Bellow, it is made available to shareholders an executive summary of the financial information corresponding to Carbures Group for 2016. It should be clarified that it is not a sworn translation or official translation.

CARBURES EUROPE, S.A.
April 28, 2017

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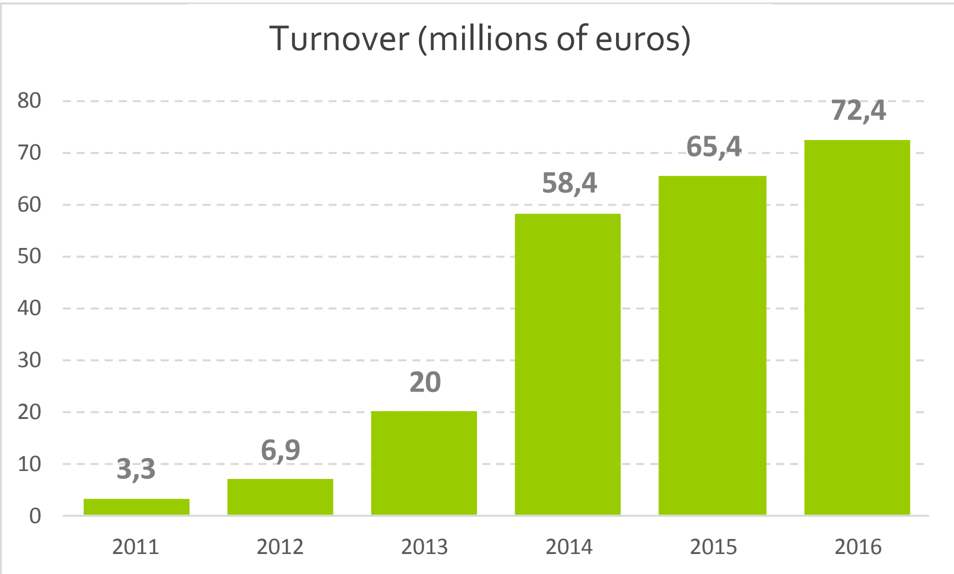
1.- ECONOMIC REPORT FOR 2016:

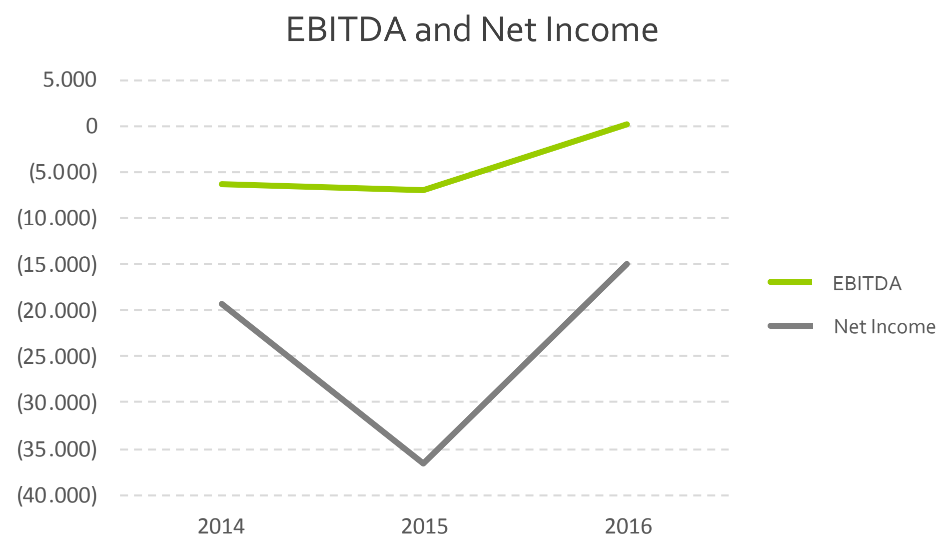
1. Economic Report for 2016

1. Executive Summary

The Company closed 2016 with a consolidated turnover of 72.4 million euros, which represents an increase of 11% over the previous year, and a positive EBITDA of 130,000 euros, compared to the negative figure of -6.8 million in 2015.



The net result attributed to the Parent Company was -14.9 million euros, which represents a drastic reduction of losses of 36.6 million from the previous year and confirms the line of financial recovery for the Group.



These figures are represented briefly in the following table:

	Thousands of euros		
	2014	2015	2016
Net Turnover	58.394	65.440	72.353
EBITDA[1]	(6.179)	(6.881)	133
Profit attributable to the Parent	(19.334)	(36.624)	(14.904)

In addition, two of the Group's three main business lines repeated positive results at the end of this year, surpassing those of 2015.

The Aerospace division closed 2016 with a turnover of 37.9 million euros, fulfilling 105.6% of the estimated forecasts in its business plan. The main reason for this improvement is the effective performance of its two main production plants for the aeronautics sector, Jerez de la Frontera (Cádiz) and Illescas (Toledo), as well as the new contracts obtained by its subsidiary, Carbures Defense, in engineering activities and systems development. Precisely, one of the most outstanding milestones of 2016 was the award Airbus presented to Carbures as Best Improver of the Supply Chain Quality & Improvement Program (SQIP). Carbures was chosen from more than 10,000 European suppliers of Airbus as one of the 29 participants on the SQIP program for the strength and quality of its engineering and industrial know-how in the manufacture of aircraft parts.

Carbures Mobility, on the other hand, achieved 91.6% of the sales forecast, reaching a total of 33.3 million euros. The subsidiary, Carbures Machinery (Mapro), contributed 80% of the division's revenues this year.

Carbures Civil Works – which has a large workload in Mexico and is focused on the application of composite materials in constructions – generated revenues of 1.05 million euros, which represents a 391.5% compliance with the forecasts contained in its business plan.

