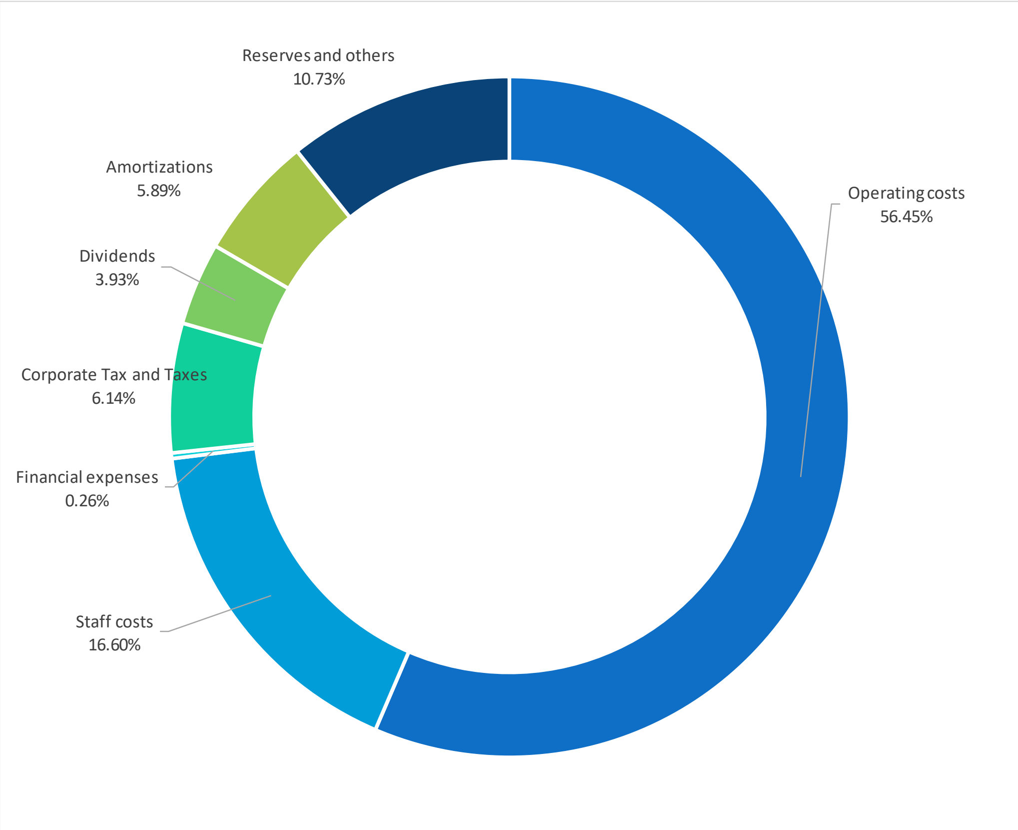
The profit before Spanish taxes includes 76,932 thousand euros of dividends received from the subsidiaries abroad.

No significant public subsidies were received during the year 2018, except for the one received in Tunisia for the updating of production facilities at the Feriana factory, amounting to 570 thousand euros.

Direct economic value generated and distributed 2018

The State of Added Value shows the information in the profit and loss account grouped by interested parties, and allows the quantification of the percentage of economic value generated by the activities of the organization which has been distributed among them. During 2018, 83.4% of the economic value created was distributed among the interested parties.

The amount of generated value is 672,624 thousand euros, which are distributed as follows:



HUMAN RESOURCES

The human resources framework policy of the organization, which was approved in 2017, is internal and establishes the following management principles: the promotion of respect and trust in labour relations and equal opportunities; the establishment of an open and proactive communication; the promotion of proactivity and excellence in the workplace; the facilitation of balance between work and personal life; the assurance of professional development; the guarantee of health and safety at work; and the rejection of any type of discriminatory conduct.

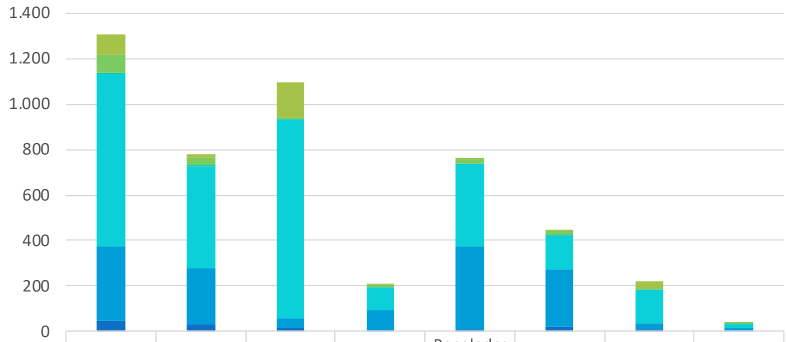
In a complementary manner, equal opportunities policies together with selection and promotion policies, expand and detail the organization's commitments and procedures in relation to professional development and equal opportunities. Likewise, the gender anti-discrimination protocol establishes the general provisions for the prevention of harassment based on gender, as well as other discriminatory behaviours, and is applicable to the entire organization.

Staff data

The number of staff at December 31 in Cementos Molins has increased by 6.2% during 2018, coming to a total of 4,866 people. The workforce has increased in Colombia, Spain, Bangladesh and Argentina, while there have been reductions in Bolivia, Uruguay and Mexico. Thus, in terms of average equivalent workforce, this has increased by 7.1% in relation to the previous year, totalling 4,815.3 people.

89.7% of the workforce are men, and 10.3% are women, a distribution that remains practically constant in relation to the previous year. It is worth noting the increase in both the category of women (4.1%) and that of men (6.4%) in relation to the variation of data with respect to the previous year. The distribution by gender and professional category replicates the aggregate percentages of the workforce, except in the case of middle managers in which the percentage of women is somewhat higher than the global average (11.5%) and the case of managerial positions in which it is slightly lower (7.8%).

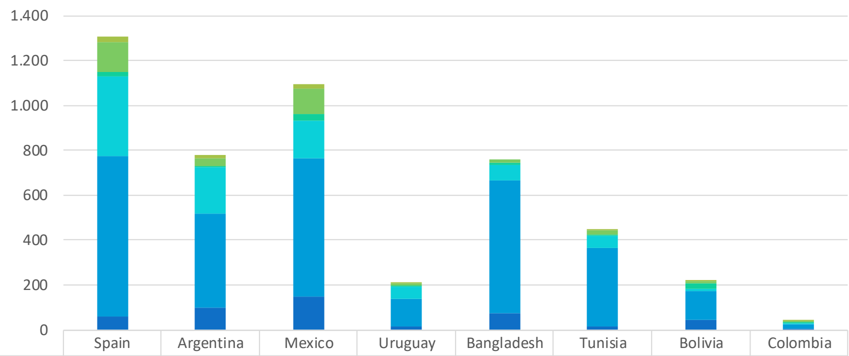
Staff by professional category, country and gender



	Spain	Argentina	Mexico	Uruguay	Banglades h	Tunisia	Bolivia	Colombia
Employees and operators-Women	92	14	150	5	1	9	34	10
Middel managers and specialists-Women	81	33	11	10	24	15	2	0
Management-Women	5	3	0	0	0	3	0	1
Employees and operators-Men	760	451	875	101	362	147	149	16
Middel managers and specialists-Men	324	246	44	90	363	257	25	12
Management-Men	47	31	15	4	11	18	11	4

A total of 17 people with functional diversity are part of the workforce, 13.3% higher than the previous year, most of whom are in Spain (15) with the others in Bangladesh and Tunisia. Likewise, through the alternative measures recognised in Spain, this group forms a 2.3% representation in aggregate terms for all the subsidiaries of the territory.

Staff by country, age group and gender



	Spain	Argentina	Mexico	Uruguay	Bangladesh	Tunisia	Bolivia	Colombia
Women Over 50 years	28	12	18	2	0	5	2	1
Women 31 to 50 years	131	33	113	12	17	21	13	6
Women Under 30 years	19	5	30	1	8	1	21	4
Men Over 50 years	357	209	168	55	68	59	13	6
Men 31 to 50 years	713	418	616	126	592	346	125	22
Men Under 30 years	61	101	150	14	76	17	47	4

93.4% of the workforce has a permanent contract, matching the distribution of the previous year, which remains constant in all countries and in both sexes, except in Spain, where the percentage is 81.2%, mainly due to the hiring of groups of men linked to the cyclical nature associated with specific projects of some of the country's business units.

Staff as of 31 December according to contract, country and gender

	Permanent contract			Temporary contract		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Spain	904	159	1,063	227	19	246
Argentina	687	47	734	41	3	44
Mexico	934	161	1,095	-	-	-
Uruguay	195	15	210	-	-	-
Bangladesh	729	25	754	7	-	7
Tunisia	402	27	429	20	-	20
Bolivia	185	35	220	-	1	1
Colombia	32	10	42	-	1	1
Total	**4,068**	**479**	**4,547**	**295**	**24**	**319**

Type of contract in Spain by professional category, age group and gender

Professional Category	Age groups	Permanent contract			Temporary contract		
		Men	Women	Total	Men	Women	Total
Mangement Positions	Under 30 years	-	-	-	-	-	-
	31 to 50 years	14	4	18	-	-	-
	Over 50 years	33	1	34	-	-	-
Middel Managers	Under 30 years	1	1	2	-	1	1
	31 to 50 years	97	16	113	-	1	1
	Over 50 years	46	6	52	-	-	-
Specialists	Under 30 years	5	5	10	5	3	8
	31 to 50 years	111	38	149	12	5	17
	Over 50 years	47	5	52	-	-	-
Employees	Under 30 years	1	2	3	2	6	8
	31 to 50 years	23	58	81	2	1	3
	Over 50 years	18	10	28	-	1	1
Operators	Under 30 years	18	-	18	29	1	30
	31 to 50 years	332	8	340	122	-	122
	Over 50 years	158	5	163	55	-	55
Total	Under 30 years	**25**	**8**	**33**	**36**	**11**	**47**
	31 to 50 years	**577**	**124**	**701**	**136**	**7**	**143**
	Over 50 years	**302**	**27**	**329**	**55**	**1**	**56**

98.3% of the total number of employees are employed full time with no significant changes with respect to the previous year. All countries equal or exceed this percentage except for the Women's group in Spain, which is at 68%.

Staff on 31 December by contract, country and gender

	Full time contract			Part-time contract		
	Men	Women	Total	Men	Women	Total
Spain	1,106	121	1,227	25	57	82
Argentina	728	50	778	-	-	-
Mexico	934	161	1,095	-	-	-
Uruguay	195	15	210	-	-	-
Bangladesh	736	25	761	-	-	-
Tunisia	422	27	449	-	-	-
Bolivia	185	35	220	-	1	1
Colombia	32	11	43	-	-	-
Total	**4,338**	**445**	**4,783**	**25**	**58**	**83**

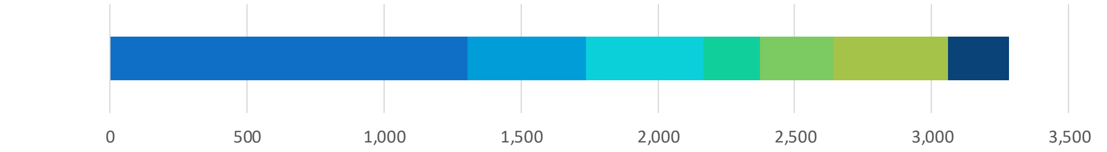
67.5% of the workforce is covered under a collective bargaining agreement, a distribution that varies considerably depending on the country. Bangladesh, Mexico and Argentina are countries with fewer people covered under a collective bargaining agreement.

In 2018, the collective bargaining agreement for Cementos Molins Industrial (Spain) was negotiated for three years (2018-2020).

The collective bargaining agreements establish the labour relations framework for issues related with the organisation of the work as well as salary policies, social benefits and existing measures related with labour reconciliation. A total of 68 men and 21 women in Spain, Argentina, Mexico and Uruguay have benefited from parental leave offered by the organisation, of which 98.9% returned to their job at the end of their parental leave period.

In cases where significant operational changes occur, there is a minimum period of notice in all countries except Colombia and Tunisia. This period ranges between two weeks (Spain and Mexico) and 12 weeks (Bolivia and Bangladesh), being four weeks in Argentina and Uruguay. A total of 811 new contracts were signed in 2018 in Spain, Mexico, Argentina and Bangladesh, of which 86.7% were men.

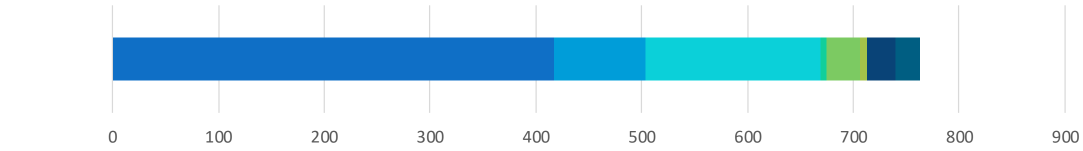
People covered under a collective bargaining agreement by country



	Workers covered by a collective agreement
Spain	1,306
Argentina	434
Mexico	425
Uruguay	210
Bangladesh	266
Tunisia	421
Bolivia	221
Colombia	0

The percentages of workers covered under a collective bargaining agreement are provided below: Spain (99.8%), Argentina (55.8%). Mexico (38.8%), Uruguay (100%). Bangladesh (35.0%), Tunisia (93.8%) and Bolivia (100%).

New contracts by country



	New employee hires
Spain	417
Argentina	87
Mexico	165
Uruguay	6
Bangladesh	31
Tunisia	7
Bolivia	27
Colombia	23

Likewise, the turnover rate has increased 17.2% compared to the previous year, mainly due to a larger number of voluntary departures, which was 18% in 2018.

Turnover rate by country, professional category and gender

	Management positions		Managers and Specialists		Employees and Operatots		Total by gender	
	Women	Men	Women	Men	Women	Men	Women	Men
Spain	-	2.1%	14.8%	9.9%	16.3%	37.8%	15.2%	28.3%
Argentina	-	6.5%	12.1%	6.5%	7.1%	7.5%	10.0%	7.1%
Mexico	-	13.3%	9.1%	9.1%	25.3%	14.5%	24.8%	14.2%
Uruguay	-	-	-	6.7%	20.0%	4.0%	6.7%	5.1%
Bangladesh	-	63.6%	45.8%	24.5%	-	18.2%	44.0%	22.0%
Tunisia	33.3%	16.7%	46.7%	23.7%	-	11.6%	29.6%	19.2%
Bolivia	-	27.3%	-	12.0%	26.5%	8.1%	25.0%	9.7%
Colombia	-	-	-	-	-	-	9.1%	-
Total	**16.7%**	**12.8%**	**20.5%**	**15.5%**	**20.3%**	**19.1%**	**19.3%**	**17.8%**

Number of lay-offs by country, professional category and gender

	Management positions		Managers and Specialists		Employees and Operatots		Total by gender	
	Women	Men	Women	Men	Women	Men	Women	Men
Spain	-	1	1	9	-	6	1	16
Argentina	-	2	-	6	1	11	1	19
Mexico	-	-	-	3	21	73	21	76
Uruguay	-	-	-	3	1	2	1	5
Bangladesh	-	1	-	1	-	1	-	3
Tunisia	-	-	-	3	-	-	-	3
Bolivia	-	-	-	-	-	1	-	1
Colombia	-	-	1	-	-	-	1	-
Total	**-**	**4**	**2**	**25**	**23**	**94**	**25**	**123**

Number of lay-offs by country, age group and gender

	Undr 30 years		31 to 50 years		Over 50 years		Total by gender	
	Women	Men	Women	Men	Women	Men	Women	Men
Spain	-	-	1	7	-	9	1	16
Argentina	-	3	1	13	-	3	1	19
Mexico	3	12	18	50	-	14	21	76
Uruguay	-	-	-	1	1	4	1	5
Bangladesh	-	-	-	2	-	1	-	3
Tunisia	-	-	-	1	-	2	-	3
Bolivia	-	-	-	1	-	-	-	1
Colombia	-	-	1	-	-	-	1	-
Total	**3**	**15**	**21**	**75**	**1**	**33**	**25**	**123**

The number of lay-offs in Mexico is primarily a result of the closing of concrete plants and the completion of the construction project for a second line at the plant of Apazapan.

Health and Safety

The health and safety policy that is available on the organisation’s website is applicable to all activities and countries. The policy is comprised of a set of basic principles that includes the detection and management of the possible risks derived from the work activity, internal communication and creating a safe and healthy working environment as well as the compliance with the law and the development of permanent prevention measures.

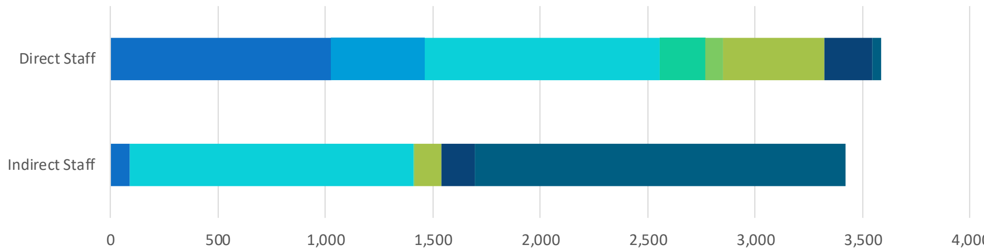
All the activities and countries have occupational risk prevention mechanisms used for analysing the risks related with the job positions (to include accidents as well as occupational diseases) and for deploying the preventive measures required for guaranteeing the occupational health and safety. The installations in Mexico have an occupational health and safety management system that is certified by international standard OHSAS 18001.

73.7% of the direct workforce and 55.8% of the indirect workforce is covered by a health and safety committee.

The health and safety committees of each country address the issues of both areas.

Specifically in Spain they discuss the advances in terms of accident rates during the period, investments, corrective actions, preventive plans, new procedures or modifications, training conducted, industrial hygiene measures and provide information about the latest developments in health management.

No. of workers under a health and safety committee



	Indirect Staff	Direct Staff
Spain	87	1,028
Argentina	0	434
Mexico	1,325	1,095
Uruguay	0	210
Bangladesh	2	86
Tunisia	125	470
Bolivia	156	221
Colombia	1,729	43

Some of the most noteworthy actions in occupational health and safety have been carried out in the plants of Colombia and Mexico. In 2018 Colombia implemented a new participative safety training system where all workers dedicated 15 minutes a day participating in workshops, talks or videos together with the rest of their co-workers, which were all aimed at minimising the occupational risks. On the other hand, since 2016 Mexico has been improving safety through the implementation of a technological safety system for filling silos. In 2018 this system has been applied at 7 silos of different plants in the country.

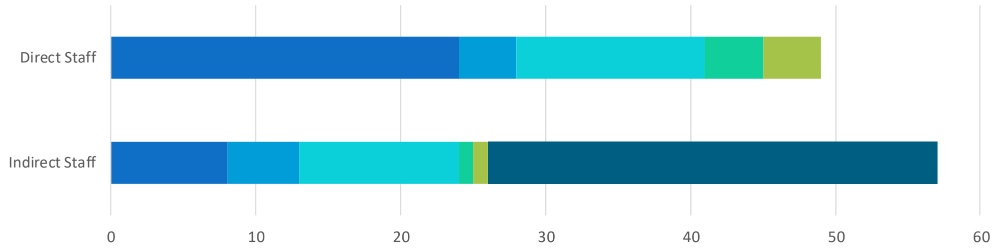
Other countries such as Argentina and Uruguay have placed emphasis on health and safety training by implementing a quarterly newsletter called “Comprometidos con la Seguridad / Committed to Safety” and Spain on the other hand has received different awards for reducing occupational accidents such as the Bonus Prevention diploma awarded by the Directorate General for Social Security Organisation and the Mutua Universal Award.

Finally, it is worth mentioning that several visits have been made in person to the different plants of practically all countries by part of the corporate occupational health and safety office. These visits have enabled us to adjust next year’s action plans to the established objectives as well as conduct just about all of the training events that were scheduled in the specific occupational health and safety training plan.

All accidents involving the direct workforce have significantly decreased compared to the previous year, reaching 49 in 2018. All accidents have involved men except for 4 women in Mexico, which is why the data have been analysed together with both genders. None of the accidents have resulted in the death of a worker.

The number of accidents involving the indirect workforce have increased compared to the previous year, totalling 57 accidents, of which all involved men except for 2 in Mexico and one in Spain which involved women. Bangladesh and Bolivia have closed the year with 0 direct as well as indirect accidents, together with Colombia in the case of direct workers.

Accidents involving workers by country



	Indirect Staff	Direct Staff
Spain	8	24
Argentina	5	4
Mexico	11	13
Uruguay	1	4
Bangladesh	0	0
Tunisia	1	4
Bolivia	0	0
Colombia	31	0

Accident rates involving direct workers have improved significantly in all countries due primarily to a reduction in the number of accidents. The total number of lost work days has reached 2,747.5 of which 90.5% have affected men and 43.3% have occurred in Spain.

Evolution of accident rates involving direct workers[2]

	Incidence rate		Lost day rate		Severity rate	
	2018	2017	2018	2017	2018	2017
Spain	18.3	18.9	11.5	11.0	0.6	0.9
Argentina	5.1	21.3	2.7	12.6	0.1	0.7
Mexico	11.9	10.0	4.6	3.7	0.2	0.2
Uruguay	19.0	4.7	8.0	2.0	1.0	0.0
Bangladesh	0.0	0.0	0.0	0.0	0.0	0.0
Tunisia	8.9	33.8	4.0	16.3	0.3	0.6
Bolivia	0.0	4.5	0.0	2.5	0.0	0.0
Total	**10.1**	**15.3**	**4.7**	**7.4**	**0.3**	**0.4**

Entrapments, falls and trips and impacts and cuts have occurred in 82% of the accidents occurring during the year, causing injuries primarily to the hands (entrapment) and lower limbs. The main causes of accidents include manually handling objects and inadequate housekeeping and cleanliness at the workplace. During the year 2018, no professional diseases have been identified in the countries where the activity is being carried out.

In the case of indirect workers, the development has been positive for all accident rates due primarily to an increase in the workforce and working hours, which has been greater than the increase in accidents.

Professional training and development

In this area, all countries have continued with the training plans in terms of technical skills with training focussed on expanding and updating the knowledge of current and new employees as well as in terms of health and safety, especially focussed on developing leadership skills and promoting collaboration with educational institutions. A review of the talent and a succession plan

[2] The data for Tunisia (frequency and severity rate) and Bolivia (severity rate) for the year 2017 have been modified after having detecting a change with respect to the data published in the previous year's report.

has been carried out in the different operations to identify key personnel in the organisation and consequently, development plans have been implemented for these employees.

The average training hours have decreased compared to the previous year, totalling 29.3 hours per worker due primarily to the change in criteria for recording the training hours imparted in Bangladesh. 81.8% of the direct workforce has been involved in the training actions. This percentage is slightly lower than that recorded for the previous year, which reached 116,636 hours of training at a total cost of 1.3 million euros.

Average number of training hours by country, professional category and gender

	Management positions		Managers and Specialists		Employees and Operatots		Total by gender	
	Women	Men	Women	Men	Women	Men	Women	Men
España	220.2	160.6	42.4	33.6	23.3	15.4	38.3	31.0
Argentina	42.1	33.6	21.3	23.3	11.4	19.2	19.4	21.4
México	-	29.8	29.5	28.0	52.3	41.9	50.5	41.0
Uruguay	-	39.9	22.4	40.0	16.2	29.0	20.3	34.1
Bangladesh	-	6.0	4.2	11.9	-	12.4	4.2	12.1
Túnez	40.0	37.9	14.1	27.2	13.3	15.9	16.8	23.6
Bolivia	-	150.7	70.0	42.3	18.7	26.4	20.6	37.2
Colombia	-	16.0	-	8.0	16.0	48.0	16.0	22.0
Total	**122.5**	**86.8**	**29.6**	**26.3**	**34.6**	**26.8**	**35.1**	**28.6**

Total number of training hours by country, professional category and gender

	Management positions		Managers and Specialists		Employees and Operatots		Total by gender	
	Women	Men	Women	Men	Women	Men	Women	Men
Spain	1,101.2	6,582.8	2,712.0	8,969.5	1,817.0	5,928.0	5,630.2	21,480.3
Argentina	126.3	1,074.0	853.4	7,057.0	204.5	8,466.5	1,184.2	16,597.5
Mexic	-	179.0	295.0	1,481.5	6,012.0	34,774.0	6,307.0	36,434.5
Uruguay	-	159.5	268.2	3,281.3	97.5	2,871.8	365.7	6,312.6
Bangladesh	-	42.0	38.0	2,338.0	-	2,924.0	38.0	5,304.0
Túnisia	120.0	606.0	198.0	6,938.0	120.0	2,420.0	438.0	9,964.0
Bolivia	-	1,658.0	70.0	930.0	487.0	3,331.0	557.0	5,919.0
Colombia	-	32.0	-	8.0	16.0	48.0	16.0	88.0
Total	**1,347.5**	**10,333.3**	**4,434.6**	**31,003.3**	**8,754.0**	**60,763.3**	**14,536.1**	**102,099.9**

In terms of training and professional development, the performance of Spain is worth mentioning regarding the defining of a programme in collaboration with ESADE and which will allow, in 2019, to provide 25 workers from Cementos Molins with leadership tools and skills for leading teams and achieving objectives. On the other hand, in Argentina, leadership skills training has been provided to the Management Committee and in Bolivia, the open training programmes that were started in 2017 were continued for employees as well as young people in the community. Also, in Mexico, sustainability training in environmental awareness and health and safety and environment has been provided for the first time.

Satisfaction surveys have been completed in the different countries aimed at all workers for the purpose of determining the degree of commitment and involvement by part of the workforce and be able to schedule specific actions to improve the level of satisfaction, even though the frequency may vary between them. In 2018, 83% of the workforce in Spain has participated in the satisfaction survey, which scope included managing performance, training and development, collaboration, compensation and acknowledgement, diversity, safety at the workplace and reconciliation.

Regarding reconciliation, Spain has implemented measures aimed at consolidating the actions taken in 2017 such as flexible working hours in terms of when the workday starts and ends, finishing early on Fridays all year long, intensive working hours during the winter for maintenance positions and approved in 2018 and the implementation of intensive working hours in the month of August beginning in 2019. In Argentina, different reconciliation measures have been implemented like for example, the intensive work day on Fridays during the winter at the central office, product discounts for employees and annual preventive medical physicals for employees not covered by the collective bargaining agreement. In Bolivia they have been recognised as one of the best companies with fewer than 250 employees.

A total of 264 people in Spain are part of the performance evaluation programme, which has been redefined throughout 2018. Specifically, the skills map has been modified to adapt it to the mission and values of the organisation in a collaborative manner through group workshops carried out between the workers.

Compensation and benefits

The remuneration of workers is comprised of a fixed part and a variable component, following the collective agreements and remuneration protocols that are in force at each country.

In Spain they have implemented a website called “More for you”, which offers employees special discounts on items.

Ratio of standard entry level wage by gender compared to local minimum wage

	Men	Women
Spain	148%	101%
Argentina	350%	233%
Mexic	172%	197%
Uruguay	477%	651%
Bangladesh	-	-
Tunisia	115%	141%
Bolivia	121%	121%

This ratio represents the difference that exists between the minimum local salary defined by the respective legislations of each country in reference to the minimum actual salary by contract for men and women in 2018.

Ratio of remuneration of women to men

	Management positions	Middle Management	Specialists	Employees	Operators
Spain	76.2%	99.3%	91.6%	92.9%	101.2%
Argentina	73.0%	96.4%	89.7%	107.4%	-
Mexic	-	95.1%	-	94.4%	76.0%
Uruguay	-	110.2%	88.9%	96.1%	-
Bangladesh	-	101.0%	89.8%	-	-
Tunisia	92.3%	95.2%	99.4%	96.8%	97.4%
Bolivia	-	89.8%	112.9%	91.9%	74.0%

The data for Colombia has not been included because the type of jobs that are carried out are very different as a result of the construction project for the new factory, which does not allow comparing the data with the that of the rest of countries.

Average remuneration in 2018

	Management positions		Middel management		Specialists		Employees		Operators	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Spain	-	144,044.9	59,729.5	50,099.3	31,425.0	34,310.3	25,568.7	27,518.5	22,648.4	22,369.2
Argentina	70,942.4	97,206.8	35,787.0	37,119.7	24,512.1	27,338.1	22,311.5	20,766.2	-	19,135.5
Mexic	-	113,969.8	45,387.7	47,730.6	-	-	14,699.5	15,570.7	3,558.1	4,681.9
Uruguay	-	193,618.8	83,511.4	75,750.8	47,573.3	53,514.9	36,388.3	37,854.3	-	36,443.3
Bangladesh	-	128,871.2	26,858.0	26,588.7	10,519.6	11,715.6	-	10,519.6	-	10,160.9
Tunisia	54,600.0	59,041.9	15,124.6	19,534.1	11,584.8	11,549.4	9,124.1	9,427.1	7,607.2	7,825.9
Bolivia	-	7,230.7	2,250.9	2,507.9	3,114.7	2,758.8	1,084.9	1,181.0	604.1	816.4

Average remuneration in 2017

	Management positions		Middel management		Specialists		Employees		Operators	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Spain	-	128,492.5	61,851.5	50,674.9	31,714.2	35,633.0	24,473.0	26,846.1	23,099.6	22,216.1
Argentina	113,976.0	187,726.4	59,850.4	59,850.4	38,531.7	43,024.1	32,677.9	33,537.7	-	27,151.7
Mexic	108,901.7	129,167.0	41,352.2	50,258.9	-	-	14,874.5	16,459.8	3,934.8	4,574.5
Uruguay	-	202,036.6	86,445.4	79,832.9	48,661.0	54,645.7	37,399.2	40,695.6	-	35,575.0
Bangladesh	-	125,848.8	26,228.1	24,775.3	10,272.9	11,440.8	-	-	-	9,922.6
Tunisia	28,476.8	46,567.7	17,248.6	18,945.3	12,614.5	12,111.3	11,199.7	14,258.4	9,168.4	9,458.5
Bolivia	-	7,767.1	-	2,648.3	2,762.2	2,261.5	1,465.3	1,169.6	1,045.3	800.8

*Because the data is confidential, the sample in Spain has less than 10 women in management positions and these have been included in the Middle management category. In the case of men, the number of managers has remained the same.

The main salary differences noted from 2017 to 2018 in the countries is a result of not using the same change rate during these two years.

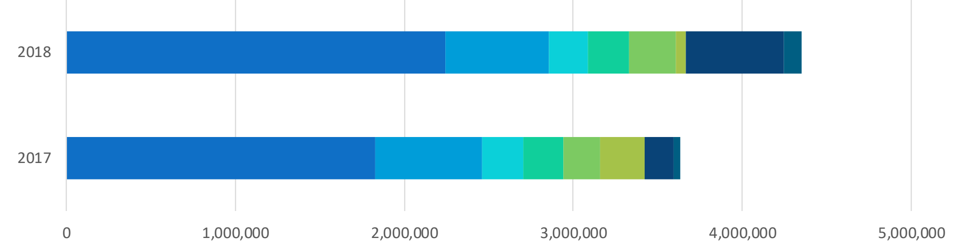
ENVIRONMENT

The environmental policy of the Group along with the corporate social responsibility and sustainability policy set out the organisation's environmental impact management principles. In addition to complying with the laws in force, the lines of action of the environmental policy include the adoption of measures aimed at minimising the environmental impact, the efficient use of resources, the assessment of environmental risks using the precautionary principle, the implementation of prevention mechanisms and the involvement and awareness of the involved interest groups for achieving the set objectives.

A total of 38 installations in Spain, Argentina, Mexico, Uruguay, Bangladesh and Tunisia incorporate a certified environmental management system according to international standard ISO 14001. In cases where a certified system is not available, the management is carried out following the specific management procedures based on this standard, which allows periodically monitoring the performance. In 2018, part of the activities in Uruguay and Spain have updated the management system to the latest one listed in 2015 and Mexico has obtained the certification as a clean industry at one of the cement plants as well as the green stamp at three of its concrete plants.

The environmental expenditures are primarily spent on managing waste, cleaning, refurbishing, gardening and other maintenance actions including work related with maintaining the quality of the water (water treatment plant and others) and the air, monitoring and execution of the environmental prevention plans and other related professional services (audits and certifications and others).

Environmental expenditures per country (euros)

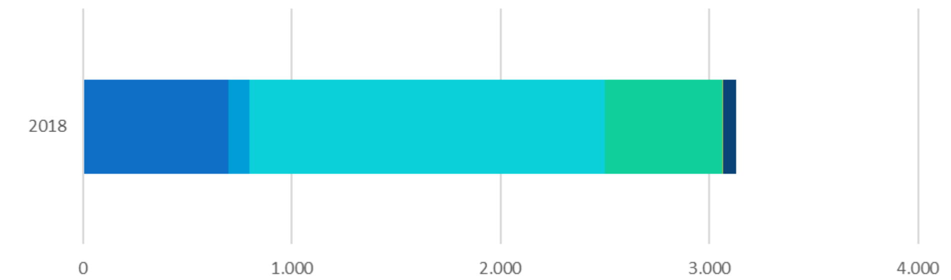


	2017	2018
Spain	1,826,261	2,242,015
Argentina	632,784	615,057
Mexico	245,175	231,791
Uruguay	237,162	240,788
Bangladesh	214,661	279,066
Tunisia	263,661	57,740
Bolivia	172,626	577,394
Colombia	41,985	106,242

The investments made in Spain include measures implemented for using alternative fuels (dosing independent of NFUs, inlet control system, laboratory equipment for analysing combustion metals and air inlet cannons to the CDRs), the improvement of diffuse emissions (new filters at gypsum and limestone unloading areas and pavement at the inlet to the fuels warehouse) and the commissioning of two new oven emission measuring units along with the installation of a new cooling tower, modifications to reduce light pollution, the continuation of the operations for dismantling old installations and the installation of a spray cannon used for lowering emissions.

Also, actions have been taken to restructure landscapes at embankments; a continuous particulate matter analyser has been installed and a sludge tank has been built in Uruguay. Also in Argentina, actions have been taken to continuously measure the oven gases and reforestation along with the installation of a suction filter and improvement of the additives tank. Finally, wash basins have been installed as well as safety system at the silos and also, improvements have been made to the warehouse for waste in Mexico and new installations have been built for using alternative fuels in Tunisia.

Environmental investments by country (in thousands of euros)



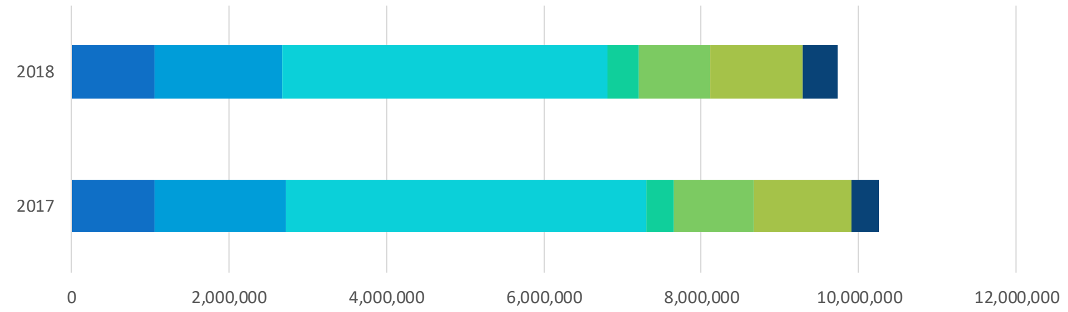
	2018
España	694
Argentina	104
México	1.702
Uruguay	561
Bangladesh	0
Túnez	3
Bolívia	63

Climate change

Greenhouse gas emissions constitute one of the most relevant material aspects of the activities of Cementos Molins, which are primarily related with energy consumptions resulting from the production of cement. It is worth mentioning that a part of the activities of the Group in Spain is subject to a specific regulation linked to the European greenhouse gas emissions market.

The carbon footprint calculation is carried out following the methodology described by the Cement Sustainability Initiative (CSI) promoted by the World Business Council for Sustainable Development (WBCSD), which among other aspects, defines the emission factors as well as the scope of the emission sources to be included in the calculation. This way, the energy consumptions of all types of sources related with the extraction and production stages of cement have been included in the scope, regardless of the existing type of control.

Total C02 emissions (scope 1 and 2) of the cement production activity by country (tonnes)

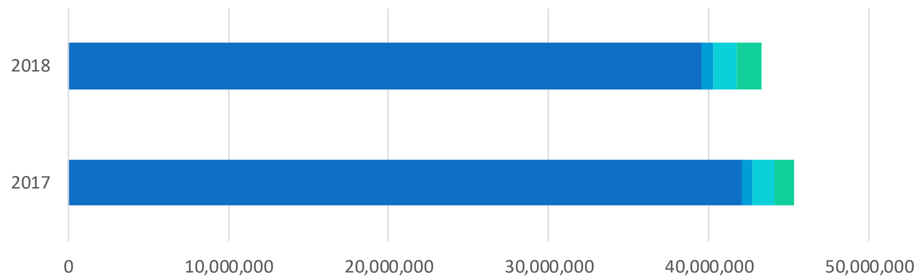


	2017	2018
Spain	1,056,035	1,047,477
Argentina	1,664,810	1,621,082
Mexico	4,582,404	4,145,115
Uruguay	348,860	386,634
Bangladesh	1,015,711	915,632
Tunisia	1,245,746	1,168,213
Bolivia	345,206	446,931

During 2018, the total CO2 emissions related with the production of cement reached 9.7 million tonnes, which is a 5.1% reduction compared to the previous year. Likewise, the emissions related with the equivalent production of cement have decreased 2.3%, totalling 596 kg of CO2 per tonne of equivalent cement.

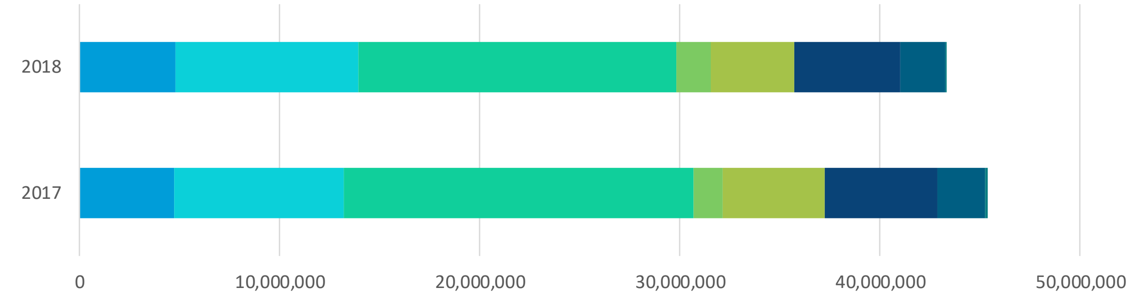
Fuel consumption, which is the primary energy source for the cement production process has reached 43.3 million GJ, which is 4.6% lower than the previous year, due primarily to the variations occurred in Bangladesh and Mexico. Also, the electrical consumption has been reduced by 2.5% with respect to the previous year, totalling 1,392 Gwh.

Thermal-energy consumption per source (GJ)



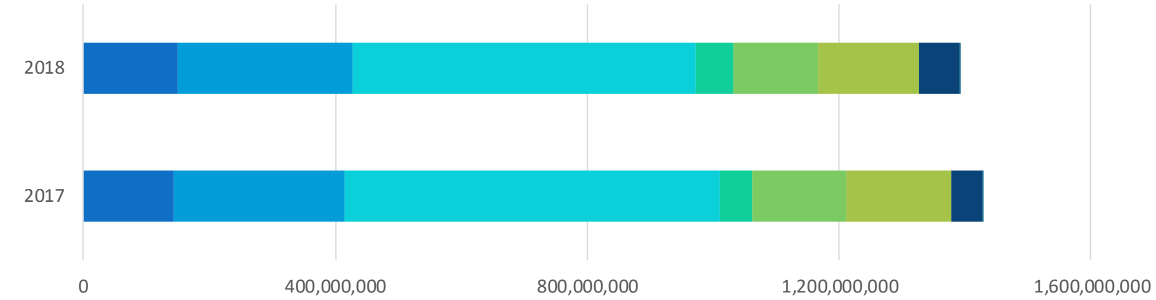
	2017	2018
Non-renewable source	42,080,408	39,578,248
Non-renewable source (transport)	665,365	759,834
Renewable sources	1,389,348	1,409,502
Alternative sources	1,254,891	1,571,998

Thermal-energy consumption by country (GJ)



	2017	2018
Spain	4,740,308	4,812,917
Argentina	8,438,395	9,132,386
Mexico	17,522,766	15,899,798
Uruguay	1,466,267	1,686,572
Bangladesh	5,082,651	4,179,550
Tunisia	5,622,849	5,308,482
Bolivia	2,422,720	2,263,624
Colombia	94,056	36,255

Electrical power consumption by country (kWh)



	2017	2018
Spain	143,715,280	150,808,530
Argentina	270,892,169	276,021,124
Mexico	595,756,752	546,157,986
Uruguay	52,364,013	58,220,617
Bangladesh	147,687,783	134,332,000
Tunisia	168,166,689	160,419,380
Bolivia	49,032,428	65,495,993
Colombia	53,680	497,410

The energy replacement rate, which analyses the rate between fuels from renewable and alternative sources and the total fuel consumption, has increased compared to the previous year, reaching 6.9% in global terms.

Spain has increased the energy replacement rate until reaching 35.6%, for which they have continued to implement specific actions throughout the year. At one of the plants in Uruguay they have been able to reduce their dependency on fuels derived from oil by 10% by using replacement fuels based on the energy recovery from waste. Therefore, the replacement rate in this country reached 22% thanks to the consolidated practice in 2018 of using scrap tyres as fuel.

Likewise, Argentina has been able to stabilise the energy replacement rate at 6.7% thanks to the use of alternative fuels. Tests monitored by the environmental authority have been carried out throughout 2018 for the purpose of obtaining the applicable authorisations to use them continuously and Tunisia has reached a rate of 5.2%.

In Argentina these actions are included in the roadmap created between the four companies of the cement sector in Argentina and the Portland Cement Manufacturer's Association, which defines the strategy to follow as part of the National Plan for Mitigating and Adapting to Climate Change reviewed with the environmental authorities for the purpose of complying with the commitments assumed by Argentina for 2030 as part of the Paris Agreement. The direct participation of the organisation in this update is worth mentioning, by devising the Sectoral Industry Plan that includes a total of twenty measures distributed in four areas: circular economy, energy efficiency, capturing of CO2 and renewable energies.

Bangladesh on the other hand has increased the waste storage space in addition to upgrading the supply installation for this alternative fuel for the purpose of being able to maintain the energy replacement trend and Mexico has a plan for improving the reactivity of the clinker and be able to reduce the percentage of this material in the production of cement, by directly affecting the emission of CO2 per tonne produced.

It is also worth mentioning that in Uruguay they have implemented an energy management system according to ISO 50.001 as part of a public innovation programme in addition to conducting a research project, also with public support, for developing a CO2 capture prototype at one of the factories, which is expected to be completed in 2019.

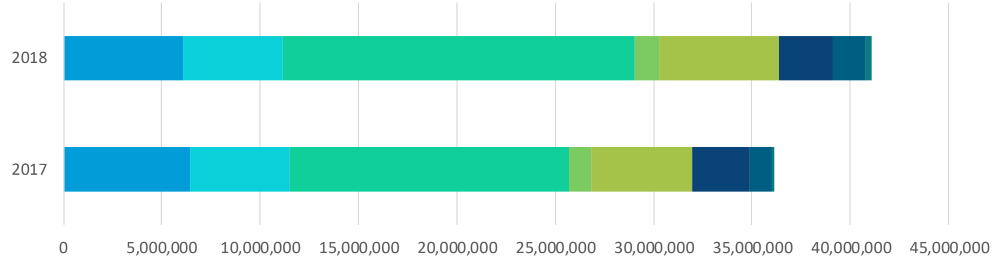
In terms of awareness, Uruguay has carried out several activities, workshops and showcases aimed at promoting changes in behaviours to achieve the national objectives as part of the Paris Agreement and Climate Action and the Sustainable Development Objectives. Likewise, they have participated in the "11th Latin American and Caribbean Carbon Forum", organised by the Secretariat of the United Nations Framework Convention on Climate Change and the Ministry of Housing, Land Management and the Environment (MVOTMA) together with multilateral organisations. The organisation has represented the business/industrial sector, highlighting it as one of the key sectors implementing initiatives to reduce their carbon footprint, among which projects related with the use of waste for generating energy and promoting energy efficiency have been mentioned together with the use of alternative materials in the production of cement.

Finally, Uruguay and Argentina are part of the Inter-American Federation of Cement (FICEM), encompassing the main cement companies of Latin America in the Getting the Numbers Right (GNR) Project, an initiative aimed at providing a homogenized methodology for the industry regarding estimating the emissions of carbon dioxide and energy consumption for the purpose of developing an inventory for the region.

Circular economy

The materials consumed by the activities of the Group include non natural materials such as slag and steel, natural raw materials such as limestone, aggregates and clay, renewable materials such as pallets and sacks and recycled materials such as steel waste and ash as well as packaging materials. The total of the materials consumed in 2018 reached 41 million tonnes, which is 13.8% higher than the previous year due primarily to the increases produced in Mexico, Bangladesh and Bolivia.

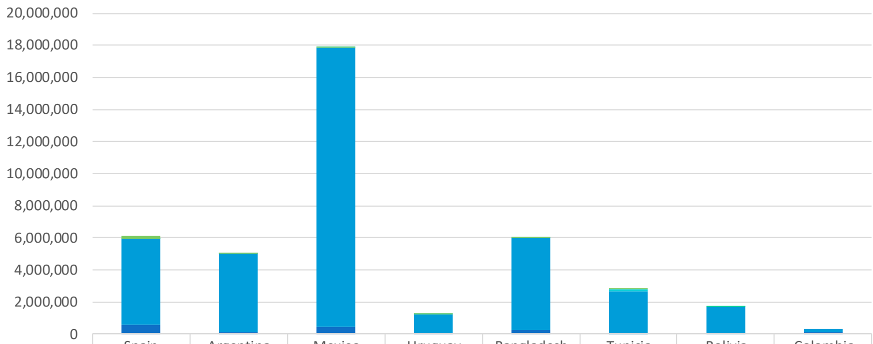
Material consumption by country (tonnes)



	2017	2018
Spain	6,439,813	6,107,549
Argentina	5,087,069	5,064,998
Mexico	14,193,005	17,864,825
Uruguay	1,088,557	1,252,756
Bangladesh	5,137,274	6,053,821
Tunisia	2,910,544	2,769,985
Bolivia	1,185,615	1,700,955
Colombia	85,599	280,288

94.9% of the materials consumed are comprised of natural raw materials and 0.9% of recycled materials, among which we have recycled aggregates, ash and slag, iron shavings, flying ash, metal waste, tyres and SRF. Among the actions carried out, it is worth mentioning that returned concrete is being used for building installations in Spain as well as a reduction of more than 40% of the iron consumption in Uruguay thanks to the incorporation of improvements in the operations.

Material consumption in 2018 by country and type of material (tonnes)



	Spain	Argentina	Mexico	Uruguay	Bangladesh	Tunisia	Bolivia	Colombia
Recycled materials	192,805	57,824	27,630	5,988	78,629	10,815	0	0
Renewable materials	2,723	12,742	0	0	0	0	1,371	0
Packagings	1,469	5,304	14,015	2,930	8,415	77,428	1,739	0
Natural raw materials	5,332,236	4,865,652	17,397,120	1,172,550	5,701,439	2,670,927	1,697,845	178,606
Non-natural raw materials	578,316	123,477	426,059	71,289	265,339	10,815	0	101,682

Also in 2018, 3.5 million cubic metres of water were consumed, which is 9% less than the previous year due to reductions in Mexico, Uruguay, Tunisia and Argentina. 49.4% of the total originate from underground water and 40.7% from surface water. The amount of water that is reused has remained constant compared to the previous year, reaching 7.2% of the total water consumed.

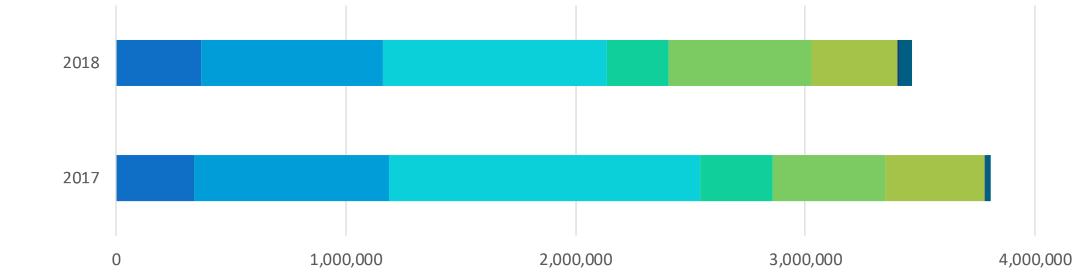
Concrete operations in Spain have achieved a reduction in water consumption used in cleaning the plant and the sites thanks to the use of closed water circuits, the reuse of recycled water for washing and the productive process and the storage of rain water.

Argentina uses part of the reused water to produce concrete, thus saving water originating from the well and tap water.

Since 2016, Mexico has been making an effort to build different wash basins that operate with reused water and have installed a new basin in 2018.

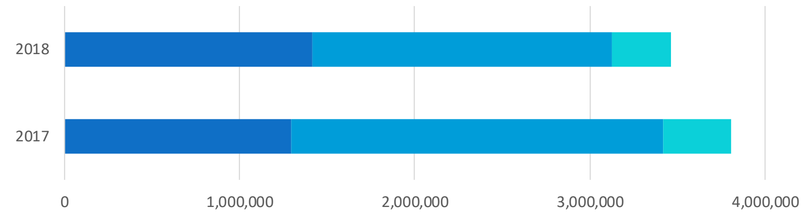
Finally, Columbia has invested heavily in developing water efficiency practices in the municipality of Sonson, involving employees as well as the local administration.

Water consumption by country (cubic metres)



	2017	2018
Spain	336,744	371,456
Argentina	852,768	789,880
Mexico	1,356,284	976,447
Uruguay	312,908	270,205
Bangladesh	493,232	620,384
Tunisia	431,593	374,732
Bolivia	6,638	11,797
Colombia	18,973	51,714

Water consumption by sources (cubic metres)



	2017	2018
Water from surface sources	1,296,563	1,412,584
Water from undergound sources	2,124,825	1,713,222
Municipal water supply	387,752	340,808

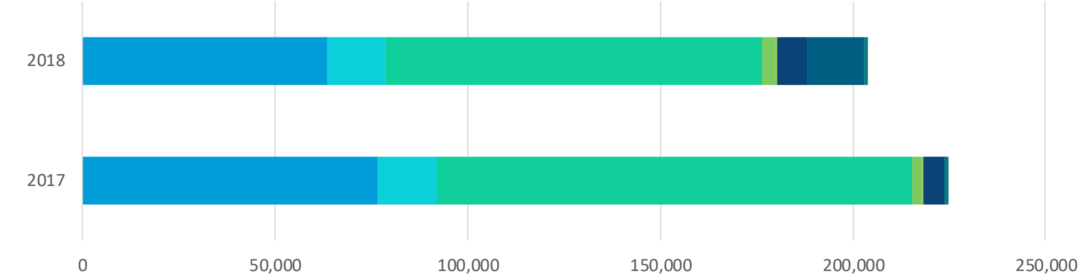
Just about all the waste generated by the activities of the Group is non-hazardous waste. This includes mixed industrial solid waste (scrap metal, debris, wood), prune and vegetation and other waste similar to household waste.

Likewise, some amounts of hazardous waste is generated such as used oils, oil filters, batteries, hydrocarbons, electrical and fluorescent waste primarily.

Generated waste (tonnes)	**2017[3]**	**2018**
Hazardous waste generated (tonnes)	477	580
Non-hazardous waste generated (tonnes)	224,270	203,184

[3] The data has been re-stated due to changes made after the report was closed.

Waste generated by country (tonnes)



	2017	2018
Spain	76,490	63,406
Argentina	15,487	15,044
Mexico	123,431	97,960
Uruguay	2,650	3,613
Bangladesh	208	398
Tunisia	5,480	7,777
Bolivia	88	14,802
Colombia	912	762

Most of the waste that is generated is considered inert by the different laws and of these, the most important one is waste originating from concrete.

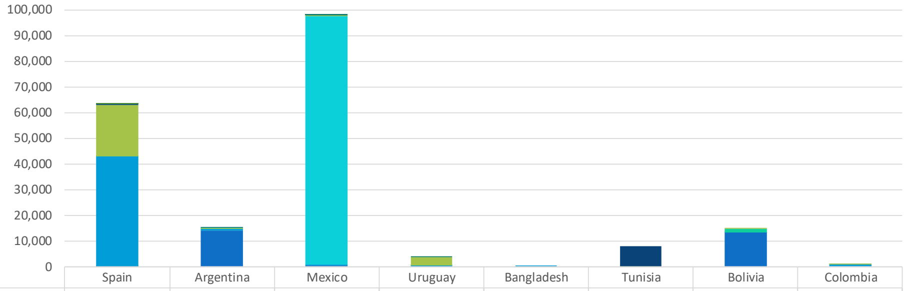
Bangladesh is strongly promoting composting of the organic fraction in local communities by installing nearly 30 community vermicomposter units.

Also worth mentioning is the reuse project of over 7,000 tonnes of tyres and inner tubes that have been recovered in the productive process in Uruguay.

On the other hand, in Spain they are commissioning installations at some plants to improve the separating and subsequent recycling of the fraction of debris as well as participating in the Circular Economy of Palleja workshops, where the good practices of the organisation have been made known. Concrete activities in this country have recovered more than 177,000 tonnes of non-hazardous waste along with the recovery of concrete waste at aggregate plants, preventing them from being dumped as was done in the past.

99.9% of the generated waste have been managed (directly as well as indirectly) by authorised waste managers. 35.9% of the generated waste have been recycled and/or reused, which is a percentage similar to that of the previous year. Similarly, concrete waste in Mexico, which represents 47.5% of the managed waste, has been destined to recovering land at the local mines.

Waste managed in 2018 by country and management method (tonnes)



	Spain	Argentina	Mexico	Uruguay	Bangladesh	Tunisia	Bolivia	Colombia
Evaporation or physio-chemical and biological treatment	3	0	0	0	0	0	0	0
Others	2	0	6	0	0	0	0	0
Com`posting	69	8	65	0	0	0	0	0
Destroyed by 3rd party	0	0	11	0	0	0	0	0
On-site storage	440	0	0	0	0	7,750	0	0
Landfill	19,962	288	175	3,219	0	1	2	4
Deep well injection	0	0	0	0	0	0	0	0
Incineration	8	13	52	11	0	0	1,515	24
Recovery	41	121	96,780	35	0	0	0	0
Recycling	42,876	583	492	161	398	40	9	735
Reuse	6	14,020	356	185	0	0	13,276	0

Air quality

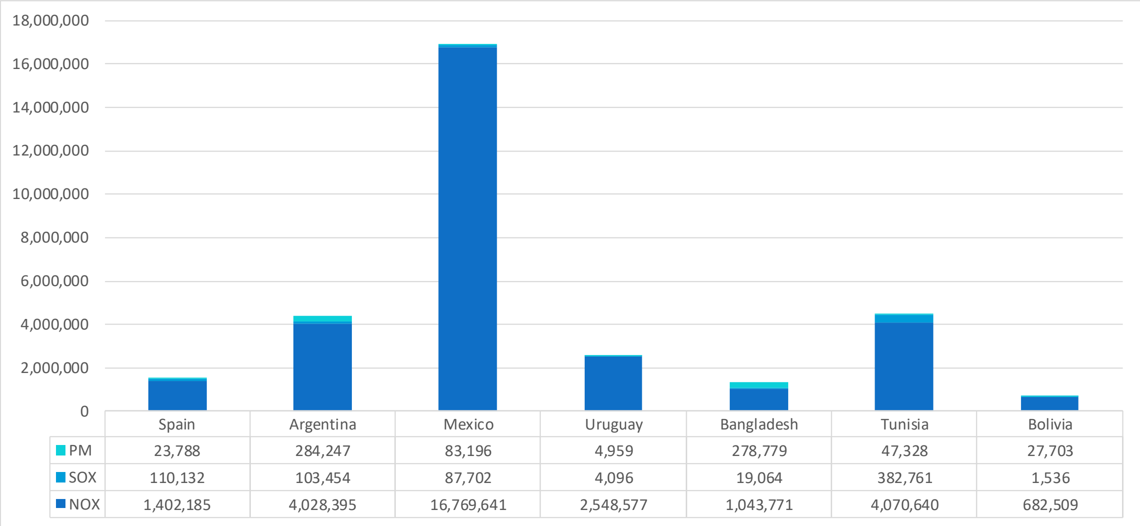
Air emissions generated by the activities of the Group are one of the material aspects identified as a priority, especially related to the impact on the local communities of the territories where the organisation operates. According to the laws in force at each country, direct measurements of the generated emissions are carried out together with the application of methods estimated based on production and the existing filtering systems.

Compared to the previous year, air emissions have significantly decreased in all monitored categories due to variations in the activity and changes derived from the estimates of the values in those countries that do not have a direct measurement system.

Air emissions	2017	2018
NOx (kilograms)	32,397,699	30,545,719
SOx (kilograms)	998,265	708,745
PM (kilograms)	1,001,550	750,000

Since 2016, Mexico conducts additional measurements of contaminating dust and gases such as NOx and SO2 at three of the country's plants with the aim of guaranteeing the quality of the air. Also in 2018, at one of the factories in Spain they have invested in reducing air pollution by replacing the entire fleet of forklifts and diesel sweepers with state of the art electrical units as well as installing electrical vehicle charging points. On the other hand, Tunisia has once again celebrated the National Tree Day by planting over 500 trees.

Air emissions in 2018 by country and type (kilograms)



	Spain	Argentina	Mexico	Uruguay	Bangladesh	Tunisia	Bolivia
PM	23,788	284,247	83,196	4,959	278,779	47,328	27,703
SOX	110,132	103,454	87,702	4,096	19,064	382,761	1,536
NOX	1,402,185	4,028,395	16,769,641	2,548,577	1,043,771	4,070,640	682,509

Biodiversity and recovery of natural habitats

The main impacts on biodiversity are linked to the extraction of natural raw materials for the productive processes. The activities of the organisation are not carried out in protected natural areas except in Colombia, where there is a total of 1,400 hectares of protected forest as part of the BanCO2 programme and India, where there is a total of 23.3 hectares of protected area related with the extraction activity that supplies the raw materials to Bangladesh.

Similarly, the installations in Mexico have a specific inventory of the natural species that are found in the adjacent territories, where a total of three species of flora and one of fauna are included in the IUCN red list as endangered; specifically: biznaga de metztitlán, biznaga-tonel dorada and cedrela orodata in the case of flora and the long nosed bat in the case of fauna.

Regarding the recovery of the surrounding area, in 2018 a total of 0.85 hectares have been recovered in Uruguay by covering with earth, planting grass and native species as well as 10.9 hectares in Argentina through the reforestation of a total of 559 specimens of different species. It is worth mentioning that the organisation has become the first cement company in Argentina to carry out the process of ecologically recovering the deposit as the exploitation progresses.

The total restored surface linked to the production of aggregates in Spain has totalled 3.2 hectares and the new recovery project of Garraf has been initiated, with the participation of interested parties and which will include special conservation measures for protected species such as the black wheatear or Bonelli's eagle.

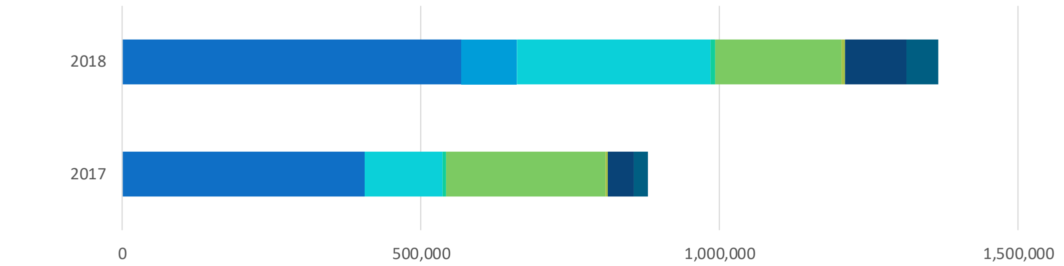
Local community

The current respect for Human Rights policy in the organisation and which is available on the website, establishes the following core areas of action: respect for current laws, respect for people and rejection of discriminatory practices, forced labour and harassment and formalises the internal communication and monitoring to detect non-compliances.

Because of the type of activities that are carried out, there is a tight relationship with the local community where the participation of different interest groups varies based on the characteristics and the local context. A total of 29 installations in all the countries have formal action plans with the local community and in some cases such as in Spain and Colombia, there are specific interest group committees developing dynamic participation to make decisions regarding the impact generated by the activity on the local communities.

Similarly, the participation in local community associations is high and the subjects are diverse ranging from specific to the sector to more general subjects. Likewise, social action and sponsorship projects have been carried out at a cost of 1.4 million euros, related with health issues, education and subjects directly related with the needs of the local community where the organisation operates.

Contributions to the local community by country (euros)



	2017	2018
Spain	404,784	568,529
Argentina	0	92,593
Mexico	131,154	323,527
Uruguay	5,726	8,518
Bangladesh	267,300	210,876
Tunisia	3,675	7,199
Bolivia	44,872	102,112
Colombia	23,456	53,543

At the corporate level, the projects we have collaborated in are centred on three priority axes: medical research and social healthcare to improve the quality of life of the elderly, care provided to vulnerable youths and improving equipment used for social and health purposes. In 2018 a total of 15 collaboration agreements were signed with entities for the purpose of completing projects related with research aimed at early detection of Alzheimer, psycho-social care of persons affected by specific diseases and the strengthening of resources for social-labour inclusion of persons from the local community.

Likewise, multiple actions have been carried out in Bolivia with the aim of favouring local communities, in some cases favouring the emergence of new local suppliers. For example, this is the case of the carpenters of Yacuses, who received materials and training from the factory and since 2018 have been supplying pallets to it.

Also, Uruguay has continued with the group visits plan to the cement and concrete plants from schools, universities and other education centres in addition to participating in the Annual DERES conference “ODS 2018 - Together for Sustainable ”. Worth mentioning in Argentina is the quarry observatory “La Cabañita” in Olavarria, which continues being visited by educational institutions and links the discovery of fossils and paleontological remains with stratigraphic layers and the cement production process, along with the continuation of the “Supervised Professional practices” plan.

The aggregates sector in Spain has carried out different activities related with the local community, among which we have the launching of a communications bulletin on the quarry activity of Garraf, the building of a Summer Farmhouse at the quarry, the formalising of a collaboration agreement with the local city hall and carrying out new visits to the quarry.

The main activities carried out in Bangladesh involve the local community surrounding the plant and are focussed on education and health as well as empowering women and support to agriculture. In 2018, a bridge was built over a channel at a remote town to allow the local population to safely cross the channel.

Finally, worth noting is the noise measurements taken at the concrete operations in Spain, Argentina and Uruguay in accordance with current legal regulations. Cement plants have implemented an environmental management system to take noise measurements as long as the aspect is identified as significant in the system, which varies based on the location of the plants.

Suppliers

The organisation's purchasing policy, among other aspects, defines some principles linked to the purchasing process such as adherence to the ethical code, compliance with current legislation, establishing of long term relationships, prioritising of local suppliers and the inclusion of environmental and social considerations in the supplier evaluation processes and proposals.

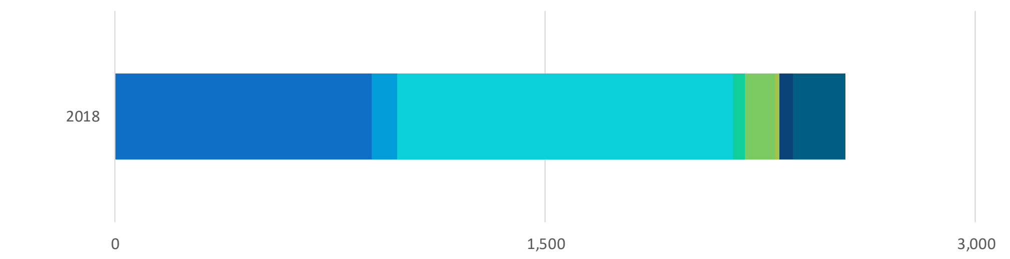
The general purchasing and contracting terms include the compliance with the ethical code and are attached to the contracts that are drafted or updated. A total of 302 suppliers in Spain have explicitly formalised this commitment by included a clause related with the ethical code in the current contracts.

The supplier selection and evaluation procedures are different in each country and we are working to standardise and align the criteria for all. In 2018 Colombia has made an effort to guarantee a proper environmental, social and quality management by part of contractors and subcontractors by holding meetings with the managers aimed at reducing risks as well as by drafting a document with the obligations that are to be complied with by the suppliers to subsequently incorporate these in the contracts. Similarly, since 2016 in Mexico they have been holding dialogue sessions with the subcontracted companies where they discuss issues such as safety and health, the supply chain or anti-corruption policies.

The total number of main suppliers this year has reached 2,547, which is 38.8% less than the previous year.

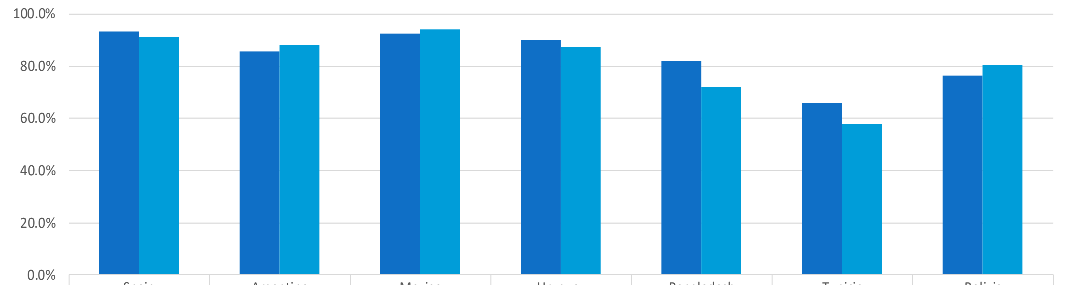
Main suppliers are defined as those that provide 80% of the purchasing volume.

Main suppliers by country



	2018
Spain	896
Argentina	88
Mexico	1,171
Uruguay	41
Bangladesh	105
Tunisia	16
Bolivia	48
Colombia	182

Percentage of local purchases by country



	Spain	Argentina	Mexico	Uruguay	Bangladesh	Tunisia	Bolivia
2017	93.3%	85.8%	92.6%	90.0%	82.0%	66.0%	76.4%
2018	91.5%	88.1%	94.2%	87.3%	72.0%	57.9%	80.2%

The number of local purchases has decreased by 15.2% compared to the previous year primarily due to the variation that has been experienced in Columbia as a result of the construction project, totalling 73.5% of the purchases made in 2018.

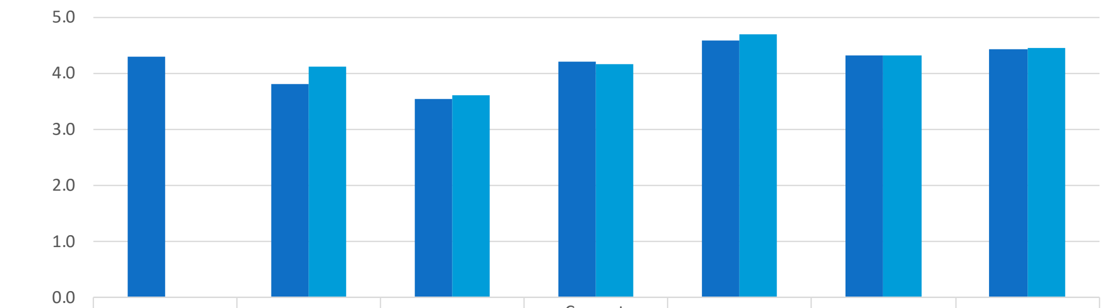
Quality and product

The quality policy of the Group, approved in 2017, sets the principles related with the provision of services, which covers from legal compliance to the assurance of the compliance with expectations by part of interest groups and establishes a continuous improvement cycle in terms of quality management.

A total of 66 installations from all countries except Colombia have a certified quality management system according to standard ISO 9001, which entails developing continuous improvement plans related with the identified significant aspects.

Also, communication channels have been established with clients that specifically seek to compile their expectations and satisfaction. Satisfaction surveys at cement operations in Spain are conducted every two years while in Mexico, Bangladesh and the concrete operation in Uruguay do not conduct these types of surveys.

Overall degree of customer satisfaction by country and activity



	Cement Spain	Materials Spain	Pre-cast Spain	Cement Argentina	Cement Uruguay	Tunisia	Bolivia
2017	4.3	3.8	3.6	4.2	4.6	4.3	4.4
2018		4.1	3.6	4.2	4.7	4.3	4.5

Similarly, all the products with legal requirements regarding labelling and certification have incorporated these, totalling 361 products with specific labelling and information requirements and 144 products certified in 2018 based on quality and safety standards. This year, no sanctions have been received related with the supplying of products or the provision of services.

Research and development

The common denominator of the Cementos Molins Group companies has been to focus the R+D+I policy by endowing them with the right tools to become different and competitive to face the challenges posed by the different markets in the respective countries.

In this area, the Group’s companies have focused on improving and enhancing the production processes for manufacturing concrete, increasing the performances of the concretes and innovating and extending the range of products as well as in providing advice and assistance to the customer through specific projects and products manufactured according to their needs.

In this sense, at PROMSA the efforts have been focussed on launching new products on the market, improving the performance of some products in the portfolio, optimising of processes and the sustainability of the operations. New project have been developed with the aim of increasing the range of PromsaTech and PromsaGreen technological products. Some of these projects have been carried out together with suppliers of reference and Universities or Technology Centres.

Important projects are being carried out in the digital transformation sector that will continue in 2019, aimed at improving the logistics and traceability of the productive processes for concrete and aggregates.

At PROPAMSA, the most relevant project has been developing the range of adhesives for PAM® ECOGEL ceramics.

At PRECON, in the railway sector they have developed sleepers for driving on three track widths simultaneously at operating speeds of 160 km/h. Together with AFTRAV, they have also developed the BI-SM type sleeper for slab track for High Speed railways.

In the construction sector we have developed new structural solutions for roofing with a large open space.

In turn, concretes with a high strength and high elastic modulus for special applications have been developed and as far as the processes, an effective connection has been developed of calculation tools (in-house or external) with the main ERP and BIM technology.

Cementos Avellaneda, Argentina, at the end of 2017 at the plant of Olavarría, began producing pozzolans using calcined clay and then grinding it. After the first productions and adjustments were made, they requested certification of Cemento Portland Compuesto, CPC 40 and obtained a certification for this product on 16 February 2018.

It is worth mentioning that Cementos Avellaneda is the first company in Argentina to produce a composite cement using pozzolan produced with calcined clay, considered as the most relevant cement in the world. This cement was introduced technologically at the Concrete Technology Congress that was held in Olavarria.

The Argentine company established a collaboration protocol for R&D with the Engineering Faculty of Universidad Nacional del Centro in the Province of Buenos Aires, for implementing project “New Pozzolan Cement with Calcined Clay”, which was created to develop this new product.

In Uruguay, Cementos Artigas consolidated the productions of composite cements (CPC40), in a bag and in bulk, developed in 2017 and optimised the products by conducting studies of new aggregates increasing the addition, increasing the early strength and improving the sustainability of our cement.

Also, the studies were completed with a normal portland cement with a High Initial resistance (HIR), not available in the Uruguayan market, especially recommended for the prefabricated and pre-stressed industry as well as for making glues and improving their performance and the reduction of aggregates, having conducted the first tests with clients.

On the other hand, we continued developing formulas for pre-mixed dry mortars and pastinas (soft pastes) were introduced on the market, which are perfect for supplementing and help commercialise a new line of glues.

They continued by developing mortars for plasters (2 in 1 and 3 in 1) with important advances in terms of application performance.

Finally, the initial feasibility stage was completed on a project for inorganic collecting of CO2 from gases from the main chimney of the Mines plant. This was carried out in collaboration with the Chemical Engineering Department of the Engineering Faculty of UDELAR.

Cementos Moctezuma in Mexico continued working at the concrete laboratory of the cement factory of Tepetzingo and at the plant of Cerritos for the purpose of evaluating the performance of the cement produced in the three plants for use as concrete and in detecting areas for improvement. Studies were continued to be carried out of cements from the three plants of the company as well as from the competition. In turn, analytical and technical support was provided to the clients during performance evaluations of our cement on their products.

Expected evolution of the Group

In Spain we expect the profit to continue to grow.

Internationally, the commissioning of the new factory in Colombia and the expansion of the factory of San Luis in Argentina, both scheduled to be completed in the last quarter of 2019, must allow increasing sales and the profit margins. Future exchange rates in the countries where we operate will condition the final results.

Financial instruments

The Group uses derivative financial instruments to cover the risks to which it is exposed. Within the framework of these operations, at the end of the year, the Group holds interest rate hedging instruments and others not regarded as hedge, specifically a Non Delivery Forward and a Cross Currency Swap, aimed at mitigating the risk of the exchange rate in relation to future cash flows in certain financial operations.

The use of derivative financial products is governed by the management policies of financial risks of the Group, which establish the guidelines for their use.

Average supplier payment period

The Group, regarding the companies based in Spain, at financial year end, holds debt with commercial creditors for the supply of goods and services with an average payment term of 62 days.

The different companies of the Group continue to make an effort to adjust the payment periods to their suppliers and match them with the payment collection periods obtained from their clients, primarily in the prefabricated and concrete operations, on the days established by current regulations, which is 30 days, except when agreed differently by the parties where it can be increased to 60 days.

However, the Group offers payment agreements to its suppliers through confirming. Said financial instrument gives the supplier the possibility to have cash on hand without using up its own resources, as the credit lines are provided by the Molins Group with better terms than those that are generally offered on the market. According to the management information held by the Group, these balances are discounted by its suppliers in a shorter time than the one established by regulations.

Events after closing

Since the closing date of financial year 2018, no relevant subsequent events have taken place that may materially affect the equity value of the Group.

Transactions with own shares

At the beginning of the financial year 2018, the subsidiary Cementos Molins Industrial, S.A.U. had 2,720,571 shares of the Parent Company totalling 30,154 thousand euros, which represented 4.11% of the share capital. During financial year 2018, 39,987 additional shares have been purchased amounting to 682 million euros, and 18,340 have been sold amounting to 322 thousand euros. Consequently, as of 31 December 2018, Cementos Molins Industrial, S.A.U. had 2,742,218 shares of the Parent Company totalling 30,634 thousand euros, which represented 4.15% of the share capital.

Capital structure

The share capital is nineteen million, eight hundred and thirty four thousand, seven hundred and one Euro (€19,834,701), divided into 66,115,670 ordinary shares and of one series only, of thirty cents of Euro (€0.30) of nominal value each. The share capital is fully subscribed and paid up.

The last amendment was carried out on 30 June 2005.

Restrictions to the transfer of shares

There are no restrictions on the transfer of shares.

Significant shares, direct or indirect

	Equity holding		Nominal
Holder	Shares	%	Value euros
Otinix ,S.L.	21,947,316	33.195%	6,584,195
Noumea, S.A.	20,963,713	31.708%	6,289,114
Cartera de Inversiones C.M., S.A.	15,990,000	24.185%	4,797,000

Restrictions to voting rights

There are no restrictions to the voting rights.

Shareholders' agreements

On 7 January 2016, the Vote and Shares Syndication Agreement, dated 17 December 2015, signed by the syndicated shareholders of Cementos Molins, S.A., was provided to the CNMV and the Company, thus substituting the Agreement signed on 15 January 2011. A copy of the complete subscribed agreement was attached. Said agreement has been filed in the Commercial Register of Barcelona, under register number 304 and in the Commercial Register of Madrid, under register number 1.

The significant shareholders intervening in the agreement, and their corresponding participation in said agreement, is the following:

Intervening parties in the shareholders' agreement	% of the affected share capital
Otinix S.L.	32.968
Noumea S.A.	23.410
Cartera de Inversiones C.M. S.A.	24.000

Applicable regulation to the appointment and replacement of members of the Board of Directors and to the amendment of the articles of association.

The AGM, failing this the Board of Directors, shall hold the power to appoint the members of the Board of Directors in accordance with that provided in the Spanish Corporate Law and in the Articles of Association.

In order to be a Director, it is not necessary to be a shareholder. To cover vacancies produced during the term of appointment of directors, the Board may designate the persons who will occupy them until the first General Meeting. If a vacancy arises after a General Meeting has been called but before it has been held, the board of directors may appoint a director until the following General Meeting has been held. The appointment of acting directors is forbidden.

The Board of Directors is now composed of fourteen directors. Directors will be appointed by the General Meeting for a maximum term of four years and they can be re-elected indefinitely for periods of up to four years each, except directors considered independent who shall not remain continuously in office, as independent directors, for a period longer than twelve years.

The appointments or re-election of directors proposals submitted by the Board of Directors, and also the appointments by co-option, will be approved by the Board of Directors

(i) when proposed by the Remuneration and Appointments Commission with regard independent directors, or
(ii) prior report of the Remuneration and Appointments Commission with regard the other directors.

According to article 28 of the Articles of Association, the proposal must be always accompanied by a supporting report from the board in which the competence, experience and merits of the proposed candidate are assessed, which is to be attached to the minutes of the AGM or of the Board.

At the meeting of the Board of Directors on 28 April 2016, with a prior favourable report of the Remuneration and Appointments Commission, the Director Selection Policy of the company was approved. The main content of said policy is the following:

(i) Objectives of the candidate selection:

- The principle of diversity in the composition of the Board of Directors shall govern in a broader sense: people will be sought whose appointment promotes the diversity of knowledge, experiences and gender within the Board of Directors.
- The Director Selection Policy will make a conscious effort so that in year 2020 the number of female directors represents, at least, 30% of the total number of members of the Board of Directors.

(ii) Selection process:

- The Board of Directors, with the previous report of the Remuneration and Appointments Commission, will draft a preliminary analysis of the Company's needs, which will be the stepping point in the appointment, re-election and ratification process for directors.
- Attempts will be made so that the composition of the Board of Directors is balanced, with an ample majority of non-executive directors and an appropriate proportion of propriety and independent directors.
- The Molins family holds an ample majority of the share capital of the Company. Given that the appointment of directors normally takes place by applying the proportionality system established in the Spanish Corporate Law, the directors of the Company belong for the most part to the category of propriety or independent directors. Furthermore, the percentage of proprietary directors against the total non-executive directors is not greater that the proportion of the Company’s capital held by said directors against the remaining capital.
- Any director might suggest candidates for director provided that they meet the requirements set tin the different regulations of the Company’s Corporate Governance.

- The Company shall receive the assistance of outside counsel to validate the candidates for director.
- During the candidate selection process, all implicit discriminatory biases will be avoided and, in particular, those hindering the selection of female directors.

(iii) Conditions to be met by the candidates for director:

- They shall be persons of good repute, suitable and of recognised solvency, training, competence, experience, qualifications, availability and commitment to their position.
- They shall be professionals whose conduct and career path are in line with the respect for the Law and good commercial practices, complying, in addition, with the current legal provisions at all times to be able to be part of a management body.
- The search for candidates with knowledge and experience in the main countries and industries where the Group carries out their business will be encouraged.
- The Remuneration and Appointments Commission shall ensure that the Non-executive Directors are sufficiently available to correctly carry out their duties. In this sense, Directors cannot, unless with the express authorisation of the Board, after a report from the Remuneration and Appointments Commission, form part of more than 8 boards of directors. The foregoing does not apply to:

    - Boards of Group Companies,
    - Boards of family companies of Directors or their families and
    - Boards of which they form part because of professional relations.

(iv) Impediments to be a candidate for director:

- The persons that are under legal grounds for incompatibility with performing the functions of their position.
- The persons who do not meet the requirements set forth in the Corporate Governance System to be a director.
- The directors or senior management members of national or foreign companies of the cement industry that may be considered competition by the Company.
- The natural or legal persons appointed as director in more companies than the number permitted in the provisions of the Board of Directors Regulations.
- The persons incurring in a situation of conflict of interest with the Company in compliance with the provisions of the Board of Directors Regulation.
- The persons incurring in circumstances where their participation in the Board of Directors could harm the credibility and reputation of the Company.

The General Meeting may agree, at all times, to remove the Directors, when deemed fit for the interests of the company. Those declared incompatible to the extent and in the conditions established by the Incompatibilities Law and any other provision modifying it or widening its scope are barred from holding in the Company and, when applicable, to discharge duties in them.

Directors shall cease their role following the period for which they were appointed and, in all other events set fourth in Law, the Articles and the Board of Directors Regulation.

The amendment of the articles of association shall be agreed upon in the general meeting and it requires the fulfilment of the requirements established in the Spanish Corporate Law.

Powers of the members of the Board of Directors

Article 25 of the Articles of Association provides that the Board of Directors, acting collectively on behalf of the Company, is entitled to do and carry out anything included in the Corporate purpose and to exercise all the powers not expressly reserved by Law or by the Articles to the General Meeting. On the other hand, article 5 of the Board of Directors Regulations lists the powers that the Board of Directors is not able to delegate.

Amongst the members of the Board of Directors, only the Managing Director holds powers to act on its own, according to the powers delegated to him or her at the time of the appointment.

Significant agreements that are amended or finalised in the event of a change of control

The company has signed, and filed for public knowledge at the National Securities Exchange Commission, five significant Agreements that are amended or finalised in the event of a change of control:

The first, signed on 15 May 2009 by Cementos Molins, S.A. and Cemolins Internacional, S.L.U. on the one hand, and Buzzi Unicem, SpA and Buzzi Unicem Internacional, S.à.r.l, on the other hand, regarding the subsidiary Fresit, B.V. (Holland). This agreement has been repealed and replaced by the one signed on 22 December 2015, by Cementos Molins, S.A. and Cemolins Internacional, S.L.U. on the one hand, and Buzzi Unicem, Spa and Buzzi Unicem Internacional, S.À.R.L, on the other hand, regarding the subsidiaries FRESIT BV y PRESA INTERNATIONAL BV and their investee companies.

The second, signed on 18 December 2012, by Cementos Molins, S.A., Cemolins Internacional, S.L.U. and Minus Inversora, S.A., on the one hand, and Votorantim Group, on the other hand, regarding Cementos Avellaneda, S.A. (Argentina).

The third, subscribed on December 18, 2012, between Cementos Molins, S.A. and Cemolins Internacional, S.L.U., on the one hand and Grupo Votorantim, on the other, on Cementos Artigas, S.A. (Uruguay).

The fourth one, signed on 31 July 2014, by Cementos Molins, S.A. and Cemolins Internacional, S.L.U., on the one hand, and Votorantim Cimentos EAA Inversiones, S.L.U. and Votorantim Cimentos, S.A., on the other hand, regarding Yacuces, S.L. and its subsidiaries in Bolivia.

The fifth one, signed on 30 September 2015, by Cementos Molins, S.A. and Cemolins Internacional, S.L.U. on the one hand, and Suministros de Colombia S.A.S. y Corona Industrial S.A.S., on the other hand, regarding the Colombian investees Insumos y Agregados de Colombia, S.A.S. and Empresa Colombiana de Cementos S.A.S.

It is provided in all five agreements that the change of control of any of the parties grants the other party the right to preferential acquisition of the participation that the party changing its control holds in the companies subject to the agreement.

Agreements between the Company, the directors, management members or employees that set forth compensations when their relationship with the Company is terminated as a result of a takeover bid

In the commercial contracted signed by the Company and the Managing Director it is set forth that he/she shall be entitled to a compensation equal to three (3) annuities of their monetary compensation, including the variable components of his remuneration, in the event of a change in the control structure of the Company within the meaning of article 42 of the Commercial Code by reference to article 4 of the Securities Market Law, including as a result of a public tender offer for the shares of the Company, or assignment or transfer of all or a relevant part of its activity or of its assets and liabilities to a third party, or integration into another business group that acquires control of the Company in such a way that it has the effect of renewing its governing bodies or a substantial change in its business strategy as it may result in each case of its business plan.

In two agreements signed by the Company and two management members, the compensation to be paid would correspond to an unfair dismissal under the common labour legislation, for the amount currently in force at all times and, at the very minimum, a compensation equal to three annuities of their annual gross remuneration, in the event set out in section d) of article 10.3 of Royal Decree 1382/1985, that is, in the event of a succession of the business or a significant change in its ownership that causes the renewal of its governing bodies or in the contents or purpose of the main activity of the company.

Annual Corporate Governance Report

As an annex to this Management Report, the Annual Corporate Governance Report is provided, which is an integral part of the Management Report of the Cementos Molins Group for financial year 2018.

Annex - Table of contents of the Non Financial Information Report

The reference standard used for including non financial information in this report is the SRS of the Global Reporting Initiative for an essential level of conformity. The remarks field includes the field of the management report where the related information can be found along with the direct response in those cases where applicable as well as the limitations that have been produced and other relevant information related with the contents detailed in the law in force.

Contents of Law 11/2018 INF		**Relevant GRI standards and contents**	**Remarks**
Business model			
Description of the group's business model	Brief description of the group's business model, which will include its business environment, its organisation and structure, the markets where it operates, its objectives and strategies and the main factors and trends that may affect its future developments.	GRI 102-2 Activities, brands, products and services GRI 102-4 Location of the activities GRI 102-6 Markets served GRI 102-15 Key impacts, risks, and opportunities GRI 102-7 Scale of the organisation	Structure and composition Sustainability management Economic performance Human Resources
Information about environmental issues			
Policies	Policies that apply to the group, including due diligence procedures applied to identification, assessment, prevention and mitigation of risks and significant impacts and verification and control procedures as well as the measures that have been adopted.	GRI 103-2 Management approach and its components (set out in GRI 300) GRI 103-3 Evaluation of the management approach	Sustainability management Environment
Primary risks	Primary risks related with those issues linked with the operations of the group, among these, when pertinent and provided, its commercial relations, products or services that may have a negative effect on those sectors and how the group manages these risks, explaining the procedures used for	GRI 102-15 Key impacts, risks, and opportunities GRI 102-11 Precautionary principle or approach GRI 102-30 Effectiveness of the risk management processes	Risk management Sustainability management Environment A financial assessment is not available of the risks and opportunities derived from climate change. In 2018, a specific study has been

Contents of Law 11/2018 INF		Relevant GRI standards and contents	Remarks
	detecting and evaluating them according to national, European or international frameworks of reference for each issue. Information regarding the impacts that have been detected must be included, offering a breakdown of the information, in particular about the primary short, mid and long term risks.	GR 201-2 Financial implications and other risks and opportunities due to climate change	conducted related with the financial impact of the emission rights in the European market.
General	Current and expected effects of the company's operations on the environment and if applicable, on health and safety.	GRI 102-15 Key impacts, risks, and opportunities GRI 102-29 Identifying and managing economic, environmental, and social impacts GRI 102-31 Review of economic, environmental, and social topics	Risk management Sustainability management Environment
	Environmental evaluation or certification procedures.	GRI 102-11 Precautionary principle or approach GRI 102-29 Identifying and managing economic, environmental, and social impacts GRI 102-30 Effectiveness of risk management processes	Risk management Sustainability management Environment
	Resources dedicated to preventing environmental risks.	GRI 102-29 Identifying and managing economic, environmental, and social impacts	Risk management Sustainability management Environment
	Application of the precautionary principle.	GRI 102-11 Precautionary principle or approach	Sustainability management
	Provisions and guarantees for environmental risks.	GRI 307-1 Non-compliance with environmental laws and regulations	A total of three sanctions have been imposed to us related with environmental aspects; three in Mexico totalling 177,470.5 euros.
Pollution	Measures for preventing, reducing or repairing carbon emissions that gravely affect the environment, taking into account any form	GRI 103-2 Management approach (set out in GRI 302 and 305)	Environment-Climate change Environment-Air quality

Contents of Law 11/2018 INF		Relevant GRI standards and contents	Remarks
	of air pollution specific to an operation, including noise and light pollution.	GRI 302-4 Reduction of energy consumption GRI 302-5 Reductions in the energy requirements of products and services GRI 305-5 Reduction of GHG emissions GRI 305-7 NOx, SOx and other significant air emissions	
Circular economy and waste prevention and management	Prevention measures, recycling, reuse, other forms of waste recovery and disposal. Actions for fighting food waste.	GRI 103-2 Management approach (set out in GRI 306) GRI 301-1 Materials used by weight or volume GRI 301-2 Recycled input materials used GRI 303-3 Water recycled and reused GRI 306-2 Waste by type and disposal method	Environment-Waste and circular economy
Sustainable use of resources	Water consumption and water supply in accordance with local limitations.	GRI 303-1 Water withdrawal by source GRI 303-2 Water sources significantly affected by water withdrawal GRI 303-3 Water recycled and reused	Environment-Waste and circular economy
	Raw material consumption and measures adopted to improve the efficiency of their use.	GRI 103-2 Management approach (set out in GRI 301) GRI 301-1 Materials used by weight and volume GRI 301-2 Recycled materials consumed	Environment-Waste and circular economy

Contents of Law 11/2018 INF		Relevant GRI standards and contents	Remarks
	Energy: Consumption, direct and indirect; Measures taken to improve energy efficiency; Use of renewable energies.	GRI 102-2 Management approach (set out in GRI 302 Energy) GRI 302-1 Energy consumption within the organisation (energy originating from renewable and non-renewable sources) GRI 302-2 Energy consumption outside of the organisation GRI 302-4 Reduction of energy consumption GRI 302-5 Reductions in energy requirements of products and services	Environment-Climate change The energy consumption outside the organisation includes upstream operations related with the extraction phase (since some of the quarries are managed by external companies) No information is available on downstream energy consumption.
Climate change	Greenhouse Gas Emissions	GRI 305-1 Direct GHG emissions (scope 1) GRI 305-2 Indirect GHG emissions (scope 2) GRI 305-4 GHG emissions intensity	The reported emissions include part of scope 3, specifically the emissions generated "upstream" at the extraction operations that are subcontracted. Information related with indirect "downstream" emissions are not available.
	Measures adopted to adapt to the consequences of Climate Change.	GRI 102-15 Key impacts, risks, and opportunities GRI 103-2 Management approach (set out in GRI 305) GR 201-2 Financial implications and other risks and opportunities due to climate change GRI 305-5 Reduction of GHG emissions	Sustainability management Environment-Climate change A financial assessment is not available of the risks and opportunities derived from climate change. In 2018, a specific study has been conducted related with the financial impact of the emission rights in the European market.
	Mid and long term reduction goals set voluntarily to reduce GHG emissions and measures implemented for this purpose.	GRI 103-2 Management approach (set out in GRI 305-5 Reduction of GHG emissions)	Sustainability management Environment-Climate change

Contents of Law 11/2018 INF		Relevant GRI standards and contents	Remarks
Protection of biodiversity	Measures taken to preserve or restore the biodiversity.	GRI 103-2 Management approach (set out in GRI 305) GRI 304-3 Habitats protected or restored	Sustainability management Environment-Biodiversity and recovery of natural habitats
	Impacts caused by activities or operations in protected areas.	GRI 304-1 Operational sites owned, leased or managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas. GRI 304-2 Significant impacts of activities, products, and services on biodiversity GRI 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Sustainability management Environment-Biodiversity and recovery of natural habitats
Information about social issues and related with personnel			
Policies	Policies that apply to the group, including due diligence procedures applied to identification, assessment, prevention and mitigation of risks and significant impacts and verification and control procedures as well as the measures that have been adopted.	GRI 103-2 Management approach and its components (set out in GRI 400) GRI 103-3 Evaluation of the management approach GRI 102-35 Remuneration policies	Human Resources IAGC (remuneration policies)
Primary risks	Primary risks related with those issues linked with the operations of the group, among these, when pertinent and provided, its commercial relations, products or services that may have a negative effect on those sectors and how the group manages these risks, explaining the procedures used for detecting and evaluating them according to national, European or international frameworks of reference for each issue. Information regarding the impacts that have	GRI 102-15 Key impacts, risks, and opportunities GRI 102-30 Effectiveness of risk management processes	Risk management Human Resources

Contents of Law 11/2018 INF		Relevant GRI standards and contents	Remarks
	been detected must be included, offering a breakdown of the information, in particular about the primary short, mid and long term risks.		
Employment	Total number and distribution of employees by gender, age, country and professional classification.	GRI 102-7 Scale of the organisation GRI 102-8 Information about employees and other workers GRI 405-1. b) Percentage of employees by job category for each one of the following diversity categories: gender and age group.	Human Resources
	Total number and distribution of the different types of job contracts.	GRI 102-8 Information on employees and other workers	Human Resources
	Annual average of full time, seasonal and part time job contracts by gender, age and job classification.	GRI 102-8 Information on employees and other workers	Human Resources No data segregated by job category and age group is available
	Number of layoffs by gender, age and job classification.	GRI 401-1.b) New employee hires and employee turnover, by age group, gender and region.	Human Resources
	Average salaries and their progress disaggregated by gender, age and job classification or equal value.	GRI 405-2 Ratio of basic salary and remuneration of women to men	Human Resources
	Salary Gap.	GRI 405-2 Ratio of basic salary and remuneration of women to men	Human Resources
	Remuneration of equal job positions or average of the company.	GRI 202-1 Ratios of standard entry level wage by gender compared to local GRI 102-38 Annual total compensation ratio	Human Resources The salary range is 43.54 The calculation has been made for Spain and we have considered all salary items of the managing Director, including the long term variable wages.
	The average remuneration of the directors and management personnel, including the variable wages, per diem, compensations,	GRI 102-35 Remuneration policies GRI 102-36 Process for determining remuneration (management approach)	IAGC

Contents of Law 11/2018 INF		Relevant GRI standards and contents	Remarks
	payments made to long terms savings plans and any other item disaggregated by gender.	GRI 201-3 Defined benefit plan obligations and other retirement plans	
	Implementation of job disconnect measures.	GRI 402-1 Minimum notice periods regarding operational changes. GRI 404-2 Programmes for upgrading employee skills and transition assistance programmes	Human Resources There are no formal policies other than what is stipulated in the collective bargaining agreements.
	Employees with disabilities.	GRI 405-1 Diversity of governance bodies and employees	Human Resources IAGC
Organisation of the work	Organisation of the work time.	GRI 102-8. c) Total number of employees by employment type (full-time and part-time) and by gender.	Human Resources
	Number of missed working hours.	GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities (section a)	Human Resources
	Measures aimed at facilitating conciliation and promoting a shared exercising of this right by part of both parents.	GRI 401-3 Parental leave GRI 103-2 Management approach (set out in GRI 401)	Human Resources Information limited to Spain.
Health and safety	Occupational health and safety conditions.	GRI 103-2 Management approach (set out in GRI 403 Health and Safety)	Human Resources
	Work accidents (frequency and severity) disaggregated by gender.	GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities (section a) GRI 403-3 Workers with high incidence or high risk of diseases related to their occupation	Human Resources
	Occupational diseases (frequency and severity) disaggregated by gender.	GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities (section a)	Human Resources

Contents of Law 11/2018 INF		Relevant GRI standards and contents	Remarks
		GRI 403-3 Workers with high incidence or high risk of diseases related to their occupation	
Social relationships	Organisation of the social dialogue, including procedures aimed at informing and consulting personnel and negotiating with them.	GRI 102-43 Approach to stakeholder engagement (related with labour unions and collective bargaining) GRI 402-1 Minimum notice periods regarding operational changes GRI 403-1 Workers representation in formal joint management–worker health and safety committees	Human Resources
	Percentage of employees covered under a collective bargaining agreement by country.	GRI 102-41 Collective bargaining agreements	Human Resources
	Balance of the collective bargaining agreements, particularly in the occupational health and safety sector.	GRI 403-1 Workers representation in formal joint management–worker health and safety committees GRI 403-4 Health and safety topics covered in formal agreements with trade unions	Includes information related with health and safety issues addressed in formal agreements with the legal representation of the workers in Spain.
Training	Policies implemented in the training sector.	GRI 103-2 Management approach (set out in GRI 404-Training and education) GRI 404-2 Programmes for upgrading employee skills and transition assistance programs	Human Resources
	Total number of training hours by job category.	GRI 404-1 Average hours of training per year per employee	Human Resources
Accessibility	Universal accessibility of personnel with disabilities.	GRI 103-2 Management approach (set out in GRI 405 Diversity and equal opportunity and GRI 406 Non-discrimination)	Human Resources A universal accessibility policy is not available for persons with disabilities. Complies with the legal requirements in each country.

Contents of Law 11/2018 INF		Relevant GRI standards and contents	Remarks
Equality	Measures adopted for promoting the equal treatment and equal opportunity between men and women.	GRI 103-2 Management approach (set out in GRI 405 Health and Safety)	Human Resources
	Equality plans.	GRI 103-2 Management approach (set out in GRI 405 Diversity and equal opportunity and GRI 406 Non-discrimination)	Specific equality plans have not been formalised.
	Measures adopted for promoting employment.	GRI 103-2 Management approach (set out in GRI 401 Employment) GRI 404-2 Programmes for upgrading employee skills and transition assistance programmes	Human Resources
	Protocols against sexual harassment and by reasons of gender.	GRI 103-2 Management approach (set out in GRI 405 Diversity and equal opportunity and GRI 406 Non-discrimination)	Human Resources
	Universal integration and accessibility of persons with disabilities.	GRI 103-2 Management approach (set out in GRI 405 Diversity and equal opportunity and GRI 406 Non-discrimination)	Human Resources A universal accessibility policy is not available for people with disabilities. Complies with the legal requirements in each country.
	Policy against any type of discrimination and if applicable, for managing diversity.	GRI 103-2 Management approach (set out in GRI 405 Diversity and equal opportunity and GRI 406 Non-discrimination) GRI 406-1 Incidents of discrimination and corrective actions taken	No cases of discrimination have been identified during the year.
Information related with the respect for human rights			
Policies	Policies that apply to the group, including due diligence procedures applied to identification, assessment, prevention and mitigation of risks and significant impacts and verification and control procedures as well as the measures that have been adopted.	GRI 103-2 Management approach and its components GRI 103-3 Evaluation of the management approach	Corporate government Risk management Local community Suppliers

Contents of Law 11/2018 INF		Relevant GRI standards and contents	Remarks
		GRI 410-1 Security personnel trained in Human Rights policies or procedures GRI 412-2 Training of employees in human rights policies or procedures	Practically none of the security personnel have received training in human rights policies or procedures.
Primary risks	Primary risks related with those issues linked with the operations of the group, among these, when pertinent and provided, its commercial relations, products or services that may have a negative effect on those sectors and how the group manages these risks, explaining the procedures used for detecting and evaluating them according to national, European or international frameworks of reference for each issue. Information regarding the impacts that have been detected must be included, offering a breakdown of the information, in particular about the primary short, mid and long term risks.	GRI 102-15 Key impacts, risks, and opportunities GRI 102-30 Effectiveness of risk management processes	Corporate government Risk management Local community Suppliers
Human Rights	Application of due diligence procedures in terms of human rights	GRI 103-2 Management approach (set out in GRI 412 Human Rights Assessment) GRI 414-2 Negative social impacts in the supply chain and actions taken	Corporate government Risk management Local community Suppliers
	Prevention of the risk of human rights violations and if applicable, measures implemented to mitigate, manage and repair the possible abuses committed.	GRI 103-2 Management approach (set out in GRI 412 Human Rights Assessment) GRI 412-1 Operations that have been subject to human rights reviews or impact assessments GRI 410-1 Security personnel trained in Human Rights policies or procedures	Practically none of the security personnel have received training in human rights policies or procedures.

Contents of Law 11/2018 INF		Relevant GRI standards and contents	Remarks
	Reporting of human rights violations cases.	GRI 102-17 Mechanisms for advice and concerns about ethics (reports received and resolution) GRI 103-2 Management approach (set out in GRI 412 Human Rights Assessment) GRI 411-1 Rights of indigenous people GRI 419-1 Non-compliance with laws and regulations in the social and economic area	Corporate government Risk management Local community Suppliers No reports or sanctions have been implemented as a result of the violation of human rights or of the rights of indigenous people.
	Promotion and compliance with the provisions included in fundamental OIT agreements in terms of the respect for the freedom of association and the collective bargaining rights, the elimination of discriminatory employment practices, the elimination of forced or compulsory labour and the effective abolition of child labour.	GRI 103-2 Management Approach (set out in GRI 406 No discrimination; 407 Freedom of association and collective bargaining; 408 Child labour; 409 forced or compulsory labour and 412 Human Rights Assessment)	Corporate government Human Resources Local community
Information related with the fight against corruption and bribes			
Policies	Policies that apply to the group, including due diligence procedures applied to identification, assessment, prevention and mitigation of risks and significant impacts and verification and control procedures as well as the measures that have been adopted.	GRI103-2 The management approach and its components (set out in GRI 205) GRI 103-3 Evaluation of the management approach GRI 205-2 Communication and training about anti-corruption policies and procedures	Corporate government Risk management
Primary risks	Primary risks related with those issues linked with the operations of the group, among these, when pertinent and provided, its commercial relations, products or services	GRI 102-15 Key impacts, risks, and opportunities GRI 102-30 Effectiveness of risk management processes	Corporate government Risk management

Contents of Law 11/2018 INF		Relevant GRI standards and contents	Remarks
	that may have a negative effect on those sectors and how the group manages these risks, explaining the procedures used for detecting and evaluating them according to national, European or international frameworks of reference for each issue. Information regarding the impacts that have been detected must be included, offering a breakdown of the information, in particular about the primary short, mid and long term risks.	GRI 205-1 Operations assessed for risks related to corruption	
Corruption and bribes	Measures adopted to prevent corruption and bribes.	GRI 103-2 Management approach (set out in GRI 205) GRI 205-2 Communication and training about anti-corruption policies and procedures	Corporate government Risk management
	Measures for fighting against money laundering.	GRI 103-2 Management approach (set out in GRI 205)	Corporate government Risk management
	Contributions made to foundations and non-profit organisations.	GRI 103-2 Management approach (set out in GRI 205) GRI 201-1 Direct economic value generated and distributed (Investments in the Community) GRI 203-2 Significant indirect economic impacts GRI 415-1 Political contributions	Corporate government Risk management Economic performance No political contributions have been made according to the current protocol on gifts and hospitality, which explicitly prohibit these from being made.
Information about the company			
Policies	Policies that apply to the group, including due diligence procedures applied to identification, assessment, prevention and mitigation of risks and significant impacts and verification and control procedures as well as the measures that have been adopted.	GRI 103-2 The management approach and its components (set out in GRI 413 and 414) GRI 103-3 Evaluation of the management approach	Local community

Contents of Law 11/2018 INF		Relevant GRI standards and contents	Remarks
Primary risks	Primary risks related with those issues linked with the operations of the group, among these, when pertinent and provided, its commercial relations, products or services that may have a negative effect on those sectors and how the group manages these risks, explaining the procedures used for detecting and evaluating them according to national, European or international frameworks of reference for each issue. Information regarding the impacts that have been detected must be included, offering a breakdown of the information, in particular about the primary short, mid and long term risks.	GRI 102-15 Key impacts, risks, and opportunities GRI 102-30 Effectiveness of risk management processes	Risk management Sustainability management
Company commitment towards sustainable development	Impact of the company's activity on employment and local development.	GRI 203-1 Infrastructure investments and services supported GRI 203-2 Significant indirect economic impacts GRI 204-1 Proportion of spending on local suppliers GRI 413-1 Operations with local community engagement, impact assessments, and development programs	Sustainability management Economic performance Local community Suppliers
	Impact of the company's activity on local populations and the territory	GRI 203-1 Infrastructure investments and services supported GRI 203-2 Significant indirect economic impacts GRI 413-1 Operations with local community engagement, impact assessments, and development programs	Sustainability management Economic performance Local community and suppliers

Contents of Law 11/2018 INF		Relevant GRI standards and contents	Remarks
		GRI 413-2 Operations with significant actual and potential negative impacts on local communities	
	Relationships maintained with actors in the local communities and the ways to communicate with them.	GRI 102-43 Approach to stakeholder engagement (related with the community) GRI 413-1 Operations with local community engagement, impact assessments, and development programs	Sustainability management Economic performance Local community Suppliers
	Association or sponsorship actions.	GRI 102-13 membership of associations GRI 203-1 Infrastructure investments and services supported GRI 201-1 Direct economic value generated and distributed (Investments in the Community)	The different business units that comprise part of the specific sectoral associations related with the different activities in addition to this year's membership in the GCCA at the corporate level. Economic performance
Subcontracting and suppliers	Inclusion of social issues, gender equality and environmental issues in the purchasing policy.	GRI 103-3 Management approach (set out in GRI 308 and GRI 414)	Suppliers
	Considerations related with suppliers and subcontractors regarding their social and environmental responsibilities.	GRI 102-9 Supply chain GRI 103-3 Management approach (set out in GRI 308 and GRI 414) GRI 308-1 New suppliers that were screened using environmental criteria GRI 308-2 Negative environmental impacts in the supply chain and actions taken GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainability management Suppliers There are no formal supplier screening systems based on environmental criteria, social criteria, and good overall business practices. We have not detected any operations and suppliers in which the right to freedom of association and collective bargaining may be at risk or where there is a significant risk of forced or compulsory labour.

Contents of Law 11/2018 INF		Relevant GRI standards and contents	Remarks
		GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour GRI 414-1 New suppliers that were screened using social criteria GRI 414-2 Negative social impacts in the supply chain and actions taken	
	Supervisory and auditing systems and their results.	GRI 308-1 New suppliers that were screened using environmental criteria GRI 308-2 Negative environmental impacts in the value chain and actions taken GRI 414-2 Negative social impacts in the value chain and actions taken	There are no formal supplier screening systems based on environmental criteria, social criteria, and good overall business practices.
Consumers	Measures for the health and safety of consumers.	GRI 103-2 Management approach (set out in GRI 416 Health and Safety of the Clients) GRI 416-1 Assessment of the health and safety impacts of product and service categories GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services GRI 417-1 Requirements for product and service information and labeling	Quality and product No non-compliances have occurred related with the impact on health and safety of products and services.
	Claims system, complaints received and their resolution.	GRI 102-17 Mechanisms for advice and concerns about ethics (complaints received and their resolution) GRI 103-2 Management approach (set out in GRI 416 Health and Safety of the Clients)	Corporate government Quality and product

Contents of Law 11/2018 INF		Relevant GRI standards and contents	Remarks
		GRI 418-1 Substantial complaints concerning breaches of customer privacy and losses of customer data.	No complaints have been received related with breaches of the privacy of clients or loss of their personal data.
Tax information	Profit obtained by country.	GRI 201-1. Direct economic value generated and distributed	Economic performance
	Profit taxes paid.	GRI 201-1 Direct economic value generated and distributed	Economic performance
	Public grants received.	GRI 201-4 financial assistance received from government	Economic performance

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Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT LIMITED ASSURANCE REPORT ON THE NON-FINANCIAL INFORMATION STATEMENT

To the Shareholders of Cementos Molins, S.A.,

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the Consolidated Non-Financial Information Statement ("NFIS") for the year ended 31 December 2018 of Cementos Molins S.A. and subsidiaries ("Cementos Molins" or "the Group"), which forms part of the accompanying Consolidated Directors' Report of the Group.

The content of the accompanying Consolidated Directors' Report includes information, additional to that required by current Spanish corporate legislation relating to non-financial reporting, that was not the subject matter of our verification. In this regard, our work was limited solely to verification of the information identified in the "Non-financial information Statement table of contents" in the appendix to the Consolidated Directors' Report.

Responsibilities of the Directors

The preparation and content of the NFIS included in the accompanying Consolidated Directors' Report of Cementos Molins are the responsibility of the Board of Directors. The NFIS was prepared in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI standards).

These responsibilities of the Board of Directors also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the NFIS to be free from material misstatement, whether due to fraud or error.

The Board of Directors of Cementos Molins is also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFIS is obtained.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is based on fundamental principles of integrity, objectivity, competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information about economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed, which refers exclusively to 2018. The information relating to previous years was not subject to the verification provided for in current Spanish corporate legislation.

We conducted our review in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information, currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements regarding non-financial information statements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, consequently, the level of assurance provided is also substantially lower.

Our work consisted in requesting information from management and the various units of Cementos Molins that participated in the preparation of the NFIS, reviewing the processes used to compile and validate the information presented in the NFIS, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Cementos Molins personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external review.

- Analysis of the scope, relevance and completeness of the contents included in the 2018 NFIS based on the materiality analysis performed by Cementos Molins and described in the "Sustainability Management" section, taking into account the contents required under current Spanish corporate legislation.

- Analysis of the processes used to compile and validate the data presented in the 2018 NFIS.

- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters presented in the 2018 NFIS.

- Verification, by means of sample-based tests, of the information relating to the contents included in the 2018 NFIS and the appropriate compilation thereof based on the data furnished by Cementos Molins' information sources.

- Obtainment of a representation letter from the directors and management.

Conclusion

Based on the procedures performed in our verification and the evidence obtained, nothing has come to our attention that causes us to believe that the Consolidated Non-Financial Information Statement of Cementos Molins and subsidiaries for the year ended 31 December 2018 was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected GRI standards.

Use and Distribution

This report has been prepared in response to the requirement established in corporate legislation in force in Spain and, therefore, it might not be appropriate for other purposes or jurisdictions.

DELOITTE, S.L.

Xavier Angrill

27 February 2019

Translation from the original issued in Spanish.
In the event of discrepancy, the Spanish language version prevails.

ISSUER IDENTIFICATION DETAILS

End date of year in reference: 31/12/2018

CIF: A-08017535

Company name:

CEMENTOS MOLINS, S.A.

Registered office:

CALLE ESPRONCEDA 38, LOCAL 3 (MADRID)

A. STRUCTURE OF THE PROPERTY

A.1. **Complete the following chart on the social capital of the company:**

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
30/06/2005	19,834,701.00	66,115,670	66,115,670

Indicate if there are different classes of shares with different associated rights:

[ ] Yes
[√] No

A.2. List the direct and indirect holders of significant shares at the closing date of the year, excluding the directors:

Name or company name of the shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		Total % of voting rights
	Direct	Indirect	Direct	Indirect	
JOAQUIN Mª MOLINS GIL	0.00	24.19	0.00	0.00	24.19

Detail of indirect participation:

Name or company name of the indirect owner	Name or company name of the direct owner	% voting rights attributed to the shares	% voting rights through financial instruments	Total % of voting rights
No data				

Indicate the most significant movements in the shareholding structure during the year:

Joaquín Mª Molins Gil holds 50.0006% of the share capital of Cartera de Inversiones CM, S.A., which in turn holds 24.19% of the capital of Cementos Molins, S.A.

On the other hand, although some shareholders individually hold indirectly more than 3% of the share capital of Cementos Molins, S.A., none of them holds such shares through an individually controlled company for the purposes of article 23.1 of Royal Decree 1362/2007, of October 19.

A.3. Complete the following tables on the members of the board of directors of the company, which hold voting rights over shares of the company:

Name or company name of the director	% voting rights attributed to the shares		% voting rights through financial instruments		Total % of voting rights	% voting rights that can be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. MIGUEL DEL CAMPO RODRIGUEZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. JUAN MOLINS AMAT	0.10	0.00	0.00	0.00	0.10	0.00	0.00
MR. FRANCISCO JAVIER FERNÁNDEZ BESCÓS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. JOAQUIN Mª MOLINS LOPEZ-RODO	0.05	0.00	0.00	0.00	0.05	0.00	0.00
MR. JUAN MOLINS MONTEYS	0.02	0.00	0.00	0.00	0.02	0.00	0.00
CARTERA DE INVERSIONES C.M., S.A.	24.19	0.00	0.00	0.00	24.19	0.00	0.00
NOUMEA, S.A.	31.71	0.00	0.00	0.00	31.71	0.00	0.00
OTINIX, S.L.	33.20	0.00	0.00	0.00	33.20	0.00	0.00
FORO FAMILIAR MOLINS, S.L.	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Total % of voting rights held by the board of directors	89.26

Detail of indirect participation:

Name or company name of the director	Name or company name of the direct owner	% voting rights attributed to the shares	% voting rights through financial instruments	Total % of voting rights	% voting rights that can be transmitted through financial instruments
No data					

A.4. Indicate, if applicable, the relationships of a family, commercial, contractual or corporate nature that exist among the holders of significant shares, insofar as they are known by the company, unless they are scarcely relevant or derive from the ordinary commercial line of business, except those reported in section A.6:

Name or company name related	Type of relationship	Short Description
No data		

A.5. Indicate, if applicable, the relationships of a commercial, contractual or corporate nature that exist between the holders of significant shares, and the company and/or its group, unless they are scarcely relevant or derive from the ordinary commercial line or business:

Name or company name related	Type of relationship	Short Description
No data		

A.6. Describe the relationships, unless they are scarcely relevant to the two parties, that exist between the significant shareholders or those represented on the board and the directors, or their representatives, in the case of legal entity administrators.

Explain, where appropriate, how the significant shareholders are represented. Specifically, those directors who have been appointed in representation of significant shareholders, those whose appointment would have been promoted by significant shareholders, or who are related to significant shareholders and/or entities of their group, with specification of the nature of such relationships, will be indicated. In particular, mention shall be made, where appropriate, of the existence, identity and position of board members, or representatives of directors, of the listed company, who are, in turn, members of the administrative body, or their representatives, in companies that hold significant participations of the listed company or in entities of the group of such significant shareholders:

Name or company name of the director or representative linked	Name or company name of the significant shareholder linked	Company name of the significant shareholder group	**Description relationship / charge**
NOUMEA, S.A.	NOUMEA, S.A.	NOUMEA, S.A.	The significant shareholders Noumea, S.A. is a director.
OTINIX, S.L.	OTINIX, S.L.	OTINIX, S.L.	The significant shareholder Otinix, S.L. is a director.
MR. JUAN MOLINS AMAT	NOUMEA, S.A.	NOUMEA, S.A.	The Chairperson, Mr. Juan Molins Amat, is a director in Noumea, S.A., a significant shareholder.
MR. JUAN MOLINS AMAT	CARTERA DE INVERSIONES C.M., S.A.	CARTERA DE INVERSIONES C.M., S.A.	Chairperson Juan Molins Amat is Vice Chairperson of Cartera de Inversiones C.M., S.A.

Name or company name of the director or representative linked	Name or company name of the significant shareholder linked	Company name of the significant shareholder group	**Description relationship / charge**
MS. ANA Mª MOLINS LÓPEZ-RODÓ	OTINIX, S.L.	OTINIX, S.L.	Ms. Ana Mª Molins López-Rodó, individual representative of Otinix, S.L. on the advice of Cementos Molins, S.A. and CEO of Otinix, S.L.
MR. PABLO MOLINS AMAT	NOUMEA, S.A.	NOUMEA, S.A.	Mr. Pablo Molins Amat, individual representative of Noumea, S.A. in the Board of Cements Molins, S.A., is a director of Noumea, S.A.
MR. JOAQUIN Mª MOLINS GIL	CARTERA DE INVERSIONES C.M., S.A.	CARTERA DE INVERSIONES C.M., S.A.	Mr. Joaquin Mª Molins Gil, individual representative of Cartera de Inversiones C.M., S.A. in the Board of Cementos Molins, S.A. and Chairman of the Board of Investment Portfolio C.M., S.A.
MR. JOAQUIN Mª MOLINS LOPEZ-RODO	OTINIX, S.L.	OTINIX, S.L.	Joaquín Mª Molins López-Rodó is a board member of Otinix, S.L.
CARTERA DE INVERSIONES C.M., S.A.	CARTERA DE INVERSIONES C.M., S.A.	CARTERA DE INVERSIONES C.M., S.A.	The significant shareholder Investment Portfolio C.M., S.A. is a director.

All proprietary directors, with the exception of Foro Familiar Molins, S.L., which has been appointed by the significant shareholders Noumea, S.A., have been appointed by concerted action of the significant shareholders Noumea, S.A., Cartera de Inversiones C.M., S.A. and Otinix, S.L.

A.7. Indicate whether any parasocial agreements have been notified to the company that affect it, as established in articles 530 and 531 of the Capital Companies Law. If so, describe them briefly and list the shareholders bound by the agreement:

[√] Yes
[ ] No

Participants of the parasocial pact	% of affected share capital	Brief description of the agreement	Expiration date of the agreement, if it has
CARTERA DE INVERSIONES C.M., S.A., NOUMEA, S.A., OTINIX, S.L.	81.81	**Syndication and Voting Pact.** The aforementioned percentage also includes the minority participation of a series of individual shareholders participating in the Pact, in accordance with what was communicated to	17.12.2020

Participants of the parasocial pact	% of affected share capital	Brief description of the agreement	Expiration date of the agreement, if it has
		the CNMV on January 7, 2016, registration number 233834.	

Indicate whether the company is aware of the existence of concerted actions among its shareholders. If so, describe them briefly:

[√] Yes
[ ] No

Participants concerted action	% of affected share capital	Brief description of the concert	Expiration date of the concert, if it has
CARTERA DE INVERSIONES C.M., S.A., NOUMEA, S.A., OTINIX, S.L.	81.81	Pact of Syndication of Vote and Actions. The aforementioned percentage also includes the minority participation of a series of individual shareholders intervening in the Pact, in accordance with what was communicated to the CNMV on January 14, 2016, registration number 2016002689.	17.12.2020

In the event that during the year there has been any modification or rupture of said covenants or agreements or concerted actions, indicate it expressly:

No.

A.8. Indicate whether there is any individual or legal entity that exercises or may exercise control over the company in accordance with article 5 of the Securities Market Law. If so, identify it:

[ ] Yes
[√] No

A.9. Complete the following tables on the treasury stock of the company:

At the close of the year:

Number of direct actions	Number of indirect actions (*)	Total % on share capital
	2,742,218	4.15

(*) Through:

Name or company name of the direct owner of the participation	Number of direct actions
CEMENTOS MOLINS INDUSTRIAL, S.A.U.	2,742,218
Total	2,742,218

Explain the significant variations during the year:

Explain the significant variations

During the year 2018, a total of 21,647 indirect shares were acquired, representing 0.03% of the total share capital.

A.10. Detail the conditions and term of the current mandate of the shareholders' meeting to the board of directors to issue, repurchase or transfer own shares:

The General Shareholders' Meeting of June 30, 2015 adopted, as a FOURTH item on its Agenda, the following agreement:

Authorising and empowering the Cementos Molins, S.A. Board of Directors, as well as those companies where CEMENTOS MOLINS, S.A. is the main parent company, to acquire, under the existing legal regulations, the shares of CEMENTOS MOLINS, S.A., within the existing limits and according to the following requirements:

a) that the nominal value of the shares acquired, in addition to those already held by CEMENTOS MOLINS, S.A. and its subsidiary companies, does not exceed 10 percent of the share capital at any time.

b) the aforementioned acquisition, including those shares previously acquired by the company and held in its portfolio, shall not lead to the net equity being less than the amount of the share capital plus the legally or statutory-wise unavailable reserve.

c) the shares acquired shall be fully paid up.

d) since they are acquisitions for a value, they should be effected at a minimum price of the shares’ nominal value and maximum of the stock market price at the time of acquisition, with express compliance with any other applicable legal requirements.

e) that this authorization is established for a period of five years starting from today, June 30, 2015, without prejudice to the assumptions contemplated within the Law as those relating to free acquisition.

A.11. Estimated floating capital:

	%
Estimated floating capital	6.59

A.12. Indicate whether there are any restrictions (statutory, legislative or otherwise) on the transfer of securities and/or any restriction on the right to vote. In particular, the existence of any type of restrictions that may make it difficult to take control of the company through the acquisition of its shares in the market will be communicated, as well as those authorization or prior notice systems that, over acquisitions or transfers of instruments of the company, are applicable by sectoral regulations.

[ ] Yes
[√] No

A.13. Indicate whether the general meeting has agreed to adopt neutralization measures against a public takeover bid pursuant to the provisions of Law 6/2007.

[ ] Yes
[√] No

If so, explain the approved measures and the terms in which the inefficiency of the restrictions will occur:

A.14. Indicate whether the company has issued securities that are not traded on a regulated market in the European Union.

[ ] Yes
[√] No

If so, indicate the different classes of shares and, for each class of shares, the rights and obligations confirmed:

B. GENERAL BOARD:

B.1. Indicate and, if applicable, detail, if there are differences with the minimum regime established in the Capital Companies Law (LSC) with respect to the quorum for the constitution of the general meeting:

[ ] Yes
[√] No

B.2. Indicate and, if applicable, detail if there are differences with the regime established in the Capital Companies Law (LSC) for the adoption of corporate resolutions:

[ ] Yes
[√] No

B.3. Indicate the rules applicable to the modification of the bylaws of the company. In particular, the majorities foreseen for the modification of the bylaws will be communicated, as well as, where appropriate, the rules established for the protection of the rights of the partners in the modification of the bylaws.

This is a matter reserved to the Board in accordance with article 160 (c) of the Capital Companies Law and article 3 of the Regulations of the General Meeting.

With respect to the quorum necessary in the Meeting for the modification of the Bylaws, pursuant to article 201 of the Capital Companies Act, article 16 of the Bylaws and article 9 of the Regulations of the General Meeting are required to attend first call half of the subscribed capital with the right to vote. At second call, the representation of the quarter of the subscribed capital with the right to vote will be sufficient. However, when attending shareholders representing less than 50 per cent of the subscribed capital with the right to vote, the company resolutions referred to in this article will only be validly adopted with the favourable vote of two thirds of the present or represented capital at the meeting.

B.4. Indicate the attendance data in the general meetings held in the year to which this report refers and those of the two previous fiscal years:

	Attendance data				
General meeting date	% of physical presence	% in representation	% distance vote Electronic voting	% distance vote Other	Total
29/06/2017	93.95	2.24	0.00	0.00	96.19
Of those floating Capital	0.51	2.24	0.00	0.00	2.75
28/06/2018	93.84	2.35	0.00	0.00	96.19
Of those floating Capital	0.43	2.35	0.00	0.00	2.78

B.5. Indicate whether at the general meetings held during the year there was any item on the agenda that, for any reason, has not been approved by the shareholders:

[ ] Yes
[√] No

B.6. Indicate if there are any statutory restrictions that establish a minimum number of shares required to attend the general meeting, or to vote remotely:

[ ] Yes
[√] No

B.7. Indicate whether it has been established that certain decisions, other than those established by law, involving an acquisition, transfer, contribution to another company of essential assets or other similar corporate operations, must be submitted for approval by the general meeting of shareholders:

[ ] Yes
[√] No

B.8. Indicate the address and mode of access to the company's website to the information on corporate governance and other information about the general meetings that must be made available to shareholders through the Company's website:

The address is www.cemolins.es. Once in the menu (home) display the section "Shareholders and Investors" submenu "Corporate Governance". On this page, the Annual Corporate Governance Report is displayed, in PDF format, at least for the last five fiscal years. The information on the General Meetings can be found in the initial menu (home), section "Shareholders and Investors", sub-menu "General Shareholders' Meeting".