The consolidated balance sheet as of December 31, 2016 does not include the capitalization of debt amounting to 55.1 million euros approved at the General Meeting on February 9, 2017 and registered in the Mercantile Register on March 20, 2017. The balance sheet does include the effect of the refinancing agreement signed on December 29, 2016 with its main financial institutions, allowing it to reclassify a long-term debt amount of 13.7 million euros, improving the working capital of the Group.

[1] As defined in Section 3 of this document

2. Description of the Company

Founded at the end of 2002 in El Puerto de Santa María as a spinoff of a research project linked to the University of Cadiz, Carbures is now the head of an international industrial group that specializes in the manufacturing of parts and fiber structures made from carbon and other composite materials, as well as in the design of its own engineering systems, operating in the aerospace, automotive, and civil engineering sectors.

The Group has developed its own production technology and processes for the manufacture of carbon fiber structures, allowing the company to diversify its activity in different industrial sectors. Its own know-how allows an unlimited applicability of its production processes with the composites.

As of December 31, 2016, the Carbures Group has a workforce of 785 employees, operating in three different branches of activity and is made up of companies present in Spain, Germany, Poland, China, The United States, and Mexico.

3. Analysis of the Twelve-Month Period Ending on 12/31/2016

Consolidated data, unless indicated otherwise:

The consolidated income statement and consolidated balance sheet for the year 2016 are presented below. They are compared to the same period of the previous year. In the consolidated balance sheet, a column is also added to show the effect of the capital increase by offsetting the credits approved by the General Shareholders' Meeting on February 9, 2017, which represents a significant strengthening of the Company's resources. (*See further detail in Section 5 of this report, "Events After Year-End", and a Relevant Fact published on February 9, 2017*).

Thousands of euros	12/31/15	% of Sales	12/31/16	% of Sales	Change	%
Sales	51,324	*78%*	52,556	*73%*	*1,232*	*2%*
Provision of Services	14,116	*22%*	19,797	*27%*	*5,681*	*40%*
Turnover	**65,440**	***100%***	**72,353**	***100%***	***6,913***	***11%***
Supplies	-29,846	*-46%*	-25,491	*-35%*	*4,355*	*-15%*
Change in Stocks	413	*1%*	1,125	*2%*	*712*	*172%*
Gross Margin	**36,007**	***55%***	**47,987**	***66%***	***11,980***	***33%***
Staff Costs	-30,914	*-47%*	-34,011	*-47%*	*-3,097*	*10%*
Other Operating Expenses	-14,649	*-22%*	16,890	*-23%*	*-2,241*	*15%*
Internal Expenses Capitalized in Fixed Assets	2,004	*3%*	299	*0%*	*-1,705*	*-85%*
Other Income Expenses	-43	*0%*	263	*0%*	*306*	*-712%*
Negative Goodwill in Business Combinations	13	*0%*	-	*0%*	*-13*	
Federal Grants	701	*1%*	1,435	*2%*	*734*	*105%*
Loss of Control of Consolidated Holdings	-	*0%*	1,050	*1%*	*1,050*	
EBITDA	**-6,881**	***-11%***	**133**	***0%***	***5,964***	***-87%***
% of Operating Income	-11%		0%		*11%*	
Depreciation and Amortizations	-7,410	*-11%*	-11,052	*-15%*	*-3,642*	*49%*
Other Results	-	*n/a*	1,902	*3%*	*1,902*	
Damaages and Losses	-5,170	*-8%*	-842	*n/a*	*4,328*	*-84%*
Financial Result	-7,878	*-12%*	-7,321	*-10%*	*557*	*-7%*
Results by Equity Method	-1,866	*-3%*	-721	*-1%*	*1,145*	*-61%*
Result Before Taxes	**-29,205**	***-45%***	**-17,901**	***-25%***	*11,304*	*-39%*
Corportate Tax	259	*0%*	1,690	*2%*	*1,431*	*553%*
Result From Continuing Operations	**-28,946**	***-44%***	**-16,211**	***-22%***	*12,735*	*-44%*
Companies Held for Sale	-7,748		1,132			
Income Attributable to the Parent Company	**-36,694**	***-56%***	**-15,079**	***-21%***	*21,615*	*-59%*
Income Attributable to the Parent Company	**-36,624**	***-56%***	**-14,904**	***-21%***	*21,720*	*-59%*
Income Attributable to External Partners	**-70**	***0%***	**-175**	***0%***	*-105*	*150%*

(*) Includes amounts corresponding to other operating income, excess provisions, and other results in the consolidated income statement.

(**) Includes a positive result of 1.9 million euros corresponding to the cancellation of provisions for the exit of the consolidation perimeter of Plan 3, Planificación, Estrategia y Tecnología, S.L.U., due to the loss of control over this company. This result is included in the item "Negative Goodwill in Business Combination" in the consolidated income statement for the year 2016.

The Carbures Group continued its double-digit growth trend, closing 2016 with a turnover of 72.3 million euros, which represents an increase of 11% (consolidated figure shown above) compared to the previous year.

Due to the criterion used for the consolidation of the accounts, they do not include the figures corresponding to the subsidiaries Grupo Profesional Planeación y Proyectos, S.A. of C.V. ("PYPSA") and Harbin Carbures Guanglian Aeronautic Composite Material Co., Ltd. ("Harbin"). PYPSA was consolidated in accordance with the regulations in effect as a holding company for sale, and Harbin was consolidated by the equity method, so that its sales and costs are not included in the Group's EBITDA. The sales of these subsidiaries amounted to 3 million euros in 2016.

Consolidated gross operating margin stood at 66% on sales, also improving the figure for 2015, due to three fundamental factors: the greater efficiency in the management of costs, the cessation of unprofitable activities, and, to a lesser extent, a greater increase of activities linked to engineering that does not generate as significant material consumption or subcontracting costs.

The increase in personnel expenses is motivated by the growth experienced by the Group, keeping this cost stable in relation to turnover. The average workforce of the group was 807 workers. This staff is the key to the know-how of the company and its future development.

The “Other Operating Expenses” caption amounted to 16.9 million euro, maintaining a 23% turnover rate, with costs of production facilities and corporate structure included in the caption. Non-recurring expenses were also recorded. 900,000 euros of expenses are connected to consolidating the company into three lines of business, obtaining financing, and paying lawyer fees for the process that is being pursued against Emerging Markets Intrinsic in the Courts of New York.

The income for “Loss of Control of Consolidated Holdings” arises from the reversal of certain provisions because of the departure of Technical & Racing Composites, S.L. from the consolidation perimeter. This results from the liquidation of this society due to its lack of viability, within the framework of the restructuring plan described below. An amount of 1.05 million euros is included under the heading, “Negative Goodwill in Business Combinations”, in the 2016 consolidated income statement.

At the EBITDA level, a very significant improvement was made, with the EBITDA closing at a positive figure of 133,000 euros, meeting the forecasts of its business plan on the basis that it would close 2016 reaching the breakeven point. This result confirms that the Group has finally left behind the red numbers of the last two fiscal years.

Amortization expenses for the period increased to 11.1 million euros compared to the 7.4 million euros for the previous year. This increase was mainly due to the change introduced by Law 22/2015, of July 22, Audit of Accounts, which modifies the accounting treatment of goodwill by establishing a mandatory amortization in its defined useful life with a maximum of ten years from January 1, 2016. The expense for the amortization of goodwill amounted to 1.2 million euros. In addition, an expense of 700,000 euros was recorded for the 50% amortization of the “RMCP” patent acquired in 2015.

The net financial result is an expense of 7.3 million euros. The main items of expenditure under this heading correspond to the interests of the financing granted to the group by BTC DOS and Anangu and to debts with credit institutions and Public Administrations.

The section of results of companies held for sale and results of companies accounted for using the equity method includes, jointly, the net results attributable to the group corresponding to the subsidiaries, PYPSA and Carbures Guanglian (Harbin). The result is a net income of 400,000 euros caused by the cancellation of certain liabilities of PYPSA in the first half of the year.

Finally, corporate income tax expenses amounted to 1.7 million euros, due to the recognition of tax deductions related to the research and development activities of various Group companies. No tax credits have been activated for negative tax bases generated in 2016.

The evolution of the Group´s lines of business are as follows:

Aerospace-

The aeronautical branch has been confirmed as the company´s strongest line of business for another year, achieving a historical record of manufacturing and billing in 2016 and closing the year with a turnover of 37.9 million euros.

At the EBITDA level, the year ended with a figure of 3.7 million euros, not fully reaching the objective set out in the business plan mainly due to two reasons. The first reason is due to the fact that the development costs have been capitalized for less than expected. Secondly, the recognition of income for 401,000 euros has been deferred until 2017, which corresponds to the 2016 annuity of subsidies linked to three research and development projects, since the definitive certification of the granting body at the end of the year was not received.

Manufacturing of Parts-

The Group works in parts manufacturing programs for all models of the Airbus family, which makes itself one of the Tier 2 players in strategic engineering and composite material manufacturing in Europe.

During the year, Carbures manufactured structural parts for the Airbus A320, A320NEO, A330, A340, A350 and A380, and for the A400M and the C295 for military use. The pieces made by Carbures for such aircrafts are very diverse and their size can range from a few centimeters to more than four meters. These pieces include fuel tank covers, beams and panels of the aircraft's belly, omegas for fan cowls that provide rigidity to the engine coating, airplane nose parts, etc.

This manufacturing activity is carried out in two plants in Spain, located in Jerez de la Frontera (Cádiz) and in Illescas (Toledo), two of the main poles of the Spanish aeronautical industry. The reference plant of the group, located in Jerez de la Frontera, has 15,000 square meters built and 7,800 square meters of facility. Built in 2013 and taking just 3 years, the plant has already reached 70% of its productive capacity. For this reason, the plant is planned to expand in 2017, having obtained a loan from the 2016 REINDUS Program - Ministry of Industry, Energy, Tourism, and Digital Agenda for 2.625 million euros covering 70% of the investment. In addition, the expansion of the Illescas plant is taking place, for which another loan of 1.875 million euros has been obtained within the REINDUS program to cover 70% of the investment.

Furthermore, the Group has placed attention on the Harbin factory in China, where the certification for the manufacture and realization of special processes has been achieved, all focused on the development of parts for the A320 and A350 models. Work has also continued with the production of core cuttings.

The manufacturing of parts for the various programs of Airbus, delivered either to Airbus or to various Tier 1's that are part of its supply chain, has reached a new high in 2016, with 45,695 pieces manufactured, representing an increase of 16.2% compared to 2015.

Apart from all the above, the commercial work of our aeronautical branch continues its way, trying to finalize homologation processes with other companies to expand and diversify its current client portfolio.

Although the price of the main raw material, carbon fiber, is increasing, the company has made every effort to counteract this trend by improving its processes elsewhere and by completely implementing lean manufacturing procedures.

As a final note, it should be mentioned that the factories in Illescas, Jerez, El Puerto de Santa María, and the engineering facilities in Sevilla have all passed the rigorous security and energy efficiency audits imposed by the aeronautical and defense sectors. Thus, the fabric guarantees compliance with the sectoral regulations: in the manufacture of composite materials, in the composites laboratory, in environmental quality, and in occupational safety, among others. The renewal of these quality certificates (NADCAP COMPOSITE AC7118, NADCAPNDT AC7114, NADCAPLABORATORY AC7122, UNE-EN 9100:2010, ISO 9001:2008, ISO14001:2004, OSHAS 18001:2007) is a guarantee of excellence in the process of composite parts manufacturing for aircrafts.