C. STRUCTURE OF THE COMPANY'S ADMINISTRATION

C.1. Board of Directors

C.1.1 Maximum and minimum number of directors contemplated in the bylaws and the number fixed by the general meeting:

Maximum number of directors	15
Minimum number of directors	5
Number of directors appointed by the board	14

C.1.2 Complete the following chart with the board members:

Name or company name of the director	Representative	Director category	Position on the board	First appointment date	Last appointment date	Election procedure
MR. JUAN MOLINS AMAT		Proprietary	CHAIRPERSON	19/06/1967	26/06/2017	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
CARTERA DE INVERSIONES C.M., S.A.	MR. JOAQUIN Mª MOLINS GIL	Proprietary	VICE CHAIRPERSON 1st	26/06/1996	28/06/2018	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
OTINIX, S.L.	MS. ANA Mª MOLINS LÓPEZ-RODÓ	Proprietary	VICE CHAIRPERSON 2nd	04/09/2015	28/06/2018	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
MR. JULIO RODRÍGUEZ IZQUIERDO		Executive	MANAGING DIRECTOR	30/06/2015	30/06/2015	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA		Independent	DIRECTOR	31/05/2012	29/06/2017	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
MS. ANDREA KATHRIN CHRISTENSON		Independent	DIRECTOR	30/06/2015	30/06/2015	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
MS. SOCORRO		Independent	DIRECTOR	01/12/2017	28/06/2018	AGREEMEN T BOARD

Name or company name of the director	Representative	Director category	Position on the board	First appointment date	Last appointment date	Election procedure
FERNANDEZ LARREA						GENERAL SHAREHOLDERS
MR. JOAQUIN Mª MOLINS LOPEZ-RODO		Proprietary	DIRECTOR	29/07/2009	28/06/2018	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
NOUMEA, S.A.	MR. PABLO MOLINS AMAT	Proprietary	DIRECTOR	26/06/1996	29/06/2017	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
FORO FAMILIAR MOLINS, S.L.	MS. ROSER RÀFOLS VIVES	Proprietary	DIRECTOR	28/06/2007	29/06/2017	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
MR. MIGUEL DEL CAMPO RODRIGUEZ		Other External	DIRECTOR	21/05/2002	28/06/2018	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
MR. FRANCISCO JAVIER FERNÁNDEZ BESCÓS		Proprietary	DIRECTOR	31/05/2012	29/06/2017	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
MR. JUAN MOLINS MONTEYS		Proprietary	DIRECTOR	29/06/2017	29/06/2017	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
MR. RAFAEL VILLASECA MARCO		Independent	DIRECTOR	28/06/2018	28/06/2018	GENERAL AGREEMENT MEETING OF SHAREHOLDERS

Total number of directors	14

Indicate the losses that, whether due to resignation, dismissal or for any other reason, have occurred in the board of directors during the period subject to information:

Name or company name of the director	Category of the board at the time of dismissal	Date of last appointment	Discharge date	Specialised commissions of which the person was a member	Indicate if the reduction occurred before the end of the mandate
No data					

C.1.3 Complete the following tables on the members of the board and their different category:

EXECUTIVE DIRECTORS		
Name or company name of the director	Position in the organization chart of the company	Profile
MR. JULIO RODRÍGUEZ IZQUIERDO	Managing Director	Industrial Technical Engineer from UPC, PDG from IESE and Diploma in Marketing Management from EADA. His professional career was previously linked to Schneider Electric since joining the company in 1984, where he held different senior management responsibilities. See also section C.1.10.

Total number of executive directors	1
% on the total of the director	7.14

EXTERNAL PROPRIETARY DIRECTORS		
Name or company name of the director	Name or denomination of the significant shareholder to whom he represents or who has proposed his appointment	Profile
MR. FRANCISCO JAVIER FERNÁNDEZ BESCÓS	CARTERA DE INVERSIONES C.M., S.A.	Civil Engineer graduated from the Higher Technical School of Civil Engineers of Madrid, class of 1966. In 1977, he carried out a Management Development Programme at IESE Business School in Barcelona (PDG-1-77). From 1996 to 2016 he served as General Director of Mines at Grupo Ferroatlántica S.A.
MR. JOAQUIN Mª MOLINS LOPEZ-RODO	OTINIX, S.L.	He has a Law Degree from the University of Barcelona, where he obtained his doctorate in 1981. Besides being a professor of Political Science at the Autonomous University of Barcelona, throughout his experience as a professor and researcher he has also worked at the universities of Barcelona, Bologna, the European Institute of Florence, the University of Michigan, Yale, Beijing and Guadalajara (Mexico). Author of numerous academic works including, in relation to cement, the article "The Cement Industry"

EXTERNAL PROPRIETARY DIRECTORS		
Name or company name of the director	Name or denomination of the significant shareholder to whom he represents or who has proposed his appointment	Profile
		in J. Greenwood (ed.) 1995 European Business Alliances. Prentice Hall. He is a director of the companies Otinix, S.L. and Inmobiliaria Inclar, S.A.
CARTERA DE INVERSIONES C.M., S.A.	CARTERA DE INVERSIONES C.M., S.A.	He is a significant shareholder of the Company. The personal representative, Joaquín Mª Molins Gil is an Economics and Business Administration graduate from Wagner College (USA), General Management Programme (P.D.G.) and Senior Management Programme (P.A.D.E.) from IESE Business School. P.D.G. and P.A.D.E. by IESE. He is currently Chairperson of the Board of Directors of Cartera de Inversiones C.M., S.A. and of Compañía General de Inversiones, S.A. SICAV.
NOUMEA, S.A.	NOUMEA, S.A.	He is a significant shareholder of the Company. The personal representative, Pablo Molins Amat, is a Law graduate from the Central University of Barcelona and holds a Master's Degree in Criminal Law. Partner and director of Molins & Silva Defensa Penal, S.L.P.
OTINIX, S.L.	OTINIX, S.L.	He is a significant shareholder of the Company. The personal representative is Ana Mª Molins López-Rodó, is a Law graduate from the University of Barcelona and specialises in civil and business law. She is a legal counsel and serves as a secretary of the Board of Directors of several companies, especially in family businesses, and is also a director of the companies Otinix, S.L. and Inmobiliaria Inclar, S.L.
FORO FAMILIAR MOLINS, S.L.	NOUMEA, S.A.	The representative, Roser Ràfols Vives graduated in Law and holds a Master's Degree in Financial Law from the University of Barcelona. Her professional activity has been developed in different lawyers' firms. Member of the Bar Associations of Barcelona and Madrid as well as of the International Bar Association. Specialised in commercial and corporate law, financial, mergers and acquisitions. She is a professor of International Law at the Autonomous University of Barcelona.
MR. JUAN MOLINS MONTEYS	NOUMEA, S.A.	He holds a degree in Economics and Business Administration from the University of Barcelona, and a PDD from IESE. He currently works as an Operating Partner in Black Toro Capital, sole shareholder of ADL BioPharma, of which he has been a director since September 2014.
MR. JUAN MOLINS AMAT	NOUMEA, S.A.	Civil Engineer graduated from the Escuela de Caminos de Madrid in 1966 and was awarded the Senior Management Programme (P.A.D.E.) from IESE in 1972. He has held the position of manager of Cementos Molins, S.A. between 1971 and 1990, as Managing Director until 2005 and as Managing Director from 2005 to 2015. He is Vice Chairperson of Cartera de Inversiones C.M, S.A. and Counsellor of Noumea, S.A. See also section C.1.10.

Total number of proprietary directors	8
% on the total of the director	57.14

EXTERNAL INDEPENDANT DIRECTORS	
Name or company name of the director	Profil e
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA	Bachelor in Economics and Master's Degree from IESE. Extensive knowledge of the financial sector. Proposed by the Remuneration and Appointments Committee.
MS. ANDREA KATHRIN CHRISTENSON	Graduated in Economics and Social Sciences from the University of Economics of Vienna, MBA from IESE, University of Navarra, AMP (Advanced Management Program) from IESE, University of Navarra, Diploma in Mediation from the IMS (Institute of Mediation) in Munich. Proposed by the Remuneration and Appointments Committee.
MS. SOCORRO FERNANDEZ LARREA	Engineer of Roads, Canals and Ports by the Polytechnic University of Madrid, promotion of 1990. She is PADE by IESE, promotion 2011. Proposed by the Remuneration and Appointments Committee.
MR. RAFAEL VILLASECA MARCO	Industrial engineer from the Polytechnic University of Catalonia and MBA from IESE from the University of Navarra. He is Chairperson of the Naturgy Foundation, Member of the Consultative Board for the Promotion of Work and Member of the Spanish Chapter of the Club of Rome. He is a Board Member of VidaCaixa, S.A. Insurance and Reinsurance, listed company. Proposed by the Remuneration and Appointments Committee.

Total number of independent directors	4
% on the total of the director	28.57

Indicate whether any director rated as independent receives from the company, or from its same group, any amount or benefit for a concept other than the remuneration of a director, or maintains or has maintained, during the last financial year, a business relationship with the company or with any company in its group, either in its own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained such relationship.

If applicable, a reasoned statement by the board on the reasons why it considers that said director can perform his duties as an independent director will be included.

Name or company name of the director	Description of the relationship	Motivated statement
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA	No.	N/A.
MS. ANDREA KATHRIN CHRISTENSON	No.	N/A.
MS. SOCORRO FERNANDEZ LARREA	No.	N/A.

Name or company name of the director	Description of the relationship	Motivated statement
MR. RAFAEL VILLASECA MARCO	No.	N/A.

OTHER EXTERNAL DIRECTORS			
The other external directors will be identified and the reasons why they cannot be considered proprietary or independent and their links, either with the company, its directors, or its shareholders, will be detailed:			
Name or company name of the director	Reasons	Company, director or shareholder with whom it maintains the link	Profile
MR. MIGUEL DEL CAMPO RODRIGUEZ	Miguel del Campo Rodríguez has gone from independent director to other external directors for more than 12 years as a director of the entity.	MR. MIGUEL DEL CAMPO RODRIGUEZ	He is an economist. He started his professional life with Esso Standard Oil and in 1970 he changed to the cement sector, where he has developed all his professional career, mainly linked to the company Asland (now renamed Lafarge).

Total number of other external directors	1
% on the total of the director	7.14

Indicate the variations that, if applicable, have occurred during the period in the category of each director:

Name or company name of the director	Date of change	Previous category	Current category
No data			

C.1.4 Complete the following table with the information regarding the number of female directors at the close of the last 4 years, as well as the category of such directors:

	Number of female counsellors				% of the total number of directors in each category			
	Year 2018	Year 2017	Year 2016	Year 2015	Year 2018	Year 2017	Year 2016	Year 2015
Executive					0.00	0.00	0.00	0.00
Proprietary	2	2	2	2	25.00	25.00	20.00	20.00
Independent	2	2	1	1	50.00	66.66	33.33	33.33
Other externals					0.00	0.00	0.00	0.00
Total	4	4	3	3	28.57	30.77	21.43	21.43

C.1.5 Indicate whether the company has diversity policies in relation to the board of directors of the company with regard to issues such as age, gender, disability, or professional training and experience. Small and medium-sized entities, in accordance with the definition contained in the Accounts Audit Act, will have to inform, as a minimum, the policy they have established in relation to gender diversity.

[ ] Yes
[ ] No
[√] Partial policies

If so, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results in the exercise. The specific measures adopted by the board of directors and the appointments and remuneration committee should also be indicated in order to achieve a balanced and diverse presence of directors.

In case the company does not apply a diversity policy, explain the reasons why it does not.

Description of the policies, objectives, measures and manner in which they have been applied, as well as the results obtained

Currently Cementos Molins, S.A. does not have a diversitys' policy. However, the Board's desire in recent years has been to improve the presence of female directors in the Board. Therefore, the Regulations of the Board of Directors establish that, in order to cover vacancies, the diversity of gender, experiences and knowledge is favoured.

In addition, the Policy for the Selection and Appointment of Directors, approved on April 28, 2016, aims, among others, to promote the balanced presence of women and men in the Board, avoiding any type of implicit bias that may imply any discrimination. Likewise, it will be ensured that in 2020 the number of female directors represents at least thirty percent of the total number of members of the Board of Directors. In application of the Regulations of the Board and the Policy for the Selection and Appointment of Directors, in recent years the selection of female directors has been promoted, reaching a percentage of 28.57% of female directors, which is expected to increase in the coming years.

C.1.6 Explain the measures that, in your case, the appointments committee would have agreed so that the selection procedures do not suffer from implicit biases that hinder the selection of female directors, and that the company deliberately seeks and includes among the potential candidates, women who meet the Professional profile sought and that allows to achieve a balanced presence of women and men:

Explanation of the measures

In the selection processes to cover the vacancies produced in the Board of Directors, candidates have been deliberately sought out who, gathering the professional profile previously defined by the Remuneration and Appointments Committee and in accordance with the Selection Policy for Directors, were women.

If, in spite of the measures that have been adopted, there are few or no female directors, explain the reasons that justify it:

Explanation of the reasons

Currently the number of female directors is four, representing 28.57% of the total number of members of the Board of Directors.

C.1.7 Explain the conclusions of the appointments committee regarding verification of compliance with the director selection policy. And in particular, on how this policy is promoting the goal that in 2020 the number of female directors represents at least 30% of the total number of members of the board of directors.

The Remuneration and Appointments Committee, during the year 2018, and in the exercise of its report or proposal functions in relation to the appointment of directors, has verified compliance with the Director Selection Policy, having concluded that they are fulfilling the objectives established in the Good Government Recommendations. Gender diversity has been promoted in the selection, with 28.57% of the Board of Directors representing the number of female directors.

C.1.8 Explain, if applicable, the reasons why nominee directors have been appointed at the request of shareholders whose shareholding is less than 3% of the capital:

Name or company name of the shareholder	Justification
No data	

Indicate whether formal requests for presence on the board have been answered from shareholders whose shareholding is equal to or greater than that of others at whose request proprietary directors have been appointed. In your case, explain the reasons why you have not attended:

[ ] Yes
[√] No

C.1.9 Indicate, in the event that they exist, the powers and powers delegated by the board of directors or board committees:

Name or company name of the director or commission	Short Description
JULIO RODRÍGUEZ IZQUIERDO	The Chief Executive Officer may, by himself, exercise all the faculties of the Board of Directors, with the exception of those that cannot be delegated by law, in accordance with the approval of the Board of Directors meeting held on June 30, 2015.

C.1.10 Identify, where appropriate, the members of the board who assume positions of administrators, representatives of administrators or executives in other companies that are part of the group of the listed company:

Name or company name of the director	Corporate name of the group entity	Position	Do you have executive functions?
MR. JUAN MOLINS AMAT	Cemolins Internacional, S.L.U.	Chairperson	NO
MR. JUAN MOLINS AMAT	Corporación Moctezuma S.A. de C.V.	Chairperson	NO
MR. JULIO RODRÍGUEZ IZQUIERDO	Sotacib Kairouan, S.A.	Chairperson	NO
MR. JULIO RODRÍGUEZ IZQUIERDO	Cementos Avellaneda, S.A.	Chairperson	NO

Name or company name of the director	Corporate name of the group entity	Position	Do you have executive functions?
MR. JULIO RODRÍGUEZ IZQUIERDO	Minus Inversora, S.A.	Chairperson	NO
MR. JULIO RODRÍGUEZ IZQUIERDO	Société Tuniso-Andalouse de Ciment Blanc, S.A.	Chairperson	NO
MR. JULIO RODRÍGUEZ IZQUIERDO	Cementos Artigas, S.A.	First Vice Chairperson	NO
MR. JULIO RODRÍGUEZ IZQUIERDO	Insumos y Agregados de Colombia SAS	Director	NO
MR. JULIO RODRÍGUEZ IZQUIERDO	Empresa Colombiana de Cementos SAS	Director	NO
MR. JULIO RODRÍGUEZ IZQUIERDO	LafargeHolcim Bangladesh Limited	Director	NO
MR. JULIO RODRÍGUEZ IZQUIERDO	Cemolins Internacional, S.L.U.	Director	NO
MR. JULIO RODRÍGUEZ IZQUIERDO	Corporación Moctezuma S.A. de C.V.	Director	NO

C.1.11 Detail, where appropriate, the directors or representatives of legal persons of their company, who are members of the board of directors or representatives of legal persons of other companies listed on official securities markets other than their group, which have been notified to the society:

Name or company name of the director	Corporate name of the listed entity	Position
CARTERA DE INVERSIONES C.M., S.A.	Compañía General de Inversiones SA SICAV	CHAIRPERSON
MS. SOCORRO FERNANDEZ LARREA	Red Eléctrica Corporación, S.A.	DIRECTOR
CARTERA DE INVERSIONES C.M., S.A.	Gesiuris Asset Management SGIIC, S.A.	DIRECTOR
MR. RAFAEL VILLASECA MARCO	VidaCaixa, S.A. Insurance and Reinsurance	DIRECTOR
MS. SOCORRO FERNANDEZ LARREA	Témpore Properties Socimi, S.A.	DIRECTOR
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	Miquel y Costas & Miquel, S.A.	DIRECTOR

C.1.12 Indicate and, if applicable, explain if the company has established rules on the maximum number of board of directors of which its directors may be a part, identifying, where appropriate, where it is regulated:

[√] Yes
[ ] No

Explanation of the rules and identification of the document where it is regulated

Article 16.8 of the Regulations of the Board of Directors establishes that the Remuneration and Appointments Committee will ensure that non-executive Directors have sufficient time available for the proper performance of their duties. In this sense, Directors cannot, unless with the express authorisation of the Board, after a report from the Remuneration and Appointments Commission, form part of more than 8 boards of directors. The foregoing does not apply to (i) Boards of Group Companies; (ii) Boards of family companies of Directors or their families, or (iii) Boards of which they form part because of professional relations.

C.1.13 Indicate the amounts of the concepts related to the overall remuneration of the following board of directors:

Remuneration accrued in the year in favour of the board of directors (thousands of euros)	2,319
Amount of the accumulated rights for the current directors in matters of pensions (thousands of euros)	2,536
Amount of rights accrued by the old directors in matters of pensions (thousands of euros)	

C.1.14 Identify the members of senior management who are not in turn executive directors, and indicate the total remuneration accrued in their favour during the year:

Name or company name	Charge
MR. CARLOS MARTÍNEZ FERRER	Corporate General Director
MR. SALVADOR FERNÁNDEZ CAPO	Corporate General Director of Operations Spain and Mexico
MR. MARCOS CELA REY	Business Director Bangladesh, Tunisia and Colombia
MS. EVA GONZÁLEZ ANDREU	Corporate HR Director
MR. ÁNGEL CERCÓS CASALÉ	Strategy and Sustainability Director
MR. RAÚL MANUEL GONZÁLEZ RODRÍGUEZ	Corporate Legal Department Director
MR. JAIME PRIETO VIZOSO	Business Director Argentina, Uruguay and Bolivia
MR. JUAN MOZO GÓMEZ	Corporate Internal Audit Director
MR. IGNACIO MANUEL MACHIMBARRENA GUTIÉRREZ	Corporate Industrial Technical Director
MR. XAVIER ESCUDÉ TORRENTE	Corporate Management Control Director

Total remuneration at senior management (in thousands of euros)	3,065

C.1.15 Indicate whether there has been any change in the board's regulations during the year:

[√] Yes
[ ] No

Description of the modifications

Articles 9.4 (referring to the majority required to assess the urgency of a board meeting without the minimum anticipated notice), 9.5 and 10.3 (regarding the possibility of holding meetings of the Board of Directors and its Committees using means of remote communication) and article 20 (regarding the remuneration of directors in their capacity as such) have been modified.

C.1.16 Indicate the selection, appointment, re-election and removal procedures of the directors. Detail the competent bodies, the procedures to be followed and the criteria to be used in each of the procedures.

The General Meeting or, as the case may be, the Board of Directors shall be competent to appoint the members of the Board in accordance with the provisions of the Capital Companies Act ("LSC") and the Bylaws.

In order to be a Director, it is not necessary to be a shareholder. To cover vacancies produced during the term of appointment of directors, the Board may designate the persons who will occupy them until the first General Meeting.

The board is now composed of fourteen directors. They will be appointed by the General Meeting for a maximum term of four years, and may be indefinitely re-elected for periods of equal duration, except for independent directors who will not remain in the position, in such concept, for a continuous period of more than twelve years.

The proposals for appointments or re-election of directors that are submitted by the Board to the General Meeting, as well as appointments by co-option, will be approved by the Board of Directors:

(i) when proposed by the Remuneration and Appointments Commission with regard independent directors, or
(ii) on the proposal of the Board and following a report from the Remuneration and Appointments Committee, in the case of the other directors.

The proposal must be accompanied by a justificative report from the Board assessing the competence, experience and merits of the proposed candidate.

At the meeting of the Board of Directors on April 28, 2016, the Company's director selection policy was approved, the main content of which is as follows:

(i) Objectives of the candidate selection:
- People whose appointment will favour the diversity of knowledge, experiences and gender within the Board will be sought.
- It will be ensured that in 2020 the number of female directors represents at least 30% of the total number of Board members.

(ii) Selection process:
- The Board of Directors, with the prior report of the Remuneration and Appointments Committee, will carry out a prior analysis of the Company's needs.
- The Board will be sought to have a balanced composition, with a large majority of non-executive directors and an adequate proportion of proprietary and independent directors.
- The Molins family holds an ample majority of the share capital of the Company. Given that the appointment of directors normally takes place by application of the proportionality system established in the LSC, practically all the directors are proprietary or independent. Furthermore, the percentage of proprietary directors against the total non-executive directors is not greater that the proportion of the Company’s capital held by said directors against the remaining capital.
- Any director might suggest candidates for director provided that they meet the requirements set tin the different regulations of the Company’s Corporate Governance.
- The Company may count on the collaboration of external advisors in the validation of the candidates.
- In the selection process, any type of implicit bias that may imply discrimination will be avoided and, in particular, that will make the selection of female directors difficult.

(iii) Conditions to be met by the candidates:
- They shall be persons of good repute, suitable and of recognised solvency, training, competence, experience, qualifications, availability and commitment to their position.
- They shall be professionals whose conduct and professional trajectory is aligned with respect to the Laws and good commercial practices.

- The Remuneration and Appointments Committee will ensure that non-executive Directors have sufficient time available for the proper performance of their duties. In this sense, Directors cannot, unless with the express authorisation of the Board, after a report from the Remuneration and Appointments Commission, form part of more than 8 boards of directors. The foregoing does not apply to:
- Boards of Group Companies,
- Boards of family companies of Directors or their families and
- Boards of which they form part because of professional relations.

(iv) Impediments to be candidate for director.
- The persons that are under legal grounds for incompatibility with performing the functions of their position.
- The persons who do not meet the requirements set forth in the Corporate Governance System to be a director.
- The directors or senior management members of national or foreign companies of the cement industry that may be considered competition by the Company.
- The natural or legal persons appointed as director in more companies than the number permitted in the provisions of the Board of Directors Regulations.
- Those who are involved in a situation of conflict of interest with the Company.
- The persons incurring in circumstances where their participation in the Board of Directors could harm the credibility and reputation of the Company.

The General Meeting may agree, at all times, to remove the Directors, when deemed fit for the interests of the company. Directors shall cease their role following the period for which they were appointed and, in all other events set forth in Law, the Articles and the Board of Directors Regulation.

In accordance with the provisions of article 11 of the Regulations of the Board of Directors, the Board in full will evaluate once a year, among others, the efficiency of the functioning of the Board and its committees, the diversity in its composition, the performance of each adviser.

Based on the result of such evaluation, the Board must propose an action plan that corrects the detected deficiencies. The result of the evaluation shall me recorded in the Minutes of the Meeting and attached thereto as an appendix.

C.1.17 Explain to what extent the annual evaluation of the board has led to important changes in its internal organization and on the procedures applicable to its activities:

Description of the modifications

No significant changes have been made in the internal organization and procedures applicable to the Board as a result of the annual self-evaluation.

Describe the evaluation process and the areas evaluated by the board of directors assisted, where applicable, by an external consultant, regarding the operation and composition of the board and its committees and any other area or aspect that has been subject to evaluation.

Description of the evaluation process and areas evaluated

Annually, normally in the month of November, the Commission entrusts an external consultant with the preparation of a questionnaire that will be used, after being filled in by the directors, for the issuance by the consultant of a report that the Board itself subsequently analyses in full respect of its operation.

The aforementioned questionnaire, with a total of 35 questions, is divided into three different sections:

A.- Evaluation of the quality and efficiency of the functioning of the Board of Directors, in terms of the composition of the Board, the dynamics of the Board, creation of value and strategy, transparency and relationship with shareholders, Corporate Governance and Corporate Social Responsibility (CSR).

B.- Evaluation of the functioning of the Delegated Committees of the Board of Directors, evaluation of the Audit and Compliance Committee and evaluation of the Appointments and Remuneration Committee.

C.- Self-evaluation of the Board of Directors, with the purpose of collecting opinions and suggestions on the self-assessment process itself.

The External Consultant, Mr. Miguel Trías Sagnier, collects the opinions of the directors in the questionnaires and, where appropriate, after the individual interviews with the directors who wanted to maintain the interview, issues a summary report of the conclusions of the evaluation, which it is presented in the Appointments and Remuneration Committee itself and, where appropriate, in the Board itself, to which the final part of the self-assessment process is submitted.

The Board of Directors adopted the decision not to conduct individual evaluations of the directors.

At the Board meeting held on February 26, 2018, the self-assessment report was presented, which was intended to examine the evaluation (i) of the Board of Directors itself, (ii) the Board of Directors' Committees, (iii) the Chairman of the Board of Administration, (iv) of the Chief Executive Officer and from the answers to each one of the questions raised in the questionnaires circulated to each one of the Respondents, as well as from the personalised interviews carried out with each one of them.

With all this, the Board, at its meeting of February 26, 2018, in view of the Reports of the Appointments and Remuneration Committee, the Audit and Compliance Committee and the report issued by the external consultant, unanimously agreed to By completing the evaluation of the quality and efficiency of the operation of the Board of Directors, the Audit and Compliance Committee and the Appointments and Remuneration Committee, and the evaluation of the performance of their duties by the Chairman and the Chief Executive Officer.

Finally, in the minutes of the Appointments and Remuneration Committee dated November 28, 2018, an external consultant was entrusted with the analysis of the questionnaire to be submitted to the directors for the 2018 financial year, including conducting personal interviews with each of the advisors who indicate their desire to be interviewed, and the study of the results obtained and the presentation, to the Board of Directors itself, of its conclusions. The questionnaire was delivered at the meeting of the Board of Directors on December 20, 2018.

C.1.18 Break down, in those exercises in which the evaluation has been assisted by an external consultant, the business relationships that the consultant or any company of its group maintains with the company or any company of its group.

The external consultant used for the evaluation of the Board of Directors is Miguel Trías Sagnier, partner of Cuatrecasas Gonçalves Pereira.

In the year 2018, this office has had with Cementos Molins, S.A. and the companies of the Group the following relationship:

- Tax advice to Cementos Molins, S.A. in relation to society in China.
- Tax advice to Cemolins Internacional, S.L.U. regarding society in Holland.
- Training course in Occupational Risk Prevention for Cementos Molins Industrial, S.A.U.
- Recovery fees tax on retail sales of certain hydrocarbons for Promotora Mediterránea-2, S.A.
- Legal advice regarding the transfer of the registered office of Group companies.

C.1.19 Indicate the cases in which directors are obliged to resign.

1. According to article 15 of the Regulations of the Board of Directors, proprietary directors shall resign when the shareholder they represent sells its shareholding in full. This shall also be done in the corresponding number, when said shareholder reduces its shareholding to such a level that requires the reduction of the number of proprietary shareholders.

2. The Board of Directors shall not propose the removal of any independent director before the completion of the statutory period for which they have been appointed, except in the event of just cause, acknowledged by the Board of Directors following the report of the Remuneration and Appointments Commission. In particular, it shall be understood that there is just cause when the director moves into new positions or contracts new obligations that prevent him from devoting the time necessary to perform the duties of the position of director, breach the duties inherent to his position or incur in some of the circumstances that cause him to lose his status as independent, in accordance with the provisions of the applicable legislation.

3. The removal of independent directors resulting from Public Acquisitions, Fusions or other similar company operations that suppose a change in the structure of the Company's share capital may also be proposed, when such changes in the structure of the Board of Directors are caused by the proportionality criteria established in the Company.

4. The directors are required to notify and, if appropriate, resign in the event that the credit and reputation of the Company may be prejudiced. In particular, the Directors are required to notify the Board of Directors of any criminal charges brought against them, in addition to the status of any subsequent court or legal proceedings. If a director is prosecuted or is ordered to open a trial for any of the crimes outlined in the corporate law, the Board will examine the case as soon as possible and, in view of its specific circumstances, decide whether to proceed or not that the counsellor continues in his position. Should the foregoing occur, the Board of Directors shall provide a reasonable record of this in the Annual Corporate Governance Report.

C.1.20 Are reinforced majorities, other than legal ones, required in some type of decision?

[ ] Yes
[√] No

If so, describe the differences.

C.1.21 Explain if there are specific requirements, different from those relating to directors, to be appointed chairman of the board of directors:

[ ] Yes
[√] No

C.1.22 Indicate whether the bylaws or the regulations of the board establish any limit on the age of the directors:

[ ] Yes
[√] No

C.1.23 Indicate whether the bylaws or the board's regulations establish a limited mandate or other requirements more stringent than those legally provided for independent directors, other than that established in the regulations:

[ ] Yes
[√] No

C.1.24 Indicate whether the bylaws or the regulations of the board of directors establish specific rules for the delegation of the vote in the board of directors in favour of other directors, the manner of doing so and, in particular, the maximum number of delegations that a director can have, as well as if any limitation has been established regarding the categories in which it is possible to delegate, beyond the limitations imposed by the legislation. If so, detail these rules briefly.

Article 10.2 of the Regulations of the Board states that any Director may confer his representation to another Director without limiting the number of representations that each Director may hold to attend the Board. Non-executive directors can only delegate their representation to another non-executive director. The proxy shall be assigned with instructions.

Article 28 of the Bylaws specifies that this representation shall be conferred in writing to the Chairperson.

C.1.25 Indicate the number of meetings that the board of directors has held during the year. Also, indicate, in your case, the times that the board has met without the assistance of its Chairperson. In the computation, representations made with specific instructions will be considered as assistances.

Number of board meetings	17
Number of board meetings without the Chairperson's assistance	0

Indicate the number of meetings held by the coordinating director with the rest of the directors, without the assistance or representation of any executive director:

Number of meetings	0

Indicate the number of meetings held during the year by the different board committees:

Number of meetings of the Audit and Compliance Committee	8
Number of meetings of the Appointments and Remuneration Committee	11

C.1.26 Indicate the number of meetings that the board of directors has held during the year and the attendance data of its members:

Number of meetings attended by at least 80% of the directors	16

% attendance in person on total votes during the year	92.98
Number of meetings with face-to-face attendance, or representations made with specific instructions, of all the directors	13
% of votes cast with face-to-face attendance and representations made with specific instructions, on total votes during the year	98.25

C.1.27 Indicate whether the individual and consolidated annual accounts that are presented to the board for its formulation are previously certified:

[√] Yes
[ ] No

Identify, where appropriate, the person(s) who has/have certified the individual and consolidated annual accounts of the company, for its formulation by the board:

Name	Position
MR. CARLOS MARTÍNEZ FERRER	Corporate General Director
MR. ANTONIO MARTÍN DEL RÍO	General Director of Cemolins Servicios Compartidos, S.L.U.

C.1.28 Explain, if any, the mechanisms established by the board of directors to prevent the individual and consolidated accounts formulated by them from being presented at the general meeting with qualifications in the audit report.

The Audit and Compliance Committee provides support to the Board of Directors in its monitoring tasks, by regularly reviewing the process for preparing the economic-financial information, the internal controls of the Company and independence the Company's External Auditor. This is established in article 27.4 of the Regulations of the Board of Directors.

In the performance of its duties, the Audit and Compliance Committee is ensuring that the Board of Directors presents the accounts at the Annual General Meeting without any qualifications or limitations in the audit report. In the exceptional event of their existing qualifications, both the Chairperson of the Audit and Compliance Committee and the auditors must clearly explain to the shareholders the content and scope of said qualifications or limitations.

C.1.29 Does the secretary of the board have the status of a director?

[ ] Yes
[√] No

If the secretary does not have the condition of a director, complete the following table:

Name or company name of the secretary	Representative
MR. JORDI MOLINS AMAT	

C.1.30 Indicate the specific mechanisms established by the company to preserve the independence of the external auditors, as well as, if any, the mechanisms to preserve the independence of the financial analysts, the investment banks and the rating agencies, including how the they have implemented the legal provisions in practice.

According to article 27.8.1 of the Regulations of the Board of Directors, the Audit and Compliance Committee has, among other competences, the responsibility of ensuring the independence of the external auditor and, to that end:

(i) Establish the opportune relations with the external auditor to receive information on those issues that may pose a threat to their independence, for their consideration by the Audit and Compliance Committee, and any others related to the process of developing the audit of accounts, and, where appropriate, the authorization of services other than those that are prohibited, in the terms contemplated in the applicable regulations in relation to the independence regime, as well as those other communications provided for in the auditing of accounts legislation and in the technical auditing standards. In any case, a statement of the independence of external account auditors regarding the entity or entities connected to the company, directly or indirectly, must be received annually, together with detailed and individual information on additional services of any kind provided and the related fees received from these entities by the external account auditors, or by the persons or entities connected to them in accordance with the provisions set forth in the governing regulations of the account auditing activity.
(ii) Issuing annually, prior to the release of the accounts audit report, a report expressing an opinion on whether the independence of the account auditors or the auditing companies has been compromised. This report must contain, in any case, the reasoned assessment of the provision of each and every one of the additional services referred to in the previous point, individually considered and as a whole, other than the legal audit and in relation to the regime of independence or with the regulations governing the activity of auditing accounts.
(iii) Ensure the payment of the external auditor does not compromise its quality or their independence.
(iv) Supervising that the Company notifies the CNMV as a relevant fact any change of auditor and accompany it with a declaration on the possible existence of disagreements with the exiting auditor, should these exist, regarding its content.
(v) Ensure that the Company and the auditor respect current regulations on the provision of services other than auditing, the limits on the concentration of the auditor's business and, in general, the other rules established to ensure the independence of the auditors.
(vi) In case of resignation of the external auditor, examine the circumstances that may have motivated it.
(vii) Encourage the group auditor to assume responsibility for the audits of the companies that integrate it.
(viii) Ensure that the external auditor has an annual meeting with the Board of Directors in plenary session to inform them of the work carried out and on the development of the Company's accounts and risks.

Likewise, the Board of Directors of Cementos Molins, S.A. during fiscal year 2017, the relationship and hiring policy was approved with the account auditor. The purpose of this Policy is to define the guidelines followed by the Cementos Molins Group at the time of contracting the auditors of accounts, both individual and consolidated, guaranteeing compliance with the current account auditing law. Additionally, the policy defines the independence, transparency and relationship guidelines between both parties.

In compliance with Additional Provision Eighteen section 4.6) of the Law 24/1988 of 28 July on the Stock Market, the Audit and Compliance Committee of Cementos Molins, S.A. on February 27, 2018, issues this report, prior to the release by Deloitte, S.L. of its audit report of the consolidated annual accounts of Cementos Molins, S.A. for the year ended on 31 December 2017, stating the following:
- The proper relationships with the account auditors have been established to receive information on such matters that may compromise their independence, for consideration by the Audit and Compliance Committee, and any other related to the process of carrying out the account audit, and any other communications contemplated in the law regarding account audits and in the technical audit regulations.
- The Audit and Compliance Committee has received from the accounts auditors, Deloitte, S.L., the written confirmation of their independence from the entity or entities related to it, directly or indirectly, as well as the information on the additional services of any kind provided to these entities by Deloitte, S.L., or by persons or entities connected to it pursuant to Law 12/2010 of 30 June modifying Law 19/1988 of 12 July on Account Auditing.
Of the information obtained through the communication channels previously mentioned, we have not identified any aspect that could place under question compliance with the applicable Spanish regulations on account auditing in regards to the independence of the auditor and, in particular, we confirm that we have not identified any aspects of this nature related to the provision of additional services of any kind.

C.1.31 Indicate whether during the year the Company has changed its external auditor. If so, identify the incoming and outgoing auditor:

[ ] Yes
[√] No

In the event that there were disagreements with the outgoing auditor, explain the content thereof:

Yes
[ ] No
[√]

C.1.32 Indicate whether the audit firm performs other work for the company and/or its group other than the audit and in that case declare the amount of the fees received for such work and the percentage that it represents on the fees billed to the company and/or your group:

[√] Yes
[ ] No

	Company	Group Companies	Total
Amount of work other than audit (thousands of euros)	36	68	104
Import jobs other than audit / Amount audit jobs (in%)	41.38	23.45	27.60

C.1.33 Indicate whether the audit report on the annual accounts for the previous year contains reservations or qualifications. If so, indicate the reasons given to the shareholders at the General Meeting by the chairman of the audit committee to explain the content and scope of said reservations or qualifications.

[ ] Yes
[√] No

C.1.34 Indicate the number of years that the current audit firm has been conducting the audit of the individual and/or consolidated annual accounts of the company without interruption. Also, indicate the percentage that represents the number of years audited by the current audit firm on the total number of years in which the annual accounts have been audited:

	Individuals	Consolidated
Number of uninterrupted exercises	29	29

	Individuals	Consolidated
Number of exercises audited by the current audit firm / Number of exercises that the company or its group has been audited (in%)	100.00	100.00

C.1.35 Indicate and, if applicable, detail, if there is a procedure for directors to have the necessary information to prepare the meetings of the administrative bodies with sufficient time:

[√] Yes
[ ] No

Detail of the procedure

In accordance with article 18.1 of the Regulations of the Board of Directors, unless the Board of Directors has been constituted or has been exceptionally called for matters of urgency, the directors must have previous access, and with sufficient time, to the information necessary for the deliberation and adoption of the resolutions on the issues to be dealt with.

In particular, according to section 4 of article 18 of the Regulations of the Board of Directors, the Agenda of the meeting shall clearly specify those items for which the Board must make a decision or adopt a resolution so that the directors can study or gather the information necessary for their adoption beforehand. When, exceptionally, for reasons of urgency, the Chairman wishes to submit decisions or resolutions that do not appear on the agenda to the approval of the Board, the prior and express consent of the majority of the directors present shall be required, which shall be duly record in the minutes.

On the other hand, section 5 of article 21 of the aforementioned Regulation establishes for the Chairman of the Board, with the collaboration of the Secretary, the obligation to ensure that the directors receive the information in advance and in good time before the meetings of the Board. sufficient for the deliberation and adoption of agreements on the matters to be dealt with, unless the Board of Directors had been established or had been exceptionally convened for reasons of emergency.

C.1.36 Indicate and, if applicable, detail, whether the company has established rules that oblige directors to report and, if applicable, resign in those cases that could harm the credit and reputation of the company:

[√] Yes
[ ] No

Explain the rules

According to article 15.5 of the Regulations of the Board of Directors, the directors are obliged to inform and, if necessary, resign, in those cases that could damage the credit and reputation of the Company and, in particular, they are obliged to inform the Board of Directors of criminal cases in which they appear as defendants, as well as their subsequent procedural vicissitudes.

In the event of the director being prosecuted or having a court order issued against them initiating trial proceedings for any of the crimes set out in Spanish Company Legislation, the Board shall examine the case as soon as possible and, depending on the specific circumstances, shall decide whether or not the director shall continue in their role. Should the foregoing occur, the Board of Directors shall provide a reasonable record of this in the Annual Corporate Governance Report.

C.1.37 Indicate whether any member of the board of directors has informed the company that it has been prosecuted or has been ordered to open a trial for any of the crimes indicated in article 213 of the Capital Companies Act:

[ ] Yes
[√] No

C.1.38 Detail the significant agreements entered into by the company that come into force, are modified or terminated in the event of a change in control of the company as a result of a public takeover bid, and its effects.

The Company has subscribed, and deposited for public knowledge in the National Securities Market Commission, five Agreements between Shareholders:

The first, signed on 15 May 2009 by Cementos Molins, S.A and Cemolins Internacional, S.L.U on the one hand, and Buzzi Unicem, SpA and Buzzi Unicem Internacional, S.à.r.l, on the other hand, regarding the subsidiary Fresit, B.V. (Holland). This agreement has been repealed and replaced by the one signed on 22 December 2015, by Cementos Molins, S.A and Cemolins Internacional, S.L.U on the one hand, and Buzzi Unicem, Spa and Buzzi Unicem Internacional, S.À.R.L, on the other hand, regarding the subsidiaries FRESIT BV y PRESA INTERNATIONAL BV and their investee companies.

The second, signed on 18 December 2012, by Cementos Molins, S.A, Cemolins Internacional, S.L.U and Minus Inversora, S.A, on the one hand, and Votorantim Group, on the other hand, regarding Cementos Avellaneda, S.A. (Argentina).

The third, subscribed on December 18, 2012, between Cementos Molins, S.A. and Cemolins Internacional, S.L.U., on the one hand and Grupo Votorantim, on the other, on Cementos Artigas, S.A. (Uruguay).

The fourth, signed on July 31, 2014, between Cementos Molins, S.A. and Cemolins Internacional, S.L.U., on the one hand, and Votorantim Cimentos EAA Inversiones, S.L.U. and Votorantim Cimentos, S.A., on the other hand, relating to Yacuces, S.L. and its subsidiaries in Bolivia.

The fifth one, signed on 30 September 2015, by Cementos Molins, S.A and Cemolins Internacional, S.L.U on the one hand, and Suministros de Colombia S.A.S. y Corona Industrial S.A.S., on the other hand, regarding the Colombian investees Insumos y Agregados de Colombia, S.A.S and Empresa Colombiana de Cementos S.A.S.

In the five agreements it is foreseen that the change of control of any of the parties grants the other party a right of preferential acquisition over the participation held by the party that modifies its control in the companies object of the agreement.

C.1.39 Identify individually, when referring to directors, and in aggregate in the rest of the cases and indicate, in detail, the agreements between the company and its management and management positions or employees that provide indemnities, guarantee clauses or shielding, when they resign or are unfairly dismissed or if the contractual relationship comes to an end as a result of a public offer of acquisition or other type of operations.

Number of beneficiaries	3
Type of beneficiary	Description of the agreement
Chief Executive Officer, General Directors.	The commercial contract established between the Company and the Chief Executive Officer establishes that the latter will be entitled to receive compensation from the Company in case of termination and termination of the Services Contract for any of the following reasons: 1.- Unilateral termination by the CEO for serious breach by the Company of the obligations incumbent on it under the Services Contract. 2.- Unilateral termination of the Service Contract by the Company without just cause, whether such termination accompanied or not the cessation or non-renewal of his position as a member of the Board of Directors of the Company. 3.- Unilateral termination by the CEO, with simultaneous resignation from his position as director, in the event of a change in the control structure of the Company in the sense envisaged in article 42 of the Commercial Code by reference to the article 4 of the Securities Market Law, including when it is as a result of a public offer of acquisition of the shares of the Company, or assignment or transfer of all or relevant part of its activity or of its assets and liabilities to a third party, or integration in another business group that acquires control of the Company in such a way that it has the effect of renewing its governing bodies or a substantial change in its business strategy, depending on each case of its business plan. Except for the case envisaged in section 3 above, the compensation to be received by the CEO shall be an amount equivalent to: (i) seventy-five (75) percent of its remuneration, including the component of Variable Remuneration

Type of beneficiary	Description of the agreement
	envisaged in section 3.3.1 of the Services Contract, calculated on the remuneration corresponding to the year preceding that in which the contractual termination occurred, in the event that its termination occurs after June 30, 2017 and before June 30, 2020; (ii) fifty percent (50) if the termination of the Services Contract occurs after June 30, 2020 and before June 30, 2021; (iii) forty-two percent (42) if the termination of the Services Contract occurs after June 30, 2021 and before June 30, 2022; (iv) thirty-four percent (34) if the termination of the Services Contract occurs after June 30, 2022 and before June 30, 2023; (v) twenty-six percent (26) if the termination of the Services Contract occurs after June 30, 2023 and before June 30, 2024; (vi) eighteen percent (18) if the termination of the Services Contract occurs after June 30, 2024 and before June 30, 2025. If the resolution is after June 30, 2025, the CEO will not be entitled to receive any compensation. In the event of termination of the Services Contract as a result of the occurrence of the situation envisaged in point 3 above, the CEO will be entitled to compensation equivalent to three (3) annuities of his monetary remuneration, including the component of the Variable Remuneration, calculated on the remuneration corresponding to the year preceding that in which the contractual termination occurred. In two contracts the Company and two executives are expected that when the termination occurs by decision of the Company or for the causes of the article 10.3 sections a) b) and c) of Royal Decree 1382/1985, the compensation to be paid would be that corresponding to unfair dismissal in the common labour legislation, in the amount legally in force at each moment and, at least, the equivalent of three annual instalments of your gross annual compensation. The same compensation should be received by these managers in the case established in section d) of article 10.3 of Royal Decree 1382/1985, that is, in the event of the succession of the Company or significant change in the ownership of the same, that has effect a renewal of its governing bodies or in the content and approach of its main activity.

Indicate whether, beyond the cases stipulated in the regulations, these contracts have to be communicated and/or approved by the bodies of the company or its group. If so, specify the procedures, foreseen assumptions and the nature of the bodies responsible for their approval or to carry out the communication:

	Board of Directors	General board
Body that authorises the clauses	√	

	Yes	No
Is the general meeting informed about the clauses?		√

C.2. Board of Director Commissions

C.2.1 Detail all the committees of the board of directors, its members and the proportion of executive, proprietary, independent and other external directors that comprise them:

Audit and Compliance Committee		
Name	Position	Category
MS. SOCORRO FERNANDEZ LARREA	VOCAL	Independent
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA	CHAIRPERSON	Independent
NOUMEA, S.A.	VOCAL	Proprietary
OTINIX, S.L.	VOCAL	Proprietary
MS. ANDREA KATHRIN CHRISTENSON	VOCAL	Independent

% of executive directors	0.00
% of proprietary directors	40.00
% of independent directors	60.00
% of external directors	0.00

Explain the functions, including, where appropriate, those additional to those legally provided, that this commission has attributed, and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate its most important actions during the year and how it has exercised in practice each of the functions attributed to it, whether in the law or in the statutes or other social agreements.

The functions, procedures and rules of organization and operation of the Audit and Compliance Committee are described in article 27 of the Regulations of the Board of Directors:

27.1. The Audit and Compliance Committee will have between three (3) and seven (7) members, who must be external consultants. At least the majority of the members of the Audit and Compliance Committee will have to be independent consultants and one of them must have been assigned taking into account their knowledge and experience in accounting, auditing or both. The members of the Commission and its Chairperson will be appointed by the Board of Directors. The Board will also appoint a Secretary who shall not be a member of the Commission, and this position will have to be discharged precisely, by the Secretary or the Vice-secretary of the Company's Board of Directors.

27.2. The members of the Audit and Compliance Committee, and in particular its Chairperson, are to be appointed taking into account their knowledge and experience in accounting, auditing and risk management. As a whole, the members of the Audit and Compliance Committee will have the necessary technical knowledge on the Company's sector of activity.

27.3. The term of such position is two years, and they can be re-elected for successive periods of the same length. The Chairperson of the Audit and Compliance Committee will be selected among its independent consultants and it will be replaced every four years. Re-election will be possible after one year has elapsed since leaving office. However, the Board of Directors can agree to remove, at any time, any member of the Commission when deemed fit.

27.4. The Audit and Compliance Committee provides support to the Board of Directors in its monitoring tasks, by regularly reviewing the process for preparing the economic-financial information, the internal controls of the Company and independence the Company's External Auditor.

27.5. The Audit and Compliance Committee will meet when called by its Chairperson or at the request of two of its members, depending on the current needs and, at least, twice a year.

27.6. All employees or Directors are required to attend the meetings of the Commission and to collaborate and provide access to the information available when required to do so, and the Commission may request that said appearance takes place with no other director present. The Commission will also be able to demand the presence of the Accounts Auditors to the meetings.

27.7. Cementos Molins, S.A has an internal audit department which, under the supervision of the Audit and Compliance Committee, ensures the proper operating of the internal information and control systems and which, functionally depends on the Chairperson of the Audit and Compliance Committee. The person in charge of the internal audit must submit to the Audit and Compliance Committee its annual work plan; reporting directly on the incidents arising in its execution and provide it with an activity report on an annual basis.

On the other hand, article 27.8 of the Regulations of the Board of Directors, available on the Company's website, www.cemolins.es, details the functions of the Audit and Compliance Committee in relation to the external auditor, the Accounts Annual, the Internal Audit, the financial information, the Board of Directors, the information and internal control systems, and the control and risk management policy.

Finally, they will apply to the Audit and Compliance Committee, insofar as their nature and functions make it possible, the provisions of the Regulations of the Board of Directors relating to the operation thereof.

On the other hand, the most important actions of the Audit and Compliance Committee during the 2018 fiscal year were the following:

(i) Review of the financial information corresponding to fiscal year 2017, that corresponding to the financial statements of the first semester of 2018 and the information of the first and third quarter of 2018.
(ii) Evaluation of the existing level of control over the management processes of the computer systems that support the operations of the Entity.

(iii) Validation of the various summary reports of the Company's results, prior to their dissemination to the market.
(iv) Issuance of the report on the independence of the External Auditors and related operations.
(v) Proposal for the renovation of Deloitte, S.L. as auditors of the Company for the financial year 2019.
(vi) Review of the work carried out by Internal Audit in the different companies of the Cementos Molins Group.
(vii) Approval of the new structure of internal control of financial information.
(viii) Analysis of the implementation and monitoring program of Corporate Governance where the Compliance program is included at national and international level.
(ix) Approval of the new ethical channel of Cementos Molins.

Identify the directors who are members of the audit committee who have been appointed taking into account their knowledge and experience in accounting, auditing or both and report on the date of appointment of the Chairman of this committee to the position.

Names of experienced directors	MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA
Date of appointment of the Chairperson in charge	26/02/2015

Remuneration and Appointments Commission		
Name	Position	Category
MR. MIGUEL DEL CAMPO RODRIGUEZ	VOCAL	Other External
MS. SOCORRO FERNANDEZ LARREA	VOCAL	Independent
MR. RAFAEL VILLASECA MARCO	VOCAL	Independent
MS. ANDREA KATHRIN CHRISTENSON	CHAIRPERSON	Independent

% of executive directors	0.00
% of proprietary directors	0.00
% of independent directors	75.00
% of external directors	25.00

Explain the functions, including, where appropriate, those additional to those legally provided, that this commission has attributed, and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate its most important actions during the year and how it has exercised in practice each of the functions attributed to it, whether in the law or in the statutes or other social agreements.

The functions, procedures and rules of organization and operation of the Remuneration and Appointments Committee are described in article 28 of the Regulations of the Board of Directors and are summarised below:

1. The Remuneration and Appointments Committee will be made up of a minimum of three (3) and a maximum of seven (7) external directors, that is, directors who do not have executive powers in the Company, two (2) of which, at least, they must be independent directors. The members of the Commission and its Chairperson will be appointed by the Board of Directors ensuring they have sufficient knowledge, aptitudes and experience to carry out their required duties. The Chairperson of the Commission will be selected among its independent consultants. The Board will also appoint a Secretary who shall not be a member of the Commission, and this position will have to be discharged precisely, by the Secretary or the Vice-secretary of the Company's Board of Directors.

2. The term of such position is two years, and they can be re-elected for successive periods of the same length. Notwithstanding the above, the Board of Directors can agree to remove, at any time, any member of the Commission when it deems fit.

3. In addition to the functions legally assigned to it, the task of this Commission is to inform and advise the Board of Directors on its decisions falling under its area of competence. Specifically, it shall have the following functions:

a) To propose the Director remuneration policy to the Board of Directors, including that for the remuneration of general directors and those that carry out senior management duties and report directly to the Board, of executive committees or managing directors, in addition to the individual salary and other contractual terms and conditions of executive Directors, ensuring said policies are adhered to.

b) To verify adherence to the Company's payment policy.

c) To regularly review the payment policy applying to Directors and Senior Management, including share or share-based payment systems and their application. It must also ensure that individual remuneration is proportionate to that paid to other Company Directors and Senior Management.

d) To ensure that potential conflicts of interest does not prejudice the independence of external advice given to the Commission.

e) To verify the information on the remuneration of Directors and Senior Management contained in various corporate documents, including the Annual Report on Director Remuneration.

f) To submit to the Board the proposals for the appointment of independent Directors for their designation by co-optation or by way of a decision of the Annual General Meeting, in addition to the proposals for re-election or separation of said Directors by the Meeting.

g) To report appointment proposals of the remaining Directors for their designation by co-optation or by way of a decision of the Annual General Meeting, in addition to the proposals for re-election or separation of said Directors by the Annual General Meeting. The appointment system for the formation of the Board's Commissions. Evaluate the necessary competences, knowledge and experience in the Board, define, in consequence, the functions and aptitudes necessary in the candidates who must cover each vacancy and evaluate the time and dedication required so that they can perform their duties well;

h) To report the appointment and separation of senior management proposals and suggest the basic terms and conditions of their contracts.

i) The proposals of the Chief Executive Officer for the appointment and removal of senior executives and members of the Board of Directors of the subsidiary companies.

j) To examine or organise, in the manner deemed appropriate, the succession of the Chairman and the chief executive and, where appropriate, make proposals to the Board, so that such succession occurs in an orderly and well-planned manner;

4. The Remuneration and Appointments Commission shall meet every time the Board or its Chairperson requests a report or the adoption of proposals and, in any case, when it is advisable for the proper performance of its functions. In any case, it shall meet once per year to prepare the information regarding the payment of the Directors, which the Board of Directors has to approve and include in its annual public documentation.

On the other hand, the most important actions of this Committee during the financial year 2018 were the following:

(i) Establishment of the Remuneration of the CEO: Variable remuneration 2017, variable long-term remuneration, fixed remuneration 2018, establishment of individual objectives 2018.
(ii) Variable remuneration 2017 and 2018 of the Group Management.
(iii) Long-term variable remuneration of the Group Management.
(iv) Regulation of the variable remuneration of the Group for 2018.

(v) Validation of the variable remunerations 2017.
(vi) Analysis of the report issued Mr. Miguel Trías Sagnier, in relation to the evaluation of the Board of Directors in the fiscal year 2017; proposals for actions to be taken to improve corporate governance. Commissioned external consultant for the evaluation of the board and the Board Committees of the financial year 2018.
(vii) Proposal for setting the remuneration of the Board of Directors for the financial year 2019.
(viii) Report on the Annual Corporate Governance Report and Annual Remuneration Report.
(ix) Reports and proposals on the appointments of directors and positions on the Board Committees during the year 2018.

C.2.2 Complete the following table with the information regarding the number of female directors that make up the committees of the board of directors at the close of the last four fiscal years:

	Number of female counsellors							
	Year 2018		Year 2017		Year 2016		Year 2015	
	Number	%	Number	%	Number	%	Number	%
Audit and Compliance Committee	3	60.00	3	60.00	2	40.00	1	25.00
Remuneration and Appointments Commission	2	50.00	3	50.00	2	28.57	2	28.57

C.2.3 Indicate, where appropriate, the existence of regulations for board committees, the place where they are available for consultation, and the modifications made during the year. At the same time, it will be indicated whether a yearly report on the activities of each committee has been voluntarily prepared.

Commission nomination

AUDIT AND COMPLIANCE COMMITTEE

Short description

The regulation on the Audit and Compliance Committee can be found in article 27 of the Regulations of the Board of Directors. It is registered in the Mercantile Registry of Madrid and available for consultation through the Company's website (www.cemolins.es).

The Audit and Compliance Committee has prepared an annual activity report that served as the basis for the Board of Directors to evaluate the functioning of the Committees in 2018.

Commission nomination

REMUNERATION AND APPOINTMENTS COMMISSION

Short description

The regulation on the Remuneration and Appointments Committee can be found in article 28 of the Regulations of the Regulations of the Board of Directors. It is registered in the Mercantile Registry of Madrid and available for consultation through the Company's website (www.cemolins.es).

The Remuneration and Appointments Committee has prepared an annual activity report that served as the basis for the Board of Directors to evaluate the functioning of the Committees in 2018.

D. OPERACIONES VINCULADAS Y OPERACIONES INTRAGRUPO

D.1. Explain, where appropriate, the procedure and competent bodies for the approval of transactions with related and intra-group parties.

Pursuant to article 5 of the Board of Directors Regulations, the Board sitting in plenary session reserves the right to approve, prior to the report of the Auditing and Compliance Commission, the transactions that the Company or Companies of the Group carry out with directors, pursuant to articles 229 and 230 of the Capital Companies Act, or with shareholders, individually or jointly with other shareholders, owners of a significant stake, including shareholders represented in the Board of Directors of Cementos Molins, S.A. or of other companies that belong to the Group or parties related to them.
The directors affected or that represent or are connected to affected shareholders will have to refrain from participating in the debate and voting procedure of the resolution in question. Only the transactions that meet the following three criteria will be held as an exception:

1st that they are carried out by virtue of contracts whose conditions are standardised and applied in general to a large number of clients;
2nd that they are carried out at a price or fee established in general by someone who acts as a supplier of the good or service in question; and

3rd that the amount does not exceed one percent of the annual revenue of the Company.

D.2. Detail those significant operations by their amount or relevant by their matter made between the company or entities of its group, and the significant shareholders of the company:

Name or corporate name of the significant shareholder	Name or company name of the company or entity of your group	Nature of the relationship	Type of operation	Amount (thousands of euros)
No Data				N.A.

D.3. Detail the significant operations by their amount or relevant by their matter made between the company or entities of its group, and the administrators or executives of the company:

Name or company administrators or directors	Name or company name of the related party	Link	Nature of the operation	Amount (thousands of euros)
No Data				N.A.

D.4. Report on the significant operations carried out by the company with other entities belonging to the same group, provided they are not eliminated in the process of drawing up consolidated financial statements and do not form part of the company's habitual traffic in terms of its purpose and conditions.

In any case, any intra-group transaction carried out with entities established in countries or territories that have the status of fiscal paradise will be reported:

Social name of the entity of your group	Short description of the operation	Amount (thousands of euros)
No Data		N.A.

D.5. Detail the significant operations carried out between the company or entities of its group and with other related parties, which have not been informed in the previous sections:

Social denomination of the related party	Short description of the operation	Amount (thousands of euros)
No Data		N.A.

D.6. Detail the mechanisms established to detect, determine and resolve possible conflicts of interest between the company and/or its group, and its directors, executives or significant shareholders.

Article 17.2 of the Regulations of the Board of Directors stipulates, in relation to conflict of interest, that:

The directors must notify the Board of Directors of any situation of the conflict of the interests, direct or indirect, of them or persons related to them with the interest of the company. In the event of conflict, the affected director will abstain from taking part in the operation referred to by the conflict. In any case, said situations must be included in the Notes to the Annual Accounts and in the Annual Corporate Governance Report.

D.7. Do you quote more than one Group company in Spain?

[ ] Yes
[√] No

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Explain the scope of the Company's Risk Control and Management System, including those of a fiscal nature:

The main business of the Cementos Molins Group (hereinafter "the Group") in Spain is the production, sale and distribution of cement, concrete, aggregate, mortar, special cements and prefabricated concrete, and is significantly affected by the evolution of the construction and public works sector that may influence its results, as well as other factors that affect the normal development of its activities and the achievement of its objectives.
The Cementos Molins Group has designed a risk control and management system that allows risks to be appropriately managed. The risk control and management system is implemented in the following phases:
• Preparation of the risk inventory: the Internal Audit Department of Cementos Molins, S.A. (hereinafter, "Cementos Molins"), based on the knowledge of the organization, supervisory activities carried out and the established business objectives, prepares an inventory of risks that can occur both at the corporate level and at the operational level in each of the business.
• Identification: The General Management, the area managers and the Internal Audit Department identify, by means of the risk inventory, the risks to which the companied of the Cementos Molins Group are exposed.
• Assessment: After identifying the risks to which the Group’s companies and the Cementos Molins Group itself are exposed, risks are assessed to identify which are the most relevant. The value of the risks is determined by the probability of occurrence, the impact and the number of businesses and/or areas in which the risk can materialise.
In risk assessment, techniques based mainly on the knowledge, judgement and experience of the people involved are used.

• Risk Map: Following the selection of the most significant risks, the Group's risk maps, the corporate risk map and the operational risk map for each of the subsidiaries is prepared. These risk maps reflect the importance of each of the risks in the business.
• Control: After preparing the risk map and its evaluation, the Management of each of the companies, the Internal Audit Department and functional areas determine the measures and define the controls necessary to mitigate the risks identified. At this stage, the internal audit plan is defined by Internal Audit, where the revisions and tasks to be performed are defined to mitigate the risks identified above.
• Supervision: The risk maps and the control measures identified form the basis of the Annual Internal Audit Plan.
Likewise, the Cementos Molins Group has investments in Argentina, Uruguay, Bolivia, Mexico, Colombia, Bangladesh, India and Tunisia. This implies the incorporation into the Group's operations of different regulatory frameworks, markets and financial environments. These circumstances show the need to manage risks, developing mechanisms for their evaluation, management and minimisation.
To identify the risks in each of the countries in which Cementos Molins operates, the Internal Audit Department prepares, together with the internal audit departments of the different countries, a Risk Map that seeks to identify all elements of risk of each of the businesses that, after validation by the corresponding local General Managements, is presented, where appropriate, to the local audit commissions, and finally to the Audit and Compliance Committee of Cementos Molins, SA Every year, the evaluation of the risk control and management system is carried out and the results are presented to the Audit and Compliance Committee. If necessary, action plans are defined for those controls presenting issues in terms of effectiveness or design.
There are also regular audits and the main issues and actions plans are submitted to the Auditing and Compliance Commission and the Board of Directors.
Depending on the nature of the risks, there are different management committees that analyse, supervise and implement measures to mitigate them.

E.2. Identify the organs of company responsible for the preparation and execution of the Risk Control and Management System, including the fiscal:

Name of the commission or body: Auditing and Compliance Commission
The main function of the Audit and Compliance Committee is to support the Board of Directors in its surveillance tasks, by periodically reviewing the process of preparing the financial and economic information, its internal controls and the independence of the external auditor.
For the supervision of the risk management and internal control systems, the organization has the Internal Audit Department. This body depends functionally on the Corporate General Management reporting directly to the Audit and Compliance Committee.

Other Committees that the Cementos Molins Group has in relation to the control of specific risks are the Commercial Risk Committees.
The Management of each of the operating businesses is involved in the management and supervision of the specific risks of the commercial and industrial operations of each of the businesses.
Additionally, the Corporate General Management analyses and manages financial risks, exchange rate risks, interest rate risks, risks related to industrial assets and risks related to possible environmental impacts. In general, there is a direct intervention in the risks of those companies in which it has a direct control and control and it is supervised and advised in those in which the management is joint with other shareholders.

For its part, the Corporate Tax Office analyses, supervises, manages and advises on the risks of a fiscal nature that affect the different businesses and their possible patrimonial impacts in the consolidated and individual financial statements of Cementos Molins. It intervenes directly in those companies of which it owns a direct domain and control and advises and supervises with local functions in those in which management is joint with other shareholders.
Thus, it should be noted that, in business abroad, Cementos Molins has commercial, industrial, internal audit, legal, financial, fiscal and specific human resources functions in each of the business units that, in coordination with the Businesses and their counterparts in the corporate directorates, have the responsibility to ensure compliance with current legislation applicable in each case.

E.3. Indicate the main risks, including the fiscal risks and to the extent that the derivatives of corruption are significant (understood the latter with the scope of Royal Decree Law 18/2017), which may affect the attainment of the business objectives:

In general, the main risk is the evolution of the economies of the countries where the companies in which Cementos Molins participates operate. The positive evolution of these societies depends, fundamentally, on the evolution of the construction markets, both in building and civil works, main sources of business.
The proper functioning of industrial assets, as well as ensuring the supply of the main raw materials is one of the fundamental elements of the business.
The political and social stability, together with the levels of regulation of the administrations, is another one of the elements that can affect the normal development of the activity.
The different tax regulations of the countries and their possible changes are also an element to be taken into account in the assessment of the risks faced by Cementos Molins.
Likewise, Cementos Molins is exposed to the corruption risks inherent to the business and countries where it operates. To this end, there is a Crime Prevention and Anti-Fraud Policy, which establishes the Protocol against corruption in business and the Protocol for the prevention of corruption within the framework of relations with the public sector where the guidelines are established of action to the effects of avoiding the risks of commission of any of the forms of private corruption or in the businesses that Cementos Molins develops.
Finally, it should be noted that the degree of internationalization of the Group also involves a level of exposure to the evolution of the main macroeconomic variables of each country, with the exchange rate, inflation and interest rate having a fundamental role in achieving the objectives.

E.4. Identify if the entity has risk tolerance levels, including the tax:

Cementos Molins does not determine specific levels of risk in the ordinary management of its operations, but manages each risk individually, trying to minimise the possible negative impacts of each one of them.

E.5. Indicate which risks, including tax risks, have materialised during the year:

The weakness of the markets continues and the difficulties for a resounding recovery in the construction sector.
Increases in regulated costs and continued control of sales prices in Tunisia and tariff and socio-political difficulties for export to neighbouring countries.
Exposure to changes in the currency of the countries where Cementos Molins operates, in particular, the depreciation of currencies in Argentina and Mexico, and their negative impact on the translation differences of our consolidated balance sheet.

E.6. Explain the response and supervision plans for the main risks of the entity, including tax risks, as well as the procedures followed by the company to ensure that the board of directors responds to the new challenges that arise:

The Group supervises the main risks through the affected functional, business and corporate departments, and the different Commissions and Boards established.
Monthly, Technical Commissions, Management Committees and Boards of Directors are developed in each of the businesses. Likewise, the corporate departments of Internal Audit, Technical, Management Control, Financial, Accounting, Tax and Legal conduct daily supervision and periodic meetings for both national companies and foreign investees with their respective counterparts.
Periodically, there are meetings to review the activities and potential incidents or risks and their action is immediate.

F. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE PROCESS OF ISSUING FINANCIAL INFORMATION (SCIIF)

Describe the mechanisms that make up the risk control and management systems in relation to the financial information emission process of your entity.

F.1. Control environment of the entity.

Report, indicating its main characteristics of, at least:

F.1.1 Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective SCIIF; (ii) its implementation; and (iii) its supervision?

The Board of Directors of Cementos Molins, S.A. (hereinafter, "Cementos Molins") has the responsibility (article 5.z of its Regulations) for the implementation and monitoring of an internal control system of adequate and effective financial information, which guarantees the integrity and reliability of the financial information. The Board of Directors delegates to the Audit and Compliance Committee the oversight of the design of internal control and its effectiveness. The Regulations of the Board of Directors in its article 27 specifies that the functions of the Audit and Compliance Committee in relation to financial information are, among others, the following:

- Supervise the process of preparing and submitting the required financial information and submit recommendations or proposals to the Board of Directors aimed at safeguarding its integrity, reviewing the compliance of regulatory requirements, the proper delimitation of the consolidation perimeter and the correct application of accounting criteria.
- Include the processes used to draft the financial statements and obtain with reasonable certainty that the information support systems are reliable.
- Regularly review the internal control and risk management systems so that the main risks are sufficiently identified, managed and notified.
- Review, analyse and comment on the financial statements and other relevant financial information with senior management, and the internal and external auditors, to confirm that said information is reliable, comprehensible, relevant, and that accounting criteria consistent with the previous year-end closing.

Cementos Molins, S.A. has an Internal Audit function that, under the supervision of the Audit and Compliance Committee, oversees the proper functioning of the information and internal control systems, with the task of evaluating the effectiveness of the SCIIF and periodically reporting the detected weaknesses. during the execution of their work and the calendar assigned to the proposed measures for their adaptation or correction.

The members of the Audit and Compliance Committee are kept informed of all the regulatory changes that may occur in the aforementioned matters.

It is the responsibility of the Management of Cemolins Servicios Compartidos, SLU, under the supervision of the Audit and Compliance Committee, to design, implement and formalise the control procedures under homogeneous criteria and standards, as well as to monitor the proper functioning and reliability of the controls. as specified in the Policy of the Internal Control System of Financial Information of Cementos Molins.

Thus, the function of Internal Control of Financial Information is developed within the Management of Cemolins Shared Services and through it to the different areas or businesses that perform accounting transactions or are the owners of the internal control activities of the financial information.

F.1.2 If there are, especially in relation to the process of preparing the financial information, the following elements:

· Departments and/or mechanisms in charge: (i) of the design and review of the organizational structure; (ii) clearly de fi ne the lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) that there are sufficient procedures for its correct dissemination in the entity:

The Shared Services Division ensures the proper distribution and assignment of tasks and responsibilities in the process of preparing the financial information, establishing and, where appropriate, proposing to the Audit and Compliance Committee the design and structures necessary to carry them out.

The Corporate Human Resources Division is responsible for disseminating and communicating, along with the rest of the functional divisions, the organizational structure and its possible variations, including those related to the preparation of financial information.

· Code of conduct, approval body, degree of dissemination and instruction, principles and values included (indicating if there are specific mentions to the registry of operations and preparation of financial information), body in charge of analysing breaches and proposing corrective actions and sanctions:

At the proposal of the Audit and Compliance Committee, the Board of Directors of January 27, 2017 approved the new Code of Ethics of Cementos Molins, whose content has been communicated and disseminated to all Group employees and which replaces the previous Code of Conduct approved on February 28, 2012.
To ensure compliance, there is an Ethics and Compliance Committee, formed by the Director of Corporate Legal Services and the Director of Internal Audit. The review and periodic update is entrusted to the Audit and Compliance Committee.
As mentioned in the previous version of the Code of Conduct, the Code of Ethics is included in section 5.9. "Treatment of information and knowledge" express reference to economic transactions indicating that they must be reflected clearly and precisely in the corresponding records, as well as all operations performed and expenses incurred. Analogically, any financial-economic information must accurately reflect the GROUP's economic and financial situation and its assets, in keeping with the generally accepted accounting principles and the international norms on financial information.
In this environment, it is also worth mentioning the Internal Rules of Conduct of Cementos Molins in the area of the Securities Market, established by agreement of the Board of Directors on July 29, 2004, and subsequent revisions by agreements of the Board of Directors on February 28, 2012, April 28, 2017 and September 29, 2017.

· Denunciation channel, which allows the communication to the audit committee of financial and accounting irregularities, in addition to any breaches of the code of conduct and irregular activities in the organization, informing, if applicable, if this is of a confidential nature:

The Cementos Molins Group has since April 23, 2009, a channel of notification open to all employees of national companies that allows them, in a confidential manner, to inform Cementos Molins about irregularities of potential importance, especially financial and financial. accounting, on internal control of fraud, which, to the best of their knowledge and understanding, constitute inappropriate conduct or actions.
Additionally, the Audit Committee, dated February 23, 2012, established a new Procedure Regulation for this type of communication. Subsequently, as part of the development of the Crime Prevention Model of the Cementos Molins Group, during 2016 a specific protocol was developed whose entry into force took place on February 27, 2017.
Based on this protocol, employees can use the procedure for reporting irregularities of potential importance through a new ethical channel approved by the Audit and Compliance Committee on January 30, 2019, managed by an independent third party and open to workers and interest groups through the Cementos Molins corporate website, in which confidentiality and anonymity are guaranteed, if desired. Likewise, the communication channel is still valid through the sending of a letter addressed to the Ethics and Compliance Committee, via online mailbox, in person or by telephone, by contacting any of Cementos Molins' two Compliance Officers. When there is any communication in this regard, once the complaint has been accepted and the evidence and diligence phase has been carried out, a resolution is proposed to the Audit and Compliance Committee and the Chief Corporate Officer, the Chief Executive Officer of Cementos Molins, SA, is informed Director General of Operations, the General Director of the affected company and the Secretary of the Audit and Compliance Committee, simultaneously.

· Training programs and periodic updating for the personnel involved in the preparation and review of the financial information, as well as in the evaluation of the SCIIF, covering, at least, accounting rules, auditing, internal control and risk management:

The Corporate Human Resources Division and the Management of Cemolins Servicios Compartidos, S.L.U. they evaluate, when necessary, due to regulatory and regulatory changes that affect the preparation of the financial statements of Cementos Molins (including changes in international accounting standards), the formative update schemes suitable for the accounting and financial function.
In addition, the different functional units receive periodically from the external advisors and the external auditor information regarding regulatory changes or interpretations to standards that may affect the preparation of the financial information, establishing normal communication with them for the knowledge, interpretation and adaptation of the financial information. these and the internal dissemination within Cementos Molins to those areas that may be affected.

F.2. Risk assessment of financial information.

Report, at least, of:

F.2.1 What are the main characteristics of the risk identification process, including those of error or fraud, regarding:

· Whether the process exists and is documented:

The process of identifying risks and controls of the activities and transactions that may materially affect the Cementos Molins Financial Statements is the responsibility of the areas responsible for the processes under review selected with the supervision of the Management of Cemolins Servicios Shared and Internal Audit.
The objective of the risk identification process is to ensure that the risks of material error and fraud in the financial information of Cementos Molins are being adequately managed and that there are sufficient control activities to guarantee the firm image of the financial information disseminated to the interest groups. To do this, it is necessary to determine which accounting areas/items material or processes are relevant to the financial information that is prepared and which error risks affect it.
For the identification of material accounting headings, the following criteria of materiality and/or relevance have been established:
• Quantitative: epigraphs that exceed a quantitative materiality level defined. The materiality criterion is calculated following the criteria established by the Auditing Technical Standard- BOICAC 38 on the individual and consolidated Financial Statements of Cementos Molins.

• Qualitative: epigraphs that meet two qualitative factors among the following:

o Risk of fraud or unintentional error.
o Consideration of the degree of estimation and/or judgment required for the recording of transactions and/or consideration of potential changes in the accounting treatment.
o Consideration of control adjustments/weaknesses identified by internal or external auditors with impact on this account in previous years.
The qualitative factors will only be evaluated for those accounting headings that do not exceed the quantitative materiality.
The risk identification and management process is carried out through the creation of risk matrices and controls. The components that make up these matrices are the following:
Processes: The risks and control activities related to the processes identified in the previous activity are identified.
Risks: The identification of risks will be made exclusively for the risks of material error and fraud on the financial information that is reported to the markets.
The risk and control matrix will be updated continuously by the Management of Cemolins Servicios Compartidos, at least annually, based on the following information:
• Changes in business activities.
• Changes in the corporate perimeter.
• Result of the evaluation and supervision activities carried out.
• Follow-up of the action plans.
• Possible errors in the financial information or substantial changes in the Cementos Molins operations identified during the year due to circumstances not identified in the previous relationship.
Based on the criteria defined above, the following processes to be evaluated have been determined:
Business processes:
- Investments in assets
- Financial investments
- Taxation
- Stocks
- Revenue and accounts receivable
- CO2 emissions
- Suppliers and accounts payable
- Treasury and financing
- Purchases
- Staffing costs
- Transportation
Support processes:
- Management control
- Accounting and consolidation
- Information systems
- Publication of information
The Management of Cemolins Shared Services together with Internal Audit is responsible for applying these criteria, with a minimum annual periodicity, to determine the headings, accounts and breakdowns of the Financial Statements and, consequently, the processes that make up the scope of the review.
This periodicity will be shorter if significant changes are detected, both external and internal, such as regulatory changes, relevant technological changes or extraordinary macroeconomic environments.

The controls associated with the aforementioned processes are reviewed by the Internal Audit Department with a periodicity of at least four years and, based on the conclusions obtained, if necessary, the existing procedures are updated.

· If the process covers all the objectives of the financial information, (existence and occurrence, integrity, valuation, presentation, breakdown and comparability, and rights and obligations), if it is updated and how often:

Cementos Molins has an Internal Control Policy for Financial Information (SCIIF) with the aim of guaranteeing the reliability of the financial information that Cementos Molins makes available to its stakeholders, in accordance with current regulatory regulations. Specifically, the SCIIF developed by Cementos Molins, is defined as the set of processes that the Board of Directors, the Audit and Compliance Committee, the Management of Cementos Molins and the personnel involved carry out to provide reasonable assurance regarding the reliability of the financial information that Cementos Molins disseminates in the market. The SCIIF of Cementos Molins is designed based on the guidelines established by the National Securities Market Commission (CNMV).
Once the identification of the material accounting headings has been made, the associated business processes within the scope of the SCIIF are identified with the following objectives on financial information:

• The transactions, events and other events collected by the financial information do exist and have been recorded at the appropriate time (existence and occurrence).
• The information reflects the totality of the transactions, events and other events in which Cementos Molins is an affected party (integrity).
• Transactions, events and other events are recorded and valued in accordance with the applicable regulations (valuation).
• Transactions, events and other events are classified, presented and disclosed in the financial information in accordance with the applicable regulations (presentation, breakdown, and comparability).
• The financial information reflects, at the corresponding date, the rights and obligations through the corresponding assets and liabilities, in accordance with the applicable regulations (rights and obligations).

· The existence of a process of identification of the consolidation perimeter, taking into account, among other aspects, the possible existence of complex corporate structures, instrumental or special-purpose entities:

The consolidation perimeter of Cementos Molins is determined monthly by the Shared Services Directorate based on the information available in its files and in accordance with international accounting standards and validated semi-annually by the external auditor. Any relevant variation in the consolidation perimeter is communicated to the Audit and Compliance Committee.

· If the process takes into account the effects of other types of risks (operational, technological, financial, legal, fiscal, reputational, environmental, etc.) to the extent that they affect the financial statements:

In the process of risk assessment, the effect of other types of risks (operational, financial, technological, legal and compliance) will be taken into account in the identification of risks of material error in the financial information.
Additionally, in the identification of controls will be taken into account also those computer controls with which Cementos Molins has, in a way that guarantees, among others, the following aspects:

- The security of access to information.
- Change management
- The continuity of the business.
- The proper segregation of functions.

In the identification of risks, those that derive from external factors and that can or could significantly affect the financial and economic information issued by Cementos Molins are also valued, which are:

- Safeguarding assets
- Possibility of fraud.
- Environmental regulation.
- Particular situations of the markets (legal and regulatory changes).
- Estimates, litigation and provisions.

· Which governing body of the entity supervises the process:

The Cementos Molins internal financial information control system is supervised by the Audit and Compliance Committee and aims to ensure the reliability of the relevant financial information issued to the markets.

F.3. Control activities.

Report, indicating its main characteristics, if it has at least:

F.3.1 Procedures for the review and authorization of financial information and the description of the SCIIF, to be published in the securities markets, indicating their responsible parties, as well as descriptive documentation of the fluences of activities and controls (including those related to risk of fraud) of the different types of transactions that may materially affect the financial statements, including the accounting closing procedure and the specific revision of the relevant judgments, estimates, valuations and projections

Cementos Molins provides financial information to the securities market on a quarterly basis. The information is compiled and elaborated by the Management of Cemolins Servicios Compartidos, S.L.U. dependent on the Corporate General Management. Cementos Molins has designed a series of controls in the process of publishing financial information to the markets as part of its internal control processes.
The Management of Cemolins Servicios Compartidos in the process of preparing the financial information to be published performs certain control activities to verify its reliability. In addition, the Management Control Department, the Management of Cemolins Shared Services and the Internal Audit Department supervise the information prepared.
The Chief Executive Officer and the Corporate General Management analyse the information to be published, approving it provisionally prior to its referral to the Audit and Compliance Committee, which oversees the financial information presented to it. Finally, the Audit and Compliance Committee informs the Board of Directors of its conclusions on the information presented so that, once approved by the Board of Directors, it is published in the securities market.
In the semi-annual and annual information, the Audit and Compliance Committee and the Board of Directors have, in turn, the information prepared by the external auditors of Cementos Molins on the results of their work.
For the information included in the Annual Corporate Governance Report, the same procedure that has just been explained in this section is followed, before its publication in the stock market.

F.3.2 Policies and procedures for internal control over information systems (among others, on access security, change control, operation thereof, operational continuity and segregation of functions) that support the relevant processes of the entity in relation to the preparation and publication of financial information.

The Organization and Systems Department of Cementos Molins, S.A., under the Corporate General Management, is responsible for the information and telecommunications systems of Cementos Molins, S.A. and its national subsidiaries, as well as the supervision of the organization and operation of the information systems of the international subsidiaries. Its functions include defining, implementing and controlling compliance with security policies and standards, as well as the continuity plan of the different applications and infrastructures that support them.
The control model includes all the applications, infrastructure for its support and access, communication systems and physical locations of all of them, making a special treatment in those processes relevant to business continuity normally directly or indirectly related to financial information.
The control model defined in Cementos Molins, S.A. It consists of the following processes:

• Physical security of the data processing centres.
• Logical security of the applications.
• Project management. Implantations, Developments and evolutionary.
• Operations Management.
• Management of service providers.
• Infrastructures and communications.
• Backup and recovery systems.
• User Management.

These processes are supported by a series of measures, rules, procedures and safety rules, both automated and manual intervention, which are documented and define, among others, the control activities necessary to cover the risks of the following areas of management of information systems.

• Environment of information systems:
- Organigrams and descriptions of the functions of the personnel involved in the information systems.
- Systems map.
- Map of telecommunications network.
• Change management of applications:
- Management of requests for new developments, improvements and modifications.
- Requirements taking, analysis and approval circuit.
- Development and implementation of new systems.
- Start-up of said applications, validation and closure.
- Documentation and training.

• Operations and exploitation of the systems:
- Management of operations activities.
- Management of backup systems.
- Management of incidents.
- Contingency and recovery plans.
- Management of service providers.
• Training and information to users:
- Information systems for users.
- Continuous training processes.
• Physical and logical security:
- Management of security activities.
- Physical security of the control rooms.
- Logical security of access to systems.
- Security in the transmission of data in public networks.

In accordance with current legal regulations, Cementos Molins de fi ned the Information Security function. This is responsible for the protection of the information systems that the Group possesses, in order to achieve and maintain the desired level of security. For the correct definition of these levels there is an internal procedure adjusted to the requirements of the legislation, which defines these, as well as the safety requirements to be applied.

The control model includes a series of revisions that help to keep the security systems updated within acceptable and operational levels for Cementos Molins, S.A.

F.3.3 Internal control policies and procedures designed to supervise the management of activities subcontracted to third parties, as well as those aspects of evaluation, calculation or valuation entrusted to independent experts that may materially affect the financial statements.

Cementos Molins does not totally or partially subcontract any phase of its process of preparing the financial statements to third parties.
In the case of the hiring of external advisors in accounting, legal, fiscal or labour matters, for some specific aspect, the results of these are supervised by those responsible for each functional area for the validation of the reasonableness of their conclusions.

F.4. Information and communication.

Report, indicating its main characteristics, if it has at least:

F.4.1 A specific function in charge of defining, keeping updated the accounting policies (area or department of accounting policies) and resolving doubts or conflicts derived from its interpretation, maintaining a fluid communication with those responsible for operations in the organization, as well as an accounting policies manual updated and communicated to the units through which the entity operates.

The responsibility for the application of the accounting policies of Cementos Molins lies with the Shared Services Directorate, within which the Accounting Department is located, whose functions include:
- Definition and updating of the accounting policies of Cementos Molins.
- Monitoring of international accounting regulations and their effects on the consolidated and individual financial statements.
- Analysis of the appropriate accounting treatment of the Group's operations and its individual companies.
- Inform and resolve any query about the application of the accounting regulations that may come from the Group companies or from those functional areas that request it.

The Management of Cemolins Servicios Compartidos in those cases in which the accounting regulations are complex and require a more detailed technical analysis for their interpretation, communicates with the external auditors to establish a position on the same.

F.4.2 Mechanisms for capturing and preparing financial information with homogeneous formats, for application and use by all the units of the entity or group that support the main financial statements and the notes, as well as the information that is detailed on the SCIIF.

Cementos Molins has implemented an ERP (SAP) to cover the accounting and financial functions of its national companies and a specific computer tool for its consolidation process. The information of the national companies is turned to the consolidation tool with criteria and homogeneous formats and that respond to the accounting policies of Cementos Molins. For international companies, a single reporting model has been established for all of them and is consistent with the Group's accounting criteria, which is incorporated, after internal controls to verify their integrity, to the consolidation tool.

The consolidation software tool centralises, in a single system, the individual financial statements of the subsidiaries that make up the Group, as well as the main consolidated financial statements and the breakdowns necessary for the preparation of the consolidated annual accounts.

F.5. Supervision of the functioning of the system.

Report, indicating its main characteristics, at least of:

F.5.1 The supervision activities of the SCIIF carried out by the audit committee, as well as whether the entity has an internal audit function that has among its powers the support to the commission in its work of supervision of the internal control system, including the SCIIF. Likewise, the scope of the ICFR evaluation carried out in the year and the procedure by which the person responsible for executing the evaluation communicates its results will be reported, if the entity has an action plan detailing the eventual corrective measures, and if considered its impact on financial information.

The Internal Audit Department informs the Audit and Compliance Committee about the operation of the SCIIF and is in charge of carrying out a review of the controls implemented in the processes mentioned in F.2.1 with a periodicity of at least four years, informing of the possible deficiencies detected, actions to be taken that mitigate them and monitor their implementation. In fiscal year 2018, within the periodical review process of the SCIIF, the key accounting processes have been evaluated to adapt them to the organizational changes and functions that occurred during the year.
The Audit and Compliance Committee, in its work to verify the SCIIF and to guarantee the quality of the financial information, has focused its supervisory activity during the year in the preparation of the annual accounts, the individual and consolidated financial statements, as well as of the information that accompanies them; the consolidation process and its perimeter, as well as the supervision of all the periodic information (semi-annual and quarterly) to facilitate the markets. For its work, it relies on the internal audit function and the external auditors of Cementos Molins, with whom meetings are held on a regular basis.
In the case of weaknesses detected in the quality of the information or in the internal systems of control of the financial information, the action plans to mitigate them are established together with the Internal Audit Department and the Management of Cemolins Servicios Compartidos.

F.5.2 If you have a discussion procedure whereby the account auditor (in accordance with the provisions of the NTA), the internal audit function and other experts can communicate to the senior management and the audit committee or administrators of the entity Significant weaknesses in internal control identified during the review processes of the annual accounts or those that have been entrusted to them. Likewise, it will inform if it has an action plan that tries to correct or mitigate the observed weaknesses.

The Internal Audit Department communicates, with a minimum periodicity every six months, to the Audit and Compliance Committee, the possible significant weaknesses of internal control identified during the review of the audits carried out and the reviews of the ICFR processes.

The external auditor of Cementos Molins has access to the General Management and the Audit and Compliance Committee, with a frequency of attendance of at least three meetings of the Audit and Compliance Committee per year, in order to inform about the conclusions derived of the review of the Annual Accounts and the semi-annual information, as well as of the possible control weaknesses detected.

F.6. Other relevant information.

Not applicable.

F.7. Report of the external auditor.

Report:

F.7.1 If the SCIIF information sent to the markets has been submitted for review by the external auditor, in which case the entity should include the corresponding report as an annex. Otherwise, you should report your reasons.

Cementos Molins, S.A. the information on the SCIIF sent to the markets for the 2018 fiscal year has been reviewed by the external auditor.

The scope of the auditor's review procedures is in accordance with the provisions of the Acting and Model Report of the Auditor's Report, referring to the information regarding the internal control system on the financial information of the listed companies dated July 15, 2013.

Said Action Guide includes the aspects included in this respect in Circular 5/2013 of the CNMV, modified by Circular 7/2015, of the CNMV, of December 22 and Circular 2/2018, of June 12, of the CNMV.

G. DEGREE OF MONITORING OF CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of monitoring of the company with respect to the recommendations of the Good Governance Code of listed companies.

In the event that a recommendation is not followed or partially followed, a detailed explanation of the reasons should be included so that shareholders, investors and the market in general have enough information to assess the company's behaviour. Explanations of a general nature will not be acceptable.

1. That the bylaws of listed companies do not limit the maximum number of votes that may be cast by a single shareholder, nor do they contain other restrictions that hinder the taking of control of the company through the acquisition of its shares in the market.

   Comply [X]   Explain [ ]

2. When the parent company and a subsidiary company are listed, both of them publicly define with precision:

   a) The respective areas of activity and possible business relationships between them, as well as those of the listed subsidiary with the other group companies.

   b) The mechanisms foreseen to resolve possible conflicts of interest that may arise.

   Comply [ ]   Comply partially [ ]   Explain [ ]   Not applicable [X]

3. That during the celebration of the ordinary general meeting, as a complement to the written dissemination of the annual corporate governance report, the chairman of the board of directors verbally informs the shareholders, with sufficient detail, of the most relevant aspects of the corporate governance of the company. society and, in particular:

   a) Of the changes that have occurred since the previous ordinary general meeting.

   b) Of the specific reasons why the company does not follow any of the recommendations of the Corporate Governance Code and, if they exist, the alternative rules that apply in that area.

   Comply [X]   Comply partially [ ]   Explain [ ]

4. That the company defines and promotes a policy of communication and contacts with shareholders, institutional investors and voting advisors that is fully respectful of the rules against market abuse and provides similar treatment to shareholders who are in the same position.

   Ensure that the Company publishes said policy on its website, including information regarding the how this policy has been implemented and identifying the representatives and persons in charge of executing it.

   Comply [X]   Comply partially [ ]   Explain [ ]

5. That the board of directors does not submit to the general meeting a proposal to delegate powers, to issue shares or convertible securities excluding the right of preferential subscription, for an amount greater than 20% of the capital at the time of delegation.

   And when the board of directors approves any issuance of shares or convertible securities excluding the right of pre-emptive subscription, the company immediately publishes on its website the reports on said exclusion to which the commercial legislation refers.

   Comply [ ] Comply partially [X] Explain [ ]

At the Ordinary General Shareholders' Meeting of June 28, 2018, the delegation to the Board of Directors was approved, for a term of five years, of the power to increase the share capital pursuant to the provisions of article 297 of the Capital Companies Act, in one or several times, with or without an issue premium, up to half the nominal amount of the capital stock on the date of the authorization, with the attribution of the power to exclude the right of pre-emptive subscription in accordance with the provisions of article 506 of the Capital Companies Law.
This power has not yet been exercised, but it is the intention of the Company when the board of directors approves any issuance of shares excluding the right of preferential subscription, to publish immediately on the website the reports on said exclusion referred to in the legislation trade.

6. That listed companies that prepare the reports listed below, whether mandatory or voluntary, publish them on their website in advance of the ordinary general meeting, although their dissemination is not mandatory:

   a) Report on the independence of the auditor.

   b) Performance reports of the audit and appointment and remuneration commissions.

   c) Report of the audit committee on related-party transactions.

   d) Report on the corporate social responsibility policy.

   Comply [X] Comply partially [ ] Explain [ ]

7. That the company transmits live, through its website, the holding of general shareholders meetings.

   Comply [X] Explain [ ]

8. That the audit committee ensure that the board of directors seeks to present the accounts to the general meeting of shareholders without limitations or qualifications in the audit report and that, in the exceptional cases in which there are exceptions, both the chairman of the audit committee as the auditors clearly explain to the shareholders the content and scope of said limitations or qualifications.

   Comply [X] Comply partially [ ] Explain [ ]

9. That the company make permanently public on its website, the requirements and procedures it will accept to accredit the ownership of shares, the right to attend the general meeting of shareholders and the exercise or delegation of the right to vote.

And that such requirements and procedures favour assistance and the exercise of their rights to shareholders and are applied in a non-discriminatory manner.

Comply [X] Comply partially [ ] Explain [ ]

10. That when any shareholder with legal standing in accordance with the two paragraphs above has exercised, prior to the holding of the General Shareholders' Meeting, the right to expand the agenda or to present new agreement proposals, the Company:

a) Immediately disseminate such complementary points and new proposals for agreement.

b) Make public the model of attendance card or form of delegation of vote or distance vote with the precise modifications so that the new points of the agenda and alternative proposals can be voted on according to the same terms as those proposed by the board of directors.

c) Submit all those points or alternative proposals to a vote and apply the same voting rules to them as those formulated by the board of directors, including, in particular, presumptions or deductions regarding the direction of the vote.

d) After the general meeting of shareholders, communicate the breakdown of the vote on such complementary points or alternative proposals.

Comply [ ] Comply partially [ ] Explain [ ] Not applicable [X]

11. That, in the event that the company plans to pay attendance premiums to the general meeting of shareholders, establish, in advance, a general policy on such premiums and that said policy is stable.

Comply [ ] Comply partially [ ] Explain [ ] Not applicable [X]

12. That the board of directors perform its functions with unity of purpose and independence of judgment, dispense the same treatment to all shareholders who are in the same position and be guided by the corporate interest, understood as the achievement of a profitable and sustainable business in the long term, that promotes its continuity and the maximization of the economic value of the company.

In the pursuit of the Company's interests, in addition to complying with laws and regulations, and acting in good faith, ethically with respect to generally accepted good practices, it will aim to reconcile, as appropriate, the Company's interests with the legitimate interests of its employees, suppliers, clients and those of the remaining interest groups that may be affected, in addition to the impact of the Company's activities on the community as a whole and the environment.

Comply [X] Comply partially [ ] Explain [ ]

13. That the board of directors possesses the precise dimension to achieve an efficient and participative functioning, which makes it advisable that it has between five and fifteen members.

Comply [X]   Explain [ ]

14. That the board of directors approve a policy for the selection of directors that:

a) Be concrete and verifiable.

b) Ensure that the proposals for appointment or re-election are based on a prior analysis of the needs of the board of directors.

c) Favour the diversity of knowledge, experiences and gender.

That the result of the prior analysis of the needs of the board of directors is included in the justification report of the appointments committee that is published when the general meeting of shareholders is convened to which the ratification, appointment or re-election of each director is submitted.

The Director Selection Policy will make a conscious effort so that in year 2020 the number of female directors represents, at least, 30% of the total number of members of the Board of Directors.

The appointment committee will verify annually the compliance with the director selection policy and will be informed of this in the annual corporate governance report.

Comply [X]   Comply partially [ ]   Explain [ ]

15. That the proprietary and independent directors constitute a large majority of the board of directors and that the number of executive directors be the minimum necessary, taking into account the complexity of the corporate group and the percentage of participation of the executive directors in the capital of the company.

Comply [X]   Comply partially [ ]   Explain [ ]

16. That the percentage of proprietary directors over the total of non-executive directors is not greater than the proportion between the capital of the company represented by said directors and the rest of the capital.

This criterion may be mitigated:

a) In companies with large capitalization in which shareholdings that legally have the consideration of significations are scarce.

b) In the case of companies in which there is a plurality of shareholders represented on the board of directors and have no links with each other.

Comply [X]   Explain [ ]

17. That the number of independent directors represents at least half of the total number of directors.

That, however, when the company is not highly capitalized or when, even if it is, it has a shareholder or several acting in concert, that controls more than 30% of the share capital, the number of independent directors represents at least one third of the total number of directors.

Comply [ ] Explain [X]

There is currently no other group among the shareholders of the Company than the one that currently holds a large majority with sufficient capacity for the appointment of directors. Therefore, eight of the directors are proprietary directors, one director is an executive director, one director is an external director and the Company has four independent directors, representing 28.57% of the total number of directors.

18. That the companies make public through their website, and keep updated, the following information about their directors:

a) Professional and biographical profile.

b) Other boards of directors to which they belong, whether they are listed companies or not, as well as other paid activities that they carry out whatever their nature.

c) Indication of the category of director to which they belong, indicating, in the case of proprietary directors, the shareholder they represent or with whom they have links.

d) Date of his first appointment as a director in the company, as well as of the subsequent re-elections.

e) Shares of the company, and options on them, of which they are holders.

Comply [X] Comply partially [ ] Explain [ ]

19. That in the annual corporate governance report, after verification by the appointments committee, explain the reasons why proprietary directors have been appointed at the request of shareholders whose shareholding is less than 3% of the capital; and the reasons why formal requests for presence on the board from shareholders whose shareholding is equal to or greater than that of others at whose request proprietary directors have been appointed should not be addressed.

Comply [ ] Comply partially [ ] Explain [ ] Not applicable [X]

20. That the proprietary directors present their resignation when the shareholder they represent transfers its shareholding in its entirety. This shall also be done in the corresponding number, when said shareholder reduces its shareholding to such a level that requires the reduction of the number of proprietary shareholders.

Comply [ ] Comply partially [ ] Explain [ ] Not applicable [X]

21. That the board of directors does not propose the separation of any independent director before the expiration of the statutory period for which he or she was appointed, except when there is a just cause, appreciated by the board of directors after a report from the appointments committee. In particular, just cause shall exist if the director takes on new roles or enters into new obligations that prevents them from dedicating the time necessary for carrying out the duties inherent in that of a director, fails to perform said duties or commits any act that renders them not independent, in accordance with that provided in the applicable legislation.

    Separation of independent directors may also be proposed as a result of public takeover bids, mergers or other similar corporate transactions that imply a change in the capital structure of the company, when such changes in the structure of the board of directors are favoured by the criterion of proportionality indicated in recommendation 16.

    Comply [X] Explain [ ]

22. That the companies establish rules that oblige the directors to inform and, if applicable, resign in those cases that may harm the credit and reputation of the company and, in particular, oblige them to inform the board of directors of the criminal cases in those that appear as imputed, as well as their subsequent procedural vicissitudes.

    In the event of the director being prosecuted or having a court order issued against them initiating trial proceedings for any of the crimes set out in Spanish Company Legislation, the Board shall examine the case as soon as possible and, depending on the specific circumstances, shall decide whether or not the director shall continue in their role. And that of all this the board of directors account, in a reasoned manner, in the annual corporate governance report.

    Comply [X] Comply partially [ ] Explain [ ]

23. That all directors clearly express their opposition when they consider that any proposal for a decision submitted to the board of directors may be contrary to the corporate interest. In particular, independent and other directors unaffected by the potential conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation.

    And when the board of directors adopts significant or repeated decisions on which the director has made serious reservations, the latter draw the appropriate conclusions and, if he opts to resign, explain the reasons in the letter referred to in the following recommendation.

    This recommendation also reaches the secretary of the board of directors, even if he does not have the status of a director.

    Comply [X] Comply partially [ ] Explain [ ] Not applicable [ ]

24. That when, by resignation or for another reason, a director leaves office before the end of his term, explain the reasons in a letter sent to all members of the board of directors. And that, notwithstanding the fact that said termination is reported as a relevant event, the reason for the termination is reported in the annual corporate governance report.

Comply [ ] Comply partially [ ] Explain [ ] Not applicable [X]

25. That the appointments committee ensures that non-executive directors have sufficient time available for the proper performance of their duties.

And that the regulations of the board establish the maximum number of board of directors of which its directors can be a part.

Comply [X] Comply partially [ ] Explain [ ]

26. That the board of directors meet with the necessary frequency to effectively perform its functions and, at least, eight times a year, following the schedule of dates and matters established at the beginning of the year, each director being able to individually propose other points of order of the day initially not foreseen.

Comply [X] Comply partially [ ] Explain [ ]

27. That the absences of the directors are reduced to the indispensable cases and are quantified in the annual corporate governance report. And that, when they should be produced, representation is granted with instructions.

Comply [ ] Comply partially [X] Explain [ ]

During the year 2018, 1.75 percent of the absences did not have representation with instructions.

28. That when the directors or the secretary express concern about any proposal or, in the case of the directors, about the progress of the company and such concerns are not resolved in the board of directors, at the request of the person who said them, a record should be kept of them in the minutes.

Comply [X] Comply partially [ ] Explain [ ] Not applicable [ ]

29. That the company establishes the appropriate channels so that the directors can obtain the necessary advice for the fulfilment of their duties, including, if required by the circumstances, external advice charged to the company.

Comply [X] Comply partially [ ] Explain [ ]

30. That, regardless of the knowledge required of directors for the exercise of their duties, companies also offer directors refresher programs when the circumstances warrant.

Comply [X] Comply partially [ ] Not applicable [ ]

31. That the agenda of the sessions clearly indicate those points on which the board of directors must adopt a decision or agreement so that the directors can study or collect, in advance, the information required for its adoption.

When, exceptionally, for reasons of urgency, the chairman wishes to submit decisions or resolutions that do not appear on the agenda to the approval of the board of directors, the prior and express consent of the majority of the directors present, from which will leave due record in the minutes.

Comply [X] Comply partially [ ] Explain [ ]

32. That the directors are periodically informed of the movements in the shareholding and of the opinion that the significant shareholders, investors and rating agencies have about the company and its group.

Comply [X] Comply partially [ ] Explain [ ]

33. That the president, as the person responsible for the efficient functioning of the board of directors, in addition to exercising the functions legally and statutorily attributed to him, prepares and submits to the board of directors a schedule of dates and matters to be discussed; organise and coordinate the periodic evaluation of the board, as well as, where appropriate, the first executive of the company; be responsible for the direction of the board and the effectiveness of its operation; ensure that sufficient discussion time is devoted to strategic issues, and agree and review the knowledge updating programs for each counsellor, when circumstances warrant.

Comply [X] Comply partially [ ] Explain [ ]

34. When there is a coordinating director, the bylaws or the regulations of the board of directors, in addition to the powers that correspond to him legally, assign him the following: to preside over the board of directors in the absence of the president and the vice-presidents, if any; echo the concerns of non-executive directors; maintain contacts with investors and shareholders to know their points of view in order to form an opinion on their concerns, in particular, in relation to the corporate governance of the company; and coordinate the president's succession plan.

Comply [ ] Comply partially [ ] Explain [ ] Not applicable [X]

35. That the secretary of the board of directors ensure in a special manner that in its actions and decisions the board of directors takes into account the recommendations on good governance contained in this Code of good governance that are applicable to society.

Comply [X] Explain [ ]

36. That the board of directors in plenary evaluate once a year and adopt, where appropriate, an action plan that corrects the detected deficiencies with respect to:

a) The quality and efficiency of the operation of the board of directors.

b) The functioning and composition of its commissions.

c) The diversity in the composition and powers of the board of directors.

d) The performance of the chairman of the board of directors and the chief executive of the company.

e) The performance and contribution of each director, paying special attention to those responsible for the various board committees.

In order to carry out the evaluation of the different commissions, it will be based on the report that they submit to the board of directors, and for the latter's, from the one that the appointment commission elevates.

Every three years, the board of directors will be assisted to carry out the evaluation by an external consultant, whose independence will be verified by the appointments committee.

The business relationships that the consultant or any company of its group maintains with the company or any company of its group should be broken down in the annual corporate governance report.

The process and evaluated areas must be described in the Annual Corporate Governance Report.

Comply [X]   Comply partially [ ]   Explain [ ]

37. That when there is an executive committee, the structure of participation of the different categories of directors is similar to that of the board of directors itself and its secretary is that of the latter.

Comply [ ]   Comply partially [ ]   Explain [ ]   Not applicable [X]

38. Likewise, the Board of Directors shall always be aware of the items dealt with and the resolutions adopted by the Delegated Commission and all members of the Board shall receive a copy of the minutes of the Delegated Commission's meetings.

Comply [ ]   Comply partially [ ]   Explain [ ]   Not applicable [X]

39. That the members of the audit committee, and especially its chairman, be appointed taking into account their knowledge and experience in accounting, auditing or risk management, and that the majority of these members be independent directors.

Comply [X]   Comply partially [ ]   Explain [ ]

40. That under the supervision of the audit committee, there be a unit that assumes the function of internal audit that ensures the proper functioning of the information and internal control systems and functionally depends on the non-executive chairman of the board or the board of directors. audit commission.

Comply [X]   Comply partially [ ]   Explain [ ]

41. That the person in charge of the unit that assumes the internal audit function presents the annual work plan to the audit committee, reports directly on the incidents that arise in its development and submits an activity report at the end of each year.

Comply [X]   Comply partially [ ]   Explain [ ]   Not applicable [ ]

42. That, in addition to those provided by law, the following functions correspond to the audit committee:

1. In relation to the information and internal control systems:

a) To supervise the process of preparing the financial information relating to the company, and when applicable, to the group, and its integrity, reviewing the compliance of normative requirements, the proper delimitation of the consolidation perimeter and the correct application of accounting criteria.

b) Ensure the independence of the unit that assumes the internal audit function; propose the selection, appointment, re-election and removal of the person responsible for the internal audit service; propose the budget for that service; approve the orientation and its work plans, making sure that its activity is focused mainly on the relevant risks of society; receive periodic information about their activities; and verify that senior management takes into account the conclusions and recommendations of its reports.

c) Establish and supervise a mechanism that allows employees to report confidentially and, if possible and considered appropriate, anonymously, irregularities of potential importance, especially financial and accounting, that they detect within the company.

2. In relation to the external auditor:

a) In case of resignation of the external auditor, examine the circumstances that may have motivated it.

b) Ensure that the remuneration of the external auditor for their work does not compromise their quality or independence.

c) Supervise that the company reports the change of auditor as a relevant event to the CNMV and accompanies it with a statement about the possible existence of disagreements with the outgoing auditor and, if they existed, their content.

d) Ensure that the external auditor holds an annual meeting with the full board of directors to inform him of the work done and the evolution of the accounting and risk situation of the company.

e) Ensure that the company and the external auditor respect the regulations in force regarding the provision of services other than auditing, the limits on the concentration of the auditor's business and, in general, the other rules on the independence of auditors.

Comply [X] Comply partially [ ] Explain [ ]

43. That the audit committee may summon any employee or manager of the company, and even order that they appear without the presence of any other director.

Comply [X] Comply partially [ ] Explain [ ]

44. That the audit committee be informed about the operations of structural and corporate changes that the company plans to carry out for its analysis and report to the board of directors on its economic conditions and accounting impact, and especially, where applicable, on the equation of proposed exchange.

Comply [X] Comply partially [ ] Explain [ ] Not applicable [ ]

45. That the risk control and management policy identifies at least:

a) The different types of financial and non-financial risk (among others, operational, technological, legal, social, environmental, political and reputational) to which society faces, including financial or economic risks, contingent liabilities and other risks. out of balance.

b) The determination of the level of risk that the company considers acceptable.

c) The measures foreseen to mitigate the impact of the identified risks, should they materialise.

d) The internal control and information systems that will be used to control and manage the aforementioned risks, including the contingent liabilities and other risks not included on the Balance Sheet.

Comply [X] Comply partially [ ] Explain [ ]

46. That under the direct supervision of the audit committee or, as the case may be, of a specialised committee of the board of directors, there is an internal risk control and management function exercised by a unit or internal department of the company that has expressly attributed the following functions:

a) Ensure the correct operation of the risk management and control systems and, in particular, ensure that said systems identify, manage and quantify all significant risks that may affect the Company.

b) Actively participate in drafting the risk strategy and in the decisions significant to their management.

c) Ensure that the risk management and control systems adequately mitigate the risks within the framework of the policy established by the Board of Directors.

Comply [X] Comply partially [ ] Explain [ ]

47. That the members of the Appointments and Remuneration Committee - or of the Appointments Committee and the Remuneration Committee, if they are separate - be appointed so that they have the knowledge, skills and experience appropriate to the functions they are called upon to perform and that the majority of these members are independent directors.

Comply [X] Comply partially [ ] Explain [ ]

48. That the companies of high capitalization have a commission of appointments and a commission of separate remunerations.

Comply [ ] Comply partially [ ] Not applicable [X]

49. That the appointments committee consults the chairman of the board of directors and the chief executive of the company, especially when dealing with matters relating to executive directors.

And that any director may request from the appointments committee to take into consideration, in case he finds them suitable in his judgment, potential candidates to fill vacancies of the director.

Comply [X] Comply partially [ ] Explain [ ]

50. That the remuneration committee exercises its functions independently and that, in addition to the functions attributed to it by law, the following correspond to it:

a) Propose to the board of directors the basic conditions of the contracts of senior managers.

b) To verify adherence to the Company’s payment policy.

c) Periodically review the remuneration policy applied to directors and senior managers, including the remuneration systems with shares and their application, as well as ensuring that their individual remuneration is proportionate to that paid to other directors and senior managers of the company.

d) Ensure that any conflict of interest does not prejudice the independence of the external advice given to the commission.

e) Verify the information on the remuneration of Directors and Senior Management contained in various corporate documents, including the Annual Report on Director Remuneration.

Comply [X] Comply partially [ ] Explain [ ]

51. That the remuneration committee consults the chairman and the chief executive of the company, especially when dealing with matters relating to executive directors and senior executives.

Comply [X] Comply partially [ ] Explain [ ]

52. That the rules for composition and operation of the supervision and control commissions appear in the regulations of the board of directors and that they are consistent with those applicable to legally binding commissions in accordance with the foregoing recommendations, including:

a) They are composed exclusively of non-executive directors, with a majority of independent directors.

b) That its chairmen are independent directors.

c) That the board of directors appoint the members of these committees taking into account the knowledge, skills and experience of the directors and the duties of each committee, deliberate on their proposals and reports; and that accounts, in the first plenary session of the board of directors after its meetings, of its activity and that they respond of the work carried out.

d) That the committees may seek external advice, when they deem it necessary for the performance of their duties.

e) That minutes are drawn up from their meetings, which will be made available to all the directors.

Comply [ ] Comply partially [ ] Explain [ ] Not applicable [X]

53. That the supervision of compliance with corporate governance rules, internal codes of conduct and the corporate social responsibility policy is attributed to one or is distributed among several committees of the board of directors that may be the audit committee, the appointments, the corporate social responsibility committee, if any, or a specialised committee that the board of directors, exercising its powers of self-organisation, decides to create for that purpose, to which specifically the following minimum functions are attributed:

a) Supervision of compliance with the internal codes of conduct and the rules of corporate governance of the company.

b) Supervision of the communication strategy and relationship with shareholders and investors, including small and medium shareholders.

c) Periodic evaluation of the adequacy of the corporate governance system of the company, in order to fulfil its mission to promote the social interest and take into account, as appropriate, the legitimate interests of the other interest groups.

d) The review of the corporate responsibility policy of the company, ensuring that it is aimed at the creation of value.

e) The monitoring of the strategy and practices of corporate social responsibility and the evaluation of its degree of compliance.

f) The supervision and evaluation of the relationship processes with the different interest groups.

g) The evaluation of everything related to the non-financial risks of the company -including operational, technological, legal, social, environmental, political and reputational risks.

h) Coordinating non-financial information reporting procedures, in addition to those of diversity, in accordance with applicable legislation and international standards.

Comply [X]　　Comply partially [ ]　　Explain [ ]

54. That the corporate social responsibility policy includes the principles or commitments that the company assumes voluntarily in its relationship with the different interest groups and identifies at least:

a) The objectives of the corporate social responsibility policy and the development of support instruments.

b) The corporate strategy related to sustainability, the environment and social issues.

c) The specific practices in matters related to: shareholders, employees, customers, suppliers, social issues, environment, diversity, fiscal responsibility, respect for human rights and prevention of illegal conducts.

d) The methods or systems for monitoring the results of the application of the specific practices indicated in the previous letter, the associated risks and their management.

e) The mechanisms of non-financial risk supervision, ethics and business conduct.

f) The channels of communication, participation and dialogue with the stakeholders.

g) Responsible communication practices that avoid information manipulation and protect integrity and honour.

Comply [X] Comply partially [ ] Explain [ ]

55. That the company reports, in a separate document or in the management report, on matters related to corporate social responsibility, using some of the internationally accepted methodologies.

Comply [X] Comply partially [ ] Explain [ ]

56. That the remuneration of the directors be necessary to attract and retain the directors of the desired profile and to reward the dedication, qualification and responsibility required by the position, but not so high as to compromise the independent judgment of the non-executive directors.

Comply [X] Explain [ ]

57. Variable remuneration relating on Company and individual performance should be limited to executive directors, in addition to remuneration via the delivery of shares, options or rights to shares or other share-based instruments and long-term savings plans such as pension or other social benefit schemes.

The delivery of shares may be considered as remuneration for non-executive directors with the proviso that they are kept until the end of their time holding this position. The foregoing does not apply to shares that the director needs to sell, should this be necessary, to pay the costs of their acquisition.

Comply [X] Comply partially [ ] Explain [ ]

58. That in the case of variable remuneration, the remuneration policies incorporate the limits and the precise technical causes to ensure that such remunerations are related to the professional performance of their beneficiaries and do not derive only from the general evolution of the markets or the sector of activity of the company. company or other similar circumstances.

In particular, the components of variable remuneration should:

a) Be linked to pre-determined and measurable performance criteria which should consider the risk assumed to obtain a result.

b) Promote the sustainability of the Company and include non-financial criteria that are sufficient to create long-term value, such as compliance with internal Company rules and procedures and it control and risk management policies.

c) They are configured on the basis of a balance between the achievement of short, medium and long-term objectives, which allow remuneration of performance for a continuous performance during a sufficient period of time to appreciate their contribution to the sustainable creation of value, so that the elements of measurement of that performance do not turn only around specific, occasional or extraordinary events.

Comply [X] Comply partially [ ] Explain [ ] Not applicable [ ]

59. That the payment of a relevant part of the variable components of the remuneration is deferred for a minimum period of time sufficient to verify that the previously established performance conditions have been met.

Comply [X] Comply partially [ ] Explain [ ] Not applicable [ ]

60. Remuneration related to the Company's profits should take into account the possible qualifications that appear in the external audit report that may reduce said profits.

Comply [X] Comply partially [ ] Explain [ ] Not applicable [ ]

61. That a significant percentage of the variable remuneration of executive directors is linked to the delivery of shares or financial instruments referenced to their value.

Comply [ ] Comply partially [ ] Explain [X] Not applicable [ ]

The delivery of shares or financial instruments referenced to their value is not included in the remuneration systems of the executive directors. In effect, the Company has understood that even though a remuneration system based on the delivery of shares is not established, the short, medium and long term variable remuneration established for the CEO is linked to predetermined and measurable performance criteria that allow remuneration of the performance for continued performance over a sufficient period of time to appreciate its contribution to the sustainable creation of value.

62. Once the shares or options or rights over shares corresponding to the remuneration systems have been attributed, the directors cannot transfer ownership of a number of shares equivalent to twice their annual fixed remuneration, nor can they exercise the options or rights until after term of, at least, three years from its attribution.

The foregoing does not apply to shares that the director needs to sell, should this be necessary, to pay the costs of their acquisition.

Comply [ ] Comply partially [ ] Explain [ ] Not applicable [X]

63. The contractual agreements should include a clause that allows the Company to reclaim the payment of the variable remuneration components when the payment has not been adjusted to the performance conditions or when it has been paid in accordance with data, the inaccuracy of which is subsequently proven.

Comply [ ] Comply partially [X] Explain [ ] Not applicable [ ]

Although there is no specific clause in the contractual agreements to be able to claim the return of variable remuneration based on the attainment of pre-established objectives, when the remuneration has been paid according to data that later appear as erroneous, in the Regulation of Variable Remuneration, there is a clause according to which, in the very unlikely circumstance that the Annual Accounts were subsequently modified, also varying the data used to set variable remuneration, the Appointments and Remuneration Committee may propose to the Board of Directors the reimbursement of the payment of each one of the beneficiaries and their adjustment with the data definitively established in the Annual Accounts.

64. The payments for termination of the contract should not be above the amount of two years of the total annual salary and should not be paid until the Company has been able to verify that the Director has fulfiled all of the previously established performance criteria.

Comply [ ] Comply partially [ ] Explain [X] Not applicable [ ]

The commercial contract established between the Company and the Chief Executive Officer establishes that the latter will be entitled to receive compensation from the Company in case of termination and termination of the Services Contract for any of the following reasons:

1.- Unilateral termination by the CEO for serious breach by the Company of the obligations incumbent on it under the Services Contract.

2.- Unilateral termination of the Service Contract by the Company without just cause, whether such termination accompanied or not the cessation or non-renewal of his position as a member of the Board of Directors of the Company.

3.- Unilateral termination by the Managing Director, with simultaneous resignation from his position as director, in the event of a change in the control structure of the Company within the meaning of article 42 of the Commercial Code by reference to article 4 of the Securities Market Law, including as a result of a public tender offer for the shares of the Company, or assignment or transfer of all or a relevant part of its activity or of its assets and liabilities to a third party, or integration into another business group that acquires control of the Company in such a way that it has the effect of renewing its governing bodies or a substantial change in its business strategy as it may result in each case of its business plan.

Except for the case envisaged in section 3 above, the compensation to be received by the CEO shall be an amount equivalent to:
(i) seventy-five (75) percent of your monetary remuneration, including the component of the Variable Remuneration provided in section
3.3.1 of the Services Contract, calculated on the remuneration corresponding to the year preceding that in which the contractual termination occurred, in the event that its termination occurs after June 30, 2017 and before June 30, 2020; (ii) fifty percent (50) if the termination of the Services Contract occurs after June 30, 2020 and before June 30, 2021; (iii) forty-two percent (42) if the termination of the Services Contract occurs after June 30, 2021 and before June 30, 2022; (iv) thirty-four percent (34) if the termination of the Services Contract occurs after June 30, 2022 and before June 30, 2023; (v) twenty-six percent (26) if the termination of the Services Contract occurs after June 30, 2023 and before June 30, 2024; (vi) eighteen percent (18) if the termination of the Services Contract occurs after June 30, 2024 and before June 30, 2025. If the resolution is after June 30, 2025, the CEO will not be entitled to receive any compensation.

In the event of termination of the Services Contract as a result of the occurrence of the situation envisaged in point 3 above, the CEO will be entitled to compensation equivalent to three (3) annuities of his monetary remuneration, including the component of the Variable Remuneration provided in section 3.3.1 of the service contract, calculated on the remuneration corresponding to the year preceding that in which the contractual termination occurred.

In the event that the termination of the Services Contract occurs due to voluntary resignation of the CEO for reasons other than those stipulated in sections 1.-, 2.- and 3.- above, the Company will recognise an additional supplementary benefit by value of sixteen and a half (16.5) percent of the annual Basic Remuneration received by the Chief Executive Officer, computed for these purposes for the time elapsed between the entry into force of the Services Contract and the date of formal termination of their contractual relationship with society.

H. OTHER INFORMATION OF INTEREST

1. If there is any relevant aspect in terms of corporate governance in the company or in the entities of the group that has not been included in the rest of the sections of this report, but which must be included in order to collect more complete and reasoned information about the structure and government practices in the entity or your group, briefly describe them.

2. Within this section, you can also include any other information, clarification or nuance related to the previous sections of the report insofar as they are relevant and not repetitive.

   Specifically, it will be indicated if the company is subject to legislation other than Spanish legislation regarding corporate governance and, if applicable, include the information that it is obliged to provide and that is different from that required in this report.

3. The company may also indicate if it has voluntarily adhered to other codes of ethical principles or good practices, international, sectorial or otherwise. Where appropriate, the code in question and the date of accession will be identified. In particular, it will mention if it has adhered to the Code of Good Tax Practices, of July 20, 2010:

Section C.1.3 indicates that the external proprietary director Mr. Joaquin Mª Molins López-Rodó has been appointed at the proposal of the signatory shareholder Otinix, SL, when in fact he has been appointed by concerted action of the significant shareholders Otinix, SL, Cartera de Inversiones C.M., S.A. y Noumea, S.A.

It is also indicated that Otinix, S.L. it has been appointed at the proposal of the significant shareholder Otinix, S.L., when in fact it has been appointed by concerted action of significant shareholders Otinix, S.L., Cartera de Inversiones C.M., S.A. and Noumea, S.A.

Likewise, it is indicated that the external proprietary directors Mr. Francisco Javier Fernández Bescós and Cartera de Inversiones C.M., S.A. have been appointed at the proposal of the significant shareholder Inversiones C.M., S.A., when in fact they have been appointed by concerted action of significant shareholders Otinix, S.L., Cartera de Inversiones C.M., S.A. y Noumea, S.A

Finally, it is indicated that the external proprietary directors Mr. Juan Molins Amat, Mr. Juan Molins Monteys and Noumea, S.A. they have been appointed at the proposal of the significant shareholder Noumea, S.A., when in fact they have been appointed by concerted action of significant shareholders Otinix, S.L., Cartera de Inversiones C.M., S.A. and Noumea, S.A.

This annual corporate governance report has been approved by the Board of Directors of the company, in its session dated:

27/02/2019

Indicate whether there have been directors who voted against or abstained in relation to the approval of this Report.

[ ] Yes
[√] No

Cementos Molins, S.A. and Subsidiaries

Auditors' report on the information relating to the system of Internal Control over Financial Reporting (ICFR) of the Cementos Molins Group for 2018

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Deloitte.

Deloitte, S.L.
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08034 Barcelona
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Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

AUDITOR'S REPORT ON THE INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF THE CEMENTOS MOLINS GROUP FOR 2018

To the Directors of
Cementos Molins, S.A.,

As requested by the Board of Directors of Cementos Molins, S.A. and Subsidiaries ("the Cementos Molins Group") and in accordance with our proposal-letter of 17 December 2018, we have applied certain procedures to the accompanying information relating to the ICFR system included in section F of the Annual Corporate Governance Report ("ACGR") of the Cementos Molins Group for 2018, which summarises the internal control procedures of the Cementos Molins Group in relation to its annual financial reporting.

The directors are responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the accompanying information relating to the ICFR system.

It should be noted in this regard that, irrespective of the quality of the design and operating effectiveness of the internal control system adopted by the Cementos Molins Group in relation to its annual financial reporting, the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the consolidated financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Cementos Molins Group was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Cementos Molins Group's consolidated financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of consolidated financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Guidelines on the Auditor's Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Companies, published by the Spanish National Securities Market Commission (CNMV) on its website, which establish the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Cementos Molins Group's annual financial reporting for 2018 described in the accompanying Information relating to the ICFR system. Therefore, had we applied procedures additional to those established in the aforementioned Guidelines or performed an audit or a review of the system of internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the audit regulations in force in Spain, we do not express an audit opinion in the terms provided for in those regulations.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Cementos Molins Group in relation to the ICFR system -disclosure information included in the directors' report- and assessment of whether this information addresses all the information required in accordance with the minimum content described in section F, relating to the description of the ICFR system, of the model Annual Corporate Governance Report established in CNMV Circular no. 5/2013, of 12 June 2013, subsequently amended by CNMV Circular no. 7/2015, of 22 December 2015 and CNMV Circular 2/2018, of 12 June ("the CNMV Circulars").

2. Inquiries of personnel in charge of preparing the information detailed in point 1 above for the purpose of: (i) obtaining an understanding of the process that goes into drawing up the information; (ii) obtaining information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) obtaining information on whether the control procedures described are in place and functioning at Cementos Molins Group.

3. Review of the explanatory documents supporting the information detailed in point 1 above, including mainly the documentation furnished directly to the personnel in charge of preparing the information describing the ICFR system. In this regard, the aforementioned documents include reports prepared for the Audit and Control Committee by internal audit, senior management and other internal or external specialists.

4. Comparison of the information detailed in point 1 above with the knowledge on the Cementos Molins Group's ICFR system obtained through the procedures applied during the financial statement audit work.

5. Perusal of minutes of meetings of the Board of Directors, Audit and Control Committee and other committees of the Cementos Molins Group to evaluate the consistency between the ICFR business transacted and the information detailed in point 1 above.

6. Obtainment of the representation letter concerning the work performed, duly signed by the personnel in charge of the preparation of the information detailed in point 1 above.

The procedures applied to the information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the information.

This report has been prepared exclusively in the context of the requirements established in Article 540 of the Consolidated Spanish Limited Liability Companies Law and in the CNMV Circulars for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.

Albert Riba Barea

27 February 2019

Cementos Molins, S.A.

Financial Statements for the year ended 31 December 2018 and Directors' Report, together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

Deloitte.

Deloitte, S.L.
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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Shareholders of Cementos Molins, S.A.,

Report on the Financial Statements

Opinion

We have audited the financial statements of Cementos Molins, S.A. (the Company), which comprise the balance sheet as at 31 December 2018, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2018, and its results and its cash flows for the period then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2 to the financial statements) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of ownership interests in, and loans to, Group companies and associates	
Description	**Procedures applied in the audit**
The Company has ownership interests in the share capital of Group companies and associates that are not listed on regulated markets, and has granted loans thereto, as detailed in Note 8 to the financial statements. The measurement of the recoverable amount of those ownership interests and loans requires the use of significant estimates and judgements by management, both when choosing the valuation method and discounting future cash flows and when taking into consideration the key operating assumptions used for each method in question.	Our audit procedures consisted, among others, of the measurement of the recoverable amount of the aforementioned ownership interests and loans performed by the Company's management, and verified both the appropriateness of the valuation method used in relation to the investment held and the clerical accuracy of the calculations made. We also assessed the reasonableness of the main assumptions taken into consideration in the calculations, mainly those referring to projected future cash flows and discount rates.