Engineering and Systems-

A significant part of the business for the Aerospace division corresponds to Carbures Defense, located in Sevilla, which provides engineering and systems development services to first level companies such as Airbus, ATIS, Indra, or Navantia. Most of these services are provided at the clients' own premises.

During 2016, engineering services were mainly executed in the Airbus plants in Spain (Getafe, Centro Bahía de Cádiz, San Pablo Norte, or San Pablo Sur in Sevilla) and abroad in Toulouse, Hamburgo, or Bremen. In addition to these places where long-term work is carried out, work has also been executed in final assembly plants. The workload has increased mainly at the Airbus assembly plant in Getafe and in Germany.

In the Systems division, we find three main lines of activity:

- Development of turnkey projects focused on systems, equipment, and infrastructures for testing multifunctional systems or complex equipment.

- Development and manufacture of embedded electronic equipment, subject to the levels of applicable civil regulations critically imposed by civil (DO160, DO178, DO254) and military (DEF-STAN) regulations.

- Comprehensive maintenance of the electronic and electrical equipment used in the functional tests of the A400M, C-295, and MRTT.

The systems unit has increased its turnover by 30% in 2016, which represents an annual growth record since the creation of the department. This considerable increase is mainly due to four factors:

1. The contract for the refurbishment of the Scout SV engine test cell for General Dynamics.

2. The introduction in the "space" sector with the development of several test benches for CRISA (Computadoras, Redes e Ingeniería SA - Airbus Defence and Space). The contract for the refurbishment of the Scout SV engine test cell for General Dynamics.

3. The materialization of the contract for the development of the second-generation Boom control stick of the MRTT model and the subsequent manufacture of its series. The first-generation series is currently being manufactured.

4. Obtaining a contract with the Turkish manufacturer Aerospace Industries (TAI) for the development and manufacture of control units within the modernization program of the Hercules C-130 models.

The positive trend of the systems business over the last few years contributes to progress made in all management, design, and manufacturing processes, such as the new machining room to be completed during 2017 or the creation of a project management office.

The new lines opened during 2016 will allow the departments to reach new clients in the years to come, yielding greater market shares, increasing the know-how of the division, and thus opting for higher volume contracts. To this end, the company will base its strategy on the development of proprietary and innovative architectures in test systems to increase competitiveness and reduce development time cycles. In addition, the department will focus its R & D on the development of new electronic technologies to be able to respond to customers who need new electronic equipment with specific functionality.

Lastly, it should be noted that the increase in production of this type of critical equipment requires a jump in standardization, safety, and traceability measures in the production process so that the department is targeted as an objective of the approval as a production organization for the European Aviation Safety Agency (EASA).

Mobility-

The optimization of tools and processes in the Mobility business line has helped the sector make a huge qualitative leap in 2016. Mobility has closed the year with a turnover of 33.3 million euros.

Machinery -

Within the automotive division, the activity carried out by Carbures Machinery (formerly Mapro) stands out, representing more than 80% of the division's turnover. Carbures Machinery focuses its activity on:

- Assembly systems: development of customized solutions to solve the assembly processes, from palletized lines (with automatic or manual assemblies) to "lean" systems (based on stand-alone stations), and from large lines to complex assemblies (integrating robots and manipulators) to rotating machines for simpler processes.

- Test systems: Carbures Machinery supplies tailor-made test equipment for both laboratory and production:

  - In production, we developed test lines with automatic test stations for complex and active parts, with the design of automatic coupling systems in axes, automatic connection, and traceability for the identification of part or pallet.

  - For laboratory, we developed "turnkey" test equipment with the use of the latest measurement technologies, proven experience in data acquisition and analysis as well as actuation systems (rotary and linear) and control.

- Software solutions: The R & D department also works by gathering experience and knowledge, standardizing solutions, and developing finished products for immediate application.

In addition, moving forward with its expansion plan, the opening of the China branch took place in 2016.

Another noteworthy fact was the increase in orders from Japanese customers of recognized prestige, mainly Denso and Jtekt.

Automotive -

Within Mobility, the plant with the highest growth during the past year is located in El Burgo de Osma (Soria). The production and assembly processes of the plant have been adjusted to obtain the ISO TS16949 certificate, the most complete and most demanding certificate of the automotive manufacturers sector as well as the only standard recognized worldwide. This standard ensures the efficiency of Carbures, both in terms of production and financial business.

It should be noted that the El Burgo de Osma plant, which is in the process of being expanded, has managed to close 2016 with 513,176 pieces assembled for the automotive sector, including more than 14 million components for assembly with ppm levels of 0 and 100% of deliveries on time. Thus, the Carbures plant in the province of Soria currently has a total of six certificates: ISO/TS16949, IRIS, ISO 14001:2004, OHSAS 18001:2007, ISO 9001:2015 and UNE EN 15085-2: 2008.

In this context, the "Mobility" branch has considerably increased its client portfolio by incorporating, for example, TIER 1 manufacturing practices with the Volkswagen Group through the Audi brand, whose pieces will be manufactured between the plants of Burgo de Osma (Soria) and TecnoBahía Technology Park (Cadiz).

Likewise, it is worth noting the incorporation of Gas-Gas into the current customer portfolio, which has contributed significantly to the increase in the workload at the factory located in El Puerto de Santa María (Cádiz).

As a relevant note, as far as manufacturing is concerned, the subsidiary incorporated the Chinese consortium, CG Rail, to its client portfolio through a major contract of 2.8 million euros, 1.7 million of which were executed and registered in 2016 for the manufacture of a carbon fiber train prototype. The manufacturing is being carried out in its entirety at the Illescas (Toledo) plant and the prototype is expected to be completed during 2017. Within this project, Carbures provides its knowledge in manufacturing engineering for the success of the production and delivery of highly complex CFRP components for railway wagons.

Railway -

The Railway division has made important advances in the processes and quality of the products, significantly increasing its number of customers. This division has a notable specialization in the design and manufacture of elevators, emergency ramps, and control center stations.

During 2016, the division managed to get involved in international projects through CAF (Constructions and Railways Assistant). These projects include the services provided for the Algiers subway, the prototypes of automatic deployment evacuation ladders that the Group is manufacturing for the Calcutta metro, and the eviction kits that are manufactured for Chile. In addition, the railway business line is conducting an initial survey in the Turkish market.

As a final point, it is worth highlighting the launch of Carbures' new range of products at the two major trade fairs in the world focused on rail transport: INNOTRANS (In Germany) and INNORAIL (in India).

Engineering –

The Engineering division is mainly represented by Axcep Carbures, German engineering specialized in safety and electronic development of high-end vehicles. construction (structural or not) which include elements made of composite materials.

The subsidiary, located in Munich, has seen its workload increase during 2016 and, therefore, its staff, which has increased by 48% from 33 to 49 employees.

The increase in turnover has come mainly from the regular customers of the subsidiary: EDAG, Semcon and CSI. construction (structural or not) which include elements made of composite materials.

As a relevant note, Axcep Carbures assumed the project management, the front and rear system, and the production monitoring of the largest European BMW plant during the year.

Civil Works

The Civil Works branch is, without a doubt, the most incipient of the Company having recorded sales of 4 million euros in 2016 (which includes 3 million euros of PYPSA sales which, for accounting purposes, is classified as held for sale). The infrastructure division has its activity in the areas of Engineering Oil & Gas, civil works, architecture, and unique projects offering services of engineering, manufacture, and assembly of elements of construction (structural or non-structural) which include elements made of composite materials.

The acquisition of the Mexican company, PYPSA, at the end of 2014 granted Carbures the experience of more than 1,240 engineering and construction management and supervision projects, which provided them with a high degree of knowledge and experience for the development of the projects; this time with a new element: composite materials. Presently, the core of this line of business is composed of more than 70 engineers and technicians and, while it is true that its results are not comparable in any case to the other two lines of business of the company, the growth potential of this division is enormous.

The Civil Works line of business is divided, mainly, into two subgroups differentiated by its field of action: on the one hand, covering the Spanish market and, on the other hand, PYPSA, which carries out its tasks in Mexico and several South American countries.

National -

At the national level, this division is at an early stage and is expected to be fully developed during 2017. At the moment, the Spanish line of business is mainly focused on commercial work to access a greater number of customers.

Aside from the above information, the subsidiary has already contributed significantly in several renowned projects, one of which stands out: the project already completed for the corporate headquarters of the Popular Bank in Madrid. In this project, Carbures manufactured six innovative panels through a process of infusion of resin by vacuum that formed two housings (upper and lower) for the coating of the prismatic volume of the cabin installed in the auditorium of the new headquarters. Each of the housings consists of three panels of curved geometry with fire-retardant properties. The largest piece has dimensions of 7.50 meters long by 1.10 meters wide and weighing close to 120 kilograms. The manufacturing of the panels was developed entirely in the plant of Tecnobahía (El Puerto de Santa María, Cádiz).

The technological knowledge of Carbures is allowing the group to reinforce its penetration strategy and sector positioning, especially through the use of new materials such as the application of ‘composite’, which allows the obtainment of structural and architectonic solutions that are more innovative, efficient, and low weight.

The national division has well-founded hopes of carrying out important projects for the next fiscal year.

International -

In the international scope, PYPSA, develops a relevant workload in the management, supervision, and execution of projects.

The division's ability to receive orders and execute its services has been delayed under the existing framework agreement with Pemex (Petróleos Mexicanos), because of its privatization and the fall in oil prices in the first half of the year, causing much of the workload to shift from 2016 to the next two years. Despite this, the line of business has continued with its growth in billing and revenues.

During 2016, PYPSA reached a turnover of 3 million euros. At present, the Company has focused on organic growth in order to cover larger orders, which is undoubtedly the main objective for 2017. For accounting purposes, this company is presented as held for sale.

The consolidated balance sheet is presented below. An additional column has also been included (Proforma Post-Capitalization) with the objective of showing what the impact of the capital increase would have been by offsetting credits in the net equity and liabilities of the group as of December 31, 2016 (*See further detail in Section 5 of this report, "Events After Year-End", and a Relevant Fact published on February 9, 2017)*.

Thousands of euros	12/31/15	12/31/16	Proforma Post-Capitalization	Change 2015-2016	%
Intangible Assets	51,245	42,779	42,779	-8,466	-17%
Tangible Assets	34,735	34,947	34,947	212	1%
Long-term Financial Investments	6,812	4,780	4,780	-2,032	-30%
Deffered Income Taxes	5,128	5,640	5,640	512	-10%
Non-current Assets	**97,920**	**88,146**	**88,146**	**-9,774**	-10%
Non-current Assets Held for Sale	4,547	3,152	3,152	-1,395	-31%
Stocks	10,384	14,897	14,897	4,513	43%
Trade and Other Receivables	27,926	31,035	31,035	3,109	11%
Short-term Fiancial Investments	7,852	6,116	6,116	-1,736	-22%
Short-term Accruals	678	237	237	-441	-65%
Liquidity	11,526	16,619	16,619	5,093	44%
Current Assets	**62,913**	**72,056**	**72,056**	**9,143**	15%
TOTAL ASSETS	**160,833**	**160,202**	**160,202**	**-631**	0%
Net Equity	**14,702**	**-78**	**53,228**	**-14,780**	-101%
Long-term Provisions	582	721	721	139	24%
Long-term Debts	67,935	55,176	55,176	-12,579	-19%
Deffered Tax Liabilities	8,043	5,808	5,808	-2,235	-28%
Non-current Trade Payables	790	310	310	-480	-61%
Non-current Liabilities	**77,350**	**62,015**	**62,015**	**-15,335**	-20%
Non-current Liabilities Held for Sale	13,600	4,331	4,331	-9,269	-68%
Short-term Provisions	207	287	287	80	39%
Short-term Debts	35,914	70,450	17,144	34,536	96%
Trade Credits and Other Payables	18,603	21,992	21,992	3,389	18%
Short-term Accruals	457	1,205	1,205	748	164%
Current Liabilities	**68,781**	**98,265**	**44,959**	**29,484**	43%
TOTAL LIABILITIES	**160,833**	**160,202**	**160,202**	**-631**	0%