Impairment of ownership interests in, and loans to, Group companies and associates	
Description	**Procedures applied in the audit**
As a result of the foregoing, as well as the significance of the investments held and loans granted, which amounted to EUR 330 million at year-end, this matter was determined to be a key matter in our audit.	We also involved internal valuation experts to help us in the process of assessing the assumptions and methodologies used by the Company and, in particular, those related to the discount rates used. Furthermore, we analysed the reasonableness of the projected operating assumptions (mainly, production and sales volumes, production costs and selling prices) and the consistency of the assumptions included in the prior year's analysis with the actual operating figures. We also took into consideration the ability to repay the loans and to pay dividends based on historical information and the potential restrictions under existing agreements that prevent the payment of dividends in the future. Lastly, we checked that Note 8 to the accompanying financial statements contains the disclosures required by the applicable accounting regulations relating to the measurement of the recoverable amount of those assets.

Other Information: Directors' Report

The other information comprises only the directors' report for 2018, the preparation of which is the responsibility of the Company's directors and which does not form part of the financial statements.

Our audit opinion on the financial statements does not cover the directors' report. Our responsibility relating to the information contained in the directors' report is defined in the audit regulations in force, which establish two distinct levels of responsibility in this regard:

a) A specific level that applies to certain information included in the Annual Corporate Governance Report, as defined in Article 35.2.b) of Spanish Audit Law 22/2015, which consists solely of checking that the aforementioned information has been provided in the directors' report and, if this is not the case, reporting this fact.

b) A general level applicable to the other information included in the directors' report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the financial statements, based on the knowledge of the entity obtained in the audit of those financial statements and excluding any information other than that obtained as evidence during the audit, as well as evaluating and reporting on whether the content and presentation of this section of the directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we have checked that the information described in section a) above is provided in the directors' report and that the other information in the directors' report is consistent with that contained in the financial statements for 2018 and its content and presentation are in conformity with the applicable regulations.

Responsibilities of the Directors and of the Audit and Compliance Committee for the Financial Statements

The directors are responsible for preparing the accompanying financial statements so that they present fairly the Company's equity, financial position and results in accordance with the regulatory financial reporting framework applicable to the Company in Spain, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit and compliance committee is responsible for overseeing the process involved in the preparation and presentation of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in Appendix I to this auditor's report. This description in Appendix I forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

Additional report to the Audit and Compliance Committee

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit and compliance committee dated 27 February 2019.

Engagement Period

The Annual General Meeting held on 29 June 2017 appointed us as auditors for a period of one year from the year ended 31 December 2017, i.e., 2018.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the financial statements uninterruptedly since the year ended 31 December 1990, taking into account the content of Article 17.8 of Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Albert Riba Barea
Registered in ROAC under no. 21437

27 February 2019

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the use by the directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity's audit and compliance committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the entity's audit and compliance committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the entity's audit and compliance committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Cementos Molins, S.A.

Annual accounts and management report for financial year ended 31 December 2018

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish language version prevails.

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CEMENTOS MOLINS, S.A.

BALANCE SHEET AS OF 31 DECEMBER 2018
(thousands of euros)

ASSETS	31/12/2018	31/12/2017
NON-CURRENT ASSETS		
Intangible fixed assets (Note 5)	210	90
Tangible fixed assets (Note 6)	8,480	8,431
Long term financial investments in group and associated companies (Note 8)	243,966	248,283
Long term financial investments (Note 8)	25	26
Deferred tax asset (Note 14)	3,125	3,125
	255,806	**259,955**
CURRENT ASSETS		
Trade debtors and other receivables	12,463	6,634
Short-term investments in group and associated companies (Note 8)	86,134	7,456
Short term financial investments (Note 8)	1	1
Short term accruals	19	19
Cash and equivalent liquid assets	100	10,094
	98,717	**24,204**
TOTAL ASSETS	**354,523**	**284,159**

NET EQUITY AND LIABILITIES	31/12/2018	31/12/2017
NET EQUITY		
OWN FUNDS (Note 9)		
Capital	19,835	19,835
Issue premium	175	175
Reserves	182,235	166,668
Results for the financial year	31,770	32,096
Interim dividend	(17,851)	(15,868)
	216,164	**202,906**
NON-CURRENT LIABILITIES		
Long-term provisions	1,754	1,133
Long-term debts (Note 11)	63,360	22,497
Long-term debts to group and associated companies (Note 11)	38,544	38,187
Deferred tax liabilities (Note 14)	947	1,050
	104,605	**62,867**
CURRENT LIABILITIES		
Short-term debts (Note 11)	7,521	15,577
Short-term debts to group and associated companies (Note 11)	22,861	1
Commercial creditors and other payables	3,372	2,808
	33,754	**18,386**
TOTAL NET EQUITY AND LIABILITIES	**354,523**	**284,159**

Notes 1 to 17 described in the Report and Annexes I and II are part of the balance sheet as of 31 December 2018.

CEMENTOS MOLINS, S.A.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR FINANCIAL YEAR ENDED ON 31 DECEMBER 2018
(thousands of euros)

	Year 2018	Year 2017
Net amount of the turnover (Note 15)	41,911	41,804
Other operating income	2,324	2,424
Staffing costs (Note 15)	(8,086)	(7,098)
Other operating expenses	(4,787)	(3,840)
Amortisation of fixed assets (Notes 5 and 6)	(262)	(247)
OPERATING RESULTS	**31,100**	**33,043**
Financial income	1	9
Financial expenses	(2,106)	(2,297)
Exchange differences	40	(203)
Impairment and result for the transfer of financial instruments	(31)	29
FINANCIAL RESULTS (Note 15)	**(2,096)**	**(2,462)**
RESULTS BEFORE TAX	**29,004**	**30,581**
Tax on profit (Note 14)	2,766	1,515
RESULTS FOR THE FINANCIAL YEAR	**31,770**	**32,096**

Notes 1 to 17 described in the Report and Annexes I and II are part of the profit and loss account of the financial year ended on 31 December 2018.

CEMENTOS MOLINS, S.A.

STATEMENT OF CHANGES IN NET EQUITY FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2018

(thousands of euros)

A) STATEMENT OF RECOGNISED INCOME AND EXPENDITURE

	Year 2018	Year 2017
RESULT OF THE PROFIT AND LOSS ACCOUNT	**31,770**	**32,096**
INCOME AND EXPENSES ALLOCATED DIRECTLY UNDER NET EQUITY	**-**	**-**
TRANSFERS TO THE PROFIT AND LOSS ACCOUNT	**-**	**-**
TOTAL RECOGNISED INCOME AND EXPENDITURE	**31,770**	**32,096**

B) TOTAL STATEMENT OF CHANGES IN NET EQUITY

	Capital	Issue Premium	Revaluation reserve (Note 6)	Legal Reserve	Voluntary Reserves and other reserves	Results for the financial year (Note 3)	Complementary dividend (Note 3)	Interim dividend	Total
01/01/2017	**19,835**	**175**	**18,593**	**3,967**	**140,478**	**18,836**	**-**	**(14,545)**	**187,339**
Distribution of results	-	-	-	-	3,630	(18,836)	661	14,545	-
Complementary dividend	-	-	-	-	-	-	(661)	-	(661)
Interim dividend year 2017	-	-	-	-	-	-	-	(15,868)	(15,868)
Recognised income and expenditure	-	-	-	-	-	32,096	-	-	32,096
31/12/2017	**19,835**	**175**	**18,593**	**3,967**	**144,108**	**32,096**	**-**	**(15,868)**	**202,906**
Distribution of results	-	-	-	-	15,567	(32,096)	661	15,868	-
Complementary dividend	-	-	-	-	-	-	(661)	-	(661)
Interim dividend year 2018	-	-	-	-	-	-	-	(17,851)	(17,851)
Recognised income and expenditure	-	-	-	-	-	31,770	-	-	31,770
31/12/2018	**19,835**	**175**	**18,593**	**3,967**	**159,675**	**31,770**	**-**	**(17,851)**	**216,164**

Notes 1 to 17 described in the Report and Annexes I and II are part of the statement of changes in net equity for financial year ended on 31 December 2018.

Translation from the original issued in Spanish.
In the event of discrepancy, the Spanish language version prevails.

CEMENTOS MOLINS, S.A.

CASH FLOW STATEMENT FOR FINANCIAL YEAR ENDED ON 31 DECEMBER 2018

(thousands of euros)

	Notes	Year 2018	Year 2017
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**24,102**	**30,036**
Results for the financial year before taxes		**29,004**	**30,581**
Adjustments to results		**(39,513)**	**(39,269)**
Amortisation of fixed assets	5 and 6	262	247
Impairment and result for the transfer of financial instruments	15	31	-
Financial income and dividends	15	(41,912)	(41,813)
Financial expenses	15	2,106	2,297
Changes in working capital		**(4,645)**	**(815)**
Other cash flows from operating activities		**39,256**	**39,539**
Collected financial income and dividends		41,912	42,007
Interests paid		(2,106)	(2,318)
Receivables (payments) for tax on profit		(550)	(150)
CASH FLOWS FROM INVESTMENT ACTIVITIES (II)		**(71,589)**	**12,322**
Payments for investments:		**(79,090)**	**(225)**
Companies within the Group and associated companies		(78,679)	(29)
Intangible fixed assets	5	(140)	(87)
Tangible fixed assets	6	(270)	(109)
Other financial assets		(1)	-
Collections for divestitures:		**7,501**	**12,547**
Tangible fixed assets	6	-	21
Companies within the Group and associated companies		7,500	7,526
Other financial assets		1	5,000
CASH FLOWS FROM INVESTMENT ACTIVITIES (III)		**37,493**	**(33,371)**
Collections and payments for financial liability instruments		**63,939**	**(17,503)**
Debt issuance with credit entities and other debts		40,864	-
Debt repayment and amortisation with credit entities and other debts		(142)	(17,471)
Bond issue/Debt repayment to companies within the Group and associated companies		23,217	(32)
Payments for dividends and remunerations of other equity instruments		**(26,446)**	**(15,868)**
Dividends	3	(26,446)	(15,868)
INCREASE/NET DECREASE OF CASH OR EQUIVALENT (I+II+III)		**(9,994)**	**8,987**
Cash or equivalent at the beginning of the financial year		**10,094**	**1,107**
Cash or equivalent at the beginning of the financial year		**100**	**10,094**

Notes 1 to 17 described in the attached report and Annexes I and II are part of the Cash Flow Statement corresponding to financial year ended on 31 December 2018

Cementos Molins, S.A.

Notes to the annual accounts for the financial year ended on 31 December 2018

1. Identification and activity of the Company

Cementos Molins, Public Limited Company, (hereinafter, the "Company", was founded by means of public deed authorised by the Notary of Barcelona, Mr Cruz Usatorre Gracia, on 9 February 1928.

Its registered office is in Madrid, Calle Espronceda, 38.

It is recorded in the Commercial Registry of Madrid, page M-660923. Its tax ID code is the number A.08.017535.

It was incorporated for an indefinite term. Therefore, it remains in force as long as none of the dissolution circumstances mentioned in article 363 of the Companies Act concurs.

It business purpose, as stated in article 2 of the articles of association, consists of:

a) Establishment and exploitation of cement, limestone and gypsum factories. The manufacturing of any kind of building materials. The operation of quarries and deposits of clay, limestone and gypsum and the creation and operation of any industries related to such products.

b) Real estate activity.

c) The acquisition, holding and disposal of movable property and securities.

Currently, the only activity of the Company is the holding of shares in investee companies (holdings), as well as rendering services for them. Specifically, for a Group of subsidiaries, Spanish and foreign, which develop their activities in the activity scope described in the business purpose of the Company.

The Company is the lead of a group of subsidiaries. According to the current legislation, it must separately prepare consolidated accounts under International Financial Reporting Standards, approved by the Regulations of the European Commission (IFRS-EU). The consolidated annual accounts of Cementos Molins Group for the financial year 2018, have been prepared by the Directors, at the meeting of their Board of Directors held on 27 February 2019. The consolidated annual accounts of the financial year 2017 were approved by the General Meeting of Shareholders held on 28 June 2018 and deposited in the Commercial Registry of Madrid.

Therefore, the attached annual accounts refer to the Company individually and do not reflect the effects that would result from the application of consolidation criteria.

Below is the detail of the main magnitudes of the consolidated annual accounts:

(thousands of euros)

	2018	2017
Net Equity	**839,073**	**726,168**
Of the Parent Company	718,753	635,701
Of the Minority Shareholders	120,320	90,467
Net profit of the year	**98,777**	**113,431**
Of the Parent Company	85,333	89,078
Of the Minority Shareholders	13,444	24,353
Total assets	**1,308,466**	**1,271,050**
Net amount of the turnover	**588,154**	**645,620**

2. Bases for the presentation of annual accounts

Regulatory financial reporting framework applicable to the Company

These annual accounts were formulated by the Directors in accordance with the regulatory financial reporting framework applicable to the Company, which is that established in:

a) Spanish Commercial Code and other trade legislation.

b) General Accounting Plan (GAP) approved by Royal Decree 1514/2007, together with Royal Decrees 1159/2010 and 602/2016 whereby certain aspects of the GAP are modified and its sectoral adaptations.

c) The mandatory rules approved by the Spanish Institute of Accounting and Auditing of Accounts to implement the General Accounting Plan and its supplementary regulations.

d) All other applicable Spanish accounting regulations.

Fair presentation

The present annual accounts were prepared from the accounting records of the Company and are presented in accordance with the applicable regulatory financial reporting framework and in particular the accounting principles and criteria contained herein, in a way which gives a true and fair view of the equity, the financial position, the results of the Company, and the cash flows during the corresponding the financial year. These annual accounts were prepared by the Directors of the Company at the meeting of the Board of Directors held on 27 February 2019, and they will be submitted to the General Meeting of Shareholders for approval. They are expected to be approved without modifications. On another hand, the annual accounts for the financial year 2017 were approved by the General Meeting of Shareholders held on 28 June 2018.

Changes to the accounting criteria and information comparison

The application of accounting criteria in years 2018 and 2017 has been uniform, and there have not been, therefore, operations or transactions registered under different accounting principles that could cause discrepancies in the interpretation of comparative amounts in both periods.

Currency

These annual accounts are expressed in euros, as this is the currency of the primary economic environment where the Company operates. Transactions in working currency other than the euro, are recorded according to the policies described in Note 4.

Non-obligatory accounting principles applied

Non-mandatory accounting principles were not applied. In addition, these annual accounts were prepared by the Directors by applying all the mandatory accounting principles and standards that have a material effect on them. All obligatory principles were applied.

Critical issues concerning the valuation and estimation of uncertainty

Estimates made by the company’s Administrators have been used in the preparation of the present annual accounts to value some of the assets, liabilities, income, expenditure and commitments recorded therein. Basically, these estimates refer to:

- The useful life of property, plant and equipment, and intangible assets (see Note 4).

- The assessment of possible impairments losses of certain assets (see Notes 5 and 6).

- The recoverable amount of the equity interests held in Group companies and associates, as well as credits and amounts receivable with these companies (see Note 8).

- The hypotheses used in the actuarial calculation of the liabilities for pensions and other commitments with the staff (see Note 10).

- The recovery of tax credits for negative taxable bases and for deferred tax for recorded assets (see Note 14).

- The assessment of contingent litigations, commitments, assets and liabilities at the closure of the year.

Despite the fact that these judgements and estimates have been performed according to the best possible information available on the events assessed as of 31 December 2018, it is possible that certain events (economic, changes in rules, etc.) that may take place in the future, lead to their adjustment (upwards or downwards) in the next financial years. Where appropriate, these will be performed prospectively, recognising the effects of the change in estimate in the corresponding profit and loss account of the year when these occur.

Grouping of entries

Certain items in the balance sheet, the profit and loss account and the statement of changes in net equity and cash flow statement, are presented in group form in order to facilitate their understanding; nonetheless, to the extent that it is significant, the information has been broken down in the corresponding notes to the annual accounts.

Correction of errors

We have not detected any significant errors in the preparation of the present annual accounts which might require the restatement of the figures included in the annual accounts for the financial year 2017.

3. Distribution of profits and dividends

Distribution of profits

The proposal for the distribution of profits for the financial year 2018, prepared by the Directors of the Company, is the following:

(thousands of euros)

	2018
Basis for distribution (Individual):	
Profit and loss	31,770
Distribution:	
To dividends	18,512
To voluntary reserves	13,258

Dividends

On 11 January 2018, an interim dividend was paid for the financial year 2017 for 0.12 gross euros per share, which entailed a disbursement of 7,934 thousand euros total.

In addition, on 12 July 2018 a complementary dividend for the financial year 2017 was paid, of 0.01 gross euros per share. The total disbursement in this case was of 661 thousand euros.

During year 2018, by agreements of the General Meeting of Shareholders made on 28 June 2018 and of the Board of Directors of the Company made on 29 November 2018, the following operations of dividend distributions based on the year's result:

- On 12 July 2018, an interim dividend was paid for the financial year 2018 for 0.14 gross euros per share, which entailed a disbursement of 9,256 thousand euros total.

- In November, the Company agreed to pay, on 13 December 2018, 0.13 gross euros per share as a new interim dividend for year 2018. The total disbursement in this case was of 8,595 thousand euros.

- A complementary dividend for the financial year 2018, of 0.01 euros per share, will be presented for approval by the General Meeting of Shareholders. The disbursement will be of 661 thousand euros.

The provisional liquidity statements, prepared in accordance with the legal requirements established in article 277 of the Company Law, and which reflect the results and the existence of sufficient liquidity to allocate the interim dividends, are as follows:

(thousands of euros)

	Net profit	Not drawn balances
31/05/2018	27,091	87,259
31/10/2018	34,097	78,732

4. Recording and valuation standards

In accordance with Note 2, the Company has applied accounting policies in accordance with the accounting principles and standards included in the Commerce Code, developed in the current General Accounting Plan (PGC 2007), and in the rest of the commerce law that is valid at the closing of these annual accounts. In this sense, we include below only those policies that are specific to the Company's activity and those deemed significant to the nature of its activity.

Intangible fixed assets

As a general rule, intangible assets are initially valued at acquisition or production cost. Subsequently, they are valued at cost less the corresponding accumulated amortisation and, where appropriate, less the impairment losses they have suffered. These assets are amortised over their estimated service life. When the useful lives of these assets can not be estimated reliably, they are amortised during a period of ten years.

IT applications

The Company records in this account the costs incurred in the acquisition and development of computer programmes, included the development costs of websites. Software maintenance expenses are charged to the profit and loss account for the financial year in which they are incurred. The amortisation of IT applications is carried out by applying the linear method for four years.

Property, plant and equipment

Property, plant and equipment are initially valued at acquisition or production cost. Subsequently they are decreased by the corresponding accumulated amortisation and impairment losses, if any, according to the criterion described below.

Repair and maintenance expenses related to the elements that form the property, plant and equipment entry are charged to the profit and loss account for the financial year in which they are incurred. However, sums invested in improvements of tangible assets, which increase their capacity or efficiency or lengthen their service lives, are registered as an increase in the cost of the asset.

For those PP&E elements that need more than one year to be in optimal use conditions, capitalised costs include financial expenses that have been accrued before the asset is put into operating conditions and that have been charged by the supplier or that correspond with loans or other kinds of external financing, whether specific or generic, directly attributable to the acquisition or manufacture of the asset.

In-house works carried out by the Company on its own assets are registered at their accumulated cost, resulting from adding internal costs, determined depending on their own consumption of materials and the direct labour force that has been used, to the external costs.

The Company amortises the property, plant and equipment on a straight-line basis, applying annual amortisation percentages calculated depending on the estimated useful life of the relevant goods, according to the following details:

	Estimated useful life in years
Buildings	25 to 68
Machinery	16 to 20
Other facilities	7 to 20
Furniture	10
Computer processing equipment	4 to 8
Transport elements	6 to 8

Value impairment of property, plant and equipment, and intangible assets

At the closure date of each balance, the Company assesses if there are any indications of value impairment recorded for PP&E and intangible assets with definite useful life. If there are any indications, the recoverable amount of said assets is estimated to determine the value impairment. When the assessed asset does not generate cash flows independently from other assets, the fair value of the cash generating unit in which said asset has been included is estimated.

In the case of PP&E and intangible assets with indefinite useful lives which are not subject to a systematic amortisation, impairment tests are performed at least once a year or when there are indications that the asset has suffered value impairment.

The recoverable value of an asset subject to impairment is its fair value less the sales costs or its value in use, whichever the highest. To estimate its value in use, the present value of the future cash flows of the evaluated asset (or of the cash generating unit which it belongs to, if this is the case) is calculated using a discount rate that reflects the temporary value of money as well as the specific risk related to the asset. When it is estimated that the recoverable amount of an asset is less than its carrying amount, the difference is recorded in item “Impairment and result from the disposal of PP&E” of the profit and loss account. Recognised impairment losses of an asset are reversed with a credit to the above-mentioned item when the estimates of its recoverable amount improve, increasing the value of the asset until it reaches the limited of the carrying amount that the asset would have had if it had not been updated, except in the case of goodwill, whose impairment is not reversible.

Unrealised loss between the cost and the recoverable amount of these assets at the end of the financial year are recorded, where appropriate, to the assets which they refer.

Leases

Leases are classified as financial leases provided that their conditions show that the risks and benefits inherent to the ownership of the asset, subject matter of the contract, are substantially transferred to the leaseholder. Other leases are classified as operating leases.

Operational lease

Expenses derived from operating lease agreements are charged to the profit and loss account of the financial year in which they are accrued.

Any collections received or payments made upon arrangement of an operating lease are treated as advance payments and are taken to the income statement over the lease term, as the leased asset’s economic benefits are received or assigned.

Financial instruments

Financial assets

Classification

The Company’s financial assets are classified into the following categories:

1. Loans and receivables: financial assets arising from the sale of goods or the provision of services through business operations. Also includes financial assets which, not being commercial, are neither equity instruments nor derivatives, and whose payment amounts are fixed or determinable and are not traded on an active market.

2. Investments in the equity of Group companies, associates and multigroup: group companies are considered to be those that the Company controls and associated companies are those over which the company exercises a significant influence. Additionally, in the multigroup category are those companies on which, by virtue of an agreement, joint control is exercised with one or more partners.

Initial valuation

Financial assets are initially recognised at the fair value of the compensation received, plus the directly attributable transaction costs.

In the case of equity investments in group companies that grant control over the subsidiary, the fees paid to legal consultants or other professionals in relation to the acquisition of the investment are attributed directly to the profit and loss account.

Subsequent valuation

Loans and accounts receivable are valued by their amortised cost.

Investments in group companies, associates and multigroup are valued at cost, minus, where applicable, the accumulated amount of value adjustments for impairment. Said adjustments are calculated as the difference between their carrying amount and the recoverable amount, the latter understood as the highest amount between its fair value minus the sales costs and the current value of the future cash flows derived from the investment. Except where there is better evidence about the recoverable value, the net equity of the Company the holding is in will be taken into account, corrected for any tacit capital gains that exist on the evaluation date (including goodwill, if any).

At least at the closure of each financial year, the Company performs an impairment test for financial assets that are not recorded at fair value. It is considered that there is an objective evidence of impairment if the recoverable value of the financial asset is lower that its carrying amount. The method used by the Group to perform impairment tests for investments in Group companies and associates is based on financial projections that cover a finite temporary horizon, estimating, where appropriate, a permanent income on the last results of the projection for the following financial years. Projections are based on reasonable and substantiated hypotheses. When it takes place, this impairment is recorded in the profit and loss account.

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset have either expired or been transferred. The Company must also have substantially transferred the risks and rewards inherent to its ownership.

On the other hand, the Company does not de-recognise financial assets, and recognises a financial asset for an equal amount to the compensation received, in the transfer of financial assets where risks and rewards inherent to their property are substantially retained.

Financial liabilities

Financial liabilities are those debts and accounts payable that the Company has and that have originated in the purchase of goods and services from trade operations of the Company, or those which, despite not having a trade origin, cannot be considered as derived financial instruments.

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

The Company de-recognises financial assets when the obligations specified in the related contracts cease to exist.

Own equity instruments

An own equity instrument represents a residual interest in the Company's Net Equity, once all its liabilities have been deducted.

Equity instruments issued by the Company are recorded in net equity for the amount received, net from issuance expenses.

Own shares acquired by the Company during the financial year are recorded at the value of the compensation given in exchange, directly as a reduction in value of the Net Equity. Results derived from the purchase, sale, issue or amortisation of the own equity instruments are directly recognised in Net Equity. No results are recorded in the Profit and Loss account.

Cash and other equivalent liquid assets

For the purposes of the determination of the cash flow statement, "Cash and other equivalent liquid assets" refer to the treasury of the Company and short-term bank deposits with an initial expiry of three months or less.

Foreign currency transactions

The Company's functional currency is the Euro. Therefore, transactions in other currencies are considered to be foreign currency transactions and they are recorded in accordance with the exchange rates in force on the transaction dates.

At the end of the financial year, monetary assets and liabilities denominated in foreign currency are converted using the exchange rate prevailing at the balance sheet date. Exchange rate profits or losses are charged directly to the profit and loss account for the period in which they are incurred.

Income tax

Corporation tax paid or received includes both current tax expenses or income and deferred tax expenses or income.

Current tax is the amount that the Company pays in tax on the profits relating to a financial year. Tax deductions and other tax advantages, net of withholdings and payments on account, as well as offsettable losses from previous financial years applied during the current year, reduce current tax.

Deferred tax expenses or income correspond with the recognition or de-recognition of deferred tax assets and liabilities. These include temporary differences which are identified as payable or recoverable amounts resulting from differences between the carrying amount of assets and liabilities and their tax value, as well as unused tax loss carryforwards and non-applied tax credits. These amounts are recorded by applying the tax rate at which they are expected to be recovered or settled to the temporary differences.

Deferred tax liabilities are recognised for all taxable timing differences, except for those derived from the initial recognition of goodwill or of other assets and liabilities for transactions which do not affect tax or accounting results and are not a combination of businesses.

Deferred tax assets are only recognised to the extent that it is considered probable that the Company shall have future taxable profit that will allow the deferred tax asset to be recovered.

For deferred tax assets and liabilities, which are the result of transactions with direct debits and credits in equity accounts, a balancing entry is also recognised in the net equity.

At each year end the deferred tax assets recorded are reconsidered, making the appropriate adjustments to them to the extent that there are doubts about their future recovery. At each year end the deferred tax assets not recorded in the balance sheet are also assessed and these are recognised to the extent that their recovery with future tax benefits becomes probable.

Expense accrued from Company Tax is determined by taking into account the parameters that must be considered in the individual tax payment cases mentioned previously, and in accordance with the Resolution of 9 February 2016 of the Spanish Institute of Accounting and Auditing of Accounts, which develops the standards for the recording, valuation and preparation of the annual accounts for the accounting of Income Tax, and additionally by the following:

- Permanent and temporary differences resulting from the elimination of results derived from the determination process of the consolidated taxable base.

- Deductions and bonuses that correspond to each company of the fiscal group in the company groups scheme; for this purpose, deductions and bonuses are attributed to the company who performs the activity or that obtains the necessary performance to obtain the entitlement to the tax deduction or bonus.

- Regarding negative tax results from some of the companies in the tax group which have been offset by the other companies of said group, according to the aforementioned, a receivable account is created with the tax group. Regarding the negative tax results not compensate by the companies of the fiscal group, the corresponding company records a deferred tax asset according to the criterion mentioned before.

The Company is the head of a group of companies under the Tax Consolidation Scheme (see Note 14).

Income and expenses

Income and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. This income is measured at the fair value of the consideration paid, less discounts and taxes.

Recognition of sales income is performed when the significant risks and benefits inherent to the ownership of the sold asset have been transferred to the buyer. Therefore, there is no ongoing management on said asset, nor effective control over it.

Interests received from financial assets are recognised using the effective interest rate method; dividends are recognised when the right to receive them is declared. Interest and dividends from financial assets accrued after acquisition are recognised as income in the profit and loss account.

The Company, in accordance with BOICAC 79, related to the registration of certain income (dividends, income from loans to related companies, etc.) for companies whose business purpose is the holding of financial interests, reflects, income from dividends from the holdings in Group companies and associates as the highest amount of heading “Net turnover” in the profit and loss account.

Provisions and contingencies

In the preparation of the annual accounts, the Directors of the Company differentiate between:

Provisions

Creditor balances that cover current obligations derived from past events. Their settlement is most likely to cause an outflow of resources, but these are undetermined when it comes to their amount and/or settlement time.

Contingent liabilities

Possible obligations arising from past events, whose future materialisation is conditioned by one or more events happening, or not, independently from the Company's will.

The annual accounts include all the forecasts according to which it is estimated that it is more than likely that the obligation will have to be met. Contingent liabilities are not recognised in the annual accounts. They are indicated in the notes, in the extent they are not considered to be remote.

Provisions are valued at the current value of the best possible estimate of the amount necessary to cancel or transfer the obligation, taking into account the information available on the event and its consequences, recording any adjustments that result from the updating of said provisions as a financial cost as they are accrued.

The compensation to be received from a third party when settling the obligation, provided that there are no doubts that this repayment will be received, is recorded as an asset, except where there is a legal relationship whereby part of the risk has been externalized, and by virtue of which the Company is not required to respond; in this situation, the compensation will be taken into account when estimating the amount, where appropriate, of the corresponding provision.

Dismissal benefits

In accordance with prevailing legislation, the Company is obliged to pay indemnities to employees if they are dismissed under certain circumstances. Therefore, dismissal benefits that may be reasonably quantified are recorded as expenses in the year the decision was made and a valid expectation is raised before third parties regarding the dismissal.

Assets of an environmental nature

Environmental assets are those which are continually used in the company's operations for the primary purpose of minimizing the environmental impact of the company´s activities and protecting or improving the environment, including the reduction or elimination of future contamination.

Given its activities, the Company does not have any responsibilities, expenses, assets, provisions or contingencies of an environmental nature that may be significant regarding the equity, financial position or results of the Company. For this reason, the specific breakdowns are not included in this report.

Pension commitments

Pension obligations with employees are strictly those established in current collective agreements instrumentalised through pension plans provided for in Law 8/87. These are of defined contribution and the total amounts provided are recorded in item "Pension plan contributions", within the staff expenses heading.

Defined contribution obligations are limited to retirement pensioners before the commitment became a collective agreement for defined contribution.

Assessment criteria

The amounts for retirement defined contribution commitments has been determined following these criteria:

- Calculation method: The calculation method used in the actuarial valuations has been the "projected unit credit method". The value of pension obligations is calculated on the basis of the current value of the benefits committed and taking into consideration the number of years that the staff has rendered their services.

- Actuarial assumptions used: unbiased and mutually compatible.

- The estimated retirement age for each employee is the first one they are entitled to according to labour and social security regulations in force, considering, where appropriate, the labour agreements that may be reached from time to time within the legal framework in effect.

Regular contributions of the financial year, basically comprised by normal cost and, where appropriate, the risk premium, are accounted with credit to the profit and loss account of the financial year.

On the date of the balance sheet, the positive difference between the current value of the defined benefit obligations and the reasonable value of the supporting assets, is recognised as a liability in the balance sheet. If this difference were negative, it would be recorded as an asset in the balance sheet, only for the part corresponding with the current value of any future financial benefit that could be available in the form of reimbursements from the plan, or reductions of future contributions to the plan.

Related-party transactions

All of the Company's related-party transactions are carried out at market rates. Transfer prices are properly supported, and therefore the Company Administrators consider that no significant risks exist for this concept from which future liabilities could arise.

Current and non-current items

In the attached balance sheet, balances are classified as non-current and current. Current balances comprise those that the Company expects to sell, consume, liquidate or realise in the normal operating cycle, and those whose maturity, disposal, realisation or extinction are expected to happen in a maximum period of one year, as well as cash and other equivalent liquid assets. The remaining balances are classified as non-current.

Cash flow statement (indirect method)

In the cash flow statement, the following expressions are used in the following ways:

- Cash flows: inflows and outflows of cash and equivalent financial assets, which comprise current investments with high liquidity and low risk of changes in their value.

- Operating activities: typical activities of the company's operation, as well as other activities that cannot be classified as investment of financing.

- Investment activities: those of acquisition, disposal or removal by other means, of non-current assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that produce changes in the size and composition of equity and liabilities that are not part of the operating activities.

5. Intangible assets

The transactions in this heading of the balance sheet during the financial years 2018 and 2017, as well as the most relevant information that affects this heading, have been:

(thousands of euros)

Account	Balance 31/12/2017	Acquisitions or Amortisations	Withdrawals or Reductions	Transfers	Balance 31/12/2018
IT applications	**90**				**210**
Cost	**98**	140	-	-	**238**
Accumulated amortisation	**(8)**	(20)	-	-	**(28)**

(thousands of euros)

Account	Balance 31/12/2016	Acquisitions or Amortisations	Withdrawals or Reductions	Transfers	Balance 31/12/2017
IT applications	**10**				**90**
Cost	**11**	87	-	-	**98**
Accumulated amortisation	**(1)**	(7)	-	-	**(8)**

There were no relevant investment commitments as of 31 December 2018 and 31 December 2017.

Also, the Company does not have any elements of the intangible fixed assets fully amortised and still in use as of 31 December 2018 and 2017.

6. Property, plant and equipment

The transactions in this heading of the balance sheet during the financial years 2018 and 2017, as well as the most relevant information that affects this heading, have been:

(thousands of euros)

Account	Balance 31/12/2017	Acquisitions or Amortisations	Withdrawals or Reductions	Transfers	Balance 31/12/2018
Land and buildings	**8,151**				**7,988**
Cost	11,663	-	-	-	11,663
Accumulated amortisation	(3,512)	(163)	-	-	(3,675)
Technical inst. and machinery	**80**				**153**
Cost	3,731	88	-	17	3,836
Accumulated amortisation	(3,651)	(32)	-	-	(3,683)
Furniture	**105**				**101**
Cost	1,160	18	-	2	1,180
Accumulated amortisation	(1,055)	(24)	-	-	(1,079)
Computer processing equipment	**42**				**52**
Cost	61	25	-	-	86
Accumulated amortisation	(19)	(15)	-	-	(34)
Transport elements	**37**				**29**
Cost	52	-	-	-	52
Accumulated amortisation	(15)	(8)	-	-	(23)
Current fixed assets and advanced payments	**16**				**157**
Cost	16	160	-	(19)	157
Total	**8,431**				**8,480**
Cost	**16,683**	**291**	**-**	**-**	**16,974**
Accumulated amortisation	**(8,252)**	**(242)**	**-**	**-**	**(8,494)**

(thousands of euros)

Account	Balance 31/12/2016	Acquisitions or Amortisations	Withdrawals or Reductions	Transfers	Balance 31/12/2017
Land and buildings	**8,285**				**8,151**
Cost	11,635	28	-	-	11,663
Accumulated amortisation	(3,350)	(162)	-	-	(3,512)
Technical inst. and machinery	**113**				**80**
Cost	3,730	1	-	-	3,731
Accumulated amortisation	(3,617)	(34)	-	-	(3,651)
Furniture	**119**				**105**
Cost	1,149	11	-	-	1,160
Accumulated amortisation	(1,030)	(25)	-	-	(1,055)
Computer processing equipment	**33**				**42**
Cost	41	18	-	2	61
Accumulated amortisation	(8)	(11)	-	-	(19)
Transport elements	**31**				**37**
Cost	53	35	(36)	-	52
Accumulated amortisation	(22)	(8)	15	-	(15)
Current fixed assets and advanced payments	**2**				**16**
Cost	2	16	-	(2)	16
Total	**8,583**				**8,431**
Cost	**16,610**	**109**	**(36)**	**-**	**16,683**
Accumulated amortisation	**(8,027)**	**(240)**	**15**	**-**	**(8,252)**

As of 31 December 2018 and 2017, heading “Land and buildings” includes 2,638 thousand euros, in both years, that correspond with land.

At the closure of the financial years 2018 and 2017, the Company has elements of PP&E that are completely amortised and still in use, for an amount of 4,275 and 4,210 thousand euros respectively.

As of December 31, 2018, there exists an investment commitment on tangible fixed assets of 60 thousand euros. As of December 2017, there was an investment commitment in this heading of 24 thousand euros.

On 31 December 1996, the Company revaluated its property, plant and equipment under Royal Decree-law 7/1996 of 7 June. The 1996 revaluation was made by applying the maximum coefficients authorised by this law. The majority of the revaluated assets were provided by Cementos Molins Industrial, SAU on 1 January 1997. The revaluation value of the assets that remained in the Company was of 1,298 thousand euros.

The Company has insurance policies in place to cover the possible risks to which the various elements of its property, plant and equipment are subject, as well as possible claims that may arise from the exercise of its activity, understanding that said policies sufficiently cover risks to which they are subject.

7. Leases

Operating leases

At the closure of the financial years 2018 and 2017, the Company has the following minimum lease payments with lessors, according to the agreements in force, without considering common expenses, future increases from CPI, nor future revaluation of contractually agreed rent:

(thousands of euros)

Minimum payments Operating Leases	**Nominal value 2018**	**Nominal value 2017**
Less than a year	124	107
One to five years	98	152
Total	**222**	**259**

The amount for operating lease payments recognised as expense in the financial years 2018 and 2017, have been:

(thousands of euros)

	2018	**2017**
Minimum payments for leases	222	213
Paid contingent payments	30	22
Net total	**252**	**235**

The Company does not have any relevant operating lease agreements.

Financial leases

The Company did not have any financial lease agreements during the financial years 2018 and 2017.

8. Long and short term financial investments

Long-term financial investments

The balance of heading “Long-term financial investments” at the closure of the financial years 2018 and 2017 is the following:

(thousands of euros)

Year 2018	Classes		
Categories	Equity instruments	Credits and others	Total
Investments in companies within the Group and associated companies	223,051	-	223,051
Investments in other companies	49	-	49
Receivables and loans to companies within the Group (Note 16)	-	20,866	20,866
Receivables and loans to third parties	-	7	7
Long-term deposits	-	18	18
Total	**223,100**	**20,891**	**243,991**

(thousands of euros)

Year 2017	Classes		
Categories	Equity instruments	Credits and others	Total
Investments in companies within the Group and associated companies	223,082	-	223,082
Investments in other companies	49	-	49
Receivables and loans to companies within the Group (Note 16)	-	25,152	25,152
Receivables and loans to third parties	-	9	9
Long-term deposits	-	17	17
Total	**223,131**	**25,178**	**248,309**

Investments in Group companies, multigroup and associates

The information related to group companies and associates as of 31 December 2018 and 31 December 2017, is the following:

Year 2018

(thousands of euros)

Name / Activity	Participation %	Capital	Net Result	Remainder of Equity	Total Equity	Net value acc. to the books
CEMENTOS MOLINS INDUSTRIAL, S.A.U. / Cement	100	56,247	4,057	78,690	138,994	87,164
PROMOTORA MEDITERRÁNEA-2, S.A. / Concrete and aggregates	98.94	36,148	365	46,637	83,150	45,159
PREFABRICACIONES Y CONTRATAS, S.A.U. / Prefabricated elements	100	56,577	2,834	(5,152)	54,259	55,728
PROPAMSA, S.A.U. / Building materials	100	469	1,097	21,450	23,016	4,376
CEMOLINS INTERNACIONAL, S.L.U. / Holding	100	30,468	71,827	263,360	365,655	25,393
CEMOLINS SERVICIOS COMPARTIDOS, S.L.U. / Services	100	2,037	49	(411)	1,675	2,037
PORTCEMEN, S.A. / Services	33.33	3,736	(93)	223	3,866	1,289
MINUS INVERSORA, S.A. / Holding	4	126	9,731	16,949	26,806	1,905
						223,051

Year 2017

(thousands of euros)

Name / Activity	Participation %	Capital	Net Result	Remainder of Equity	Total Equity	Net value acc. to the books
CEMENTOS MOLINS INDUSTRIAL, S.A.U. / Cement	100	56,247	(3,911)	82,719	135,055	87,164
PROMOTORA MEDITERRÁNEA-2, S.A. / Concrete and aggregates	98.94	36,148	987	45,667	82,802	45,159
PREFABRICACIONES Y CONTRATAS, S.A.U. / Prefabricated elements	100	56,577	880	(5,961)	51,496	55,728
PROPAMSA, S.A.U. / Building materials	100	469	1,771	19,694	21,934	4,376
CEMOLINS INTERNACIONAL, S.L.U. / Holding	100	30,468	68,264	234,898	333,630	25,393
CEMOLINS SERVICIOS COMPARTIDOS, S.L.U. / Services	100	2,037	(366)	(45)	1,626	2,037
PORTCEMEN, S.A. / Services	33.33	3,736	90	136	3,962	1,320
MINUS INVERSORA, S.A. / Holding	4	534	13,320	21,196	35,050	1,905
						223,082

The recoverable value of investments in Group companies has been calculated taking into account its individual book value, except in the investments in the company Prefabricaciones y Contratas, S.A.U and Minus Inversora, S.A, whose recoverable value has been assessed by determining the actual value of the flows derived from such investments, calculated as follows:

- A term has been determined for the corresponding investment to generate flows (considering for that a finite horizon).

- The corresponding income and expenses projections have been carried out, in accordance with the following general criteria:

  - For income, in order to estimate the evolution of production, the future estimations of the Group's management have been taken into consideration. With regard to sale prices, their evolution has been estimated by the Group's management based on their market knowledge of the geographical area of influence of the held company.

  - With regard to expenses, their evolution has been considered based on the foreseeable evolution of the corresponding CPI, and on the anticipated evolution of the activity.

  - Likewise, the impact of investments to carry out has been taken into consideration, both with regard to maintenance and improvement of facilities, and for that the best available estimations have been used based on the company's experience and taking into account the projected activity.

- A permanent income or a multiple on the last projected result for the following years have been considered.

The cash projections obtained from the projection of income and expenses carried out in accordance with the above criteria have been updated by applying a reasonable discount rate. In this sense, as a result of the impairment tests carried out there has been no need to register any impairment at the closing of years 2018 and 2017.

The breakdown of the accumulated impairment values of holdings in Group companies, as of 31 December 2018 and 2017, is the following:

(thousands of euros)

	2018	2017
Portcemen, S.A.	3,998	3,967
Total	**3,998**	**3,967**

During the financial year ended on December 31, 2018, recorded an impairment loss of 31 thousand euros. As of December 31, 2017, recorded a reversal of impairment of 29 thousand euros.

During the financial years 2018 and 2017, Cementos Molins, S.A. has received dividends from the following investee companies:

(thousands of euros)

Company	2018	2017
Cemolins Internacional, S.L.U.	40,000	40,000
Minus Inversora, S.A.	-	77
Total (Note 15)	**40,000**	**40,077**

Receivables and loans to Group companies and third parties

The breakdown by maturity of items "Loans and amounts receivable from Group companies and third parties" which are part of the heading "Long-term financial investments" in the financial years 2018 and 2017 are the following:

(thousands of euros)

Year 2018	2020	2021	Remainder	Total
Receivables and loans to companies within the Group	7,500	7,500	5,866	20,866
Receivables and loans to third parties	6	1	-	7
Total	**7,506**	**7,501**	**5,866**	**20,873**

(thousands of euros)

Year 2017	2019	2020	Remainder	Total
Receivables and loans to companies within the Group	7,500	7,500	10,152	25,152
Receivables and loans to third parties	5	4	-	9
Total	**7,505**	**7,504**	**10,152**	**25,161**

The total amount of loans to Group companies corresponds with a loan to Cementos Molins Industrial, S.A.U for 22.5 million euros, of which 7.5 million euros have been reclassified in the Short Term.

Cementos Molins, S.A received a loan from European Investment Bank (EIB) for the 60 million Euros. The specific price and term conditions are described in Note 11 of “Long-term financial liabilities”. This loan is destined to the partial financing of the investment made in the production facilities of Sant Vicenç dels Horts, which belong to the company Cementos Molins Industrial, S.A.U, who is the final recipient of the funds.

The most significant information related to Group companies, multigroup and associates at the closure of the financial year 2018, is shown in Annexes I and II of these Annual Accounts.

On their part, securities held by the Company have an undefined term.

Short-term financial investments

The balance of heading “Short-term financial investments” at the closure of the financial years 2018 and 2017 is the following:

(thousands of euros)

Year 2018	Classes	
Categories	**Credits and others**	**Total**
Investments in companies within the Group and associated companies	78,735	78,735
Receivables and loans to companies within the Group (Note 16)	7,399	7,399
Other financial assets	1	1
Total	**86,135**	**86,135**

(thousands of euros)

Year 2017	Classes	
Categories	**Credits and others**	**Total**
Receivables and loans to companies within the Group (Note 16)	7,456	7,456
Other financial assets	1	1
Total	**7,457**	**7,457**

The increase in heading “Short-term investments in companies within the Group and associated companies” taking place in year 2018 with regard 2017 is a consequence of the intragroup loans generated as a result of the Cash Pooling Contract entered into during year 2018 by Cementos Molins, S.A and certain Group companies to carry out a centralised management of cash (see “Liquidity risk in section “Information regarding the nature and level of risk of the financial instruments”.)

Information regarding the nature and level of risk of the financial instruments

The Company did not have any derivative financial instruments contracted during the financial years 2018 and 2017.

The management of the financial risks of the Company is centralised in the Financial Management of the Cementos Molins Group, who has the necessary mechanisms to control the exposure to changes in interest and exchange rates, as well as credit and liquidity risks. Indicated below are the main financial risks that impact the Company:

<u>Credit risk</u>

The Company generally holds its cash and equivalent liquid assets in banks with a high credit rating.

<u>Liquidity risk</u>

On 31 May 2018, the company Cementos Molins, S.A (Centralizing Entity) has entered into a Cash Pooling contract with the companies Prefabricaciones y Contratas, S.A.U., Promotora Mediterránea-2, S.A., Propamsa, S.A.U.,

Cementos Molins Industrial, S.A.U., Cemolins Internacional, S.L.U. and Cemolins Servicios Compartidos, S.L.U., with the purpose of adopting a centralised management structure with regard cash and to minimise the cost of immobilising funds of the participating surplus entities through the materialisation of deposits at the Centralising Entity's headquarters.

To ensure liquidity and to be able to meet all payment commitments derives from its activity, the Company has the treasury shown in its balance sheet, as well as the credit and financing lines detailed in Note 11.

Market risk

Both the treasury and the financial debt of the Company are exposed to interest rate risk, which could have an adverse effect on the financial profits and cash flows. For this reason, the Company follows a policy that indicates that part of its financial debt must bear fixed interest rates at all times.

9. Net equity and own funds

Share capital

The share capital of Cementos Molins, S.A., as of 31 December 2018 and 31 December 2017, is represented by 66,115,670 bearer shares of a nominal value of 30 cents each, fully subscribed and paid-up.

At the end of financial years 2018 and 2017, the shareholders of the Parent Company with a holding equal to or greater that 10% of the subscribed capital were as follows:

	31/12/2018	31/12/2017
Otinix, S.L.	33.195%	32.968%
Noumea, S.A.	31.708%	32.068%
Cartera de Inversiones CM, S.A.	24.185%	24.038%

A portion of the aforementioned shares are syndicated by virtue of the Vote and Shares Syndication Agreement executed on 17 December 2015 by the syndicated shareholders of Cementos Molins, S.A. This Agreement is published in full on the CNMV's and the Cementos Molins Group's websites. The significant shareholders intervening in the agreement, and their corresponding participation in said agreement, is the following:

Intervening parties in the shareholders' agreement	% of the affected share capital
Otinix, S.L.	32.968%
Noumea, S.A.	23.410%
Cartera de Inversiones CM, S.A.	24.000%

The total amount of shares of Cementos Molins, S.A. are admitted to trading on the Official Barcelona Stock Exchange.

Issue premium

The balance of the account "Issue premium" arose from the increases in share capital that took place on the 31 July 1950 and 30 December 1968.

The Company law expressly allows the use of the balance of the "Issue premium" account to increase the company's capital and it does not establish any specific limitations as to the availability of this balance.

Revaluation reserves

This item of the company's own funds is due to different revaluations carried out in previous years, among which is the one from 1996.

The capital gain resulting from the revaluation of 1996, net from the single 3% tax, was destined to the account "Revaluation reserve Royal Decree-law 7/1996 of 7 June".

The balance of this reserve can be destined, free of tax, to offset losses, both those accumulated from previous years and those of the year itself, or those that may arise in the future, as well as to increase the share capital. Since 1 January 2007, it can be destined to unrestricted reserves, provided that the monetary capital gain has been realised.

The capital gain will be understood as realised in the part corresponding to the amortisation accounted for or when the revaluated equity elements have been transferred or de-recognised in the books.

Legal reserve

According to the Company Law, the public limited company (*sociedad anónima*) must destine an amount equal to 10% of the profit of the year to the legal reserve, until it reaches at least 20% of the share capital. The legal reserve, which amounts to 3,967 thousand euros as at 31 December 2018, can be used to increase capital by the amount exceeding 10% of the increased share capital amount. Otherwise, until it exceeds 20% of the share capital and provided that there are no other sufficient available reserves, the legal reserve may only be used to offset losses.

As at 31 December 2018 and 2017, this reserve was fully constituted.

Limitations to the distribution of dividends

There are no limitations to the distribution of dividends on behalf of the Company as of 31 December 2018 and 31 December 2017.

10. <u>Pension plans</u>

In 1990, two pension plans were constituted under Law 8/1987 and Royal Decree 1307/1988, one for staff in active employment and one for retired staff.

The plan for staff in active employment is of defined contribution. All staff members are adhered to it. The contribution of the company in the financial year 2018 was 127 thousand euros, and 117 thousand euros in 2017. These are accounted for in staff expenses.

The plan for retired staff is of defined contribution. It is limited to retirement pensioners before the commitment became a collective agreement for defined contribution. The Company is committed to carrying out the necessary annual contributions to ensure the pension with a certain solvency margin. The contribution to be made to the corresponding plan in the financial year 2018 amounts to 13 thousand euros. In financial year 2017, the resulting contribution amounted to 10 thousand euros. As of 31 December 2018 and 2017, no additional contribution will be made if there are no additional changes in plan expectations.

There are no specific risks related to the plan beyond the possible unfavourable evolution of the investments, which are for the most part mitigated by the solvency margin of the pension plan.

The financial-actuarial scenarios used to quantify the actuarial liabilities and mathematical provisions, according to the applicable legislation on Pension Plans and Funds for the financial year 2018, are as follows:

- Technical interest rate: 1.53%
- Annual rate of revaluation of pensions: 2%
- Mortality tables: PERM/F-2000C

The total number of participants and beneficiaries of the defined contribution and benefit plans in the financial years 2018 and 2017, has been 331 and 339, respectively. The value of the assets covering the commitments was 9,932 thousand euros, and 10,126 thousand euros in the financial year 2017. As of 31 December 2018, assets are comprised of 84.31% fixed income investments, 14.24% equity investments and 1.45% monetary assets. As of 31 December 2017, assets were comprised of 79.18% fixed income investments, 19.36% equity investments and 1.46% monetary assets.

In the financial year 2006, the Group implemented a social security system with the aim of improving the social benefits of the executives of the Group companies. The contributions will be determined annually, and therefore, at all times and in the way established in the Regulations, the Directors will be able to suspend or cancel them unilaterally.

The contribution made in Cementos Molins, S.A. in the financial year 2018 was 221 thousand euros. The contribution made in 2017 was of 236 thousand euros.

The variation of the current value of the defined benefit plans obligation in the financial years 2018 and 2017 is the following:

	2018	2017
Current value of the committed remunerations as of 1 January	**642**	**663**
Financial expenses for the update of provisions	11	15
Payments for plan benefits	(51)	(54)
Actuarial gains	(3)	-
Actuarial losses	-	18
Current value of the committed remunerations as of 31 December	**599**	**642**

(thousands of euros)

Changes in the fair value of the assets subject to the plan in the financial years 2018 and 2017, are the following:

(thousands of euros)

	2018	2017
Fair value of plan assets as of 1 January	**633**	**679**
Expected return	11	15
Payments for liabilities	(51)	(54)
Contributions of the company	10	-
Return of plan assets	(16)	(7)
Actuarial losses	-	-
Fair value of plan assets as of 31 December	**587**	**633**

The estimated average weighted term of the obligations of the defined benefit plan of Cementos Molins is expected to be less than 20 years.

For the financial year 2019, it is estimated that the contributions to pension plans will be similar to those in the financial year 2018.

11. Long- and short-term financial liabilities

Long-term financial liabilities

The balance of heading "Long-term debts" at the closure of the financial years 2018 and 2017 is the following:

(thousands of euros)

Year 2018	**Classes**		
Categories	**Debts to Entities of credit**	**Others**	**Total**
Debits and accounts payables	63,359	1	63,360
Debits and accounts payables to companies within the group (Note 16)	-	38,544	38,544
Total	**63,359**	**38,545**	**101,904**

(thousands of euros)

Year 2017	**Classes**		
Categories	**Debts to Entities of credit**	**Others**	**Total**
Debits and accounts payables	22,496	1	22,497
Debits and accounts payables to companies within the group (Note 16)	-	38,187	38,187
Total	**22,496**	**38,188**	**60,684**

All the liabilities described in the table above correspond to "Debts and other accounts payable", and no instruments such as "Financial liabilities at fair value" are maintained nor designated by the Company. In this sense, debts with financial entities maintained by the Company have been contracted under market conditions. Therefore, their fair value does not differ significantly from their carrying amount.

The breakdown by maturity of items which are part of the heading "Long-term debts" are the following:

(thousands of euros)

Year 2018	2020	2021	Remainder	Total
Debts with credit entities	26,779	36,580	-	63,359
Debts to companies within the Group	-	37,800	744	38,544
Total	**26,779**	**74,380**	**744**	**101,903**

(thousands of euros)

Year 2017	2019	2020	Remainder	Total
Debts with credit entities	7,500	7,500	7,496	22,496
Debts to companies within the Group	-	37,800	387	38,187
Total	**7,500**	**45,300**	**7,883**	**60,683**

On 11 May 2009, a loan agreement was entered into with European Investment Bank (EIB) for an amount of 60 million euros, which was completely drawn down as of 31 December 2009. As of 31 December 2018, the outstanding amount of said loan is 22.5 million euros, with maturity in December 2021, of which 7.5 million euros are recorded in the short term. Said debt has a fixed interest rate with a maturity between 2014 and 2021, referenced at rates that are between 2.91% and 3.51% respectively, plus a market spread. As of 31 December 2017, the outstanding amount of said loan is 30 million euros.

The increase in heading “Debts with financial entities” taking place in year 2018 with regard 2017 is a consequence of the intragroup loans generated as a result of the Cash Pooling Contract entered into during year 2018 by Cementos Molins, S.A. and certain Group companies to carry out a centralised management of cash (see “Liquidity risk.)

The amount for long-term debts with group companies includes the loan of 37.8 thousand euros granted by the company of the group Promotora Mediterránea-2, S.A. with maturity in the financial year 2020, and which accrued an interested of 0.74% in the financial year 2018 and 1.06% in the financial year 2017. The maturity of this loan is extended tacitly, unless if either party states otherwise at least one month in advance.

The remainder, for an amount of 744 thousand euros in year 2018 and 388 thousand euros in year 2017, corresponds to the debt of the company as the parent company, with the other Group companies that comprise the Tax Consolidation Group (Note 16).

Short-term financial liabilities

The balance of heading “Short-term debts” at the closure of the financial years 2018 and 2017 is the following:

(thousands of euros)

Year 2018	Classes		
Categories	Debts with Credit Entities and Financial Leases	Others	Total
Debits and accounts payables	7,498	-	7,498
Debits and accounts payables to companies within the group (Note 16)	-	22,861	22,861
Others	-	23	23
Total	**7,498**	**22,884**	**30,382**

(thousands of euros)

Year 2017	Classes		
Categories	Debts with Credit Entities and Financial Leases	Others	Total
Debits and accounts payables	7,640	-	7,640
Debits and accounts payables to companies within the group (Note 16)	-	1	1
Others	-	7,937	7,937
Total	**7,640**	**7,938**	**15,578**

The 7,937 thousand euros from item “Others” mainly corresponds to the interim dividend that the Company agreed to pay on 11 January 2018.

The Company has credit facilities with the following limits:

(thousands of euros)

	2018		2017	
	Limit	Amount not drawn	Limit	Amount not drawn
Discount lines				
Loan agreement	120,000	71,640	20,400	20,400
Total	**120,000**	**71,640**	**20,400**	**20,400**

The increase in the credit line capping in year 2018 with regard 2017 is a consequence of the Cash Pooling Contract entered into during year 2018 by Cementos Molins, S.A. and certain Group companies to carry out a centralised management of cash (see "Liquidity risk.) Cementos Molins, S.A., as the Centralising Entity, acts as an intermediary company within the Group, between companies having a deficit and a surplus of funds and external financial entities.

The average interest rate for the credit facilities for the financial year 2018 has been 0.90% (1.10% for the financial year 2017).

12. Information on deferred payments to suppliers. Third additional provisions "duty of information" of Law 15/2010 of 5 July

Detailed below is the information required by the Third Additional Provision of Law 15/2010, of 5 July (amended through the Second Final Provision of Law 31/2014, of 3 December), prepared according to the ICAC Resolution of 29 January 2016, on the information to be included in the report of the annual accounts in relation to the average payment period to suppliers in commercial transactions.

	2018	2017
	Days	Days
Average supplier payment period	31	33
Ratio of transactions paid	33	36
Ratio of transactions pending payment	20	21
	Thousands of euros	Thousands of euros
Total payments made	5,342	4,011
Total pending payments	673	1,062

In accordance with the resolution of the ICAC, the trade transactions corresponding with the delivery of goods or rendering of services accrued since the effective date of Law 31/2014 of 3 December have been considered in the calculation of the average payment period to suppliers.

For the sole purpose of providing the information contained in this Resolution, suppliers are those trade creditors for debts with suppliers of goods or services, included in header "Trade creditors" of the current liabilities in the balance sheet.

"Average supplier payment period" is understood to be the period between the delivery of the goods or the provision of services by the supplier and the material payment of the transaction.

The maximum legal term applicable to the Company in years 2018 and 2017 is established in Law 3/2004, 29 December, whereby measures are taken against late payment in business transactions, and it is set at 30 days. This term can be extended by agreement between the parties but in no event terms shall not be extended beyond 60 days.

13. Commitments and guarantees

On 19 December 2007, a long-term loan agreement was entered into by Cemolins Internacional Group, S.L.U. for an amount of 70 million euros to partly finance investments abroad. In subsequent negotiations, the loan was extended up to 130 million euros with maturity date 31 December 2022. The outstanding amount as of 31 December 2018 adds up to 20 million euros (38.75 million euros on 31 December 2017). Cementos Molins, S.A. acts as the guarantor of these transactions.

On 11 May 2009, Cementos Molins S.A. entered into a loan agreement with European Investment Bank (EIB) for an amount of 60 million euros to finance the building of the new production line located in the Sant Vicenç dels Horts's facilities. As of 31 December 2018, the outstanding amount of said loan is 22.5 million euros (30 million euros as of 31 December 2017). Regarding this debt with the (EIB), Cementos Molins, S.A. entered into a financial counter-guarantee agreement with a bank institution which acts as the guarantors of the transaction.

In January and October 2015, two loan agreements were entered into by Cemolins Internacional Group, S.L. with a bank institution for an amount of 20 million euros each to finance investments in foreign countries. As of 31 December 2018, the outstanding amount of said loans is 10.5 and 20 million euros, respectively (13.9 and 20 million euros as of 31 December 2016, respectively). Cementos Molins, S.A. acts as the guarantor of these transactions.

In July 2015, a loan agreement was entered into by Cemolins Internacional Group, S.L. with a bank institution for an amount of 40 million euros to finance investments in foreign countries. As of 31 December 2018, the outstanding amount of said loan is 30 million euros (40 million euros as of 31 December 2017). Cementos Molins, S.A. acts as the guarantor of this transaction.

14. Public Authorities and tax situation

Current balances with Public Authorities

Current balances with Public Authorities inside the balance sheet heading “Trade creditors and other payables” are comprised by the following:

Payable balances

(thousands of euros)

	2018	2017
Bodies with Social Security as Creditor	39	37
HP Creditor for IRPF (income tax)	544	465
Total	**583**	**502**

Receivable balances

(thousands of euros)

	2018	2017
HP debtor of VAT	117	133
HP debtor of Corporate Tax	9,720	3,697
HP debtor of other concepts	7	58
Total	**9,844**	**3,888**

The balance of heading “Tax Office debt: Company Tax” as of 31 December 2018 and 31 December 2017 corresponds to withholdings and interim payments of Company Tax for such years.

Consolidated tax

The Company pays tax within the consolidated tax scheme since the financial year 1997. The group number assigned by the Tax Agency is 70/97. The group of companies that pay tax in this scheme since 2018 is comprised by the following companies:

Parent company:	Cementos Molins, S.A.
Subsidiaries:	Cementos Molins Industrial, S.A.U.
	Cemolins Internacional, S.L.U.
	Prefabricaciones y Contratas, S.A.U.
	Promotora Mediterránea-2, S.A.
	Propamsa, S.A.U.
	Monsó-Boneta S.L.
	Cemolins Servicios Compartidos, S.L.U.
	Pronatur Energy 2011, S.L.

The Company accounted the effects of the tax consolidation following the regulation framework in force.