The working capital as of December 31, 2016 was negative by 26 million euros since loans classified as "Short-term debt" were subsequently capitalized in the capital increase in

February 2017. Considering the effect of capitalization, the Group would have a positive working capital of 27 million euros (current assets of 72 million euros and a current liability of 44.9 million euros). Also, this capitalization allows the Group's assets to strengthen up to 53 million euros.

Net Debt-

The consolidated net debt of the Group amounted to 106.3 million euros on December 31, 2016 (85.7 million euros on December 31, 2015), with the following breakdown. Included in this debt figure are 53.3 million euros for financing granted in 2015 and 2016 for BTC DOS S.àr.l. and debts with other creditors that have been capitalized in the first quarter of 2017, after approval by the General Shareholders' Meeting held on February 9, 2017.

	Thousands of euros		
	31/12/15	31/12/16	Proforma 31/12/16 (a)
Debt with Credit Institutions	20.263	18.275	18.275
Finance Lease Liabilities	496	342	342
Other Financial Liabilities-			
Debt with Affiliated Companies (b)	34.725	58.082	4.776
Debt with Public Administrations	33.341	36.721	36.721
Debt from Company Purchases	10.597	6.094	6.094
Grantable Debts	636	1.559	1.559
Airbus Loan - Program A380	1.231	1.219	1.219
Suppliers of Fixed Assets	1.136	782	782
Derivatives	-	305	305
Other debts	1.425	2.246	2.246
Gross Debt	**103.849**	**125.626**	**72.320**
Liquid Assets	(11.526)	(16.619)	(16.619)
Other Financial Assets (c)	(6.647)	(2.715)	(2.715)
Net Debt	**85.676**	**106.292**	**52.985**
Capitalizable Loans (d)	(34.725)	(58.082)	(4.776)
Net Debt Without Capitalizable Loans	**50.951**	**48.210**	**48.210**

(a) Pro forma comparative data considering the decrease in debt as a result of the capital increase approved at the end of the year.

(b) "Debt with Affiliated Companies" includes loans received from BTC DOS S.àr.l., Anangu Grup, S.L. and debts with Neuer Gedanke, S.L., Nanotures, S.L. And Univen Capital, S.C.R.

(c) The item "Other Financial Assets" mainly includes the amount of fixed-term deposits established as collateral for debts with former owners of Carbures Mobility and Carbures Aerospace Operations, S.L. (Old Composystem).

(d) Capitalizable loans include the outstanding balance as of December 31, 2015 and December 31, 2016, and of the loans received from BTC DOS S.àr.l. and Anangu S.L., which include conversion options in the parent's capital, and the interest accrued by the parent. The existing debts with Neuer Gedanke and with Nanotures described in the notes of the 2015 financial statements are also included. The debts with BTC, Neuer, and Nanotures, which amounted to 53.3 million euros on December 31, 2016, have been capitalized in the capital increase approved by the Extraordinary General meeting of Shareholders held on February 9, 2017.

From a financing point of view, the Group has continued to count on the firm support of its shareholder, BTC DOS S.àr.l., which at the end of 2015 granted a loan of 30 million euros with maturity on December 31, 2017 and a capitalizable interest of 6%. This loan was available in two installments that were disbursed between the end of 2015 and March 2016.

Likewise, in the last quarter of 2016, an additional BTC loan of 10 million euros was received.

In April 2016, the Group initiated discussions with its financial entities to agree on a restructuring of its bank debt, which allows the maturity schedule to be adjusted to the cash generation capacity contained in accordance with the Business Plan. These conversations led to the signing, on December 29, 2016, of a refinancing agreement with the main reference banks (BBVA, Bankia, Sabadell and Targobank), whereby new conditions for the repayment of the debt were agreed upon structural banking, which amounted to 12.5 million euros. These conditions consist of the granting of a period of principal deferral until May 31, 2018 and the establishment of a new quarterly amortization schedule of four years from that date. Likewise, the existing lines of working capital are extended by 900,000 euros, with a total amount of 2.1 million and a maturity in May 2019. This agreement was subject to a series of suspensive conditions that were fulfilled in the first quarter of 2017.

The refinancing agreement also facilitates access to obtain or expand lines of financing of working capital with other banking entities. At present, the Group has lines of financing of approximately 3 million euros, which are intended to renew or expand.

The debt with the Public Administrations is made up of financing granted by various Ministries, Autonomous Administrations, or public companies for the promotion of investment, research and development activities, or the recruitment of personnel. These loans are generally characterized by longer repayment schedules than those of bank debt and require a lower level of guarantees.

In 2016, the Group successfully received several loans to finance its future investment activities, highlighting the concession of four financing lines within the 2016 REINDUS Program to reindustrialize for 8.9 million euros. These loans, which finance 70% of the amount to be invested, have a 3-year deferral and a term of 7 years for the payment of principal. In addition, funding from other agencies was obtained for 1.1 million euros.

Also, in 2016, new amortization schedules were negotiated with various administrations and public entities for some of the public funding, based on grace periods or new repayment schedules, without the granting of additional guarantees by the company.

Board of Directors-

Throughout 2016, the following changes have occurred in the Board of Directors of the Parent Company:

- Appointment of Mr. Javier Sánchez Rojas as Vice President and Coordinating Counselor.
- Appointment of Mr. Rafael Suñol Trepat as Independent Director and member of the Audit Committee.
- Termination of Director Jordi Lainz Gavalda.
- Appointment of Mrs. Cristina Romero Morenilla to replace Mr. Jordi Lainz Gavalda.

In November 2016, Roberto Rey Perales submitted his resignation as Chief Executive Officer to the Board taking effect on January 31, 2017. Mr. Roberto Rey Perales remains a Director of the Parent Company.

Other Information-

The Company continues with the judicial proceedings initiated in November 2015 in the New York State Courts against Emerging Markets Intrinsic (EMI) in damages and breach of contract and fraud. Following the hearing held on June 8, 2016, the judge decided to dismiss the filing request made by EMI and to continue with the judicial process. Likewise, although the judge considered that there has not been premeditated fraudulent conduct on the part of EMI, the New York State Courts have determined the continuity of the process regarding breach of contract. The lawsuit therefore continues for the principal amount plus damages ($50 million).

Corporate Restructuring-

As indicated in the annual accounts for the year 2015 and in the Relevant Fact of March 30, 2016, the Group has started a process of corporate and business reorganization with the aim of organizationally clarifying the different branches of activity and the geostrategic situation of the group, grouping synergistic structures and eliminating unnecessary structures lacking value.

The main actions carried out in 2016 were the following:

1. Segregation by branches of activity of Carbures Europe, S.A.: on November 14, 2016, the Carbures Europe segregation was registered in the Mercantile Registry in favor of the beneficiary subholdings Carbures Aerospace & Defense Global, S.A.U. and Carbures Mobility, S.A.U. (before Carbures Group International, S.A.U.), which was approved by the General Meeting of Shareholders on June 29, 2016.

   This segregation represents the central axis of the whole process of the group's corporate reorganization, as it involves the transfer of the aeronautical and mobility industries to the above-mentioned companies, with Carbures Aerospace & Defense Global and Carbures Mobility serving as head of these two business divisions. Also, segregation allows the constitution of separate groups from the management point of view, which facilitates access to investors in each group.

2. Cessation of activities and liquidation actions of non-productive companies or companies that contribute losses to the group:

   - State of insolvency of Technical & Racing Composites, S.L.U. This company has been excluded from the consolidation perimeter of the Group for loss of control from the appointment of a bankruptcy receiver by the judge responsible for the state of insolvency.

   - Cessation of Mapro Montajes e Instalaciones, S.L., with its liquidation expected to start in 2017.

   - Termination of Plan 3 activity by liquidation. Thus, the Parent Company's directors have excluded it from the consolidation perimeter of the Group.

3. Progress towards the establishment of a common brand for all Group activities, by means of the following corporate name changes:

   - Militärtechnologie, Dienst und Überwachung, S.A.U. (MDU) has changed its name to Carbures Defense, S.A.U.

- Carbures Aerospace & Defense, S.A.U. has changed its name to Carbures Aerospace Operations, S.A.U.

- Carbures Group International, S.A.U. has changed its name to Carbures Mobility, S.A.U.

- The Company has created Carbures Aerospace & Defense Global, S.A.U., head of the aeronautical division.

4. Fusion of Mapro Sistemas de Ensayo, S.A. and Mapro Administration and Management Services, S.L. carried out in the first quarter of 2017.

4. Degree of Compliance with the Business Plan

The following is the degree of compliance with the Business Plan published by Relevant Fact on June 28, 2016:

EUR '000	2016 Consolidated Closing + PYPSA and Harbin	Business Plan June 28	Degree of Compliance
Income	75.446	81.174	92,9%
Cost of Sales (*)	(26.100)	(37.157)	70,2%
Operating Margin	**49.346**	**44.017**	**112,1%**
% Of operating income	*65,4%*	*54,2%*	
Personal Expenses	(35.577)	(36.624)	97,1%
Other Operating Expenses	(15.135)	(7.261)	208,4%
EBITDA	**(1.366)**	**132**	**n/a**
% Of operating income	*-1,8%*	*0,2%*	

(*) Includes supplies and stock changes

	Thousands of Euros		
	2016 Consolidated Closing + PYPSA and Harbin	**Business Plan June 28th**	**Degree of Compliance**
Sales-			
Aerospace	38.071	36.749	103,6%
Mobility	33.321	36.395	91,6%
Civil Works	4.054	8.030	50,49%
Total Sales	**75.446**	**81.174**	**92,9%**
EBITDA-			
Aerospace	3.202	3.985	80,35%
Mobility	1.283	1.389	92,4%
Civil Works	(942)	34	n/a
Corporate	(4.909)	(5.275)	93,1%
Total EBITDA	**(1.366)**	**132**	**n/a**

Amounts recorded in the consolidated income statement differ from the ones shown because of the criterion used for the consolidation of the accounts, as they do not include the figures for the subsidiaries PYPSA and Harbin because PYPSA was consolidated in accordance with the regulations in effect as a holding company for sale, and Harbin was consolidated by the equity method.