Reconciliation between the accounting result and the taxable base

The reconciliation between the accounting result and the taxable base of the Company Tax for the financial year 2018 is the following:

			2018 (thousands of euros)
	Increases	**Decreases**	**Total**
Accounting results before tax			29,004
Permanent differences:	486	(40,000)	(39,514)
Temporary differences:			
- Originated in the financial year:	913	-	913
- Originated in past financial years:	442	(1,469)	(1,027)
Tax Base	**1,841**	**(41,469)**	**(10,624)**
Full Payment			**(2,656)**
Non-applied, generated tax credits			**184**
Withholdings and Payments on account			**(9,720)**
Public Treasury to Receive			**(9,720)**

The Company mainly recorded as a permanent difference the amount of the dividend received from Cemolins Internacional, S.L.U, which was of 40,000 thousand euros.

The reconciliation between the accounting result and the taxable base of the Company Tax for the financial year 2017 is the following:

			2017 (thousands of euros)
	Increases	**Decreases**	**Total**
Accounting results before tax			30,581
Permanent differences:	355	(40,077)	(39,722)
Temporary differences:			
- Originated in the financial year:	1,398	-	1,398
- Originated in past financial years:	381	(143)	238
Tax Base	**2,134**	**(40,220)**	**(7,505)**
Full Payment			**(1,876)**
Non-applied, generated tax credits			**140**
Withholdings and Payments on account			**(3,697)**
Public Treasury to Receive			**(3,697)**

The Company mainly recorded as a permanent difference the amount of the dividend received from Cemolins Internacional, S.L.U, which was of 40,000 thousand euros.

The reconciliation between the accounting result and the tax base of the Company Tax shown in the Annual Accounts of year 2017 differs from that shown in the present Annual Accounts, as the reconciliation shown in these Annual Accounts has been equated to the assessment of Company Tax filed with the Tax Authorities. Specifically, the permanent differences decrease in 20 thousand euros and the time differences experienced a net increase of 348 thousand euros, being mainly the result of a higher amount that is not considered deductible with regard a long term staff remuneration.

Reconciliation between accounting result and the expense for company tax

The reconciliation between the accounting result and the expense for Company Tax for the financial years 2018 and 2017 is the following, in thousands of euros:

Thousands of euros	2018	2017
Accounting results before tax	29,004	30,581
Quota at 25%	(7,251)	(7,645)
Impact of permanent differences	9,879	9,926
Deferred tax	103	103
Deferred tax assets but not recorded	(2,628)	(2,420)
Deductions:		
Donations		138
Deduction for reversion amortisation limit		1
Other adjustments	2,663	1,412
(Expense)/Deposit for Corporate Tax	**2,766**	**1,515**

The revenue for Company Tax recorded in the financial year 2018 and included in item “Other adjustments” corresponds mainly to consolidated Company Tax:

Recorded deferred tax assets

The details of the balance of this account at the closure of the financial years 2018 and 2017 is the following, in thousands of euros:

(thousands of euros)

Temporary differences	2018	2017
Provisions for pension plans	621	621
Other provisions	431	431
Tax credits for negative tax bases	1,692	1,692
Deductions	381	381
Total deferred tax assets	**3,125**	**3,125**

The Company, according to the best foreseeable estimate of future results and depending on the recovery period of the tax losses and on the application of tax carryforwards, records the deferred tax assets corresponding with tax loss and carryforwards following a conservative approach.

In accordance with the Resolution of 9 February 2016 of the Spanish Institute of Accounting and Auditing of Accounts, which develops the standards for the recording, valuation and preparation of the annual accounts for the accounting of Income Tax, credit for tax losses and deductions has been distributed among the companies of the group that generated it. The deferred tax asset recorded by the Company mainly includes 1,692 thousand euros corresponding to the credit for tax losses at the closure of the financial year 2018 and 2017 for the consolidated tax group.

The following table details tax loss generated by the company as of 31 December 2018. The consolidated tax group will be able to offset these bases, with those of the rest of the companies of the group, with no time limit but with a quantitative limit of 25% of the positive tax base.

(thousands of euros)

Year generation	Amount generated
2010	3,380
2011	8,204
2012	7,686
2013	7,094
2014	6,538
2015	2,768
2016	2,564
2017	1,184
TOTAL	**39,418**

As of 31 December 2018, there are non-recorded tax credits for tax loss of the Company for an amount of 8,163 thousand euros (8,238 thousand euros at the closure of the financial year 2017).

The following table shows tax carryforwards of the consolidated tax group, which have been individually generated by the Company, indicating their maximum legal time limit of application:

(thousands of euros)

Year of generation	Quota	Last application financial year
Deductions generated financial year 2010	43	Without limit
	130	2020
	6	2025
Deductions generated financial year 2011	201	2021
	1	2026
Deductions generated financial year 2012	92	2022
Deductions generated financial year 2013	90	2023
Deductions generated financial year 2014	130	Without limit
	98	2024
Deductions generated financial year 2015	84	Without limit
	1	Without limit
	139	2025
Deductions generated financial year 2016	212	Without limit
	1	Without limit
	140	2026
Deductions generated financial year 2017	1	Without limit
	138	2027
Deductions generated financial year 2018	1	Without limit
	183	2027
TOTAL	**1,691**	

Deductions have been calculated according to the applicable tax regulations.

As of 31 December 2018, there are non-recorded tax credits for carryforwards for an amount of 1,310 thousand euros (1,135 thousand euros as of 31 December 2017).

Recorded deferred tax liabilities

Due to the changes in Company Tax introduced by Royal Decree-law 3/2016, of 2 December, the Company recorded a deferred tax liability amounting to 513 thousand euros in the financial year 2016. The above derived from the obligation of lineally revert during 5 financial years the impairment losses of its holding in Portcemen, S.A. Based on the current regulations in the tax years when such impairment was registered, these losses of value were considered fiscally deductible. During year 2018, the liability for deferred tax has decreased in 103 thousand euros.

As of 31 December 2018, the balance of deferred tax liabilities amounts to 947 thousand euros (1,050 thousand euros as of 31 December 2017).

Financial years pending review and tax audits

At the closure of the financial year 2018, the Company has year 2014 and subsequent for Company Tax and year 2015 and subsequent for the remaining taxes applicable open for review. The Directors of the Company deem that the settlement of said taxes has been carried out suitably. Therefore, even if any discrepancies arise from the interpretation of the current regulations in regards to the tax processing of the transactions, the possible derived liabilities, if they materialise, will not affect in a significant way the attached annual accounts.

15. Income and expenses

Net turnover

The net turnover of the Company for the financial years 2018 and 2017 is the following:

(thousands of euros)

Activities	2018	2017
Dividends	40,000	40,077
Interests on credits	1,911	1,727
Total	**41,911**	**41,804**

Staff expenses

The balance of account “Social security contributions” in the heading “Staff expenses” for the financial years 2018 and 2017 is comprised of the following:

(thousands of euros)

	2018	2017
Contributions to pension plans	366	362
Other social security contributions	717	680
Total	**1,083**	**1,042**

The average number of employees in the financial years 2018 and 2017, by categories, is as follows:

Categories	2018	2017
Address	13	13
Technicians and middle management	15	14
Administrative clerks	7	7
Total	**35**	**34**

Moreover, the distribution by sex at the closure of the financial years 2018 and 2017, by categories, is as follows:

Categories	2018		2017	
	Men	Women	Men	Women
Address	11	3	11	2
Technicians and middle management	6	8	7	8
Administrative clerks	2	5	2	5
Total	**19**	**16**	**20**	**15**

Also, the Company did not have any employees with disabilities greater than or equal to 33% during the financial years 2018 and 2017.

Financial income and expenses

The breakdown of financial income and expenses of the Company for the financial years 2018 and 2017 was as follows:

(thousands of euros)

	2018	2017
Financial income:		
Income from other financial interests	1	9
Positive exchange differences	40	-
Result of financial instruments	-	29
Total financial income	**41**	**38**
Financial expenses:		
Financial expenses for debts to comp. within the group	(393)	(407)
Other financial expenses with credit entities	(1,713)	(1,890)
Negative exchange differences	-	(203)
Impairment of financial instruments	(31)	-
Others	-	-
Total financial expenses	**(2,137)**	**(2,500)**
Total financial result	**(2,096)**	**(2,462)**

Audit fees

During the financial years 2018 and 2017, accrued fees relating to audit services rendered by the Company's auditor, Deloitte, S.L., or by an enterprise related to the auditor by control, common property or management, have been the following:

Thousands of euros	Fees for services charged by the main auditor	
	2018	2017
Audit services	87	83
Other verification services	36	7
Total audit and related services	**123**	**90**

Neither in year 2018 no 2017, Deloitte, S.L., or an enterprise related to the auditor by control, common property or management, has accrued fees relating to other services rendered.

16. Information regarding related parties

Related-party transactions

The detail of transactions with related-party is the following for the financial years 2018 and 2017:

(thousands of euros)

Companies within the Group and related companies	2018	2017
Rendering of services	2,287	2,348
Reception of services	1,525	1,330
Credited interests	393	407
Interests charged	1,911	1,727
Received dividends	40,000	40,077

Related-party balances

The balance amounts with related parties as of 31 December 2018 and 2017, are as follows:

(thousands of euros)

Other companies within the group and associated companies	2018	2017
Long term investments (Note 8)		
Credits to companies	15,000	22,499
Tax effect of credits to companies	5,866	2,653
Short term investments		
Credits to companies (Note 8)	7,399	7,456
Commercial debtors	2,286	2,498
Long term debts (Note 11)	37,800	37,800
Commercial creditors	717	857
Short term debts (Note 11)	22,861	1
Tax effect of debts to companies (Note 11)	744	387

Modification or termination of contracts

No conclusion, amendment or advanced termination of any contract between a company and any of its shareholders or Directors or person who acts on their behalf, when it is a transaction outside the ordinary business of the company or which is not carried under normal conditions has taken place.

Trade transactions

In compliance with what is set forth in Order ECC/461/2013, of 20 March, none of the directors has carried out, with Cementos Molins, S.A. nor companies of the Group, during the financial year, any transactions outside the normal business of the Company nor outside the normal market conditions.

Direct or indirect situations of conflict with the business interest of Cementos Molins, S.A.

There are no direct or indirect situations of conflict caused by the Dir
ectors of the Company or by those related to them regarding the business interest of Cementos Molins, S.A.

Existence and identity of directors that, at the same time, are directors of companies holding significant holdings in Cementos Molins, S.A.

In accordance with the provisions Order ECC/ 461/2013, of 20 March:

a) The following companies that hold a significant participation of the share capital of Cementos Molins, S.A. are members of the Board of Directors:

Mr Joaquín Mª Molins López-Rodó is a director of OTINIX, S.L.

Mr Juan Molins Amat is a director of NOUMEA, S.A.

Mr Juan Molins Amat is the Vice president of Cartera de Inversiones CM, S.A.

b) The remaining members of the Board of Directors are not directors of any company that has a significant holding of the share capital of Cementos Molins, S.A.

Existence and identity of directors that are appointed as directors or management members in other companies that are part of Cementos Molins Group, S.A.

a) The members of the Board of Directors or executives of the following companies, that are part of the Cementos Molins Group:

Mr Juan Molins Amat is:

- President of (i) Cemolins Internacional, S.L.U., and of (ii) Corporación Moctezuma, S.A.B. of C.V.

Mr Julio Rodríguez Izquierdo is:

- President of (i) Sotacib-Kairouan, S.A.; (ii) Sotacib, S.A.; (iii) Cementos Avellaneda, S.A., and (iv) Minus Inversora, S.A.

- First Vice-President in Cementos Artigas, S.A.

- Director in (i) Cemolins Internacional, S.L.U., (ii) LafargeHolcim Bangladesh Limited, (iii) Corporación Moctezuma, S.A.B. of C.V., (iv) Insumos y Agregados de Colombia, S.A.S., and (v) Empresa Colombiana de Cementos, S.A.S.;

b) The remaining members of the Board of Directors are not directors or executives of any company that is part of Cementos Molins Group.

Balances and transactions with key staff of the Company Management

During the financial years 2018 and 2017, the Company did not have any balances nor commitments, as of 31 December 2018 and 31 December 2017, with key staff of the Company Management, additional to those included in the following note "Board of Directors and Senior Management Remuneration".

Senior Management Remuneration

The remuneration for key staff members of the Parent Company during the financial years 2018 and 2017 (for all concepts, including long term variable remuneration earned during the year by some officers to be received at the end of a 3 year period from 2016 onwards) is the following:

(thousands of euros)

Remuneration Top Management	**2018**	**2017**
Amount	3,065	2,836
Number of people	10	10

Board of Director Commissions

During the financial years 2018 and 2017, the members of the Board of Directors of the Company have received the following remunerations:

(thousands of euros)

Concept	**2018**	**2017**
Attendance allowances:	234	213
Board Remuneration	540	419
Commissions Payment	140	153
Professional fees	1,405	1,462
TOTAL	**2,319**	**2,247**

Professional fees correspond to the remuneration of the Managing Director for the performance of their executive duties (for all concepts, including the long-term variable remuneration accrued during the year to be perceived at the end of a 3-year period from 2016 onwards) and the specific remuneration of the Chairman of the Board of Directors.

On the other hand, the rights accumulated in pension plans and life insurances as of 31 December 2018 and 2017, amount to 2,536 and 2,498 thousand euros, respectively.

In addition, the insurance premium for civil liability of the Directors paid by the Parent Company for the financial year 2018 was of 21 thousand euros.

Breakdown of equity holdings in companies with similar activities and performance of similar activities by the Directors or their related parties, whether on their own account or on behalf of others.

In compliance with article 540 of the Company Law, following are the shareholdings of the members of the Board of Directors of Cementos Molins, S.A.:

Holder	Number of shares		Nominal value	Date of acquisition	Last date of communication to the CNMV
Juan Molins Amat	66,421	0.100%	19,926.30	Several	01-08-2018
Cartera de Inversiones CM, S.A.	15,990,000	24.185%	4,797,000	Several	27-11-2018
Miguel del Campo Rodríguez	1,000	0.002%	300	12-11-2004	15-04-2008
Otinix, S.L.	21,947,316	33.195%	6,584,194.80	Several	27-11-2018
Noumea, S.A.	20,963,713	31.708%	6,289,113.90	Several	27-11-2018
Foro Familiar Molins, S.L.	377	0.001%	113	Several	01-08-2008
Eusebio Díaz-Morera Puig-Sureda	0	0%	0	-	31-05-2012
Francisco Javier Fernández Bescós	500	0.001%	150	02-08-2012	03-08-2012
Joaquín Mª Molins López-Rodó	29,962	0.045%	8,988.60	Several	05-12-2017
Julio Rodríguez Izquierdo	0	0%	0	-	03-07-2015
Andrea Kathrin Christenson	0	0%	0	-	03-07-2015
Socorro Fernández Larrea	0	0%	0	-	14-12-2017
Rafael Villaseca Marco	0	0%	0	-	25-10-2018
Juan Molins Monteys	14,870	0.022%	4,461	Several	05-07-2017

17. <u>Subsequent events</u>

Since the closing date of the financial year 2018, no relevant subsequent events have taken place that may materially affect the equity value of the Company.

ANNEX I

Group Companies:

			Participation percentage			(thousands of euros)					
	Name / Address	Activity	Direct	Indirect	Total	Capital	Net result	Rest Net Equity	Total Net Equity	Dividends collected	Net value acc. to books
(A)	CEMENTOS MOLINS INDUSTRIAL, S.A.U. CN-340, km. 1242,300, nº 2-38 08620 - Sant Vicenç dels Horts (Barcelona)	Cement	100	-	100	56,247	4,057	78,690	138,994	761	87,164
(A)	PROMOTORA MEDITERRÁNEA-2, S.A. CN-340, km. 1242,300, nº 2-38 08620 - Sant Vicenç dels Horts (Barcelona)	Concrete and aggregate	98.94	-	98.94	36,148	365	46,637	83,150		45,159
(A)	PREFABRICACIONES Y CONTRATAS, S.A.U. Espronceda, 38, local 3 28003 - Madrid	Prefabricate	100	-	100	56,577	2,834	(5,152)	54,259	77	55,728
(A)	PROPAMSA, S.A.U. CN-340, km. 1242,300, nº 2-38 08620 - Sant Vicenç dels Horts (Barcelona)	Construction materials	100	-	100	469	1,097	21,450	23,016		4,376
(A)	CEMOLINS INTERNACIONAL, S.L.U. Espronceda, 38, local 3 28003 - Madrid	Holding	100	-	100	30,468	71,827	263,360	365,655	76,932	25,393
(H)	CEMOLINS SERVICIOS COMPARTIDOS, S.L.U. CN-340, km. 1242,300, nº 2-38 08620 - Sant Vicenç dels Horts (Barcelona)	Services	100	-	100	2,037	49	(411)	1,675		2,037
(H)	CEMOL CORPORATION, B.V. Naritaweg, 165 1043 BW Amsterdam (Holland)	Holding	-	100	100	16,032	(98)	4,354	20,288		
(A)	MINUS INVERSORA, S.A. Reconquista, 336, 3º H 1335- Buenos Aires (Argentina)	Holding	4	96	100	126	9,731	16,949	26,806		1,905
(A)	CEMENTOS AVELLANEDA, S.A. Defensa, 113, 6º 1065 - Buenos Aires (Argentina)	Cement	-	51	51	693	41,887	72,730	115,310		
(A) (F)	SOCIÉTÉ TUNISO ANDALOUSE DE CIMENT BLANC, S.A. "Sotacib" Immeuble Alyssa Angle rue du Lac Tanganyika et le pasage du Lac Neusie Les Berges du Lac, 1053 -Tunisia	Cement	-	67.05	67.05	41,108	(1,606)	(18,913)	20,589		
(A) (F)	SOTACIB KAIROUAN, S.A. 6 Rue IBN - Hazm Cite Jardins Le Belvédère 1002 - Tunisia	Cement	-	70.27	70.27	63,405	1,342	(15,877)	48,870		
(H)	PROMSA DEL BERGUEDÀ, S.L. CN-340, km. 1242,300, nº 2-38 08620 - Sant Vicenç dels Horts (Barcelona)	Concrete	-	50.46	50.46	400	34	(171)	263		
(H)	MONSO-BONETA, S.L. Pallars, 15 25620 - Tremp (Lleida)	Aggregate	-	79.17	79.17	72	(49)	1,228	1,251		
(A)	SANTA PAMELA, S.A.U. Defensa, 113, 6º 1065 - Buenos Aires (Argentina)	Cement	-	51	51	63	11	23	97		
(H)	CATPRECON, S.L. CN-340, km. 1242,300, nº 2-38 08620 - Sant Vicenç dels Horts (Barcelona)	Prefabricate	-	67	67	50	164	125	339		
(H)	PRONATUR ENERGY 2011, S.L. CN-340, km. 1242,300, nº 2-38 08620 - Sant Vicenç dels Horts (Barcelona)	Services	-	98.94	98.94	2,000	746	(145)	2,601		
(H)	GRANULATED RUBBER PROJECT S.L. Avinguda Pirelli, s/n 08241 - Manresa (Barcelona)	Services	-	65.95	65.95	453	83	214	750		

ANNEX II

Associates and multigroup:

(thousands of euros)

	Name / Address	Activity	Participation percentage: Direct	Indirect	Total	Capital	Net result	Rest Net Equity	Total Net Equity	Dividends collected	Net value acc. to books
(A)	FRESIT, B.V. Johannes Vermeerplein, 11 1071 - DV Amsterdam (Holland)	Holding	-	50	50	6,795	104,144	112,512	223,451	104,209	
(A)	PRESA INTERNATIONAL, B.V. Johannes Vermeerplein, 11 1071 - DV Amsterdam (Holland)	Holding	-	50	50	7,900	30,605	163,778	202,283	30,651	
(G)	CEMENTOS ARTIGAS, S.A. María Orticohea 4704 Montevideo (Uruguay)	Cement	-	49	49	26,275	16,624	17,030	59,929		
(G)	COLINA JUSTA, S.A. Rambla República de Chile, 4511 Montevideo (Uruguay)	Services	-	49	49	7	(1)	(8)	(2)		
(G)	FRESH MARKETS, S.A. María Orticohea 4704 Montevideo (Uruguay)	Services	-	49	49	11	(2)	26	35		
(G)	EROMAR, S.A. María Orticohea 4704 Montevideo (Uruguay)	Cement	-	49	49	1,037	(133)	(504)	400		
(G)	MONDELLO, S.A. María Orticohea 4704 Montevideo (Uruguay)	Services	-	49	49	993	(21)	(194)	778		
(C)	CORPORACIÓN MOCTEZUMA, S.A.B. de C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec Dir. Miguel Hidalgo 11000 - Mexico D.F.	Holding	-	33.33	33.33	7,616	191,496	248,631	447,743		
(C)	CEMENTOS PORTLAND MOCTEZUMA, S.A. de C.V. Carretera Tezoyuca - Tepetzingo, km. 1.9 Municipio Emiliano Zapata 62765 - Estado de Morelos (Mexico)	Services	-	33.33	33.33	2	831	277	1,110		
(C)	CEMENTOS MOCTEZUMA, S.A. de C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec Dir. Miguel Hidalgo 11000 - Mexico D.F.	Cement	-	33.33	33.33	50,247	180,355	153,057	383,659		
(C)	LATINOAMERICANA DE CONCRETOS, S.A de C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec Dir. Miguel Hidalgo 11000 - Mexico D.F.	Concrete	-	33.33	33.33	41,047	708	4,827	46,582		
(C)	INMOBILIARIA LACOSA. S.A. de C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec Dir. Miguel Hidalgo 11000 - Mexico D.F.	Real Estate	-	33.33	33.33	2,225	319	3,502	6,046		
(C)	LATINOAMERICANA DE COMERCIO, S.A. de C.V. Carretera Tezoyuca - Tepetzingo, km. 1.9 Municipio Emiliano Zapata 62765 - Estado de Morelos (Mexico)	Services	-	33.33	33.33	479	685	232	1,396		
(C)	LACOSA CONCRETOS, S.A. de C.V. Carretera Tezoyuca - Tepetzingo, km. 1.9 Municipio Emiliano Zapata 62765 - Estado de Morelos (Mexico)	Services	-	33.33	33.33	491	773	231	1,495		
(C)	CONCRETOS MOCTEZUMA DE XALAPA, S.A. de C.V. Calle B, Isla B, Bodega 7 Balcones de Xalapa 91194 - Xalapa . Veracruz	Concrete	-	20	20	444	145	1,514	2,103		
(C)	MAQUINARIA Y CANTERAS DEL CENTRO. S.A. de C.V. Avda.Molier, 328, número 328, Dpto. 602 Colonia Los Morales Sección Palmas Dir. Miguel Hidalgo 11540 - Mexico D.F.	Aggregate	-	17	17	871	175	(52)	994		
(C)	CONCRETOS MOCTEZUMA DEL PACÍFICO, S.A. de C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec Dir. Miguel Hidalgo 11000 - Mexico D.F.	Concrete	-	33.33	33.33	1,310	(419)	(348)	543		

(thousands of euros)

	Name / Address	Activity	Participation percentage			Capital	Net result	Remaining Own Funds	Total Own Funds	Dividends	Net value acc. to books
			Direct	Indirect	Total						
(C)	CONCRETOS MOCTEZUMA DE JALISCO, S.A. de Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec Dir. Miguel Hidalgo 11000 - Mexico D.F.	Concrete	-	17	17	4	(90)	(657)	(743)		
(C)	CEMOC SERVICIOS ESPECIALIZADOS, S.A. de C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec Dir. Miguel Hidalgo 11000 - Mexico D.F.	Services	-	33.33	33.33	2	4,257	44	4,303		
(C)	CYM INFRAESTRUCTURA , S.A.P.I. DE C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec Dir. Miguel Hidalgo 11000 - Mexico D.F.	Infrastruc-tures	-	16.67	16.67	1,782	935	(1,576)	1,141		
(B)	ESCOFET 1886, S.A. c/ Montserrat, 162 08760 – Martorell	Prefabricate	-	36.73	36.73	1,602	(2)	6,562	8,162		
(H)	ESCOFET PAVIMENT, S.L.U. c/ Montserrat, 162 08760 – Martorell	Pavements	-	36.73	36.73	217	(45)	(14)	158		
(H)	ESCOFET PRETECNO, S.A. DE C.V. Carretera Federal Libre Cancún Chetumal km.328 Cancún Puerto Morelos, Quintana Roo, 77580 - Mexico	Prefabricate	-	18.37	18.37	16	11	(9)	18		
(H)	PORTCEMEN, S.A. Moll Contradic Sud, s/n - Port Autónom Barcelona 08039 – Barcelona	Services	33.33	-	33.33	3,736	(93)	223	3,866		1,289
(H)	MONTASPRE SERVEIS AMBIENTALS, S.L. Barri La Garriga, s/n 17481 – Sant Julià de Ramis (Girona)	Services	-	49.47	49.47	7	42	296	345		
(H)	PROMOTORA DE FORMIGONS, S.A. Carretera de la Comella, 11 AD 500 – Andorra la Vella	Aggregate	-	49.47	49.47	300	21	152	473		
(H)	TÈCNIQUES AMBIENTALS DE MUNTANYA, S.L Zona Industrial Sant Marc -P.S Sant Marc, Nau 4 17520 - Puigcerdà (Girona)	Services	-	49.47	49.47	6	10	217	233		
(H)	VESCEM-LID, S.L. c/ València, 245, 3r 5ª 08009- Barcelona	Services	-	25	25	200	2	(87)	115		
(A)	SURMA HOLDING, B.V. Strawinskylaan, 3127 1077 ZX - Amsterdam (Holland)	Holding	-	50	50	28,636	3,156	50,056	81,848	3,360	
(D)	LAFARGEHOLCIM BANGLADESH LTD 65 Gulshan Avenue, Gulshan -1 Dhaka 1212 (Bangladesh)	Cement	-	29.45	29.45	120,893	8,703	14,198	143,794		
(E)	LAFARGE UMIAM MINING PRIVATE LTD Hotel Polo Tower, Polo Ground Oakland Road Shillong 793001, Meghalaya (India)	Mining activity	-	29.45	29.45	5,147	4,406	153,567	163,120		
(E)	LUM MAWSHUN MINERALS PRIVATE LTD Hotel Polo Tower, Polo Ground Oakland Road Shillong 793001, Meghalaya (India)	Services	-	21.79	21.79	7	(1)	(20)	(14)		
(D)	HOLCIM CEMENT (BANGLADESH) LTD. NinaKabbo Leven7 227/A Tejgaon Gulshan Link Road Dhaka 1208 (Bangladesh)	Cement	-	29.45	29.45	110	(1,586)	44,084	42,608		
(F)	SOCIÉTÉ TUNISIENNE DE TRANSPORT EN VRAC-STTV 22, Avenue Taieb Mhri 1240 - Feriana Kasserine (Tunisia)	Transport	-	23.47	23.47	223	46	(457)	(188)		
(H)	YACUCES, S.L. Carretera Fuencarral-Alcobendas, Km. 3.800 28108 - Alcobendas (Madrid)	Holding	-	49	49	7,220	(2)	56,846	64,064		
(G)	ITACAMBA CEMENTO, S.A. Av. Brasil, entre Segundo y Tercer Anillo Parque Industrial Liviano, Santa Cruz de la Sierra (Bolivia)	Cement	-	32.67	32.67	70,155	(2,579)	17,440	85,016		
(G)	GB MINERALES Y AGREGADOS, S.A. Av. Brasil Calle 1 nº S/N Zona: This Santa Cruz de la Sierra (Bolivia)	Services	-	49	49	11,376	1,371	(1,255)	11,492		
(A)	EMPRESA COLOMBIANA DE CEMENTOS SAS CR. 48 NRO. 72 SUR 01 , municipio de Sabaneta Antioquia (República de Colombia)	Services	-	50	50	21,275	(1,981)	86,985	106,279		
(A)	INSUMOS Y AGREGADOS DE COLOMBIA SAS CR. 49 NRO. 72 SUR 01 , municipio de Sabaneta Antioquia (República de Colombia)	Mining activity	-	50	50	8,727	(538)	34,828	43,017		

The information has been provided by the entities and their equity situation is reflected in their separated Financial Statements as at 31 December 2018.

Dividends correspond with dividends received by the different companies.

The consolidation of the Companies of the Group has been performed through the global integration method, for those companies that are effectively controlled, as there is a majority of voting rights in the representation and decision-making bodies (see Annex I).

Investments in joint businesses, which are those where the Group has the co-management with other shareholders, and the investments in related companies, have been integrated by the equity method (see Annex II).

The company Corporación Moctezuma, S.A.B. de C.V. is listed on the Mexican stock market. On the other hand, LafargeHolcim Bangladesh, Ltd is listed on the stock markets of Dhaka and Chittagong.

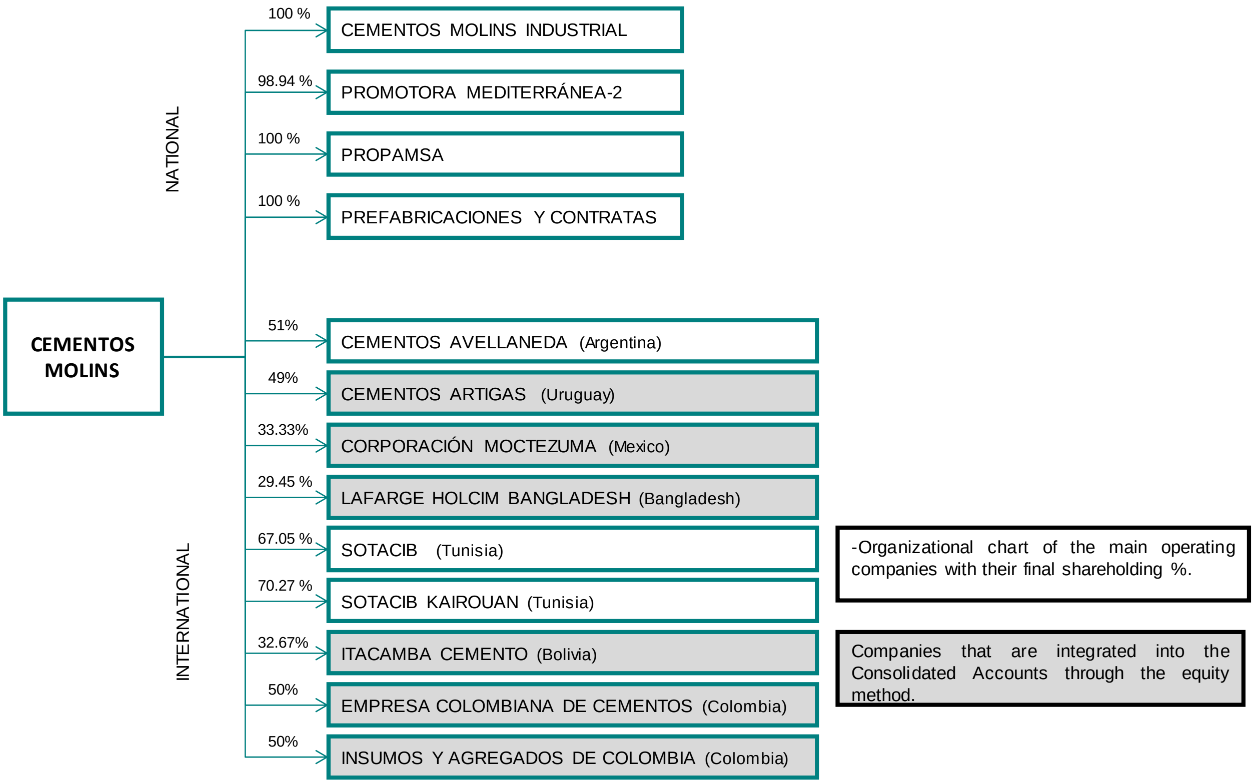
Companies with Annual Accounts audited by:

A = Deloitte, S.L.
B = RSM Spain Auditores, S.L.P.
C = Mancera S.C. (Ernst & Young)
D = Hoda Vasi Chowdhury & Co (Deloitte)
E = Deloitte Haskins and Sells
F = KPMG
G = PricewaterhouseCoopers
H = Non-audited Annual Accounts (without obligation to be audited)

MANAGEMENT REPORT OF CEMENTOS MOLINS, S.A

Cementos Molins S.A. has 90 years of experience in the cement industry and it is the head company of a group developing their activity in Spain, Argentina, Uruguay, Mexico, Bolivia, Colombia, Tunisia, Bangladesh and India. In addition to cement, it participates in the business of concrete, aggregates, prefabricated concrete, special mortars and adhesive cement, as well as environmental activities.

The company structure, with regard to its main operative companies, is as follows:



Cementos Molins makes a significant effort to develop a business model based on sustainability which generates value and which meets the expectations of interested parties, with the mission of being a respected and attractive family business in the global cement sector, creating value for all stakeholders and bearing in mind, above all, client satisfaction.

Technological know-how, an obsession for costs, the quality of manufactured products, work culture, and the strength and growth of the Group, as well as respect for the environment, the integration of sustainability in all processes and the appropriate emphasis on people, are pillars upon which our activity is built.

In this sense, all the non-financial information of Cementos Molins and its subsidiaries in included in the Consolidated Management Report that is part of the Consolidated Annual Accounts of Cementos Molins of year closed on 31 December 2018.

RESEARCH AND DEVELOPMENT

The company, as the parent company of the Cemento Molins Group, has not carried out research and development activities in the strict sense, as they are carried out in each of the companies operating inside the group.

The common denominator of the Cementos Molins Group companies has been to focus the R+D+I policy by endowing them with the right tools to become different and competitive to face the challenges posed by our markets.

In this area, the Group’s companies have focused on improving and enhancing the production processes, increasing the performances of the concretes and innovating and extending the range of products in the area of glue cement and prefabricated products, as well as in providing assessment and assistance to the customer through specific projects and products prepared according to their needs.

ECONOMIC AND FINANCIAL POSITION

The result obtained in 2018 has been 31.7 million euros, 1% lower than that of the same period of the previous year, due to several reasons:

- The greater income from dividends and interests, partially setting off the greater operating expenses of the financial year as a result of the strengthening of the corporate structure.
- A positive tax effect as parent company of the Consolidated Spanish Tax Group.

Thousands of euros	**2017**	**2016**	**% variation**
Net amount of the turnover	**41,911**	**41,804**	**0.3%**
Other operation income and expenses	(10,550)	(8,514)	-23.9%
Amortisation of fixed assets	(262)	(247)	-6.1%
OPERATING RESULTS	**31,100**	**33,043**	**-5.9%**
FINANCIAL RESULTS	**(2,096)**	**(2,462)**	**14.9%**
RESULT BEFORE TAX	**29,004**	**30,581**	**-5.2%**
Tax on profit	2,766	1,515	-
RESULTS FOR THE FINANCIAL YEAR	**31,770**	**32,095**	**-1.0%**

Important company events

- On 9 January 2018, the closing of the acquisition process by Lafarge Holcim Bangladesh Limited of the 100% of Holcim Cement (Bangladesh) Limited was announced.

- On 28 February, 2018, the Company submitted to the CNMV (i) information regarding the results for the second quarter of 2017; (ii) information and presentation regarding the results of the financial year closed on 31/12/2017; (iii) the Annual Report of Corporate Governance for the 2017 financial year; and (iv) the Annual Report on the remuneration of the directors for financial year 2017.

- On 27 April 2018, the Company submitted information to the CNMV regarding the results for the first quarter of 2018 and the presentation of results as of March 2018.

- At the meeting of the Board of Directors held on 22 May 2018, the company announced the Ordinary General Meeting of Shareholders, called for 28 June 2018, and the agreement proposals to submit to the Meeting were approved. Likewise, supplementary information was provided to shareholders in the corporate website.

- The Ordinary General Meeting of Shareholders, held on 28 June 2018, agreed on (i) the approval of the separate Annual Accounts, of the Report on business activity involving the Company's treasury shares; of the Statement on Environmental Information, and of Consolidated Annual Accounts of Cementos Molins, S.A. and its subsidiaries (Balance Sheet, Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity and the Annual Report), of the Management Report, separate and consolidated, and of the proposal for the distribution of profits for the financial year closed on 31 December 2017; (ii) the approval of the management of the Board of Directors, of its Commissions and of the Managing Director in the financial year 2017; (iii) the reelection of Deloitte, S.L. as Auditor of the separate and consolidated Annual Accounts of the Company for the financial year 2019; (iv) endorsing the appointment of Ms. Socorro Fernández Larrea, the reelection of the directors Cartera de inversiones C.M.S.A., (represented by Joaquín Mª Molins Gil), Otinix, S.L., (represented by Ms Ana María Molins López-Rodó), Mr. Joaquín Mª Molins López-Rodó, Mr. Miguel del Campo Rodríguez and the appointment of Mr Rafael Villaseca Marco as new independent director; (v) the approval of the modification of articles 19, 28 and 30 of the Articles of Association; (vi) the amendment of articles 8 and 11 of the General Meeting of Shareholders Regulations of the Company; (vii) the delegation on the Board of Directors the power to increase the share capital and excluding the preferential subscription right; (viii) the delegation on the Board of Directors to apply for the shares to be listed in the Madrid, Bilbao and Valencia stock exchanges, and to be included in the Spanish Interconnected Exchange System; (ix) the authorisation to call, when applicable, an Extraordinary Shareholders Meeting at least 15 days in advance; (x) establishing the maximum annual remuneration of the directors; (xi) the approval of the remuneration policy of Directors for years 2018, 2019 and 2020; (xii) the approval, with consultative vote, the Annual Report on the remuneration of Directors; and (Xiii) informing in the General Meeting on the most relevant aspects of the Corporate Governance of the Company, including the amendment of the Regulations of the Board of Directors.

- By virtue of the resolutions approved at the Company's General Shareholders' Meeting and by the Board of Directors in their respective meetings held on 28 June 2018, the Company agreed to pay on 12 July 2018 an additional dividend of 0.01 euros gross per share, on account of the profits of year 2017 and a dividend of 0.14 euros gross per share on account of the profits of year 2018.

- On 26 July 2018, the Company submitted information to the CNMV regarding the results for the first semester of 2018.

- On 8 November 2018, the Company submitted to the CNMV (I) information regarding the results for the third quarter of 2018; and (ii) information regarding the results as of September 2018.

- By virtue of the agreements reached by the Board of Directors in the meeting held on 29 November 2018, the Company agreed to pay on 13 December 2018 a dividend of 0.13 euros gross per share on account of the profits of the financial year 2018.

Events after closing

No relevant events have been registered after 31 December 2018.

Foreseeable evolution of the Company

The behaviour of the financial year 2019 is expected to be similar to the financial year 2018.

Capital structure

The share capital is nineteen million, eight hundred and thirty four thousand, seven hundred and one Euro (€19,834,701), divided into 66,115,670 ordinary shares and of one series only, of thirty cents of Euro (€0.30) of nominal value each. The share capital is fully subscribed and paid up.

The last amendment was carried out on 30 June 2005.

Restrictions to the transfer of shares.

There exist no restrictions to the transfer of shares.

Significant participations, direct or indirect.

	Participation		Nominal
Shareholder	Shares	%	value (euros)
Otinix ,S.L.	21,947,316	33.195%	6,584,195
Noumea, S.A.	20,963,713	31.708%	6,289,114
Cartera de Inversiones C.M., S.A.	15,990,000	24.185%	4,797,000

Restrictions to voting rights

There are no restrictions to the voting rights.

Shareholders' agreements

On 7 January 2016, the Vote and Shares Syndication Agreement, dated 17 December 2015, signed by the syndicated shareholders of Cementos Molins, S.A., was provided to the CNMV and the Company, thus substituting the Agreement signed on 15 January 2011. A copy of the complete subscribed agreement was attached. Said agreement has been filed in the Commercial Register of Barcelona, under register number 304 and in the Commercial Register of Madrid, under register number 1.

The significant shareholders intervening in the agreement, and their corresponding participation in said agreement, is the following:

Intervening parties in the shareholders' agreement	% of the affected share capital
Otinix, S.L.	32.968%
Noumea, S.A.	23.410%
Cartera de Inversiones CM, S.A.	24.000%

Applicable regulation to the appointment and replacement of members of the Board of Directors and to the amendment of the articles of association.

The AGM, failing this the Board of Directors, shall hold the power to appoint the members of the Board of Directors in accordance with that provided in the Spanish Corporate Law and in the Articles of Association.

In order to be a Director, it is not necessary to be a shareholder. To fill vacancies arising during the director appointment period, in which case the Board will be able to appoint the people that will fill these positions until the next general meeting. If a vacancy arises after a General Meeting has been called but before it has been held, the board of directors may appoint a director until the following General Meeting has been held. The appointment of acting directors is forbidden.

The Board of Directors is now composed of fourteen directors. Directors will be appointed by the General Meeting for a maximum term of four years and they can be re-elected indefinitely for periods of up to four years each, except directors considered independent who shall not remain continuously in office, as independent directors, for a period longer than twelve years.

The appointments or re-election of directors proposals submitted by the Board of Directors, and also the appointments by co-option, will be approved by the Board of Directors

(i) when proposed by the Remuneration and Appointments Commission with regard independent directors, or

(ii) prior report of the Remuneration and Appointments Commission with regard the other directors.

According to article 28 of the Articles of Association, the proposal must be always accompanied by a supporting report from the board in which the competence, experience and merits of the proposed candidate are assessed, which is to be attached to the minutes of the AGM or of the Board.

At the meeting of the Board of Directors on 28 April 2016, with a prior favorable report of the Remuneration and Appointments Commission, the Director Selection Policy of the company was approved. The main content of said policy is the following:

(i) Objectives of the candidate selection:

- The principle of diversity in the composition of the Board of Directors shall govern in a broader sense: people will be sought whose appointment promotes the diversity of knowledge, experiences and gender within the Board of Directors.
- The Director Selection Policy will make a conscious effort so that in year 2020 the number of female directors represents, at least, 30% of the total number of members of the Board of Directors.

(ii) Selection process:

- The Board of Directors, with the previous report of the Remuneration and Appointments Commission, will draft a preliminary analysis of the Company's needs, which will be the stepping point in the appointment, reelection and ratification process for directors.
- Attempts will be made so that the composition of the Board of Directors is balanced, with an ample majority of non-executive directors and an appropriate proportion of propriety and independent directors.
- The Molins family holds an ample majority of the share capital of the Company. Given that the appointment of directors normally takes place by applying the proportionality system established in the Spanish Corporate Law, the directors of the Company belong for the most part to the category of propriety or independent directors. Furthermore, the percentage of proprietary directors against the total non-executive directors is not greater that the proportion of the Company’s capital held by said directors against the remaining capital.
- Any director might suggest candidates for director provided that they meet the requirements set tin the different regulations of the Company’s Corporate Governance.
- The Company shall receive the assistance of outside counsel to validate the candidates for director.

- During the candidate selection process, all implicit discriminatory biases will be avoided and, in particular, those hindering the selection of female directors.

(iii) Conditions to be met by the candidates for director

- They shall be persons of good repute, suitable and of recognised solvency, training, competence, experience, qualifications, availability and commitment to their position.
- They shall be professionals whose conduct and career path are in line with the respect for the Law and good commercial practices, complying, in addition, with the current legal provisions at all times to be able to be part of a management body.
- The search for candidates with knowledge and experience in the main countries and industries where the Group carries out their business will be encouraged.
- The Remuneration and Appointments Commission shall ensure that the Non-executive Directors are sufficiently available to correctly carry out their duties. In this sense, Directors cannot, unless with the express authorisation of the Board, after a report from the Remuneration and Appointments Commission, form part of more than 8 boards of directors. The foregoing does not apply to:

    - Boards of Group Companies,
    - Boards of family companies of Directors or their families and
    - Boards of which they form part because of professional relations.

(iv) Impediments to be candidate for director.

- The persons that are under legal grounds for incompatibility with performing the functions of their position.
- The persons who do not meet the requirements set forth in the Corporate Governance System to be a director.
- The directors or senior management members of national or foreign companies of the cement industry that may be considered competition by the Company.
- The natural or legal persons appointed as director in more companies than the number permitted in the provisions of the Board of Directors Regulations.
- The persons incurring in a situation of conflict of interest with the Company in compliance with the provisions of the Board of Directors Regulation.
- The persons incurring in circumstances where their participation in the Board of Directors could harm the credibility and reputation of the Company.

The General Meeting may agree, at all times, to remove the Directors, when deemed fit for the interests of the company. Those declared incompatible to the extent and in the conditions established by the Incompatibilities Law and any other provision modifying it or widening its scope are barred from holding in the Company and, when applicable, to discharge duties in them.

Directors shall cease their role following the period for which they were appointed and, in all other events set fourth in Law, the Articles and the Board of Directors Regulation.

The amendment of the article of associations shall be agreed upon in the general meeting and it requires the fulfilment of the requirements established in the Spanish Corporate Law.

Powers of the members of the Board of directors

Article 25 of the Articles of Association provides that the Board of Directors, acting collectively on behalf of the Company, is entitled to do and carry out anything included in the Company's object and to exercise all the powers not expressly reserved by Law or by the Articles to the General Meeting. On the other hand, article 5 of the Board of Directors Regulations lists the powers that the Board of Directors is not able to delegate.

Amongst the members of the Board of Directors, only the Managing Director holds powers to act on its own, according to the powers delegated to him or her at the time of the appointment.

Significant agreements that are amended or finalised in the event of a change of control

The company has subscribed, and filed for public knowledge at the National Securities Exchange Commission, five significant Agreements that are amended or finalised in the event of a change of control:

The first, signed on 15 May 2009 by Cementos Molins, S.A and Cemolins Internacional, S.L.U. on the one hand, and Buzzi Unicem, SpA and Buzzi Unicem Internacional, S.à.r.l, on the other hand, regarding the subsidiary Fresit, B.V. (Holland). This agreement has been repealed and replaced by the one signed on 22 December 2015, by Cementos Molins, S.A. and Cemolins Internacional, S.L.U. on the one hand, and Buzzi Unicem, Spa and Buzzi Unicem Internacional, S.À.R.L., on the other hand, regarding the subsidiaries FRESIT BV y PRESA INTERNATIONAL BV and their investee companies.

The second, signed on 18 December 2012, by Cementos Molins, S.A., Cemolins Internacional, S.L.U. and Minus Inversora, S.A., on the one hand, and Votorantim Group, on the other hand, regarding Cementos Avellaneda, S.A. (Argentina).

The third one, signed on 18 December 2012, by Cementos Molins, S.A. and Cemolins Internacional, S.L.U., on the one hand, and Votorantim Group, on the other hand, regarding Cementos Artigas, S.A. (Uruguay).

The fourth one, signed on 31 July 2014, by Cementos Molins, S.A. and Cemolins Internacional, S.L.U., on the one hand, and Votorantim Cimentos EAA Inversiones, S.L.U. and Votorantim Cimentos, S.A., on the other hand, regarding Yacuces, S.L. and its subsidiaries in Bolivia.

The fifth one, signed on 30 September 2015, by Cementos Molins, S.A. and Cemolins Internacional, S.L.U. on the one hand, and Suministros de Colombia S.A.S. y Corona Industrial S.A.S., on the other hand, regarding the Colombian investees Insumos y Agregados de Colombia, S.A.S. and Empresa Colombiana de Cementos S.A.S.

It is provided in all five agreements that the change of control of any of the parties grants the other party the right to preferential acquisition of the participation that the party changing its control holds in the companies subject to the agreement.

Agreements between the Company, the directors, management members or employees that set forth compensations when their relationship with the Company is terminated as a result of a takeover bid

In the commercial contract signed by the Company and the Managing Director it is set forth that he/she shall be entitled to a compensation equal to three (3) annuities of their monetary compensation, including the variable components of his remuneration, in the event of a change in the control structure of the Company within the meaning of article 42 of the Commercial Code by reference to article 4 of the Securities Market Law, including as a result of a public tender offer for the shares of the Company, or assignment or transfer of all or a relevant part of its activity or of its assets and liabilities to a third party, or integration into another business group that acquires control of the Company in such a way that it has the effect of renewing its governing bodies or a substantial change in its business strategy as it may result in each case of its business plan.

In two agreements signed by the Company and two management members, the compensation to be paid would correspond to an unfair dismissal under the common labour legislation, for the amount currently in force at all times and, at the very minimum, a compensation equal to three annuities of their annual gross remuneration, in the event set out in section d) of article 10.3 of Royal Decree 1382/1985, that is, in the event of a succession of the business or a significant change in its ownership that causes the renewal of its governing bodies or in the contents or purpose of the main activity of the company.

Corporate Governance Annual Report

As an annex to this Management Report, the Annual Report of Corporate Governance is presented, which is an integral part of the Management Report of Cementos Molins, S.A. for the financial year 2018.

Translation from the original issued in Spanish.
In the event of discrepancy, the Spanish language version prevails.

ANNUAL REPORT ON CORPORATE GOVERNANCE OF LISTED PUBLIC LIMITED COMPANIES

ISSUER IDENTIFICATION DETAILS

End date of year in reference: 31/12/2018

CIF: A-08017535

Company name:

CEMENTOS MOLINS, S.A.

Registered office:

CALLE ESPRONCEDA 38, LOCAL 3 (MADRID)

A. STRUCTURE OF THE PROPERTY

A.1. **Complete the following chart on the social capital of the company:**

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
30/06/2005	19,834,701.00	66,115,670	66,115,670

Indicate if there are different classes of shares with different associated rights:

[ ] Yes
[√] No

A.2. List the direct and indirect holders of significant shares at the closing date of the year, excluding the directors:

Name or company name of the shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		Total % of voting rights
	Direct	Indirect	Direct	Indirect	
JOAQUIN Mª MOLINS GIL	0.00	24.19	0.00	0.00	24.19

Detail of indirect participation:

Name or company name of the indirect owner	Name or company name of the direct owner	% voting rights attributed to the shares	% voting rights through financial instruments	Total % of voting rights
No data				

Indicate the most significant movements in the shareholding structure during the year:

Joaquín Mª Molins Gil holds 50.0006% of the share capital of Cartera de Inversiones CM, S.A., which in turn holds 24.19% of the capital of Cementos Molins, S.A.

On the other hand, although some shareholders individually hold indirectly more than 3% of the share capital of Cementos Molins, S.A., none of them holds such shares through an individually controlled company for the purposes of article 23.1 of Royal Decree 1362/2007, of October 19.

A.3. Complete the following tables on the members of the board of directors of the company, which hold voting rights over shares of the company:

Name or company name of the director	% voting rights attributed to the shares		% voting rights through financial instruments		Total % of voting rights	% voting rights that can be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. MIGUEL DEL CAMPO RODRIGUEZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. JUAN MOLINS AMAT	0.10	0.00	0.00	0.00	0.10	0.00	0.00
MR. FRANCISCO JAVIER FERNÁNDEZ BESCÓS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. JOAQUIN Mª MOLINS LOPEZ-RODO	0.05	0.00	0.00	0.00	0.05	0.00	0.00
MR. JUAN MOLINS MONTEYS	0.02	0.00	0.00	0.00	0.02	0.00	0.00
CARTERA DE INVERSIONES C.M., S.A.	24.19	0.00	0.00	0.00	24.19	0.00	0.00
NOUMEA, S.A.	31.71	0.00	0.00	0.00	31.71	0.00	0.00
OTINIX, S.L.	33.20	0.00	0.00	0.00	33.20	0.00	0.00
FORO FAMILIAR MOLINS, S.L.	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Total % of voting rights held by the board of directors	89.26

Detail of indirect participation:

Name or company name of the director	Name or company name of the direct owner	% voting rights attributed to the shares	% voting rights through financial instruments	Total % of voting rights	% voting rights that can be transmitted through financial instruments
No data					

A.4. Indicate, if applicable, the relationships of a family, commercial, contractual or corporate nature that exist among the holders of significant shares, insofar as they are known by the company, unless they are scarcely relevant or derive from the ordinary commercial line of business, except those reported in section A.6:

Name or company name related	Type of relationship	Short Description
No data		

A.5. Indicate, if applicable, the relationships of a commercial, contractual or corporate nature that exist between the holders of significant shares, and the company and/or its group, unless they are scarcely relevant or derive from the ordinary commercial line or business:

Name or company name related	Type of relationship	Short Description
No data		

A.6. Describe the relationships, unless they are scarcely relevant to the two parties, that exist between the significant shareholders or those represented on the board and the directors, or their representatives, in the case of legal entity administrators.

Explain, where appropriate, how the significant shareholders are represented. Specifically, those directors who have been appointed in representation of significant shareholders, those whose appointment would have been promoted by significant shareholders, or who are related to significant shareholders and/or entities of their group, with specification of the nature of such relationships, will be indicated. In particular, mention shall be made, where appropriate, of the existence, identity and position of board members, or representatives of directors, of the listed company, who are, in turn, members of the administrative body, or their representatives, in companies that hold significant participations of the listed company or in entities of the group of such significant shareholders:

Name or company name of the director or representative linked	Name or company name of the significant shareholder linked	Company name of the significant shareholder group	**Description relationship / charge**
NOUMEA, S.A.	NOUMEA, S.A.	NOUMEA, S.A.	The significant shareholders Noumea, S.A. is a director.
OTINIX, S.L.	OTINIX, S.L.	OTINIX, S.L.	The significant shareholder Otinix, S.L. is a director.
MR. JUAN MOLINS AMAT	NOUMEA, S.A.	NOUMEA, S.A.	The Chairperson, Mr. Juan Molins Amat, is a director in Noumea, S.A., a significant shareholder.
MR. JUAN MOLINS AMAT	CARTERA DE INVERSIONES C.M., S.A.	CARTERA DE INVERSIONES C.M., S.A.	Chairperson Juan Molins Amat is Vice Chairperson of Cartera de Inversiones C.M., S.A.

Name or company name of the director or representative linked	Name or company name of the significant shareholder linked	Company name of the significant shareholder group	**Description relationship / charge**
MS. ANA Mª MOLINS LÓPEZ-RODÓ	OTINIX, S.L.	OTINIX, S.L.	Ms. Ana Mª Molins López-Rodó, individual representative of Otinix, S.L. on the advice of Cementos Molins, S.A. and CEO of Otinix, S.L.
MR. PABLO MOLINS AMAT	NOUMEA, S.A.	NOUMEA, S.A.	Mr. Pablo Molins Amat, individual representative of Noumea, S.A. in the Board of Cements Molins, S.A., is a director of Noumea, S.A.
MR. JOAQUIN Mª MOLINS GIL	CARTERA DE INVERSIONES C.M., S.A.	CARTERA DE INVERSIONES C.M., S.A.	Mr. Joaquin Mª Molins Gil, individual representative of Cartera de Inversiones C.M., S.A. in the Board of Cementos Molins, S.A. and Chairman of the Board of Investment Portfolio C.M., S.A.
MR. JOAQUIN Mª MOLINS LOPEZ-RODO	OTINIX, S.L.	OTINIX, S.L.	Joaquín Mª Molins López-Rodó is a board member of Otinix, S.L.
CARTERA DE INVERSIONES C.M., S.A.	CARTERA DE INVERSIONES C.M., S.A.	CARTERA DE INVERSIONES C.M., S.A.	The significant shareholder Investment Portfolio C.M., S.A. is a director.

All proprietary directors, with the exception of Foro Familiar Molins, S.L., which has been appointed by the significant shareholders Noumea, S.A., have been appointed by concerted action of the significant shareholders Noumea, S.A., Cartera de Inversiones C.M., S.A. and Otinix, S.L.

A.7. Indicate whether any parasocial agreements have been notified to the company that affect it, as established in articles 530 and 531 of the Capital Companies Law. If so, describe them briefly and list the shareholders bound by the agreement:

[√] Yes
[ ] No

Participants of the parasocial pact	% of affected share capital	Brief description of the agreement	Expiration date of the agreement, if it has
CARTERA DE INVERSIONES C.M., S.A., NOUMEA, S.A., OTINIX, S.L.	81.81	**Syndication and Voting Pact.** The aforementioned percentage also includes the minority participation of a series of individual shareholders participating in the Pact, in accordance with what was communicated to	17.12.2020

Participants of the parasocial pact	% of affected share capital	Brief description of the agreement	Expiration date of the agreement, if it has
		the CNMV on January 7, 2016, registration number 233834.	

Indicate whether the company is aware of the existence of concerted actions among its shareholders. If so, describe them briefly:

[√] Yes
[ ] No

Participants concerted action	% of affected share capital	Brief description of the concert	Expiration date of the concert, if it has
CARTERA DE INVERSIONES C.M., S.A., NOUMEA, S.A., OTINIX, S.L.	81.81	Pact of Syndication of Vote and Actions. The aforementioned percentage also includes the minority participation of a series of individual shareholders intervening in the Pact, in accordance with what was communicated to the CNMV on January 14, 2016, registration number 2016002689.	17.12.2020

In the event that during the year there has been any modification or rupture of said covenants or agreements or concerted actions, indicate it expressly:

No.

A.8. Indicate whether there is any individual or legal entity that exercises or may exercise control over the company in accordance with article 5 of the Securities Market Law. If so, identify it:

[ ] Yes
[√] No

A.9. Complete the following tables on the treasury stock of the company:

At the close of the year:

Number of direct actions	Number of indirect actions (*)	Total % on share capital
	2,742,218	4.15

(*) Through:

Name or company name of the direct owner of the participation	Number of direct actions
CEMENTOS MOLINS INDUSTRIAL, S.A.U.	2,742,218
Total	2,742,218

Explain the significant variations during the year:

Explain the significant variations

During the year 2018, a total of 21,647 indirect shares were acquired, representing 0.03% of the total share capital.

A.10. Detail the conditions and term of the current mandate of the shareholders' meeting to the board of directors to issue, repurchase or transfer own shares:

The General Shareholders' Meeting of June 30, 2015 adopted, as a FOURTH item on its Agenda, the following agreement:

Authorising and empowering the Cementos Molins, S.A. Board of Directors, as well as those companies where CEMENTOS MOLINS, S.A. is the main parent company, to acquire, under the existing legal regulations, the shares of CEMENTOS MOLINS, S.A., within the existing limits and according to the following requirements:

a) that the nominal value of the shares acquired, in addition to those already held by CEMENTOS MOLINS, S.A. and its subsidiary companies, does not exceed 10 percent of the share capital at any time.

b) the aforementioned acquisition, including those shares previously acquired by the company and held in its portfolio, shall not lead to the net equity being less than the amount of the share capital plus the legally or statutory-wise unavailable reserve.

c) the shares acquired shall be fully paid up.

d) since they are acquisitions for a value, they should be effected at a minimum price of the shares' nominal value and maximum of the stock market price at the time of acquisition, with express compliance with any other applicable legal requirements.

e) that this authorization is established for a period of five years starting from today, June 30, 2015, without prejudice to the assumptions contemplated within the Law as those relating to free acquisition.

A.11. Estimated floating capital:

	%
Estimated floating capital	6.59

A.12. Indicate whether there are any restrictions (statutory, legislative or otherwise) on the transfer of securities and/or any restriction on the right to vote. In particular, the existence of any type of restrictions that may make it difficult to take control of the company through the acquisition of its shares in the market will be communicated, as well as those authorization or prior notice systems that, over acquisitions or transfers of instruments of the company, are applicable by sectoral regulations.

[ ] Yes
[√] No

A.13. Indicate whether the general meeting has agreed to adopt neutralization measures against a public takeover bid pursuant to the provisions of Law 6/2007.

[ ] Yes
[√] No

If so, explain the approved measures and the terms in which the inefficiency of the restrictions will occur:

A.14. Indicate whether the company has issued securities that are not traded on a regulated market in the European Union.

[ ] Yes
[√] No

If so, indicate the different classes of shares and, for each class of shares, the rights and obligations confirmed:

B. GENERAL BOARD:

B.1. Indicate and, if applicable, detail, if there are differences with the minimum regime established in the Capital Companies Law (LSC) with respect to the quorum for the constitution of the general meeting:

[ ] Yes
[√] No

B.2. Indicate and, if applicable, detail if there are differences with the regime established in the Capital Companies Law (LSC) for the adoption of corporate resolutions:

[ ] Yes
[√] No

B.3. Indicate the rules applicable to the modification of the bylaws of the company. In particular, the majorities foreseen for the modification of the bylaws will be communicated, as well as, where appropriate, the rules established for the protection of the rights of the partners in the modification of the bylaws.

This is a matter reserved to the Board in accordance with article 160 (c) of the Capital Companies Law and article 3 of the Regulations of the General Meeting.

With respect to the quorum necessary in the Meeting for the modification of the Bylaws, pursuant to article 201 of the Capital Companies Act, article 16 of the Bylaws and article 9 of the Regulations of the General Meeting are required to attend first call half of the subscribed capital with the right to vote. At second call, the representation of the quarter of the subscribed capital with the right to vote will be sufficient. However, when attending shareholders representing less than 50 per cent of the subscribed capital with the right to vote, the company resolutions referred to in this article will only be validly adopted with the favourable vote of two thirds of the present or represented capital at the meeting.

B.4. Indicate the attendance data in the general meetings held in the year to which this report refers and those of the two previous fiscal years:

	Attendance data				
General meeting date	% of physical presence	% in representation	% distance vote Electronic voting	Other	Total
29/06/2017	93.95	2.24	0.00	0.00	96.19
Of those floating Capital	0.51	2.24	0.00	0.00	2.75
28/06/2018	93.84	2.35	0.00	0.00	96.19
Of those floating Capital	0.43	2.35	0.00	0.00	2.78

B.5. Indicate whether at the general meetings held during the year there was any item on the agenda that, for any reason, has not been approved by the shareholders:

[ ] Yes
[√] No

B.6. Indicate if there are any statutory restrictions that establish a minimum number of shares required to attend the general meeting, or to vote remotely:

[ ] Yes
[√] No

B.7. Indicate whether it has been established that certain decisions, other than those established by law, involving an acquisition, transfer, contribution to another company of essential assets or other similar corporate operations, must be submitted for approval by the general meeting of shareholders:

[ ] Yes
[√] No

B.8. Indicate the address and mode of access to the company's website to the information on corporate governance and other information about the general meetings that must be made available to shareholders through the Company's website:

The address is www.cemolins.es. Once in the menu (home) display the section "Shareholders and Investors" submenu "Corporate Governance". On this page, the Annual Corporate Governance Report is displayed, in PDF format, at least for the last five fiscal years. The information on the General Meetings can be found in the initial menu (home), section "Shareholders and Investors", sub-menu "General Shareholders' Meeting".