To facilitate comparability with the figures included in the consolidated annual accounts, the following table is provided which reassigns the data for PYPSA and Harbin:

Business Plan Breakdown Posted June 28, 2016			
EUR '000	Criterion Consolidated Annual Accounts	PYPSA and Harbin	Business Plan June 28
Income	72.641	8.533	81.174
Cost of Sales [(*)]	(35.455)	(1.702)	(37.157)
Operating Margin	**37.186**	**6.831**	**44.017**
% Of operating income	*51,2%*	*80,1%*	*54,2%*
Personal Expenses	(32.002)	(4.622)	(36.624)
Other operating expenses	(4.704)	(2.557)	(7.261)
EBITDA	**480**	**(348)**	**132**
% Of operating income	*0,7%*	*-4,1%*	*0,2%*

(*) Includes supplies and stock changes

Business Plan Breakdown Posted June 28, 2016			
	Thousands of euros		
	Criterion Consolidated Annual Accounts	**Reclassification PYPSA and Harbin**	**Criteria Business Plan 2016**
Sales-			
Aerospace	35.977	772	36.749
Mobility	36.395	0	36.395
Civil Works	269	7.761	8.030
Total Sales	**72.641**	**8.533**	**81.174**
EBITDA-			
Aerospace	4.513	-528	3.985
Mobility	1.389	0	1.389
Civil Works	-147	181	34
Corporate	-5.275	0	-5.275
Total EBITDA	**480**	**-348**	**132**

Thus, following the consolidation criteria used, the consolidated annual accounts by division are:

EUR '000	2016 Consolidated Closing	Business Plan Criterion Consolidated Accounts	Degree of Compliance
Income	72.353	72.641	99,6%
Cost of Sales (*)	(24.366)	(35.455)	68,7%
Operating Margin	**47.987**	**37.186**	**129,0%**
% Of operating income	*66,3%*	*51,2%*	
Personnel Expenses	(34.011)	(32.002)	106,3%
Other Operating Expenses	(13.843)	(4.704)	294,3%
EBITDA	**133**	**480**	**27,7%**
% Of operating income	*0,2%*	*0,7%*	

(*) Includes supplies and stock changes

	Thousands of euros		
	2016 Closing Breakdown	**Disaggregated Business Plan**	**Degree of Compliance**
Sales-			
Aerospace	37.979	35.977	105,6%
Mobility	33.321	36.395	91,6%
Civil Works	1.053	269	391,5%
Total Consolidated Sales	**72.353**	**72.641**	**99,6%**
PYPSA and Harbin	3.093	8.533	36,3%
EBITDA-			
Aerospace	3.754	4.513	83,2%
Mobility	1.283	1.389	92,4%
Civil Works	5	(147)	n/a
Corporate	(4.909)	(5.275)	93,1%
Total Consolidated EBITDA	**133**	**480**	**27,7%**
PYPSA and Harbin	(1.499)	(348)	430,7%

In earnings before depreciation, interest, and taxes (EBITDA), the Group closed 2016 with a consolidated EBITDA of 133,000 euros compared to a forecast of 480,000 euros in the Business Plan, based on comparable figures excluding figures for PYPSA and Harbin. This figure represents a substantial improvement over the negative EBITDA of -6.881 million euros the previous year. Also, it should be noted that EBITDA in the second half of 2016 was 1.619 million euros, compared to -1.486 euros in the first half, which significantly reinforces the trend of improvement in the second half of the year.

Deviations at the level of sales (-36.3%) and EBITDA (-430.7%) of the companies not consolidated by global integration, PYPSA and Harbin, correspond to different reasons. In the first case, there has been a considerable delay in the adjudication of work orders by its main customer, PEMEX, within the framework contract between the two companies. These work orders will be awarded throughout 2017 and early 2018 until completion and total execution of the amount provided in the contract. Harbin's manufacturing activity w delayed until finalizing the investment in the production plant and obtaining the certification of Airbus, which was achieved in January 2017.

5. Events After Year-End

a. Debt Capitalization

As previously mentioned, during the first quarter of 2017, the Company registered a capital increase by capitalization of debt of 55.1 million euros in the Mercantile Registry.

The destination of the funds raised during the five approved capital increases (55,186,147.36 €) by the General Meeting of Shareholders held on February 9, 2017, will capitalize the following credits against the company:

Shareholder	Credit to Compensate	Number of Shares	Capital Increase	Share Payouts	Cash Payment
BUXTER XXI, S.L.	86.309,60 €	179,924	30.587,08 €	55.722,46 €	0,06 €
IVÁN CONRERAS TORRES	58.667,44 €	122,300	20.791,00 €	37.876,31 €	0,13 €
NEUER GEDANKE	4.903.267,43 €	10,221,528	1.737.659,76 €	3.165.607,22 €	0,45 €
NANOTURES, S.L.	4.946.243,56 €	1,311,118	1.752.890,06 €	3.193.353,24 €	0,26 €
BTC DOS SàrL	45.191.659,33 €	94,208,170	16.015.388,90 €	29.176.270,25 €	0,18 €
	55.186.147,36 €	115,043,040	19.557.316,80 €	35.628.829,48 €	1,08 €

The reader of this document is advised to read the Special Report on Capital Increase by Compensation of Credits prepared by the auditor, Deloitte, and made available to the market through Relevant Fact on January 5, 2017.

b. Agreement with Inversiones Industriales Txindoki, S.L.

On February 22, 2017, the parent company of the Group and its subsidiary, Carbures Aerospace and Defense Global, S.A.U. ("Carbures A & D") signed a binding letter of intent with Inversiones Industriales Txindoki, S.L. ("Aristrain"), belonging to the Aristrain Group, through which the latter will lend Carbures A & D an amount of up to 25 million euros, available between the third quarter of 2017 and June 2018, with a five-year maturity and an annual interest rate of 5% plus another 5% PIK.

The amount of this loan will be used in full for the investment in the aeronautical division for the execution of the order book and the acquisition of new businesses in the air and defense sector.

The amount may be amortized through repayment, through the conversion of the credit directly into shares of Carbures A & D, or through its capitalization in shares of the Parent Company under certain conditions (that Carbures is listed on a continuous national market or in an international stock market and, simultaneously, exceeds certain levels of capitalization and liquidity).

As of the date of preparation of this report, the contract is in the process of completion, pending full disclosure of details of the operation. On April 26, 2017, the company published a relevant fact in which it informs that the operation continues in force and informs that both parties remain determined to carry out the investment agreement.