C. STRUCTURE OF THE COMPANY'S ADMINISTRATION

C.1. Board of Directors

C.1.1 Maximum and minimum number of directors contemplated in the bylaws and the number fixed by the general meeting:

Maximum number of directors	15
Minimum number of directors	5
Number of directors appointed by the board	14

C.1.2 Complete the following chart with the board members:

Name or company name of the director	Representative	Director category	Position on the board	First appointment date	Last appointment date	Election procedure
MR. JUAN MOLINS AMAT		Proprietary	CHAIRPERSON	19/06/1967	26/06/2017	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
CARTERA DE INVERSIONES C.M., S.A.	MR. JOAQUIN Mª MOLINS GIL	Proprietary	VICE CHAIRPERSON 1st	26/06/1996	28/06/2018	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
OTINIX, S.L.	MS. ANA Mª MOLINS LÓPEZ-RODÓ	Proprietary	VICE CHAIRPERSON 2nd	04/09/2015	28/06/2018	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
MR. JULIO RODRÍGUEZ IZQUIERDO		Executive	MANAGING DIRECTOR	30/06/2015	30/06/2015	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA		Independent	DIRECTOR	31/05/2012	29/06/2017	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
MS. ANDREA KATHRIN CHRISTENSON		Independent	DIRECTOR	30/06/2015	30/06/2015	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
MS. SOCORRO		Independent	DIRECTOR	01/12/2017	28/06/2018	AGREEMENT BOARD

Name or company name of the director	Representative	Director category	Position on the board	First appointment date	Last appointment date	Election procedure
FERNANDEZ LARREA						GENERAL SHAREHOLDERS
MR. JOAQUIN Mª MOLINS LOPEZ-RODO		Proprietary	DIRECTOR	29/07/2009	28/06/2018	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
NOUMEA, S.A.	MR. PABLO MOLINS AMAT	Proprietary	DIRECTOR	26/06/1996	29/06/2017	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
FORO FAMILIAR MOLINS, S.L.	MS. ROSER RÀFOLS VIVES	Proprietary	DIRECTOR	28/06/2007	29/06/2017	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
MR. MIGUEL DEL CAMPO RODRIGUEZ		Other External	DIRECTOR	21/05/2002	28/06/2018	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
MR. FRANCISCO JAVIER FERNÁNDEZ BESCÓS		Proprietary	DIRECTOR	31/05/2012	29/06/2017	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
MR. JUAN MOLINS MONTEYS		Proprietary	DIRECTOR	29/06/2017	29/06/2017	GENERAL AGREEMENT MEETING OF SHAREHOLDERS
MR. RAFAEL VILLASECA MARCO		Independent	DIRECTOR	28/06/2018	28/06/2018	GENERAL AGREEMENT MEETING OF SHAREHOLDERS

Total number of directors	14

Indicate the losses that, whether due to resignation, dismissal or for any other reason, have occurred in the board of directors during the period subject to information:

Name or company name of the director	Category of the board at the time of dismissal	Date of last appointment	Discharge date	Specialised commissions of which the person was a member	Indicate if the reduction occurred before the end of the mandate
No data					

C.1.3 Complete the following tables on the members of the board and their different category:

EXECUTIVE DIRECTORS		
Name or company name of the director	Position in the organization chart of the company	Profile
MR. JULIO RODRÍGUEZ IZQUIERDO	Managing Director	Industrial Technical Engineer from UPC, PDG from IESE and Diploma in Marketing Management from EADA. His professional career was previously linked to Schneider Electric since joining the company in 1984, where he held different senior management responsibilities. See also section C.1.10.

Total number of executive directors	1
% on the total of the director	7.14

EXTERNAL PROPRIETARY DIRECTORS		
Name or company name of the director	Name or denomination of the significant shareholder to whom he represents or who has proposed his appointment	Profile
MR. FRANCISCO JAVIER FERNÁNDEZ BESCÓS	CARTERA DE INVERSIONES C.M., S.A.	Civil Engineer graduated from the Higher Technical School of Civil Engineers of Madrid, class of 1966. In 1977, he carried out a Management Development Programme at IESE Business School in Barcelona (PDG-1-77). From 1996 to 2016 he served as General Director of Mines at Grupo Ferroatlántica S.A.
MR. JOAQUIN Mª MOLINS LOPEZ-RODO	OTINIX, S.L.	He has a Law Degree from the University of Barcelona, where he obtained his doctorate in 1981. Besides being a professor of Political Science at the Autonomous University of Barcelona, throughout his experience as a professor and researcher he has also worked at the universities of Barcelona, Bologna, the European Institute of Florence, the University of Michigan, Yale, Beijing and Guadalajara (Mexico). Author of numerous academic works including, in relation to cement, the article "The Cement Industry"

EXTERNAL PROPRIETARY DIRECTORS		
Name or company name of the director	Name or denomination of the significant shareholder to whom he represents or who has proposed his appointment	Profile
		in J. Greenwood (ed.) 1995 European Business Alliances. Prentice Hall. He is a director of the companies Otinix, S.L. and Inmobiliaria Inclar, S.A.
CARTERA DE INVERSIONES C.M., S.A.	CARTERA DE INVERSIONES C.M., S.A.	He is a significant shareholder of the Company. The personal representative, Joaquín Mª Molins Gil is an Economics and Business Administration graduate from Wagner College (USA), General Management Programme (P.D.G.) and Senior Management Programme (P.A.D.E.) from IESE Business School. P.D.G. and P.A.D.E. by IESE. He is currently Chairperson of the Board of Directors of Cartera de Inversiones C.M., S.A. and of Compañía General de Inversiones, S.A. SICAV.
NOUMEA, S.A.	NOUMEA, S.A.	He is a significant shareholder of the Company. The personal representative, Pablo Molins Amat, is a Law graduate from the Central University of Barcelona and holds a Master's Degree in Criminal Law. Partner and director of Molins & Silva Defensa Penal, S.L.P.
OTINIX, S.L.	OTINIX, S.L.	He is a significant shareholder of the Company. The personal representative is Ana Mª Molins López-Rodó, is a Law graduate from the University of Barcelona and specialises in civil and business law. She is a legal counsel and serves as a secretary of the Board of Directors of several companies, especially in family businesses, and is also a director of the companies Otinix, S.L. and Inmobiliaria Inclar, S.L.
FORO FAMILIAR MOLINS, S.L.	NOUMEA, S.A.	The representative, Roser Ràfols Vives graduated in Law and holds a Master's Degree in Financial Law from the University of Barcelona. Her professional activity has been developed in different lawyers' firms. Member of the Bar Associations of Barcelona and Madrid as well as of the International Bar Association. Specialised in commercial and corporate law, financial, mergers and acquisitions. She is a professor of International Law at the Autonomous University of Barcelona.
MR. JUAN MOLINS MONTEYS	NOUMEA, S.A.	He holds a degree in Economics and Business Administration from the University of Barcelona, and a PDD from IESE. He currently works as an Operating Partner in Black Toro Capital, sole shareholder of ADL BioPharma, of which he has been a director since September 2014.
MR. JUAN MOLINS AMAT	NOUMEA, S.A.	Civil Engineer graduated from the Escuela de Caminos de Madrid in 1966 and was awarded the Senior Management Programme (P.A.D.E.) from IESE in 1972. He has held the position of manager of Cementos Molins, S.A. between 1971 and 1990, as Managing Director until 2005 and as Managing Director from 2005 to 2015. He is Vice Chairperson of Cartera de Inversiones C.M, S.A. and Counsellor of Noumea, S.A. See also section C.1.10.

Total number of proprietary directors	8
% on the total of the director	57.14

EXTERNAL INDEPENDANT DIRECTORS	
Name or company name of the director	Profil e
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA	Bachelor in Economics and Master's Degree from IESE. Extensive knowledge of the financial sector. Proposed by the Remuneration and Appointments Committee.
MS. ANDREA KATHRIN CHRISTENSON	Graduated in Economics and Social Sciences from the University of Economics of Vienna, MBA from IESE, University of Navarra, AMP (Advanced Management Program) from IESE, University of Navarra, Diploma in Mediation from the IMS (Institute of Mediation) in Munich. Proposed by the Remuneration and Appointments Committee.
MS. SOCORRO FERNANDEZ LARREA	Engineer of Roads, Canals and Ports by the Polytechnic University of Madrid, promotion of 1990. She is PADE by IESE, promotion 2011. Proposed by the Remuneration and Appointments Committee.
MR. RAFAEL VILLASECA MARCO	Industrial engineer from the Polytechnic University of Catalonia and MBA from IESE from the University of Navarra. He is Chairperson of the Naturgy Foundation, Member of the Consultative Board for the Promotion of Work and Member of the Spanish Chapter of the Club of Rome. He is a Board Member of VidaCaixa, S.A. Insurance and Reinsurance, listed company. Proposed by the Remuneration and Appointments Committee.

Total number of independent directors	4
% on the total of the director	28.57

Indicate whether any director rated as independent receives from the company, or from its same group, any amount or benefit for a concept other than the remuneration of a director, or maintains or has maintained, during the last financial year, a business relationship with the company or with any company in its group, either in its own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained such relationship.

If applicable, a reasoned statement by the board on the reasons why it considers that said director can perform his duties as an independent director will be included.

Name or company name of the director	Description of the relationship	Motivated statement
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA	No.	N/A.
MS. ANDREA KATHRIN CHRISTENSON	No.	N/A.
MS. SOCORRO FERNANDEZ LARREA	No.	N/A.

Name or company name of the director	Description of the relationship	Motivated statement
MR. RAFAEL VILLASECA MARCO	No.	N/A.

OTHER EXTERNAL DIRECTORS			
The other external directors will be identified and the reasons why they cannot be considered proprietary or independent and their links, either with the company, its directors, or its shareholders, will be detailed:			
Name or company name of the director	Reasons	Company, director or shareholder with whom it maintains the link	Profile
MR. MIGUEL DEL CAMPO RODRIGUEZ	Miguel del Campo Rodríguez has gone from independent director to other external directors for more than 12 years as a director of the entity.	MR. MIGUEL DEL CAMPO RODRIGUEZ	He is an economist. He started his professional life with Esso Standard Oil and in 1970 he changed to the cement sector, where he has developed all his professional career, mainly linked to the company Asland (now renamed Lafarge).

Total number of other external directors	1
% on the total of the director	7.14

Indicate the variations that, if applicable, have occurred during the period in the category of each director:

Name or company name of the director	Date of change	Previous category	Current category
No data			

C.1.4 Complete the following table with the information regarding the number of female directors at the close of the last 4 years, as well as the category of such directors:

	Number of female counsellors				% of the total number of directors in each category			
	Year 2018	Year 2017	Year 2016	Year 2015	Year 2018	Year 2017	Year 2016	Year 2015
Executive					0.00	0.00	0.00	0.00
Proprietary	2	2	2	2	25.00	25.00	20.00	20.00
Independent	2	2	1	1	50.00	66.66	33.33	33.33
Other externals					0.00	0.00	0.00	0.00
Total	4	4	3	3	28.57	30.77	21.43	21.43

C.1.5 Indicate whether the company has diversity policies in relation to the board of directors of the company with regard to issues such as age, gender, disability, or professional training and experience. Small and medium-sized entities, in accordance with the definition contained in the Accounts Audit Act, will have to inform, as a minimum, the policy they have established in relation to gender diversity.

[ ] Yes
[ ] No
[√] Partial policies

If so, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results in the exercise. The specific measures adopted by the board of directors and the appointments and remuneration committee should also be indicated in order to achieve a balanced and diverse presence of directors.

In case the company does not apply a diversity policy, explain the reasons why it does not.

Description of the policies, objectives, measures and manner in which they have been applied, as well as the results obtained

Currently Cementos Molins, S.A. does not have a diversitys' policy. However, the Board's desire in recent years has been to improve the presence of female directors in the Board. Therefore, the Regulations of the Board of Directors establish that, in order to cover vacancies, the diversity of gender, experiences and knowledge is favoured.

In addition, the Policy for the Selection and Appointment of Directors, approved on April 28, 2016, aims, among others, to promote the balanced presence of women and men in the Board, avoiding any type of implicit bias that may imply any discrimination. Likewise, it will be ensured that in 2020 the number of female directors represents at least thirty percent of the total number of members of the Board of Directors. In application of the Regulations of the Board and the Policy for the Selection and Appointment of Directors, in recent years the selection of female directors has been promoted, reaching a percentage of 28.57% of female directors, which is expected to increase in the coming years.

C.1.6 Explain the measures that, in your case, the appointments committee would have agreed so that the selection procedures do not suffer from implicit biases that hinder the selection of female directors, and that the company deliberately seeks and includes among the potential candidates, women who meet the Professional profile sought and that allows to achieve a balanced presence of women and men:

Explanation of the measures

In the selection processes to cover the vacancies produced in the Board of Directors, candidates have been deliberately sought out who, gathering the professional profile previously defined by the Remuneration and Appointments Committee and in accordance with the Selection Policy for Directors, were women.

If, in spite of the measures that have been adopted, there are few or no female directors, explain the reasons that justify it:

Explanation of the reasons

Currently the number of female directors is four, representing 28.57% of the total number of members of the Board of Directors.

C.1.7 Explain the conclusions of the appointments committee regarding verification of compliance with the director selection policy. And in particular, on how this policy is promoting the goal that in 2020 the number of female directors represents at least 30% of the total number of members of the board of directors.

The Remuneration and Appointments Committee, during the year 2018, and in the exercise of its report or proposal functions in relation to the appointment of directors, has verified compliance with the Director Selection Policy, having concluded that they are fulfilling the objectives established in the Good Government Recommendations. Gender diversity has been promoted in the selection, with 28.57% of the Board of Directors representing the number of female directors.

C.1.8 Explain, if applicable, the reasons why nominee directors have been appointed at the request of shareholders whose shareholding is less than 3% of the capital:

Name or company name of the shareholder	Justification
No data	

Indicate whether formal requests for presence on the board have been answered from shareholders whose shareholding is equal to or greater than that of others at whose request proprietary directors have been appointed. In your case, explain the reasons why you have not attended:

[ ] Yes
[√] No

C.1.9 Indicate, in the event that they exist, the powers and powers delegated by the board of directors or board committees:

Name or company name of the director or commission	Short Description
JULIO RODRÍGUEZ IZQUIERDO	The Chief Executive Officer may, by himself, exercise all the faculties of the Board of Directors, with the exception of those that cannot be delegated by law, in accordance with the approval of the Board of Directors meeting held on June 30, 2015.

C.1.10 Identify, where appropriate, the members of the board who assume positions of administrators, representatives of administrators or executives in other companies that are part of the group of the listed company:

Name or company name of the director	Corporate name of the group entity	Position	Do you have executive functions?
MR. JUAN MOLINS AMAT	Cemolins Internacional, S.L.U.	Chairperson	NO
MR. JUAN MOLINS AMAT	Corporación Moctezuma S.A. de C.V.	Chairperson	NO
MR. JULIO RODRÍGUEZ IZQUIERDO	Sotacib Kairouan, S.A.	Chairperson	NO
MR. JULIO RODRÍGUEZ IZQUIERDO	Cementos Avellaneda, S.A.	Chairperson	NO

Name or company name of the director	Corporate name of the group entity	Position	Do you have executive functions?
MR. JULIO RODRÍGUEZ IZQUIERDO	Minus Inversora, S.A.	Chairperson	NO
MR. JULIO RODRÍGUEZ IZQUIERDO	Société Tuniso-Andalouse de Ciment Blanc, S.A.	Chairperson	NO
MR. JULIO RODRÍGUEZ IZQUIERDO	Cementos Artigas, S.A.	First Vice Chairperson	NO
MR. JULIO RODRÍGUEZ IZQUIERDO	Insumos y Agregados de Colombia SAS	Director	NO
MR. JULIO RODRÍGUEZ IZQUIERDO	Empresa Colombiana de Cementos SAS	Director	NO
MR. JULIO RODRÍGUEZ IZQUIERDO	LafargeHolcim Bangladesh Limited	Director	NO
MR. JULIO RODRÍGUEZ IZQUIERDO	Cemolins Internacional, S.L.U.	Director	NO
MR. JULIO RODRÍGUEZ IZQUIERDO	Corporación Moctezuma S.A. de C.V.	Director	NO

C.1.11 Detail, where appropriate, the directors or representatives of legal persons of their company, who are members of the board of directors or representatives of legal persons of other companies listed on official securities markets other than their group, which have been notified to the society:

Name or company name of the director	Corporate name of the listed entity	Position
CARTERA DE INVERSIONES C.M., S.A.	Compañía General de Inversiones SA SICAV	CHAIRPERSON
MS. SOCORRO FERNANDEZ LARREA	Red Eléctrica Corporación, S.A.	DIRECTOR
CARTERA DE INVERSIONES C.M., S.A.	Gesiuris Asset Management SGIIC, S.A.	DIRECTOR
MR. RAFAEL VILLASECA MARCO	VidaCaixa, S.A. Insurance and Reinsurance	DIRECTOR
MS. SOCORRO FERNANDEZ LARREA	Témpore Properties Socimi, S.A.	DIRECTOR
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	Miquel y Costas & Miquel, S.A.	DIRECTOR

C.1.12 Indicate and, if applicable, explain if the company has established rules on the maximum number of board of directors of which its directors may be a part, identifying, where appropriate, where it is regulated:

[√] Yes
[ ] No

Explanation of the rules and identification of the document where it is regulated

Article 16.8 of the Regulations of the Board of Directors establishes that the Remuneration and Appointments Committee will ensure that non-executive Directors have sufficient time available for the proper performance of their duties. In this sense, Directors cannot, unless with the express authorisation of the Board, after a report from the Remuneration and Appointments Commission, form part of more than 8 boards of directors. The foregoing does not apply to (i) Boards of Group Companies; (ii) Boards of family companies of Directors or their families, or (iii) Boards of which they form part because of professional relations.

C.1.13 Indicate the amounts of the concepts related to the overall remuneration of the following board of directors:

Remuneration accrued in the year in favour of the board of directors (thousands of euros)	2,319
Amount of the accumulated rights for the current directors in matters of pensions (thousands of euros)	2,536
Amount of rights accrued by the old directors in matters of pensions (thousands of euros)	

C.1.14 Identify the members of senior management who are not in turn executive directors, and indicate the total remuneration accrued in their favour during the year:

Name or company name	Charge
MR. CARLOS MARTÍNEZ FERRER	Corporate General Director
MR. SALVADOR FERNÁNDEZ CAPO	Corporate General Director of Operations Spain and Mexico
MR. MARCOS CELA REY	Business Director Bangladesh, Tunisia and Colombia
MS. EVA GONZÁLEZ ANDREU	Corporate HR Director
MR. ÁNGEL CERCÓS CASALÉ	Strategy and Sustainability Director
MR. RAÚL MANUEL GONZÁLEZ RODRÍGUEZ	Corporate Legal Department Director
MR. JAIME PRIETO VIZOSO	Business Director Argentina, Uruguay and Bolivia
MR. JUAN MOZO GÓMEZ	Corporate Internal Audit Director
MR. IGNACIO MANUEL MACHIMBARRENA GUTIÉRREZ	Corporate Industrial Technical Director
MR. XAVIER ESCUDÉ TORRENTE	Corporate Management Control Director

Total remuneration at senior management (in thousands of euros)	3,065

C.1.15 Indicate whether there has been any change in the board's regulations during the year:

[√] Yes
[ ] No

Description of the modifications

Articles 9.4 (referring to the majority required to assess the urgency of a board meeting without the minimum anticipated notice), 9.5 and 10.3 (regarding the possibility of holding meetings of the Board of Directors and its Committees using means of remote communication) and article 20 (regarding the remuneration of directors in their capacity as such) have been modified.

C.1.16 Indicate the selection, appointment, re-election and removal procedures of the directors. Detail the competent bodies, the procedures to be followed and the criteria to be used in each of the procedures.

The General Meeting or, as the case may be, the Board of Directors shall be competent to appoint the members of the Board in accordance with the provisions of the Capital Companies Act ("LSC") and the Bylaws.

In order to be a Director, it is not necessary to be a shareholder. To cover vacancies produced during the term of appointment of directors, the Board may designate the persons who will occupy them until the first General Meeting.

The board is now composed of fourteen directors. They will be appointed by the General Meeting for a maximum term of four years, and may be indefinitely re-elected for periods of equal duration, except for independent directors who will not remain in the position, in such concept, for a continuous period of more than twelve years.

The proposals for appointments or re-election of directors that are submitted by the Board to the General Meeting, as well as appointments by co-option, will be approved by the Board of Directors:

(i) when proposed by the Remuneration and Appointments Commission with regard independent directors, or
(ii) on the proposal of the Board and following a report from the Remuneration and Appointments Committee, in the case of the other directors.

The proposal must be accompanied by a justificative report from the Board assessing the competence, experience and merits of the proposed candidate.

At the meeting of the Board of Directors on April 28, 2016, the Company's director selection policy was approved, the main content of which is as follows:

(i) Objectives of the candidate selection:
- People whose appointment will favour the diversity of knowledge, experiences and gender within the Board will be sought.
- It will be ensured that in 2020 the number of female directors represents at least 30% of the total number of Board members.

(ii) Selection process:
- The Board of Directors, with the prior report of the Remuneration and Appointments Committee, will carry out a prior analysis of the Company's needs.
- The Board will be sought to have a balanced composition, with a large majority of non-executive directors and an adequate proportion of proprietary and independent directors.
- The Molins family holds an ample majority of the share capital of the Company. Given that the appointment of directors normally takes place by application of the proportionality system established in the LSC, practically all the directors are proprietary or independent. Furthermore, the percentage of proprietary directors against the total non-executive directors is not greater that the proportion of the Company's capital held by said directors against the remaining capital.
- Any director might suggest candidates for director provided that they meet the requirements set tin the different regulations of the Company's Corporate Governance.
- The Company may count on the collaboration of external advisors in the validation of the candidates.
- In the selection process, any type of implicit bias that may imply discrimination will be avoided and, in particular, that will make the selection of female directors difficult.

(iii) Conditions to be met by the candidates:
- They shall be persons of good repute, suitable and of recognised solvency, training, competence, experience, qualifications, availability and commitment to their position.
- They shall be professionals whose conduct and professional trajectory is aligned with respect to the Laws and good commercial practices.

- The Remuneration and Appointments Committee will ensure that non-executive Directors have sufficient time available for the proper performance of their duties. In this sense, Directors cannot, unless with the express authorisation of the Board, after a report from the Remuneration and Appointments Commission, form part of more than 8 boards of directors. The foregoing does not apply to:
- Boards of Group Companies,
- Boards of family companies of Directors or their families and
- Boards of which they form part because of professional relations.

(iv) Impediments to be candidate for director.
- The persons that are under legal grounds for incompatibility with performing the functions of their position.
- The persons who do not meet the requirements set forth in the Corporate Governance System to be a director.
- The directors or senior management members of national or foreign companies of the cement industry that may be considered competition by the Company.
- The natural or legal persons appointed as director in more companies than the number permitted in the provisions of the Board of Directors Regulations.
- Those who are involved in a situation of conflict of interest with the Company.
- The persons incurring in circumstances where their participation in the Board of Directors could harm the credibility and reputation of the Company.

The General Meeting may agree, at all times, to remove the Directors, when deemed fit for the interests of the company. Directors shall cease their role following the period for which they were appointed and, in all other events set forth in Law, the Articles and the Board of Directors Regulation.

In accordance with the provisions of article 11 of the Regulations of the Board of Directors, the Board in full will evaluate once a year, among others, the efficiency of the functioning of the Board and its committees, the diversity in its composition, the performance of each adviser.

Based on the result of such evaluation, the Board must propose an action plan that corrects the detected deficiencies. The result of the evaluation shall me recorded in the Minutes of the Meeting and attached thereto as an appendix.

C.1.17 Explain to what extent the annual evaluation of the board has led to important changes in its internal organization and on the procedures applicable to its activities:

Description of the modifications

No significant changes have been made in the internal organization and procedures applicable to the Board as a result of the annual self-evaluation.

Describe the evaluation process and the areas evaluated by the board of directors assisted, where applicable, by an external consultant, regarding the operation and composition of the board and its committees and any other area or aspect that has been subject to evaluation.

Description of the evaluation process and areas evaluated

Annually, normally in the month of November, the Commission entrusts an external consultant with the preparation of a questionnaire that will be used, after being filled in by the directors, for the issuance by the consultant of a report that the Board itself subsequently analyses in full respect of its operation.

The aforementioned questionnaire, with a total of 35 questions, is divided into three different sections:

A.- Evaluation of the quality and efficiency of the functioning of the Board of Directors, in terms of the composition of the Board, the dynamics of the Board, creation of value and strategy, transparency and relationship with shareholders, Corporate Governance and Corporate Social Responsibility (CSR).

B.- Evaluation of the functioning of the Delegated Committees of the Board of Directors, evaluation of the Audit and Compliance Committee and evaluation of the Appointments and Remuneration Committee.

C.- Self-evaluation of the Board of Directors, with the purpose of collecting opinions and suggestions on the self-assessment process itself.

The External Consultant, Mr. Miguel Trías Sagnier, collects the opinions of the directors in the questionnaires and, where appropriate, after the individual interviews with the directors who wanted to maintain the interview, issues a summary report of the conclusions of the evaluation, which it is presented in the Appointments and Remuneration Committee itself and, where appropriate, in the Board itself, to which the final part of the self-assessment process is submitted.

The Board of Directors adopted the decision not to conduct individual evaluations of the directors.

At the Board meeting held on February 26, 2018, the self-assessment report was presented, which was intended to examine the evaluation (i) of the Board of Directors itself, (ii) the Board of Directors' Committees, (iii) the Chairman of the Board of Administration, (iv) of the Chief Executive Officer and from the answers to each one of the questions raised in the questionnaires circulated to each one of the Respondents, as well as from the personalised interviews carried out with each one of them.

With all this, the Board, at its meeting of February 26, 2018, in view of the Reports of the Appointments and Remuneration Committee, the Audit and Compliance Committee and the report issued by the external consultant, unanimously agreed to By completing the evaluation of the quality and efficiency of the operation of the Board of Directors, the Audit and Compliance Committee and the Appointments and Remuneration Committee, and the evaluation of the performance of their duties by the Chairman and the Chief Executive Officer.

Finally, in the minutes of the Appointments and Remuneration Committee dated November 28, 2018, an external consultant was entrusted with the analysis of the questionnaire to be submitted to the directors for the 2018 financial year, including conducting personal interviews with each of the advisors who indicate their desire to be interviewed, and the study of the results obtained and the presentation, to the Board of Directors itself, of its conclusions. The questionnaire was delivered at the meeting of the Board of Directors on December 20, 2018.

C.1.18 Break down, in those exercises in which the evaluation has been assisted by an external consultant, the business relationships that the consultant or any company of its group maintains with the company or any company of its group.

The external consultant used for the evaluation of the Board of Directors is Miguel Trías Sagnier, partner of Cuatrecasas Gonçalves Pereira.

In the year 2018, this office has had with Cementos Molins, S.A. and the companies of the Group the following relationship:

- Tax advice to Cementos Molins, S.A. in relation to society in China.
- Tax advice to Cemolins Internacional, S.L.U. regarding society in Holland.
- Training course in Occupational Risk Prevention for Cementos Molins Industrial, S.A.U.
- Recovery fees tax on retail sales of certain hydrocarbons for Promotora Mediterránea-2, S.A.
- Legal advice regarding the transfer of the registered office of Group companies.

C.1.19 Indicate the cases in which directors are obliged to resign.

1. According to article 15 of the Regulations of the Board of Directors, proprietary directors shall resign when the shareholder they represent sells its shareholding in full. This shall also be done in the corresponding number, when said shareholder reduces its shareholding to such a level that requires the reduction of the number of proprietary shareholders.

2. The Board of Directors shall not propose the removal of any independent director before the completion of the statutory period for which they have been appointed, except in the event of just cause, acknowledged by the Board of Directors following the report of the Remuneration and Appointments Commission. In particular, it shall be understood that there is just cause when the director moves into new positions or contracts new obligations that prevent him from devoting the time necessary to perform the duties of the position of director, breach the duties inherent to his position or incur in some of the circumstances that cause him to lose his status as independent, in accordance with the provisions of the applicable legislation.

3. The removal of independent directors resulting from Public Acquisitions, Fusions or other similar company operations that suppose a change in the structure of the Company's share capital may also be proposed, when such changes in the structure of the Board of Directors are caused by the proportionality criteria established in the Company.

4. The directors are required to notify and, if appropriate, resign in the event that the credit and reputation of the Company may be prejudiced. In particular, the Directors are required to notify the Board of Directors of any criminal charges brought against them, in addition to the status of any subsequent court or legal proceedings. If a director is prosecuted or is ordered to open a trial for any of the crimes outlined in the corporate law, the Board will examine the case as soon as possible and, in view of its specific circumstances, decide whether to proceed or not that the counsellor continues in his position. Should the foregoing occur, the Board of Directors shall provide a reasonable record of this in the Annual Corporate Governance Report.

C.1.20 Are reinforced majorities, other than legal ones, required in some type of decision?

[ ] Yes
[√] No

If so, describe the differences.

C.1.21 Explain if there are specific requirements, different from those relating to directors, to be appointed chairman of the board of directors:

[ ] Yes
[√] No

C.1.22 Indicate whether the bylaws or the regulations of the board establish any limit on the age of the directors:

[ ] Yes
[√] No

C.1.23 Indicate whether the bylaws or the board's regulations establish a limited mandate or other requirements more stringent than those legally provided for independent directors, other than that established in the regulations:

[ ] Yes
[√] No

C.1.24 Indicate whether the bylaws or the regulations of the board of directors establish specific rules for the delegation of the vote in the board of directors in favour of other directors, the manner of doing so and, in particular, the maximum number of delegations that a director can have, as well as if any limitation has been established regarding the categories in which it is possible to delegate, beyond the limitations imposed by the legislation. If so, detail these rules briefly.

Article 10.2 of the Regulations of the Board states that any Director may confer his representation to another Director without limiting the number of representations that each Director may hold to attend the Board. Non-executive directors can only delegate their representation to another non-executive director. The proxy shall be assigned with instructions.

Article 28 of the Bylaws specifies that this representation shall be conferred in writing to the Chairperson.

C.1.25 Indicate the number of meetings that the board of directors has held during the year. Also, indicate, in your case, the times that the board has met without the assistance of its Chairperson. In the computation, representations made with specific instructions will be considered as assistances.

Number of board meetings	17
Number of board meetings without the Chairperson's assistance	0

Indicate the number of meetings held by the coordinating director with the rest of the directors, without the assistance or representation of any executive director:

Number of meetings	0

Indicate the number of meetings held during the year by the different board committees:

Number of meetings of the Audit and Compliance Committee	8
Number of meetings of the Appointments and Remuneration Committee	11

C.1.26 Indicate the number of meetings that the board of directors has held during the year and the attendance data of its members:

Number of meetings attended by at least 80% of the directors	16

% attendance in person on total votes during the year	92.98
Number of meetings with face-to-face attendance, or representations made with specific instructions, of all the directors	13
% of votes cast with face-to-face attendance and representations made with specific instructions, on total votes during the year	98.25

C.1.27 Indicate whether the individual and consolidated annual accounts that are presented to the board for its formulation are previously certified:

[√] Yes
[ ] No

Identify, where appropriate, the person(s) who has/have certified the individual and consolidated annual accounts of the company, for its formulation by the board:

Name	Position
MR. CARLOS MARTÍNEZ FERRER	Corporate General Director
MR. ANTONIO MARTÍN DEL RÍO	General Director of Cemolins Servicios Compartidos, S.L.U.

C.1.28 Explain, if any, the mechanisms established by the board of directors to prevent the individual and consolidated accounts formulated by them from being presented at the general meeting with qualifications in the audit report.

The Audit and Compliance Committee provides support to the Board of Directors in its monitoring tasks, by regularly reviewing the process for preparing the economic-financial information, the internal controls of the Company and independence the Company's External Auditor. This is established in article 27.4 of the Regulations of the Board of Directors.

In the performance of its duties, the Audit and Compliance Committee is ensuring that the Board of Directors presents the accounts at the Annual General Meeting without any qualifications or limitations in the audit report. In the exceptional event of their existing qualifications, both the Chairperson of the Audit and Compliance Committee and the auditors must clearly explain to the shareholders the content and scope of said qualifications or limitations.

C.1.29 Does the secretary of the board have the status of a director?

[ ] Yes
[√] No

If the secretary does not have the condition of a director, complete the following table:

Name or company name of the secretary	Representative
MR. JORDI MOLINS AMAT	

C.1.30 Indicate the specific mechanisms established by the company to preserve the independence of the external auditors, as well as, if any, the mechanisms to preserve the independence of the financial analysts, the investment banks and the rating agencies, including how the they have implemented the legal provisions in practice.

According to article 27.8.1 of the Regulations of the Board of Directors, the Audit and Compliance Committee has, among other competences, the responsibility of ensuring the independence of the external auditor and, to that end:

(i) Establish the opportune relations with the external auditor to receive information on those issues that may pose a threat to their independence, for their consideration by the Audit and Compliance Committee, and any others related to the process of developing the audit of accounts, and, where appropriate, the authorization of services other than those that are prohibited, in the terms contemplated in the applicable regulations in relation to the independence regime, as well as those other communications provided for in the auditing of accounts legislation and in the technical auditing standards. In any case, a statement of the independence of external account auditors regarding the entity or entities connected to the company, directly or indirectly, must be received annually, together with detailed and individual information on additional services of any kind provided and the related fees received from these entities by the external account auditors, or by the persons or entities connected to them in accordance with the provisions set forth in the governing regulations of the account auditing activity.
(ii) Issuing annually, prior to the release of the accounts audit report, a report expressing an opinion on whether the independence of the account auditors or the auditing companies has been compromised. This report must contain, in any case, the reasoned assessment of the provision of each and every one of the additional services referred to in the previous point, individually considered and as a whole, other than the legal audit and in relation to the regime of independence or with the regulations governing the activity of auditing accounts.
(iii) Ensure the payment of the external auditor does not compromise its quality or their independence.
(iv) Supervising that the Company notifies the CNMV as a relevant fact any change of auditor and accompany it with a declaration on the possible existence of disagreements with the exiting auditor, should these exist, regarding its content.
(v) Ensure that the Company and the auditor respect current regulations on the provision of services other than auditing, the limits on the concentration of the auditor's business and, in general, the other rules established to ensure the independence of the auditors.
(vi) In case of resignation of the external auditor, examine the circumstances that may have motivated it.
(vii) Encourage the group auditor to assume responsibility for the audits of the companies that integrate it.
(viii) Ensure that the external auditor has an annual meeting with the Board of Directors in plenary session to inform them of the work carried out and on the development of the Company’s accounts and risks.

Likewise, the Board of Directors of Cementos Molins, S.A. during fiscal year 2017, the relationship and hiring policy was approved with the account auditor. The purpose of this Policy is to define the guidelines followed by the Cementos Molins Group at the time of contracting the auditors of accounts, both individual and consolidated, guaranteeing compliance with the current account auditing law. Additionally, the policy defines the independence, transparency and relationship guidelines between both parties.

In compliance with Additional Provision Eighteen section 4.6) of the Law 24/1988 of 28 July on the Stock Market, the Audit and Compliance Committee of Cementos Molins, S.A. on February 27, 2018, issues this report, prior to the release by Deloitte, S.L. of its audit report of the consolidated annual accounts of Cementos Molins, S.A. for the year ended on 31 December 2017, stating the following:
- The proper relationships with the account auditors have been established to receive information on such matters that may compromise their independence, for consideration by the Audit and Compliance Committee, and any other related to the process of carrying out the account audit, and any other communications contemplated in the law regarding account audits and in the technical audit regulations.
- The Audit and Compliance Committee has received from the accounts auditors, Deloitte, S.L., the written confirmation of their independence from the entity or entities related to it, directly or indirectly, as well as the information on the additional services of any kind provided to these entities by Deloitte, S.L., or by persons or entities connected to it pursuant to Law 12/2010 of 30 June modifying Law 19/1988 of 12 July on Account Auditing.
Of the information obtained through the communication channels previously mentioned, we have not identified any aspect that could place under question compliance with the applicable Spanish regulations on account auditing in regards to the independence of the auditor and, in particular, we confirm that we have not identified any aspects of this nature related to the provision of additional services of any kind.

C.1.31 Indicate whether during the year the Company has changed its external auditor. If so, identify the incoming and outgoing auditor:

[ ] Yes
[√] No

In the event that there were disagreements with the outgoing auditor, explain the content thereof:

Yes
[ ] No
[√]

C.1.32 Indicate whether the audit firm performs other work for the company and/or its group other than the audit and in that case declare the amount of the fees received for such work and the percentage that it represents on the fees billed to the company and/or your group:

[√] Yes
[ ] No

	Company	Group Companies	Total
Amount of work other than audit (thousands of euros)	36	68	104
Import jobs other than audit / Amount audit jobs (in%)	41.38	23.45	27.60

C.1.33 Indicate whether the audit report on the annual accounts for the previous year contains reservations or qualifications. If so, indicate the reasons given to the shareholders at the General Meeting by the chairman of the audit committee to explain the content and scope of said reservations or qualifications.

[ ] Yes
[√] No

C.1.34 Indicate the number of years that the current audit firm has been conducting the audit of the individual and/or consolidated annual accounts of the company without interruption. Also, indicate the percentage that represents the number of years audited by the current audit firm on the total number of years in which the annual accounts have been audited:

	Individuals	Consolidated
Number of uninterrupted exercises	29	29

	Individuals	Consolidated
Number of exercises audited by the current audit firm / Number of exercises that the company or its group has been audited (in%)	100.00	100.00

C.1.35 Indicate and, if applicable, detail, if there is a procedure for directors to have the necessary information to prepare the meetings of the administrative bodies with sufficient time:

[√] Yes
[ ] No

Detail of the procedure

In accordance with article 18.1 of the Regulations of the Board of Directors, unless the Board of Directors has been constituted or has been exceptionally called for matters of urgency, the directors must have previous access, and with sufficient time, to the information necessary for the deliberation and adoption of the resolutions on the issues to be dealt with.

In particular, according to section 4 of article 18 of the Regulations of the Board of Directors, the Agenda of the meeting shall clearly specify those items for which the Board must make a decision or adopt a resolution so that the directors can study or gather the information necessary for their adoption beforehand. When, exceptionally, for reasons of urgency, the Chairman wishes to submit decisions or resolutions that do not appear on the agenda to the approval of the Board, the prior and express consent of the majority of the directors present shall be required, which shall be duly record in the minutes.

On the other hand, section 5 of article 21 of the aforementioned Regulation establishes for the Chairman of the Board, with the collaboration of the Secretary, the obligation to ensure that the directors receive the information in advance and in good time before the meetings of the Board. sufficient for the deliberation and adoption of agreements on the matters to be dealt with, unless the Board of Directors had been established or had been exceptionally convened for reasons of emergency.

C.1.36 Indicate and, if applicable, detail, whether the company has established rules that oblige directors to report and, if applicable, resign in those cases that could harm the credit and reputation of the company:

[√] Yes
[ ] No

Explain the rules

According to article 15.5 of the Regulations of the Board of Directors, the directors are obliged to inform and, if necessary, resign, in those cases that could damage the credit and reputation of the Company and, in particular, they are obliged to inform the Board of Directors of criminal cases in which they appear as defendants, as well as their subsequent procedural vicissitudes.

In the event of the director being prosecuted or having a court order issued against them initiating trial proceedings for any of the crimes set out in Spanish Company Legislation, the Board shall examine the case as soon as possible and, depending on the specific circumstances, shall decide whether or not the director shall continue in their role. Should the foregoing occur, the Board of Directors shall provide a reasonable record of this in the Annual Corporate Governance Report.

C.1.37 Indicate whether any member of the board of directors has informed the company that it has been prosecuted or has been ordered to open a trial for any of the crimes indicated in article 213 of the Capital Companies Act:

[ ] Yes
[√] No

C.1.38 Detail the significant agreements entered into by the company that come into force, are modified or terminated in the event of a change in control of the company as a result of a public takeover bid, and its effects.

The Company has subscribed, and deposited for public knowledge in the National Securities Market Commission, five Agreements between Shareholders:

The first, signed on 15 May 2009 by Cementos Molins, S.A and Cemolins Internacional, S.L.U on the one hand, and Buzzi Unicem, SpA and Buzzi Unicem Internacional, S.à.r.l, on the other hand, regarding the subsidiary Fresit, B.V. (Holland). This agreement has been repealed and replaced by the one signed on 22 December 2015, by Cementos Molins, S.A and Cemolins Internacional, S.L.U on the one hand, and Buzzi Unicem, Spa and Buzzi Unicem Internacional, S.À.R.L, on the other hand, regarding the subsidiaries FRESIT BV y PRESA INTERNATIONAL BV and their investee companies.

The second, signed on 18 December 2012, by Cementos Molins, S.A, Cemolins Internacional, S.L.U and Minus Inversora, S.A, on the one hand, and Votorantim Group, on the other hand, regarding Cementos Avellaneda, S.A. (Argentina).

The third, subscribed on December 18, 2012, between Cementos Molins, S.A. and Cemolins Internacional, S.L.U., on the one hand and Grupo Votorantim, on the other, on Cementos Artigas, S.A. (Uruguay).

The fourth, signed on July 31, 2014, between Cementos Molins, S.A. and Cemolins Internacional, S.L.U., on the one hand, and Votorantim Cimentos EAA Inversiones, S.L.U. and Votorantim Cimentos, S.A., on the other hand, relating to Yacuces, S.L. and its subsidiaries in Bolivia.

The fifth one, signed on 30 September 2015, by Cementos Molins, S.A and Cemolins Internacional, S.L.U on the one hand, and Suministros de Colombia S.A.S. y Corona Industrial S.A.S., on the other hand, regarding the Colombian investees Insumos y Agregados de Colombia, S.A.S and Empresa Colombiana de Cementos S.A.S.

In the five agreements it is foreseen that the change of control of any of the parties grants the other party a right of preferential acquisition over the participation held by the party that modifies its control in the companies object of the agreement.

C.1.39 Identify individually, when referring to directors, and in aggregate in the rest of the cases and indicate, in detail, the agreements between the company and its management and management positions or employees that provide indemnities, guarantee clauses or shielding, when they resign or are unfairly dismissed or if the contractual relationship comes to an end as a result of a public offer of acquisition or other type of operations.

Number of beneficiaries	3
Type of beneficiary	Description of the agreement
Chief Executive Officer, General Directors.	The commercial contract established between the Company and the Chief Executive Officer establishes that the latter will be entitled to receive compensation from the Company in case of termination and termination of the Services Contract for any of the following reasons: 1.- Unilateral termination by the CEO for serious breach by the Company of the obligations incumbent on it under the Services Contract. 2.- Unilateral termination of the Service Contract by the Company without just cause, whether such termination accompanied or not the cessation or non-renewal of his position as a member of the Board of Directors of the Company. 3.- Unilateral termination by the CEO, with simultaneous resignation from his position as director, in the event of a change in the control structure of the Company in the sense envisaged in article 42 of the Commercial Code by reference to the article 4 of the Securities Market Law, including when it is as a result of a public offer of acquisition of the shares of the Company, or assignment or transfer of all or relevant part of its activity or of its assets and liabilities to a third party, or integration in another business group that acquires control of the Company in such a way that it has the effect of renewing its governing bodies or a substantial change in its business strategy, depending on each case of its business plan. Except for the case envisaged in section 3 above, the compensation to be received by the CEO shall be an amount equivalent to: (i) seventy-five (75) percent of its remuneration, including the component of Variable Remuneration

Type of beneficiary	Description of the agreement
	envisaged in section 3.3.1 of the Services Contract, calculated on the remuneration corresponding to the year preceding that in which the contractual termination occurred, in the event that its termination occurs after June 30, 2017 and before June 30, 2020; (ii) fifty percent (50) if the termination of the Services Contract occurs after June 30, 2020 and before June 30, 2021; (iii) forty-two percent (42) if the termination of the Services Contract occurs after June 30, 2021 and before June 30, 2022; (iv) thirty-four percent (34) if the termination of the Services Contract occurs after June 30, 2022 and before June 30, 2023; (v) twenty-six percent (26) if the termination of the Services Contract occurs after June 30, 2023 and before June 30, 2024; (vi) eighteen percent (18) if the termination of the Services Contract occurs after June 30, 2024 and before June 30, 2025. If the resolution is after June 30, 2025, the CEO will not be entitled to receive any compensation. In the event of termination of the Services Contract as a result of the occurrence of the situation envisaged in point 3 above, the CEO will be entitled to compensation equivalent to three (3) annuities of his monetary remuneration, including the component of the Variable Remuneration, calculated on the remuneration corresponding to the year preceding that in which the contractual termination occurred. In two contracts the Company and two executives are expected that when the termination occurs by decision of the Company or for the causes of the article 10.3 sections a) b) and c) of Royal Decree 1382/1985, the compensation to be paid would be that corresponding to unfair dismissal in the common labour legislation, in the amount legally in force at each moment and, at least, the equivalent of three annual instalments of your gross annual compensation. The same compensation should be received by these managers in the case established in section d) of article 10.3 of Royal Decree 1382/1985, that is, in the event of the succession of the Company or significant change in the ownership of the same, that has effect a renewal of its governing bodies or in the content and approach of its main activity.

Indicate whether, beyond the cases stipulated in the regulations, these contracts have to be communicated and/or approved by the bodies of the company or its group. If so, specify the procedures, foreseen assumptions and the nature of the bodies responsible for their approval or to carry out the communication:

	Board of Directors	General board
Body that authorises the clauses	√	

	Yes	No
Is the general meeting informed about the clauses?		√

C.2. Board of Director Commissions

C.2.1 Detail all the committees of the board of directors, its members and the proportion of executive, proprietary, independent and other external directors that comprise them:

Audit and Compliance Committee		
Name	Position	Category
MS. SOCORRO FERNANDEZ LARREA	VOCAL	Independent
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA	CHAIRPERSON	Independent
NOUMEA, S.A.	VOCAL	Proprietary
OTINIX, S.L.	VOCAL	Proprietary
MS. ANDREA KATHRIN CHRISTENSON	VOCAL	Independent

% of executive directors	0.00
% of proprietary directors	40.00
% of independent directors	60.00
% of external directors	0.00

Explain the functions, including, where appropriate, those additional to those legally provided, that this commission has attributed, and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate its most important actions during the year and how it has exercised in practice each of the functions attributed to it, whether in the law or in the statutes or other social agreements.

The functions, procedures and rules of organization and operation of the Audit and Compliance Committee are described in article 27 of the Regulations of the Board of Directors:

27.1. The Audit and Compliance Committee will have between three (3) and seven (7) members, who must be external consultants. At least the majority of the members of the Audit and Compliance Committee will have to be independent consultants and one of them must have been assigned taking into account their knowledge and experience in accounting, auditing or both. The members of the Commission and its Chairperson will be appointed by the Board of Directors. The Board will also appoint a Secretary who shall not be a member of the Commission, and this position will have to be discharged precisely, by the Secretary or the Vice-secretary of the Company's Board of Directors.

27.2. The members of the Audit and Compliance Committee, and in particular its Chairperson, are to be appointed taking into account their knowledge and experience in accounting, auditing and risk management. As a whole, the members of the Audit and Compliance Committee will have the necessary technical knowledge on the Company's sector of activity.

27.3. The term of such position is two years, and they can be re-elected for successive periods of the same length. The Chairperson of the Audit and Compliance Committee will be selected among its independent consultants and it will be replaced every four years. Re-election will be possible after one year has elapsed since leaving office. However, the Board of Directors can agree to remove, at any time, any member of the Commission when deemed fit.

27.4. The Audit and Compliance Committee provides support to the Board of Directors in its monitoring tasks, by regularly reviewing the process for preparing the economic-financial information, the internal controls of the Company and independence the Company's External Auditor.

27.5. The Audit and Compliance Committee will meet when called by its Chairperson or at the request of two of its members, depending on the current needs and, at least, twice a year.

27.6. All employees or Directors are required to attend the meetings of the Commission and to collaborate and provide access to the information available when required to do so, and the Commission may request that said appearance takes place with no other director present. The Commission will also be able to demand the presence of the Accounts Auditors to the meetings.

27.7. Cementos Molins, S.A has an internal audit department which, under the supervision of the Audit and Compliance Committee, ensures the proper operating of the internal information and control systems and which, functionally depends on the Chairperson of the Audit and Compliance Committee. The person in charge of the internal audit must submit to the Audit and Compliance Committee its annual work plan; reporting directly on the incidents arising in its execution and provide it with an activity report on an annual basis.

On the other hand, article 27.8 of the Regulations of the Board of Directors, available on the Company's website, www.cemolins.es, details the functions of the Audit and Compliance Committee in relation to the external auditor, the Accounts Annual, the Internal Audit, the financial information, the Board of Directors, the information and internal control systems, and the control and risk management policy.

Finally, they will apply to the Audit and Compliance Committee, insofar as their nature and functions make it possible, the provisions of the Regulations of the Board of Directors relating to the operation thereof.

On the other hand, the most important actions of the Audit and Compliance Committee during the 2018 fiscal year were the following:

(i) Review of the financial information corresponding to fiscal year 2017, that corresponding to the financial statements of the first semester of 2018 and the information of the first and third quarter of 2018.
(ii) Evaluation of the existing level of control over the management processes of the computer systems that support the operations of the Entity.

(iii) Validation of the various summary reports of the Company's results, prior to their dissemination to the market.
(iv) Issuance of the report on the independence of the External Auditors and related operations.
(v) Proposal for the renovation of Deloitte, S.L. as auditors of the Company for the financial year 2019.
(vi) Review of the work carried out by Internal Audit in the different companies of the Cementos Molins Group.
(vii) Approval of the new structure of internal control of financial information.
(viii) Analysis of the implementation and monitoring program of Corporate Governance where the Compliance program is included at national and international level.
(ix) Approval of the new ethical channel of Cementos Molins.

Identify the directors who are members of the audit committee who have been appointed taking into account their knowledge and experience in accounting, auditing or both and report on the date of appointment of the Chairman of this committee to the position.

Names of experienced directors	MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA
Date of appointment of the Chairperson in charge	26/02/2015

Remuneration and Appointments Commission		
Name	Position	Category
MR. MIGUEL DEL CAMPO RODRIGUEZ	VOCAL	Other External
MS. SOCORRO FERNANDEZ LARREA	VOCAL	Independent
MR. RAFAEL VILLASECA MARCO	VOCAL	Independent
MS. ANDREA KATHRIN CHRISTENSON	CHAIRPERSON	Independent

% of executive directors	0.00
% of proprietary directors	0.00
% of independent directors	75.00
% of external directors	25.00

Explain the functions, including, where appropriate, those additional to those legally provided, that this commission has attributed, and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate its most important actions during the year and how it has exercised in practice each of the functions attributed to it, whether in the law or in the statutes or other social agreements.

The functions, procedures and rules of organization and operation of the Remuneration and Appointments Committee are described in article 28 of the Regulations of the Board of Directors and are summarised below:

1. The Remuneration and Appointments Committee will be made up of a minimum of three (3) and a maximum of seven (7) external directors, that is, directors who do not have executive powers in the Company, two (2) of which, at least, they must be independent directors. The members of the Commission and its Chairperson will be appointed by the Board of Directors ensuring they have sufficient knowledge, aptitudes and experience to carry out their required duties. The Chairperson of the Commission will be selected among its independent consultants. The Board will also appoint a Secretary who shall not be a member of the Commission, and this position will have to be discharged precisely, by the Secretary or the Vice-secretary of the Company's Board of Directors.

2. The term of such position is two years, and they can be re-elected for successive periods of the same length. Notwithstanding the above, the Board of Directors can agree to remove, at any time, any member of the Commission when it deems fit.

3. In addition to the functions legally assigned to it, the task of this Commission is to inform and advise the Board of Directors on its decisions falling under its area of competence. Specifically, it shall have the following functions:

a) To propose the Director remuneration policy to the Board of Directors, including that for the remuneration of general directors and those that carry out senior management duties and report directly to the Board, of executive committees or managing directors, in addition to the individual salary and other contractual terms and conditions of executive Directors, ensuring said policies are adhered to.

b) To verify adherence to the Company's payment policy.

c) To regularly review the payment policy applying to Directors and Senior Management, including share or share-based payment systems and their application. It must also ensure that individual remuneration is proportionate to that paid to other Company Directors and Senior Management.

d) To ensure that potential conflicts of interest does not prejudice the independence of external advice given to the Commission.

e) To verify the information on the remuneration of Directors and Senior Management contained in various corporate documents, including the Annual Report on Director Remuneration.

f) To submit to the Board the proposals for the appointment of independent Directors for their designation by co-optation or by way of a decision of the Annual General Meeting, in addition to the proposals for re-election or separation of said Directors by the Meeting.

g) To report appointment proposals of the remaining Directors for their designation by co-optation or by way of a decision of the Annual General Meeting, in addition to the proposals for re-election or separation of said Directors by the Annual General Meeting. The appointment system for the formation of the Board's Commissions. Evaluate the necessary competences, knowledge and experience in the Board, define, in consequence, the functions and aptitudes necessary in the candidates who must cover each vacancy and evaluate the time and dedication required so that they can perform their duties well;

h) To report the appointment and separation of senior management proposals and suggest the basic terms and conditions of their contracts.

i) The proposals of the Chief Executive Officer for the appointment and removal of senior executives and members of the Board of Directors of the subsidiary companies.

j) To examine or organise, in the manner deemed appropriate, the succession of the Chairman and the chief executive and, where appropriate, make proposals to the Board, so that such succession occurs in an orderly and well-planned manner;

4. The Remuneration and Appointments Commission shall meet every time the Board or its Chairperson requests a report or the adoption of proposals and, in any case, when it is advisable for the proper performance of its functions. In any case, it shall meet once per year to prepare the information regarding the payment of the Directors, which the Board of Directors has to approve and include in its annual public documentation.

On the other hand, the most important actions of this Committee during the financial year 2018 were the following:

(i) Establishment of the Remuneration of the CEO: Variable remuneration 2017, variable long-term remuneration, fixed remuneration 2018, establishment of individual objectives 2018.
(ii) Variable remuneration 2017 and 2018 of the Group Management.
(iii) Long-term variable remuneration of the Group Management.
(iv) Regulation of the variable remuneration of the Group for 2018.

(v) Validation of the variable remunerations 2017.
(vi) Analysis of the report issued Mr. Miguel Trías Sagnier, in relation to the evaluation of the Board of Directors in the fiscal year 2017; proposals for actions to be taken to improve corporate governance. Commissioned external consultant for the evaluation of the board and the Board Committees of the financial year 2018.
(vii) Proposal for setting the remuneration of the Board of Directors for the financial year 2019.
(viii) Report on the Annual Corporate Governance Report and Annual Remuneration Report.
(ix) Reports and proposals on the appointments of directors and positions on the Board Committees during the year 2018.

C.2.2 Complete the following table with the information regarding the number of female directors that make up the committees of the board of directors at the close of the last four fiscal years:

	Number of female counsellors							
	Year 2018		Year 2017		Year 2016		Year 2015	
	Number	%	Number	%	Number	%	Number	%
Audit and Compliance Committee	3	60.00	3	60.00	2	40.00	1	25.00
Remuneration and Appointments Commission	2	50.00	3	50.00	2	28.57	2	28.57

C.2.3 Indicate, where appropriate, the existence of regulations for board committees, the place where they are available for consultation, and the modifications made during the year. At the same time, it will be indicated whether a yearly report on the activities of each committee has been voluntarily prepared.

Commission nomination

AUDIT AND COMPLIANCE COMMITTEE

Short description

The regulation on the Audit and Compliance Committee can be found in article 27 of the Regulations of the Board of Directors. It is registered in the Mercantile Registry of Madrid and available for consultation through the Company's website (www.cemolins.es).

The Audit and Compliance Committee has prepared an annual activity report that served as the basis for the Board of Directors to evaluate the functioning of the Committees in 2018.

Commission nomination

REMUNERATION AND APPOINTMENTS COMMISSION

Short description

The regulation on the Remuneration and Appointments Committee can be found in article 28 of the Regulations of the Regulations of the Board of Directors. It is registered in the Mercantile Registry of Madrid and available for consultation through the Company's website (www.cemolins.es).

The Remuneration and Appointments Committee has prepared an annual activity report that served as the basis for the Board of Directors to evaluate the functioning of the Committees in 2018.

D. OPERACIONES VINCULADAS Y OPERACIONES INTRAGRUPO

D.1. Explain, where appropriate, the procedure and competent bodies for the approval of transactions with related and intra-group parties.

Pursuant to article 5 of the Board of Directors Regulations, the Board sitting in plenary session reserves the right to approve, prior to the report of the Auditing and Compliance Commission, the transactions that the Company or Companies of the Group carry out with directors, pursuant to articles 229 and 230 of the Capital Companies Act, or with shareholders, individually or jointly with other shareholders, owners of a significant stake, including shareholders represented in the Board of Directors of Cementos Molins, S.A. or of other companies that belong to the Group or parties related to them.
The directors affected or that represent or are connected to affected shareholders will have to refrain from participating in the debate and voting procedure of the resolution in question. Only the transactions that meet the following three criteria will be held as an exception:

1st that they are carried out by virtue of contracts whose conditions are standardised and applied in general to a large number of clients;
2nd that they are carried out at a price or fee established in general by someone who acts as a supplier of the good or service in question; and

3rd that the amount does not exceed one percent of the annual revenue of the Company.

D.2. Detail those significant operations by their amount or relevant by their matter made between the company or entities of its group, and the significant shareholders of the company:

Name or corporate name of the significant shareholder	Name or company name of the company or entity of your group	Nature of the relationship	Type of operation	Amount (thousands of euros)
No Data				N.A.

D.3. Detail the significant operations by their amount or relevant by their matter made between the company or entities of its group, and the administrators or executives of the company:

Name or company administrators or directors	Name or company name of the related party	Link	Nature of the operation	Amount (thousands of euros)
No Data				N.A.

D.4. Report on the significant operations carried out by the company with other entities belonging to the same group, provided they are not eliminated in the process of drawing up consolidated financial statements and do not form part of the company's habitual traffic in terms of its purpose and conditions.

In any case, any intra-group transaction carried out with entities established in countries or territories that have the status of fiscal paradise will be reported:

Social name of the entity of your group	Short description of the operation	Amount (thousands of euros)
No Data		N.A.

D.5. Detail the significant operations carried out between the company or entities of its group and with other related parties, which have not been informed in the previous sections:

Social denomination of the related party	Short description of the operation	Amount (thousands of euros)
No Data		N.A.

D.6. Detail the mechanisms established to detect, determine and resolve possible conflicts of interest between the company and/or its group, and its directors, executives or significant shareholders.

Article 17.2 of the Regulations of the Board of Directors stipulates, in relation to conflict of interest, that:

The directors must notify the Board of Directors of any situation of the conflict of the interests, direct or indirect, of them or persons related to them with the interest of the company. In the event of conflict, the affected director will abstain from taking part in the operation referred to by the conflict. In any case, said situations must be included in the Notes to the Annual Accounts and in the Annual Corporate Governance Report.

D.7. Do you quote more than one Group company in Spain?

[ ] Yes
[√] No

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Explain the scope of the Company's Risk Control and Management System, including those of a fiscal nature:

The main business of the Cementos Molins Group (hereinafter "the Group") in Spain is the production, sale and distribution of cement, concrete, aggregate, mortar, special cements and prefabricated concrete, and is significantly affected by the evolution of the construction and public works sector that may influence its results, as well as other factors that affect the normal development of its activities and the achievement of its objectives.
The Cementos Molins Group has designed a risk control and management system that allows risks to be appropriately managed. The risk control and management system is implemented in the following phases:

• Preparation of the risk inventory: the Internal Audit Department of Cementos Molins, S.A. (hereinafter, "Cementos Molins"), based on the knowledge of the organization, supervisory activities carried out and the established business objectives, prepares an inventory of risks that can occur both at the corporate level and at the operational level in each of the business.
• Identification: The General Management, the area managers and the Internal Audit Department identify, by means of the risk inventory, the risks to which the companied of the Cementos Molins Group are exposed.
• Assessment: After identifying the risks to which the Group's companies and the Cementos Molins Group itself are exposed, risks are assessed to identify which are the most relevant. The value of the risks is determined by the probability of occurrence, the impact and the number of businesses and/or areas in which the risk can materialise.

In risk assessment, techniques based mainly on the knowledge, judgement and experience of the people involved are used.

• Risk Map: Following the selection of the most significant risks, the Group's risk maps, the corporate risk map and the operational risk map for each of the subsidiaries is prepared. These risk maps reflect the importance of each of the risks in the business.
• Control: After preparing the risk map and its evaluation, the Management of each of the companies, the Internal Audit Department and functional areas determine the measures and define the controls necessary to mitigate the risks identified. At this stage, the internal audit plan is defined by Internal Audit, where the revisions and tasks to be performed are defined to mitigate the risks identified above.
• Supervision: The risk maps and the control measures identified form the basis of the Annual Internal Audit Plan.

Likewise, the Cementos Molins Group has investments in Argentina, Uruguay, Bolivia, Mexico, Colombia, Bangladesh, India and Tunisia. This implies the incorporation into the Group's operations of different regulatory frameworks, markets and financial environments. These circumstances show the need to manage risks, developing mechanisms for their evaluation, management and minimisation.
To identify the risks in each of the countries in which Cementos Molins operates, the Internal Audit Department prepares, together with the internal audit departments of the different countries, a Risk Map that seeks to identify all elements of risk of each of the businesses that, after validation by the corresponding local General Managements, is presented, where appropriate, to the local audit commissions, and finally to the Audit and Compliance Committee of Cementos Molins, SA Every year, the evaluation of the risk control and management system is carried out and the results are presented to the Audit and Compliance Committee. If necessary, action plans are defined for those controls presenting issues in terms of effectiveness or design.
There are also regular audits and the main issues and actions plans are submitted to the Auditing and Compliance Commission and the Board of Directors.
Depending on the nature of the risks, there are different management committees that analyse, supervise and implement measures to mitigate them.

E.2. Identify the organs of company responsible for the preparation and execution of the Risk Control and Management System, including the fiscal:

Name of the commission or body: Auditing and Compliance Commission
The main function of the Audit and Compliance Committee is to support the Board of Directors in its surveillance tasks, by periodically reviewing the process of preparing the financial and economic information, its internal controls and the independence of the external auditor.
For the supervision of the risk management and internal control systems, the organization has the Internal Audit Department. This body depends functionally on the Corporate General Management reporting directly to the Audit and Compliance Committee.

Other Committees that the Cementos Molins Group has in relation to the control of specific risks are the Commercial Risk Committees.
The Management of each of the operating businesses is involved in the management and supervision of the specific risks of the commercial and industrial operations of each of the businesses.
Additionally, the Corporate General Management analyses and manages financial risks, exchange rate risks, interest rate risks, risks related to industrial assets and risks related to possible environmental impacts. In general, there is a direct intervention in the risks of those companies in which it has a direct control and control and it is supervised and advised in those in which the management is joint with other shareholders.

For its part, the Corporate Tax Office analyses, supervises, manages and advises on the risks of a fiscal nature that affect the different businesses and their possible patrimonial impacts in the consolidated and individual financial statements of Cementos Molins. It intervenes directly in those companies of which it owns a direct domain and control and advises and supervises with local functions in those in which management is joint with other shareholders.
Thus, it should be noted that, in business abroad, Cementos Molins has commercial, industrial, internal audit, legal, financial, fiscal and specific human resources functions in each of the business units that, in coordination with the Businesses and their counterparts in the corporate directorates, have the responsibility to ensure compliance with current legislation applicable in each case.

E.3. Indicate the main risks, including the fiscal risks and to the extent that the derivatives of corruption are significant (understood the latter with the scope of Royal Decree Law 18/2017), which may affect the attainment of the business objectives:

In general, the main risk is the evolution of the economies of the countries where the companies in which Cementos Molins participates operate. The positive evolution of these societies depends, fundamentally, on the evolution of the construction markets, both in building and civil works, main sources of business.
The proper functioning of industrial assets, as well as ensuring the supply of the main raw materials is one of the fundamental elements of the business.
The political and social stability, together with the levels of regulation of the administrations, is another one of the elements that can affect the normal development of the activity.
The different tax regulations of the countries and their possible changes are also an element to be taken into account in the assessment of the risks faced by Cementos Molins.
Likewise, Cementos Molins is exposed to the corruption risks inherent to the business and countries where it operates. To this end, there is a Crime Prevention and Anti-Fraud Policy, which establishes the Protocol against corruption in business and the Protocol for the prevention of corruption within the framework of relations with the public sector where the guidelines are established of action to the effects of avoiding the risks of commission of any of the forms of private corruption or in the businesses that Cementos Molins develops.
Finally, it should be noted that the degree of internationalization of the Group also involves a level of exposure to the evolution of the main macroeconomic variables of each country, with the exchange rate, inflation and interest rate having a fundamental role in achieving the objectives.

E.4. Identify if the entity has risk tolerance levels, including the tax:

Cementos Molins does not determine specific levels of risk in the ordinary management of its operations, but manages each risk individually, trying to minimise the possible negative impacts of each one of them.

E.5. Indicate which risks, including tax risks, have materialised during the year:

The weakness of the markets continues and the difficulties for a resounding recovery in the construction sector.
Increases in regulated costs and continued control of sales prices in Tunisia and tariff and socio-political difficulties for export to neighbouring countries.
Exposure to changes in the currency of the countries where Cementos Molins operates, in particular, the depreciation of currencies in Argentina and Mexico, and their negative impact on the translation differences of our consolidated balance sheet.

E.6. Explain the response and supervision plans for the main risks of the entity, including tax risks, as well as the procedures followed by the company to ensure that the board of directors responds to the new challenges that arise:

The Group supervises the main risks through the affected functional, business and corporate departments, and the different Commissions and Boards established.
Monthly, Technical Commissions, Management Committees and Boards of Directors are developed in each of the businesses. Likewise, the corporate departments of Internal Audit, Technical, Management Control, Financial, Accounting, Tax and Legal conduct daily supervision and periodic meetings for both national companies and foreign investees with their respective counterparts.
Periodically, there are meetings to review the activities and potential incidents or risks and their action is immediate.

F. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE PROCESS OF ISSUING FINANCIAL INFORMATION (SCIIF)

Describe the mechanisms that make up the risk control and management systems in relation to the financial information emission process of your entity.

F.1. Control environment of the entity.

Report, indicating its main characteristics of, at least:

F.1.1 Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective SCIIF; (ii) its implementation; and (iii) its supervision?

The Board of Directors of Cementos Molins, S.A. (hereinafter, "Cementos Molins") has the responsibility (article 5.z of its Regulations) for the implementation and monitoring of an internal control system of adequate and effective financial information, which guarantees the integrity and reliability of the financial information. The Board of Directors delegates to the Audit and Compliance Committee the oversight of the design of internal control and its effectiveness. The Regulations of the Board of Directors in its article 27 specifies that the functions of the Audit and Compliance Committee in relation to financial information are, among others, the following:
- Supervise the process of preparing and submitting the required financial information and submit recommendations or proposals to the Board of Directors aimed at safeguarding its integrity, reviewing the compliance of regulatory requirements, the proper delimitation of the consolidation perimeter and the correct application of accounting criteria.
- Include the processes used to draft the financial statements and obtain with reasonable certainty that the information support systems are reliable.
- Regularly review the internal control and risk management systems so that the main risks are sufficiently identified, managed and notified.
- Review, analyse and comment on the financial statements and other relevant financial information with senior management, and the internal and external auditors, to confirm that said information is reliable, comprehensible, relevant, and that accounting criteria consistent with the previous year-end closing.

Cementos Molins, S.A. has an Internal Audit function that, under the supervision of the Audit and Compliance Committee, oversees the proper functioning of the information and internal control systems, with the task of evaluating the effectiveness of the SCIIF and periodically reporting the detected weaknesses. during the execution of their work and the calendar assigned to the proposed measures for their adaptation or correction.
The members of the Audit and Compliance Committee are kept informed of all the regulatory changes that may occur in the aforementioned matters.
It is the responsibility of the Management of Cemolins Servicios Compartidos, SLU, under the supervision of the Audit and Compliance Committee, to design, implement and formalise the control procedures under homogeneous criteria and standards, as well as to monitor the proper functioning and reliability of the controls. as specified in the Policy of the Internal Control System of Financial Information of Cementos Molins.
Thus, the function of Internal Control of Financial Information is developed within the Management of Cemolins Shared Services and through it to the different areas or businesses that perform accounting transactions or are the owners of the internal control activities of the financial information.

F.1.2 If there are, especially in relation to the process of preparing the financial information, the following elements:

· Departments and/or mechanisms in charge: (i) of the design and review of the organizational structure; (ii) clearly de fi ne the lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) that there are sufficient procedures for its correct dissemination in the entity:

The Shared Services Division ensures the proper distribution and assignment of tasks and responsibilities in the process of preparing the financial information, establishing and, where appropriate, proposing to the Audit and Compliance Committee the design and structures necessary to carry them out.
The Corporate Human Resources Division is responsible for disseminating and communicating, along with the rest of the functional divisions, the organizational structure and its possible variations, including those related to the preparation of financial information.

· Code of conduct, approval body, degree of dissemination and instruction, principles and values included (indicating if there are specific mentions to the registry of operations and preparation of financial information), body in charge of analysing breaches and proposing corrective actions and sanctions:

At the proposal of the Audit and Compliance Committee, the Board of Directors of January 27, 2017 approved the new Code of Ethics of Cementos Molins, whose content has been communicated and disseminated to all Group employees and which replaces the previous Code of Conduct approved on February 28, 2012.
To ensure compliance, there is an Ethics and Compliance Committee, formed by the Director of Corporate Legal Services and the Director of Internal Audit. The review and periodic update is entrusted to the Audit and Compliance Committee.
As mentioned in the previous version of the Code of Conduct, the Code of Ethics is included in section 5.9. "Treatment of information and knowledge" express reference to economic transactions indicating that they must be reflected clearly and precisely in the corresponding records, as well as all operations performed and expenses incurred. Analogically, any financial-economic information must accurately reflect the GROUP's economic and financial situation and its assets, in keeping with the generally accepted accounting principles and the international norms on financial information.
In this environment, it is also worth mentioning the Internal Rules of Conduct of Cementos Molins in the area of the Securities Market, established by agreement of the Board of Directors on July 29, 2004, and subsequent revisions by agreements of the Board of Directors on February 28, 2012, April 28, 2017 and September 29, 2017.

· Denunciation channel, which allows the communication to the audit committee of financial and accounting irregularities, in addition to any breaches of the code of conduct and irregular activities in the organization, informing, if applicable, if this is of a confidential nature:

The Cementos Molins Group has since April 23, 2009, a channel of notification open to all employees of national companies that allows them, in a confidential manner, to inform Cementos Molins about irregularities of potential importance, especially financial and financial. accounting, on internal control of fraud, which, to the best of their knowledge and understanding, constitute inappropriate conduct or actions.
Additionally, the Audit Committee, dated February 23, 2012, established a new Procedure Regulation for this type of communication. Subsequently, as part of the development of the Crime Prevention Model of the Cementos Molins Group, during 2016 a specific protocol was developed whose entry into force took place on February 27, 2017.
Based on this protocol, employees can use the procedure for reporting irregularities of potential importance through a new ethical channel approved by the Audit and Compliance Committee on January 30, 2019, managed by an independent third party and open to workers and interest groups through the Cementos Molins corporate website, in which confidentiality and anonymity are guaranteed, if desired. Likewise, the communication channel is still valid through the sending of a letter addressed to the Ethics and Compliance Committee, via online mailbox, in person or by telephone, by contacting any of Cementos Molins' two Compliance Officers. When there is any communication in this regard, once the complaint has been accepted and the evidence and diligence phase has been carried out, a resolution is proposed to the Audit and Compliance Committee and the Chief Corporate Officer, the Chief Executive Officer of Cementos Molins, SA, is informed Director General of Operations, the General Director of the affected company and the Secretary of the Audit and Compliance Committee, simultaneously.

· Training programs and periodic updating for the personnel involved in the preparation and review of the financial information, as well as in the evaluation of the SCIIF, covering, at least, accounting rules, auditing, internal control and risk management:

The Corporate Human Resources Division and the Management of Cemolins Servicios Compartidos, S.L.U. they evaluate, when necessary, due to regulatory and regulatory changes that affect the preparation of the financial statements of Cementos Molins (including changes in international accounting standards), the formative update schemes suitable for the accounting and financial function.
In addition, the different functional units receive periodically from the external advisors and the external auditor information regarding regulatory changes or interpretations to standards that may affect the preparation of the financial information, establishing normal communication with them for the knowledge, interpretation and adaptation of the financial information. these and the internal dissemination within Cementos Molins to those areas that may be affected.

F.2. Risk assessment of financial information.

Report, at least, of:

F.2.1 What are the main characteristics of the risk identification process, including those of error or fraud, regarding:

· Whether the process exists and is documented:

The process of identifying risks and controls of the activities and transactions that may materially affect the Cementos Molins Financial Statements is the responsibility of the areas responsible for the processes under review selected with the supervision of the Management of Cemolins Servicios Shared and Internal Audit.
The objective of the risk identification process is to ensure that the risks of material error and fraud in the financial information of Cementos Molins are being adequately managed and that there are sufficient control activities to guarantee the firm image of the financial information disseminated to the interest groups.
To do this, it is necessary to determine which accounting areas/items material or processes are relevant to the financial information that is prepared and which error risks affect it.
For the identification of material accounting headings, the following criteria of materiality and/or relevance have been established:
• Quantitative: epigraphs that exceed a quantitative materiality level defined. The materiality criterion is calculated following the criteria established by the Auditing Technical Standard- BOICAC 38 on the individual and consolidated Financial Statements of Cementos Molins.

• Qualitative: epigraphs that meet two qualitative factors among the following:

o Risk of fraud or unintentional error.
o Consideration of the degree of estimation and/or judgment required for the recording of transactions and/or consideration of potential changes in the accounting treatment.
o Consideration of control adjustments/weaknesses identified by internal or external auditors with impact on this account in previous years.
The qualitative factors will only be evaluated for those accounting headings that do not exceed the quantitative materiality.
The risk identification and management process is carried out through the creation of risk matrices and controls. The components that make up these matrices are the following:
Processes: The risks and control activities related to the processes identified in the previous activity are identified.
Risks: The identification of risks will be made exclusively for the risks of material error and fraud on the financial information that is reported to the markets.
The risk and control matrix will be updated continuously by the Management of Cemolins Servicios Compartidos, at least annually, based on the following information:
• Changes in business activities.
• Changes in the corporate perimeter.
• Result of the evaluation and supervision activities carried out.
• Follow-up of the action plans.
• Possible errors in the financial information or substantial changes in the Cementos Molins operations identified during the year due to circumstances not identified in the previous relationship.
Based on the criteria defined above, the following processes to be evaluated have been determined:
Business processes:
- Investments in assets
- Financial investments
- Taxation
- Stocks
- Revenue and accounts receivable
- CO2 emissions
- Suppliers and accounts payable
- Treasury and financing
- Purchases
- Staffing costs
- Transportation
Support processes:
- Management control
- Accounting and consolidation
- Information systems
- Publication of information
The Management of Cemolins Shared Services together with Internal Audit is responsible for applying these criteria, with a minimum annual periodicity, to determine the headings, accounts and breakdowns of the Financial Statements and, consequently, the processes that make up the scope of the review.
This periodicity will be shorter if significant changes are detected, both external and internal, such as regulatory changes, relevant technological changes or extraordinary macroeconomic environments.

The controls associated with the aforementioned processes are reviewed by the Internal Audit Department with a periodicity of at least four years and, based on the conclusions obtained, if necessary, the existing procedures are updated.

- If the process covers all the objectives of the financial information, (existence and occurrence, integrity, valuation, presentation, breakdown and comparability, and rights and obligations), if it is updated and how often:

Cementos Molins has an Internal Control Policy for Financial Information (SCIIF) with the aim of guaranteeing the reliability of the financial information that Cementos Molins makes available to its stakeholders, in accordance with current regulatory regulations. Specifically, the SCIIF developed by Cementos Molins, is defined as the set of processes that the Board of Directors, the Audit and Compliance Committee, the Management of Cementos Molins and the personnel involved carry out to provide reasonable assurance regarding the reliability of the financial information that Cementos Molins disseminates in the market. The SCIIF of Cementos Molins is designed based on the guidelines established by the National Securities Market Commission (CNMV).
Once the identification of the material accounting headings has been made, the associated business processes within the scope of the SCIIF are identified with the following objectives on financial information:
• The transactions, events and other events collected by the financial information do exist and have been recorded at the appropriate time (existence and occurrence).
• The information reflects the totality of the transactions, events and other events in which Cementos Molins is an affected party (integrity).
• Transactions, events and other events are recorded and valued in accordance with the applicable regulations (valuation).
• Transactions, events and other events are classified, presented and disclosed in the financial information in accordance with the applicable regulations (presentation, breakdown, and comparability).
• The financial information reflects, at the corresponding date, the rights and obligations through the corresponding assets and liabilities, in accordance with the applicable regulations (rights and obligations).

- The existence of a process of identification of the consolidation perimeter, taking into account, among other aspects, the possible existence of complex corporate structures, instrumental or special-purpose entities:

The consolidation perimeter of Cementos Molins is determined monthly by the Shared Services Directorate based on the information available in its files and in accordance with international accounting standards and validated semi-annually by the external auditor. Any relevant variation in the consolidation perimeter is communicated to the Audit and Compliance Committee.

- If the process takes into account the effects of other types of risks (operational, technological, financial, legal, fiscal, reputational, environmental, etc.) to the extent that they affect the financial statements:

In the process of risk assessment, the effect of other types of risks (operational, financial, technological, legal and compliance) will be taken into account in the identification of risks of material error in the financial information.
Additionally, in the identification of controls will be taken into account also those computer controls with which Cementos Molins has, in a way that guarantees, among others, the following aspects:
- The security of access to information.
- Change management
- The continuity of the business.
- The proper segregation of functions.

In the identification of risks, those that derive from external factors and that can or could significantly affect the financial and economic information issued by Cementos Molins are also valued, which are:
- Safeguarding assets
- Possibility of fraud.
- Environmental regulation.
- Particular situations of the markets (legal and regulatory changes).
- Estimates, litigation and provisions.

- Which governing body of the entity supervises the process:

The Cementos Molins internal financial information control system is supervised by the Audit and Compliance Committee and aims to ensure the reliability of the relevant financial information issued to the markets.

F.3. Control activities.

Report, indicating its main characteristics, if it has at least:

F.3.1 Procedures for the review and authorization of financial information and the description of the SCIIF, to be published in the securities markets, indicating their responsible parties, as well as descriptive documentation of the fluences of activities and controls (including those related to risk of fraud) of the different types of transactions that may materially affect the financial statements, including the accounting closing procedure and the specific revision of the relevant judgments, estimates, valuations and projections

Cementos Molins provides financial information to the securities market on a quarterly basis. The information is compiled and elaborated by the Management of Cemolins Servicios Compartidos, S.L.U. dependent on the Corporate General Management. Cementos Molins has designed a series of controls in the process of publishing financial information to the markets as part of its internal control processes.
The Management of Cemolins Servicios Compartidos in the process of preparing the financial information to be published performs certain control activities to verify its reliability. In addition, the Management Control Department, the Management of Cemolins Shared Services and the Internal Audit Department supervise the information prepared.
The Chief Executive Officer and the Corporate General Management analyse the information to be published, approving it provisionally prior to its referral to the Audit and Compliance Committee, which oversees the financial information presented to it. Finally, the Audit and Compliance Committee informs the Board of Directors of its conclusions on the information presented so that, once approved by the Board of Directors, it is published in the securities market.
In the semi-annual and annual information, the Audit and Compliance Committee and the Board of Directors have, in turn, the information prepared by the external auditors of Cementos Molins on the results of their work.
For the information included in the Annual Corporate Governance Report, the same procedure that has just been explained in this section is followed, before its publication in the stock market.

F.3.2 Policies and procedures for internal control over information systems (among others, on access security, change control, operation thereof, operational continuity and segregation of functions) that support the relevant processes of the entity in relation to the preparation and publication of financial information.

The Organization and Systems Department of Cementos Molins, S.A., under the Corporate General Management, is responsible for the information and telecommunications systems of Cementos Molins, S.A. and its national subsidiaries, as well as the supervision of the organization and operation of the information systems of the international subsidiaries. Its functions include defining, implementing and controlling compliance with security policies and standards, as well as the continuity plan of the different applications and infrastructures that support them.
The control model includes all the applications, infrastructure for its support and access, communication systems and physical locations of all of them, making a special treatment in those processes relevant to business continuity normally directly or indirectly related to financial information.
The control model defined in Cementos Molins, S.A. It consists of the following processes:

• Physical security of the data processing centres.
• Logical security of the applications.
• Project management. Implantations, Developments and evolutionary.
• Operations Management.
• Management of service providers.
• Infrastructures and communications.
• Backup and recovery systems.
• User Management.

These processes are supported by a series of measures, rules, procedures and safety rules, both automated and manual intervention, which are documented and define, among others, the control activities necessary to cover the risks of the following areas of management of information systems.

• Environment of information systems:
- Organigrams and descriptions of the functions of the personnel involved in the information systems.
- Systems map.
- Map of telecommunications network.
• Change management of applications:
- Management of requests for new developments, improvements and modifications.
- Requirements taking, analysis and approval circuit.
- Development and implementation of new systems.
- Start-up of said applications, validation and closure.
- Documentation and training.

• Operations and exploitation of the systems:
- Management of operations activities.
- Management of backup systems.
- Management of incidents.
- Contingency and recovery plans.
- Management of service providers.
• Training and information to users:
- Information systems for users.
- Continuous training processes.
• Physical and logical security:
- Management of security activities.
- Physical security of the control rooms.
- Logical security of access to systems.
- Security in the transmission of data in public networks.

In accordance with current legal regulations, Cementos Molins de fi ned the Information Security function. This is responsible for the protection of the information systems that the Group possesses, in order to achieve and maintain the desired level of security. For the correct definition of these levels there is an internal procedure adjusted to the requirements of the legislation, which defines these, as well as the safety requirements to be applied.

The control model includes a series of revisions that help to keep the security systems updated within acceptable and operational levels for Cementos Molins, S.A.

F.3.3 Internal control policies and procedures designed to supervise the management of activities subcontracted to third parties, as well as those aspects of evaluation, calculation or valuation entrusted to independent experts that may materially affect the financial statements.

Cementos Molins does not totally or partially subcontract any phase of its process of preparing the financial statements to third parties.
In the case of the hiring of external advisors in accounting, legal, fiscal or labour matters, for some specific aspect, the results of these are supervised by those responsible for each functional area for the validation of the reasonableness of their conclusions.

F.4. Information and communication.

Report, indicating its main characteristics, if it has at least:

F.4.1 A specific function in charge of defining, keeping updated the accounting policies (area or department of accounting policies) and resolving doubts or conflicts derived from its interpretation, maintaining a fluid communication with those responsible for operations in the organization, as well as an accounting policies manual updated and communicated to the units through which the entity operates.

The responsibility for the application of the accounting policies of Cementos Molins lies with the Shared Services Directorate, within which the Accounting Department is located, whose functions include:
- Definition and updating of the accounting policies of Cementos Molins.
- Monitoring of international accounting regulations and their effects on the consolidated and individual financial statements.
- Analysis of the appropriate accounting treatment of the Group's operations and its individual companies.
- Inform and resolve any query about the application of the accounting regulations that may come from the Group companies or from those functional areas that request it.

The Management of Cemolins Servicios Compartidos in those cases in which the accounting regulations are complex and require a more detailed technical analysis for their interpretation, communicates with the external auditors to establish a position on the same.

F.4.2 Mechanisms for capturing and preparing financial information with homogeneous formats, for application and use by all the units of the entity or group that support the main financial statements and the notes, as well as the information that is detailed on the SCIIF.

Cementos Molins has implemented an ERP (SAP) to cover the accounting and financial functions of its national companies and a specific computer tool for its consolidation process. The information of the national companies is turned to the consolidation tool with criteria and homogeneous formats and that respond to the accounting policies of Cementos Molins. For international companies, a single reporting model has been established for all of them and is consistent with the Group's accounting criteria, which is incorporated, after internal controls to verify their integrity, to the consolidation tool.

The consolidation software tool centralises, in a single system, the individual financial statements of the subsidiaries that make up the Group, as well as the main consolidated financial statements and the breakdowns necessary for the preparation of the consolidated annual accounts.

F.5. Supervision of the functioning of the system.

Report, indicating its main characteristics, at least of:

F.5.1 The supervision activities of the SCIIF carried out by the audit committee, as well as whether the entity has an internal audit function that has among its powers the support to the commission in its work of supervision of the internal control system, including the SCIIF. Likewise, the scope of the ICFR evaluation carried out in the year and the procedure by which the person responsible for executing the evaluation communicates its results will be reported, if the entity has an action plan detailing the eventual corrective measures, and if considered its impact on financial information.

The Internal Audit Department informs the Audit and Compliance Committee about the operation of the SCIIF and is in charge of carrying out a review of the controls implemented in the processes mentioned in F.2.1 with a periodicity of at least four years, informing of the possible deficiencies detected, actions to be taken that mitigate them and monitor their implementation. In fiscal year 2018, within the periodical review process of the SCIIF, the key accounting processes have been evaluated to adapt them to the organizational changes and functions that occurred during the year.
The Audit and Compliance Committee, in its work to verify the SCIIF and to guarantee the quality of the financial information, has focused its supervisory activity during the year in the preparation of the annual accounts, the individual and consolidated financial statements, as well as of the information that accompanies them; the consolidation process and its perimeter, as well as the supervision of all the periodic information (semi-annual and quarterly) to facilitate the markets. For its work, it relies on the internal audit function and the external auditors of Cementos Molins, with whom meetings are held on a regular basis.
In the case of weaknesses detected in the quality of the information or in the internal systems of control of the financial information, the action plans to mitigate them are established together with the Internal Audit Department and the Management of Cemolins Servicios Compartidos.

F.5.2 If you have a discussion procedure whereby the account auditor (in accordance with the provisions of the NTA), the internal audit function and other experts can communicate to the senior management and the audit committee or administrators of the entity Significant weaknesses in internal control identified during the review processes of the annual accounts or those that have been entrusted to them. Likewise, it will inform if it has an action plan that tries to correct or mitigate the observed weaknesses.

The Internal Audit Department communicates, with a minimum periodicity every six months, to the Audit and Compliance Committee, the possible significant weaknesses of internal control identified during the review of the audits carried out and the reviews of the ICFR processes.

The external auditor of Cementos Molins has access to the General Management and the Audit and Compliance Committee, with a frequency of attendance of at least three meetings of the Audit and Compliance Committee per year, in order to inform about the conclusions derived of the review of the Annual Accounts and the semi-annual information, as well as of the possible control weaknesses detected.

F.6. Other relevant information.

Not applicable.

F.7. Report of the external auditor.

Report:

F.7.1 If the SCIIF information sent to the markets has been submitted for review by the external auditor, in which case the entity should include the corresponding report as an annex. Otherwise, you should report your reasons.

Cementos Molins, S.A. the information on the SCIIF sent to the markets for the 2018 fiscal year has been reviewed by the external auditor.

The scope of the auditor's review procedures is in accordance with the provisions of the Acting and Model Report of the Auditor's Report, referring to the information regarding the internal control system on the financial information of the listed companies dated July 15, 2013.

Said Action Guide includes the aspects included in this respect in Circular 5/2013 of the CNMV, modified by Circular 7/2015, of the CNMV, of December 22 and Circular 2/2018, of June 12, of the CNMV.

G. DEGREE OF MONITORING OF CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of monitoring of the company with respect to the recommendations of the Good Governance Code of listed companies.

In the event that a recommendation is not followed or partially followed, a detailed explanation of the reasons should be included so that shareholders, investors and the market in general have enough information to assess the company's behaviour. Explanations of a general nature will not be acceptable.

1. That the bylaws of listed companies do not limit the maximum number of votes that may be cast by a single shareholder, nor do they contain other restrictions that hinder the taking of control of the company through the acquisition of its shares in the market.

   Comply [X]   Explain [ ]

2. When the parent company and a subsidiary company are listed, both of them publicly define with precision:

   a) The respective areas of activity and possible business relationships between them, as well as those of the listed subsidiary with the other group companies.

   b) The mechanisms foreseen to resolve possible conflicts of interest that may arise.

   Comply [ ]   Comply partially [ ]   Explain [ ]   Not applicable [X]

3. That during the celebration of the ordinary general meeting, as a complement to the written dissemination of the annual corporate governance report, the chairman of the board of directors verbally informs the shareholders, with sufficient detail, of the most relevant aspects of the corporate governance of the company. society and, in particular:

   a) Of the changes that have occurred since the previous ordinary general meeting.

   b) Of the specific reasons why the company does not follow any of the recommendations of the Corporate Governance Code and, if they exist, the alternative rules that apply in that area.

   Comply [X]   Comply partially [ ]   Explain [ ]

4. That the company defines and promotes a policy of communication and contacts with shareholders, institutional investors and voting advisors that is fully respectful of the rules against market abuse and provides similar treatment to shareholders who are in the same position.

   Ensure that the Company publishes said policy on its website, including information regarding the how this policy has been implemented and identifying the representatives and persons in charge of executing it.

   Comply [X]   Comply partially [ ]   Explain [ ]

5. That the board of directors does not submit to the general meeting a proposal to delegate powers, to issue shares or convertible securities excluding the right of preferential subscription, for an amount greater than 20% of the capital at the time of delegation.

   And when the board of directors approves any issuance of shares or convertible securities excluding the right of pre-emptive subscription, the company immediately publishes on its website the reports on said exclusion to which the commercial legislation refers.

   Comply [ ] Comply partially [X] Explain [ ]

At the Ordinary General Shareholders' Meeting of June 28, 2018, the delegation to the Board of Directors was approved, for a term of five years, of the power to increase the share capital pursuant to the provisions of article 297 of the Capital Companies Act, in one or several times, with or without an issue premium, up to half the nominal amount of the capital stock on the date of the authorization, with the attribution of the power to exclude the right of pre-emptive subscription in accordance with the provisions of article 506 of the Capital Companies Law.
This power has not yet been exercised, but it is the intention of the Company when the board of directors approves any issuance of shares excluding the right of preferential subscription, to publish immediately on the website the reports on said exclusion referred to in the legislation trade.

6. That listed companies that prepare the reports listed below, whether mandatory or voluntary, publish them on their website in advance of the ordinary general meeting, although their dissemination is not mandatory:

   a) Report on the independence of the auditor.

   b) Performance reports of the audit and appointment and remuneration commissions.

   c) Report of the audit committee on related-party transactions.

   d) Report on the corporate social responsibility policy.

   Comply [X] Comply partially [ ] Explain [ ]

7. That the company transmits live, through its website, the holding of general shareholders meetings.

   Comply [X] Explain [ ]

8. That the audit committee ensure that the board of directors seeks to present the accounts to the general meeting of shareholders without limitations or qualifications in the audit report and that, in the exceptional cases in which there are exceptions, both the chairman of the audit committee as the auditors clearly explain to the shareholders the content and scope of said limitations or qualifications.

   Comply [X] Comply partially [ ] Explain [ ]

9. That the company make permanently public on its website, the requirements and procedures it will accept to accredit the ownership of shares, the right to attend the general meeting of shareholders and the exercise or delegation of the right to vote.

   And that such requirements and procedures favour assistance and the exercise of their rights to shareholders and are applied in a non-discriminatory manner.

   Comply [X] Comply partially [ ] Explain [ ]

10. That when any shareholder with legal standing in accordance with the two paragraphs above has exercised, prior to the holding of the General Shareholders' Meeting, the right to expand the agenda or to present new agreement proposals, the Company:

    a) Immediately disseminate such complementary points and new proposals for agreement.

    b) Make public the model of attendance card or form of delegation of vote or distance vote with the precise modifications so that the new points of the agenda and alternative proposals can be voted on according to the same terms as those proposed by the board of directors.

    c) Submit all those points or alternative proposals to a vote and apply the same voting rules to them as those formulated by the board of directors, including, in particular, presumptions or deductions regarding the direction of the vote.

    d) After the general meeting of shareholders, communicate the breakdown of the vote on such complementary points or alternative proposals.

    Comply [ ] Comply partially [ ] Explain [ ] Not applicable [X]

11. That, in the event that the company plans to pay attendance premiums to the general meeting of shareholders, establish, in advance, a general policy on such premiums and that said policy is stable.

    Comply [ ] Comply partially [ ] Explain [ ] Not applicable [X]

12. That the board of directors perform its functions with unity of purpose and independence of judgment, dispense the same treatment to all shareholders who are in the same position and be guided by the corporate interest, understood as the achievement of a profitable and sustainable business in the long term, that promotes its continuity and the maximization of the economic value of the company.

    In the pursuit of the Company's interests, in addition to complying with laws and regulations, and acting in good faith, ethically with respect to generally accepted good practices, it will aim to reconcile, as appropriate, the Company's interests with the legitimate interests of its employees, suppliers, clients and those of the remaining interest groups that may be affected, in addition to the impact of the Company's activities on the community as a whole and the environment.

    Comply [X] Comply partially [ ] Explain [ ]

13. That the board of directors possesses the precise dimension to achieve an efficient and participative functioning, which makes it advisable that it has between five and fifteen members.

Comply [X] Explain [ ]

14. That the board of directors approve a policy for the selection of directors that:

a) Be concrete and verifiable.

b) Ensure that the proposals for appointment or re-election are based on a prior analysis of the needs of the board of directors.

c) Favour the diversity of knowledge, experiences and gender.

That the result of the prior analysis of the needs of the board of directors is included in the justification report of the appointments committee that is published when the general meeting of shareholders is convened to which the ratification, appointment or re-election of each director is submitted.

The Director Selection Policy will make a conscious effort so that in year 2020 the number of female directors represents, at least, 30% of the total number of members of the Board of Directors.

The appointment committee will verify annually the compliance with the director selection policy and will be informed of this in the annual corporate governance report.

Comply [X] Comply partially [ ] Explain [ ]

15. That the proprietary and independent directors constitute a large majority of the board of directors and that the number of executive directors be the minimum necessary, taking into account the complexity of the corporate group and the percentage of participation of the executive directors in the capital of the company.

Comply [X] Comply partially [ ] Explain [ ]

16. That the percentage of proprietary directors over the total of non-executive directors is not greater than the proportion between the capital of the company represented by said directors and the rest of the capital.

This criterion may be mitigated:

a) In companies with large capitalization in which shareholdings that legally have the consideration of significations are scarce.

b) In the case of companies in which there is a plurality of shareholders represented on the board of directors and have no links with each other.

Comply [X] Explain [ ]

17. That the number of independent directors represents at least half of the total number of directors.

That, however, when the company is not highly capitalized or when, even if it is, it has a shareholder or several acting in concert, that controls more than 30% of the share capital, the number of independent directors represents at least one third of the total number of directors.

Comply [ ] Explain [X]

There is currently no other group among the shareholders of the Company than the one that currently holds a large majority with sufficient capacity for the appointment of directors. Therefore, eight of the directors are proprietary directors, one director is an executive director, one director is an external director and the Company has four independent directors, representing 28.57% of the total number of directors.

18. That the companies make public through their website, and keep updated, the following information about their directors:

a) Professional and biographical profile.

b) Other boards of directors to which they belong, whether they are listed companies or not, as well as other paid activities that they carry out whatever their nature.

c) Indication of the category of director to which they belong, indicating, in the case of proprietary directors, the shareholder they represent or with whom they have links.

d) Date of his first appointment as a director in the company, as well as of the subsequent re-elections.

e) Shares of the company, and options on them, of which they are holders.

Comply [X] Comply partially [ ] Explain [ ]

19. That in the annual corporate governance report, after verification by the appointments committee, explain the reasons why proprietary directors have been appointed at the request of shareholders whose shareholding is less than 3% of the capital; and the reasons why formal requests for presence on the board from shareholders whose shareholding is equal to or greater than that of others at whose request proprietary directors have been appointed should not be addressed.

Comply [ ] Comply partially [ ] Explain [ ] Not applicable [X]

20. That the proprietary directors present their resignation when the shareholder they represent transfers its shareholding in its entirety. This shall also be done in the corresponding number, when said shareholder reduces its shareholding to such a level that requires the reduction of the number of proprietary shareholders.

Comply [ ] Comply partially [ ] Explain [ ] Not applicable [X]

21. That the board of directors does not propose the separation of any independent director before the expiration of the statutory period for which he or she was appointed, except when there is a just cause, appreciated by the board of directors after a report from the appointments committee. In particular, just cause shall exist if the director takes on new roles or enters into new obligations that prevents them from dedicating the time necessary for carrying out the duties inherent in that of a director, fails to perform said duties or commits any act that renders them not independent, in accordance with that provided in the applicable legislation.

Separation of independent directors may also be proposed as a result of public takeover bids, mergers or other similar corporate transactions that imply a change in the capital structure of the company, when such changes in the structure of the board of directors are favoured by the criterion of proportionality indicated in recommendation 16.

Comply [X]   Explain [ ]

22. That the companies establish rules that oblige the directors to inform and, if applicable, resign in those cases that may harm the credit and reputation of the company and, in particular, oblige them to inform the board of directors of the criminal cases in those that appear as imputed, as well as their subsequent procedural vicissitudes.

In the event of the director being prosecuted or having a court order issued against them initiating trial proceedings for any of the crimes set out in Spanish Company Legislation, the Board shall examine the case as soon as possible and, depending on the specific circumstances, shall decide whether or not the director shall continue in their role. And that of all this the board of directors account, in a reasoned manner, in the annual corporate governance report.

Comply [X]   Comply partially [ ]   Explain [ ]

23. That all directors clearly express their opposition when they consider that any proposal for a decision submitted to the board of directors may be contrary to the corporate interest. In particular, independent and other directors unaffected by the potential conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation.

And when the board of directors adopts significant or repeated decisions on which the director has made serious reservations, the latter draw the appropriate conclusions and, if he opts to resign, explain the reasons in the letter referred to in the following recommendation.

This recommendation also reaches the secretary of the board of directors, even if he does not have the status of a director.

Comply [X]   Comply partially [ ]   Explain [ ]   Not applicable [ ]

24. That when, by resignation or for another reason, a director leaves office before the end of his term, explain the reasons in a letter sent to all members of the board of directors. And that, notwithstanding the fact that said termination is reported as a relevant event, the reason for the termination is reported in the annual corporate governance report.

Comply [ ] Comply partially [ ] Explain [ ] Not applicable [X]

25. That the appointments committee ensures that non-executive directors have sufficient time available for the proper performance of their duties.

And that the regulations of the board establish the maximum number of board of directors of which its directors can be a part.

Comply [X] Comply partially [ ] Explain [ ]

26. That the board of directors meet with the necessary frequency to effectively perform its functions and, at least, eight times a year, following the schedule of dates and matters established at the beginning of the year, each director being able to individually propose other points of order of the day initially not foreseen.

Comply [X] Comply partially [ ] Explain [ ]

27. That the absences of the directors are reduced to the indispensable cases and are quantified in the annual corporate governance report. And that, when they should be produced, representation is granted with instructions.

Comply [ ] Comply partially [X] Explain [ ]

During the year 2018, 1.75 percent of the absences did not have representation with instructions.

28. That when the directors or the secretary express concern about any proposal or, in the case of the directors, about the progress of the company and such concerns are not resolved in the board of directors, at the request of the person who said them, a record should be kept of them in the minutes.

Comply [X] Comply partially [ ] Explain [ ] Not applicable [ ]

29. That the company establishes the appropriate channels so that the directors can obtain the necessary advice for the fulfilment of their duties, including, if required by the circumstances, external advice charged to the company.

Comply [X] Comply partially [ ] Explain [ ]

30. That, regardless of the knowledge required of directors for the exercise of their duties, companies also offer directors refresher programs when the circumstances warrant.

Comply [X] Comply partially [ ] Not applicable [ ]

31. That the agenda of the sessions clearly indicate those points on which the board of directors must adopt a decision or agreement so that the directors can study or collect, in advance, the information required for its adoption.

When, exceptionally, for reasons of urgency, the chairman wishes to submit decisions or resolutions that do not appear on the agenda to the approval of the board of directors, the prior and express consent of the majority of the directors present, from which will leave due record in the minutes.

Comply [X] Comply partially [ ] Explain [ ]

32. That the directors are periodically informed of the movements in the shareholding and of the opinion that the significant shareholders, investors and rating agencies have about the company and its group.

Comply [X] Comply partially [ ] Explain [ ]

33. That the president, as the person responsible for the efficient functioning of the board of directors, in addition to exercising the functions legally and statutorily attributed to him, prepares and submits to the board of directors a schedule of dates and matters to be discussed; organise and coordinate the periodic evaluation of the board, as well as, where appropriate, the first executive of the company; be responsible for the direction of the board and the effectiveness of its operation; ensure that sufficient discussion time is devoted to strategic issues, and agree and review the knowledge updating programs for each counsellor, when circumstances warrant.

Comply [X] Comply partially [ ] Explain [ ]

34. When there is a coordinating director, the bylaws or the regulations of the board of directors, in addition to the powers that correspond to him legally, assign him the following: to preside over the board of directors in the absence of the president and the vice-presidents, if any; echo the concerns of non-executive directors; maintain contacts with investors and shareholders to know their points of view in order to form an opinion on their concerns, in particular, in relation to the corporate governance of the company; and coordinate the president's succession plan.

Comply [ ] Comply partially [ ] Explain [ ] Not applicable [X]

35. That the secretary of the board of directors ensure in a special manner that in its actions and decisions the board of directors takes into account the recommendations on good governance contained in this Code of good governance that are applicable to society.

Comply [X] Explain [ ]

36. That the board of directors in plenary evaluate once a year and adopt, where appropriate, an action plan that corrects the detected deficiencies with respect to:

a) The quality and efficiency of the operation of the board of directors.

b) The functioning and composition of its commissions.

c) The diversity in the composition and powers of the board of directors.

d) The performance of the chairman of the board of directors and the chief executive of the company.

e) The performance and contribution of each director, paying special attention to those responsible for the various board committees.

In order to carry out the evaluation of the different commissions, it will be based on the report that they submit to the board of directors, and for the latter's, from the one that the appointment commission elevates.

Every three years, the board of directors will be assisted to carry out the evaluation by an external consultant, whose independence will be verified by the appointments committee.

The business relationships that the consultant or any company of its group maintains with the company or any company of its group should be broken down in the annual corporate governance report.

The process and evaluated areas must be described in the Annual Corporate Governance Report.

Comply [X] Comply partially [ ] Explain [ ]

37. That when there is an executive committee, the structure of participation of the different categories of directors is similar to that of the board of directors itself and its secretary is that of the latter.

Comply [ ] Comply partially [ ] Explain [ ] Not applicable [X]

38. Likewise, the Board of Directors shall always be aware of the items dealt with and the resolutions adopted by the Delegated Commission and all members of the Board shall receive a copy of the minutes of the Delegated Commission’s meetings.

Comply [ ] Comply partially [ ] Explain [ ] Not applicable [X]

39. That the members of the audit committee, and especially its chairman, be appointed taking into account their knowledge and experience in accounting, auditing or risk management, and that the majority of these members be independent directors.

Comply [X] Comply partially [ ] Explain [ ]

40. That under the supervision of the audit committee, there be a unit that assumes the function of internal audit that ensures the proper functioning of the information and internal control systems and functionally depends on the non-executive chairman of the board or the board of directors. audit commission.

Comply [X]   Comply partially [ ]   Explain [ ]

41. That the person in charge of the unit that assumes the internal audit function presents the annual work plan to the audit committee, reports directly on the incidents that arise in its development and submits an activity report at the end of each year.

Comply [X]   Comply partially [ ]   Explain [ ]   Not applicable [ ]

42. That, in addition to those provided by law, the following functions correspond to the audit committee:

1. In relation to the information and internal control systems:

a) To supervise the process of preparing the financial information relating to the company, and when applicable, to the group, and its integrity, reviewing the compliance of normative requirements, the proper delimitation of the consolidation perimeter and the correct application of accounting criteria.

b) Ensure the independence of the unit that assumes the internal audit function; propose the selection, appointment, re-election and removal of the person responsible for the internal audit service; propose the budget for that service; approve the orientation and its work plans, making sure that its activity is focused mainly on the relevant risks of society; receive periodic information about their activities; and verify that senior management takes into account the conclusions and recommendations of its reports.

c) Establish and supervise a mechanism that allows employees to report confidentially and, if possible and considered appropriate, anonymously, irregularities of potential importance, especially financial and accounting, that they detect within the company.

2. In relation to the external auditor:

a) In case of resignation of the external auditor, examine the circumstances that may have motivated it.

b) Ensure that the remuneration of the external auditor for their work does not compromise their quality or independence.

c) Supervise that the company reports the change of auditor as a relevant event to the CNMV and accompanies it with a statement about the possible existence of disagreements with the outgoing auditor and, if they existed, their content.

d) Ensure that the external auditor holds an annual meeting with the full board of directors to inform him of the work done and the evolution of the accounting and risk situation of the company.

e) Ensure that the company and the external auditor respect the regulations in force regarding the provision of services other than auditing, the limits on the concentration of the auditor's business and, in general, the other rules on the independence of auditors.

Comply [X]   Comply partially [ ]   Explain [ ]

43. That the audit committee may summon any employee or manager of the company, and even order that they appear without the presence of any other director.

Comply [X]   Comply partially [ ]   Explain [ ]

44. That the audit committee be informed about the operations of structural and corporate changes that the company plans to carry out for its analysis and report to the board of directors on its economic conditions and accounting impact, and especially, where applicable, on the equation of proposed exchange.

Comply [X] Comply partially [ ] Explain [ ] Not applicable [ ]

45. That the risk control and management policy identifies at least:

a) The different types of financial and non-financial risk (among others, operational, technological, legal, social, environmental, political and reputational) to which society faces, including financial or economic risks, contingent liabilities and other risks. out of balance.

b) The determination of the level of risk that the company considers acceptable.

c) The measures foreseen to mitigate the impact of the identified risks, should they materialise.

d) The internal control and information systems that will be used to control and manage the aforementioned risks, including the contingent liabilities and other risks not included on the Balance Sheet.

Comply [X] Comply partially [ ] Explain [ ]

46. That under the direct supervision of the audit committee or, as the case may be, of a specialised committee of the board of directors, there is an internal risk control and management function exercised by a unit or internal department of the company that has expressly attributed the following functions:

a) Ensure the correct operation of the risk management and control systems and, in particular, ensure that said systems identify, manage and quantify all significant risks that may affect the Company.

b) Actively participate in drafting the risk strategy and in the decisions significant to their management.

c) Ensure that the risk management and control systems adequately mitigate the risks within the framework of the policy established by the Board of Directors.

Comply [X] Comply partially [ ] Explain [ ]

47. That the members of the Appointments and Remuneration Committee - or of the Appointments Committee and the Remuneration Committee, if they are separate - be appointed so that they have the knowledge, skills and experience appropriate to the functions they are called upon to perform and that the majority of these members are independent directors.

Comply [X] Comply partially [ ] Explain [ ]

48. That the companies of high capitalization have a commission of appointments and a commission of separate remunerations.

Comply [ ] Comply partially [ ] Not applicable [X]

49. That the appointments committee consults the chairman of the board of directors and the chief executive of the company, especially when dealing with matters relating to executive directors.

And that any director may request from the appointments committee to take into consideration, in case he finds them suitable in his judgment, potential candidates to fill vacancies of the director.

Comply [X] Comply partially [ ] Explain [ ]

50. That the remuneration committee exercises its functions independently and that, in addition to the functions attributed to it by law, the following correspond to it:

a) Propose to the board of directors the basic conditions of the contracts of senior managers.

b) To verify adherence to the Company's payment policy.

c) Periodically review the remuneration policy applied to directors and senior managers, including the remuneration systems with shares and their application, as well as ensuring that their individual remuneration is proportionate to that paid to other directors and senior managers of the company.

d) Ensure that any conflict of interest does not prejudice the independence of the external advice given to the commission.

e) Verify the information on the remuneration of Directors and Senior Management contained in various corporate documents, including the Annual Report on Director Remuneration.

Comply [X] Comply partially [ ] Explain [ ]

51. That the remuneration committee consults the chairman and the chief executive of the company, especially when dealing with matters relating to executive directors and senior executives.

Comply [X] Comply partially [ ] Explain [ ]

52. That the rules for composition and operation of the supervision and control commissions appear in the regulations of the board of directors and that they are consistent with those applicable to legally binding commissions in accordance with the foregoing recommendations, including:

a) They are composed exclusively of non-executive directors, with a majority of independent directors.

b) That its chairmen are independent directors.

c) That the board of directors appoint the members of these committees taking into account the knowledge, skills and experience of the directors and the duties of each committee, deliberate on their proposals and reports; and that accounts, in the first plenary session of the board of directors after its meetings, of its activity and that they respond of the work carried out.

d) That the committees may seek external advice, when they deem it necessary for the performance of their duties.

e) That minutes are drawn up from their meetings, which will be made available to all the directors.

Comply [ ] Comply partially [ ] Explain [ ] Not applicable [X]

53. That the supervision of compliance with corporate governance rules, internal codes of conduct and the corporate social responsibility policy is attributed to one or is distributed among several committees of the board of directors that may be the audit committee, the appointments, the corporate social responsibility committee, if any, or a specialised committee that the board of directors, exercising its powers of self-organisation, decides to create for that purpose, to which specifically the following minimum functions are attributed:

a) Supervision of compliance with the internal codes of conduct and the rules of corporate governance of the company.

b) Supervision of the communication strategy and relationship with shareholders and investors, including small and medium shareholders.

c) Periodic evaluation of the adequacy of the corporate governance system of the company, in order to fulfil its mission to promote the social interest and take into account, as appropriate, the legitimate interests of the other interest groups.

d) The review of the corporate responsibility policy of the company, ensuring that it is aimed at the creation of value.

e) The monitoring of the strategy and practices of corporate social responsibility and the evaluation of its degree of compliance.

f) The supervision and evaluation of the relationship processes with the different interest groups.

g) The evaluation of everything related to the non-financial risks of the company -including operational, technological, legal, social, environmental, political and reputational risks.

h) Coordinating non-financial information reporting procedures, in addition to those of diversity, in accordance with applicable legislation and international standards.

Comply [X]   Comply partially [ ]   Explain [ ]

54. That the corporate social responsibility policy includes the principles or commitments that the company assumes voluntarily in its relationship with the different interest groups and identifies at least:

a) The objectives of the corporate social responsibility policy and the development of support instruments.

b) The corporate strategy related to sustainability, the environment and social issues.

c) The specific practices in matters related to: shareholders, employees, customers, suppliers, social issues, environment, diversity, fiscal responsibility, respect for human rights and prevention of illegal conducts.

d) The methods or systems for monitoring the results of the application of the specific practices indicated in the previous letter, the associated risks and their management.

e) The mechanisms of non-financial risk supervision, ethics and business conduct.

f) The channels of communication, participation and dialogue with the stakeholders.

g) Responsible communication practices that avoid information manipulation and protect integrity and honour.

Comply [X] Comply partially [ ] Explain [ ]

55. That the company reports, in a separate document or in the management report, on matters related to corporate social responsibility, using some of the internationally accepted methodologies.

Comply [X] Comply partially [ ] Explain [ ]

56. That the remuneration of the directors be necessary to attract and retain the directors of the desired profile and to reward the dedication, qualification and responsibility required by the position, but not so high as to compromise the independent judgment of the non-executive directors.

Comply [X] Explain [ ]

57. Variable remuneration relating on Company and individual performance should be limited to executive directors, in addition to remuneration via the delivery of shares, options or rights to shares or other share-based instruments and long-term savings plans such as pension or other social benefit schemes.

The delivery of shares may be considered as remuneration for non-executive directors with the proviso that they are kept until the end of their time holding this position. The foregoing does not apply to shares that the director needs to sell, should this be necessary, to pay the costs of their acquisition.

Comply [X] Comply partially [ ] Explain [ ]

58. That in the case of variable remuneration, the remuneration policies incorporate the limits and the precise technical causes to ensure that such remunerations are related to the professional performance of their beneficiaries and do not derive only from the general evolution of the markets or the sector of activity of the company. company or other similar circumstances.

In particular, the components of variable remuneration should:

a) Be linked to pre-determined and measurable performance criteria which should consider the risk assumed to obtain a result.

b) Promote the sustainability of the Company and include non-financial criteria that are sufficient to create long-term value, such as compliance with internal Company rules and procedures and it control and risk management policies.

c) They are configured on the basis of a balance between the achievement of short, medium and long-term objectives, which allow remuneration of performance for a continuous performance during a sufficient period of time to appreciate their contribution to the sustainable creation of value, so that the elements of measurement of that performance do not turn only around specific, occasional or extraordinary events.

Comply [X] Comply partially [ ] Explain [ ] Not applicable [ ]

59. That the payment of a relevant part of the variable components of the remuneration is deferred for a minimum period of time sufficient to verify that the previously established performance conditions have been met.

Comply [X] Comply partially [ ] Explain [ ] Not applicable [ ]

60. Remuneration related to the Company’s profits should take into account the possible qualifications that appear in the external audit report that may reduce said profits.

Comply [X] Comply partially [ ] Explain [ ] Not applicable [ ]

61. That a significant percentage of the variable remuneration of executive directors is linked to the delivery of shares or financial instruments referenced to their value.

Comply [ ] Comply partially [ ] Explain [X] Not applicable [ ]

The delivery of shares or financial instruments referenced to their value is not included in the remuneration systems of the executive directors. In effect, the Company has understood that even though a remuneration system based on the delivery of shares is not established, the short, medium and long term variable remuneration established for the CEO is linked to predetermined and measurable performance criteria that allow remuneration of the performance for continued performance over a sufficient period of time to appreciate its contribution to the sustainable creation of value.

62. Once the shares or options or rights over shares corresponding to the remuneration systems have been attributed, the directors cannot transfer ownership of a number of shares equivalent to twice their annual fixed remuneration, nor can they exercise the options or rights until after term of, at least, three years from its attribution.

The foregoing does not apply to shares that the director needs to sell, should this be necessary, to pay the costs of their acquisition.

Comply [ ] Comply partially [ ] Explain [ ] Not applicable [X]

63. The contractual agreements should include a clause that allows the Company to reclaim the payment of the variable remuneration components when the payment has not been adjusted to the performance conditions or when it has been paid in accordance with data, the inaccuracy of which is subsequently proven.

Comply [ ] Comply partially [X] Explain [ ] Not applicable [ ]

Although there is no specific clause in the contractual agreements to be able to claim the return of variable remuneration based on the attainment of pre-established objectives, when the remuneration has been paid according to data that later appear as erroneous, in the Regulation of Variable Remuneration, there is a clause according to which, in the very unlikely circumstance that the Annual Accounts were subsequently modified, also varying the data used to set variable remuneration, the Appointments and Remuneration Committee may propose to the Board of Directors the reimbursement of the payment of each one of the beneficiaries and their adjustment with the data definitively established in the Annual Accounts.

64. The payments for termination of the contract should not be above the amount of two years of the total annual salary and should not be paid until the Company has been able to verify that the Director has fulfiled all of the previously established performance criteria.

Comply [ ] Comply partially [ ] Explain [X] Not applicable [ ]

The commercial contract established between the Company and the Chief Executive Officer establishes that the latter will be entitled to receive compensation from the Company in case of termination and termination of the Services Contract for any of the following reasons:

1.- Unilateral termination by the CEO for serious breach by the Company of the obligations incumbent on it under the Services Contract.

2.- Unilateral termination of the Service Contract by the Company without just cause, whether such termination accompanied or not the cessation or non-renewal of his position as a member of the Board of Directors of the Company.

3.- Unilateral termination by the Managing Director, with simultaneous resignation from his position as director, in the event of a change in the control structure of the Company within the meaning of article 42 of the Commercial Code by reference to article 4 of the Securities Market Law, including as a result of a public tender offer for the shares of the Company, or assignment or transfer of all or a relevant part of its activity or of its assets and liabilities to a third party, or integration into another business group that acquires control of the Company in such a way that it has the effect of renewing its governing bodies or a substantial change in its business strategy as it may result in each case of its business plan.

Except for the case envisaged in section 3 above, the compensation to be received by the CEO shall be an amount equivalent to:
(i) seventy-five (75) percent of your monetary remuneration, including the component of the Variable Remuneration provided in section
3.3.1 of the Services Contract, calculated on the remuneration corresponding to the year preceding that in which the contractual termination occurred, in the event that its termination occurs after June 30, 2017 and before June 30, 2020; (ii) fifty percent (50) if the termination of the Services Contract occurs after June 30, 2020 and before June 30, 2021; (iii) forty-two percent (42) if the termination of the Services Contract occurs after June 30, 2021 and before June 30, 2022; (iv) thirty-four percent (34) if the termination of the Services Contract occurs after June 30, 2022 and before June 30, 2023; (v) twenty-six percent (26) if the termination of the Services Contract occurs after June 30, 2023 and before June 30, 2024; (vi) eighteen percent (18) if the termination of the Services Contract occurs after June 30, 2024 and before June 30, 2025. If the resolution is after June 30, 2025, the CEO will not be entitled to receive any compensation.

In the event of termination of the Services Contract as a result of the occurrence of the situation envisaged in point 3 above, the CEO will be entitled to compensation equivalent to three (3) annuities of his monetary remuneration, including the component of the Variable Remuneration provided in section 3.3.1 of the service contract, calculated on the remuneration corresponding to the year preceding that in which the contractual termination occurred.

In the event that the termination of the Services Contract occurs due to voluntary resignation of the CEO for reasons other than those stipulated in sections 1.-, 2.- and 3.- above, the Company will recognise an additional supplementary benefit by value of sixteen and a half (16.5) percent of the annual Basic Remuneration received by the Chief Executive Officer, computed for these purposes for the time elapsed between the entry into force of the Services Contract and the date of formal termination of their contractual relationship with society.

H. OTHER INFORMATION OF INTEREST

1. If there is any relevant aspect in terms of corporate governance in the company or in the entities of the group that has not been included in the rest of the sections of this report, but which must be included in order to collect more complete and reasoned information about the structure and government practices in the entity or your group, briefly describe them.

2. Within this section, you can also include any other information, clarification or nuance related to the previous sections of the report insofar as they are relevant and not repetitive.

   Specifically, it will be indicated if the company is subject to legislation other than Spanish legislation regarding corporate governance and, if applicable, include the information that it is obliged to provide and that is different from that required in this report.

3. The company may also indicate if it has voluntarily adhered to other codes of ethical principles or good practices, international, sectorial or otherwise. Where appropriate, the code in question and the date of accession will be identified. In particular, it will mention if it has adhered to the Code of Good Tax Practices, of July 20, 2010:

Section C.1.3 indicates that the external proprietary director Mr. Joaquin Mª Molins López-Rodó has been appointed at the proposal of the signatory shareholder Otinix, SL, when in fact he has been appointed by concerted action of the significant shareholders Otinix, SL, Cartera de Inversiones C.M., S.A. y Noumea, S.A.

It is also indicated that Otinix, S.L. it has been appointed at the proposal of the significant shareholder Otinix, S.L., when in fact it has been appointed by concerted action of significant shareholders Otinix, S.L., Cartera de Inversiones C.M., S.A. and Noumea, S.A.

Likewise, it is indicated that the external proprietary directors Mr. Francisco Javier Fernández Bescós and Cartera de Inversiones C.M., S.A. have been appointed at the proposal of the significant shareholder Inversiones C.M., S.A., when in fact they have been appointed by concerted action of significant shareholders Otinix, S.L., Cartera de Inversiones C.M., S.A. y Noumea, S.A

Finally, it is indicated that the external proprietary directors Mr. Juan Molins Amat, Mr. Juan Molins Monteys and Noumea, S.A. they have been appointed at the proposal of the significant shareholder Noumea, S.A., when in fact they have been appointed by concerted action of significant shareholders Otinix, S.L., Cartera de Inversiones C.M., S.A. and Noumea, S.A.

This annual corporate governance report has been approved by the Board of Directors of the company, in its session dated:

27/02/2019

Indicate whether there have been directors who voted against or abstained in relation to the approval of this Report.

[ ] Yes
[√] No

Cementos Molins, S.A. and Subsidiaries

Auditors' report on the information relating to the system of Internal Control over Financial Reporting (ICFR) of the Cementos Molins Group for 2018

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Deloitte.

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Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

AUDITOR'S REPORT ON THE INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF THE CEMENTOS MOLINS GROUP FOR 2018

To the Directors of
Cementos Molins, S.A.,

As requested by the Board of Directors of Cementos Molins, S.A. and Subsidiaries ("the Cementos Molins Group") and in accordance with our proposal-letter of 17 December 2018, we have applied certain procedures to the accompanying information relating to the ICFR system included in section F of the Annual Corporate Governance Report ("ACGR") of the Cementos Molins Group for 2018, which summarises the internal control procedures of the Cementos Molins Group in relation to its annual financial reporting.

The directors are responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the accompanying information relating to the ICFR system.

It should be noted in this regard that, irrespective of the quality of the design and operating effectiveness of the internal control system adopted by the Cementos Molins Group in relation to its annual financial reporting, the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the consolidated financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Cementos Molins Group was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Cementos Molins Group's consolidated financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of consolidated financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Guidelines on the Auditor's Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Companies, published by the Spanish National Securities Market Commission (CNMV) on its website, which establish the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Cementos Molins Group's annual financial reporting for 2018 described in the accompanying Information relating to the ICFR system. Therefore, had we applied procedures additional to those established in the aforementioned Guidelines or performed an audit or a review of the system of internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the audit regulations in force in Spain, we do not express an audit opinion in the terms provided for in those regulations.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Cementos Molins Group in relation to the ICFR system -disclosure information included in the directors' report- and assessment of whether this information addresses all the information required in accordance with the minimum content described in section F, relating to the description of the ICFR system, of the model Annual Corporate Governance Report established in CNMV Circular no. 5/2013, of 12 June 2013, subsequently amended by CNMV Circular no. 7/2015, of 22 December 2015 and CNMV Circular 2/2018, of 12 June ("the CNMV Circulars").

2. Inquiries of personnel in charge of preparing the information detailed in point 1 above for the purpose of: (i) obtaining an understanding of the process that goes into drawing up the information; (ii) obtaining information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) obtaining information on whether the control procedures described are in place and functioning at Cementos Molins Group.

3. Review of the explanatory documents supporting the information detailed in point 1 above, including mainly the documentation furnished directly to the personnel in charge of preparing the information describing the ICFR system. In this regard, the aforementioned documents include reports prepared for the Audit and Control Committee by internal audit, senior management and other internal or external specialists.

4. Comparison of the information detailed in point 1 above with the knowledge on the Cementos Molins Group's ICFR system obtained through the procedures applied during the financial statement audit work.

5. Perusal of minutes of meetings of the Board of Directors, Audit and Control Committee and other committees of the Cementos Molins Group to evaluate the consistency between the ICFR business transacted and the information detailed in point 1 above.

6. Obtainment of the representation letter concerning the work performed, duly signed by the personnel in charge of the preparation of the information detailed in point 1 above.

The procedures applied to the information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the information.

This report has been prepared exclusively in the context of the requirements established in Article 540 of the Consolidated Spanish Limited Liability Companies Law and in the CNMV Circulars for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.

Albert Riba Barea

27 February 2019